2021

CONSOLIDATED INTERIM REPORT

AS AT JUNE 30TH, 2021

APPROVED BY THE BOARD OF DIRECTORS ON AUGUST 5TH, 2021

GRUPPO
CATTOLICA
ASSICURAZIONI

Ready for life

THE POWER OF OPENNESS

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

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

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

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

CONTENTS

Summary index of tables

E-MARKET SDIR CERTIFIED

GROUP HIGHLIGHTS

Total premiums written
2,598 € mln (+21.7%)

Operating result
155 € mln (-13.9%)

Consolidated profit
115 € mln (+304%)

Operating ROE
7.1%

Solvency II Ratio
197%

NON-LIFE SEGMENT

Gross premiums written - direct non-life business
1,073 € mln (+2.3%)

Operating result
138 € mln (-6.3%)

Combined ratio of retained business
87.7%

LIFE SEGMENT

Gross premiums written - direct life business
1,516 € mln (+40.9%)

Operating result
19 € mln (-45.5%)

OUR DISTRIBUTORS

Agencies
1,346

Branches
5,353

General Management

5

Board of Directors

15

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

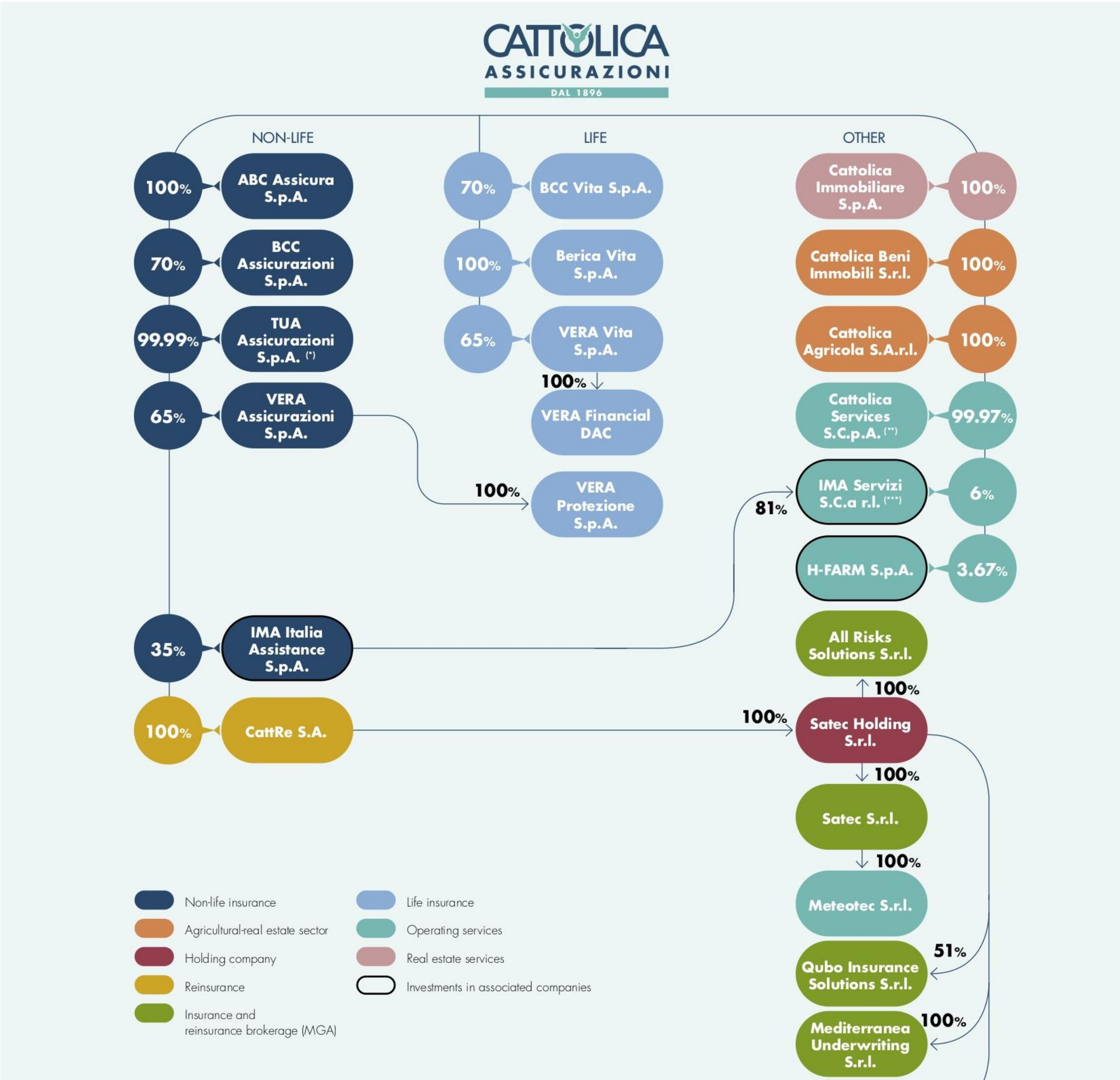
11

Non-insurance
companies

10

GROUP STRUCTURE

GROUP STRUCTURE



(*) TUA Assicurazioni wholly owns TUA Retail.

(**) 0.005% of the share capital is held individually by ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita 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 June 30th, 2021

Market share 2020

6.3%
non-life

3.5%
life

REFERENCE SCENARIO

REFERENCE SCENARIO

MACROECONOMIC SCENARIO

2021 began with a first half marked by a rebound in growth and a gradual return to the effects of the pandemic. 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 plans for fiscal expansion and the accommodating approach of the Central Banks supported the recovery of consumption and investments, even if against a rather sharp rise in inflation dynamics, sustained by increases in raw materials. In this context, a strong element of uncertainty on the timing of the recovery of growth is linked to the development of new variants of the Covid-19 virus which, although less lethal, are characterised by greater infectivity.

The United States stood out on the international scene for the rapid implementation of their vaccination plan, with over a third of the population having received at least one dose at the end of the first quarter and 47% vaccination coverage by the end of June. In addition to the improvement in the healthcare situation, with a reduction of more than 90% in daily cases since the beginning of the year, a massive fiscal plan, the American Rescue Plan, consisting of $ 1.9 trillion to support consumption and employment, and accommodative monetary conditions on behalf of the Federal Reserve for the coming months, complete a very encouraging overall situation. After a 3.5% decline in 2020 and a +6.4% annualised rebound in the first quarter of this year, the forecast shows growth for the U.S. economy of between 6.5% and 7% for 2021. In addition, the Biden administration's intention to articulate two additional plans focused on infrastructure and tax reshaping would also lower the unemployment rate, which stood at 5.9% at the end of June. 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 an acceleration in inflation as a result of the dynamics of raw materials and a reduction in the propensity to save by citizens.

Although improving, the European macroeconomic scenario in the first half of 2021 was not as positive, troubled by a widespread resurgence of Covid-19 infections and a rather slow vaccination schedule. The restrictive measures adopted as a result of the third wave led to a slowdown in economic activities in the first quarter, with a decrease of 0.6% compared to the previous quarter, after an overall decline of 6.5% in 2020. In the second quarter there were clear signs of recovery, including in relation to a change of pace in the vaccination campaigns and a parallel relaxation of restrictive measures. At the sector level, the manufacturing sector remains supportive of growth, with the related confidence indicators continuing to improve, reaching 63.4 at the end of June, pushed up to exceptionally high levels also thanks to exports. Services, which recovered slowly in the first part of the year, experienced expansion again in the second quarter, reaching 58.3 at the end of the half-year. The unemployment rate, while remaining far from its pre-pandemic lows, also continued its downward trend, evidenced by 7.4% in June. 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. In addition, there was the suspension of the Stability Agreement until at least the end of 2022. 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). According to the Frankfurt Institute's estimates, Eurozone growth for 2021 should be around 4.6%.

The severity of the third wave of infections and the hesitations in the management of the vaccination plan had an impact on the first half of the year for the Italian economy, with GDP increasing by a marginal 0.1% in the first part of the year compared to the last quarter of the previous year and to a 2020 that ended with a very negative result (-8.9%), although better than 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 inevitably had an impact on the first-quarter result, in parallel with an unemployment rate of 10.1% in March. The subsequent improvement of the pandemic situation, also thanks to significant progress in the vaccination plan, allowed for a relaxation of restrictive measures and an economic recovery driven mainly by the manufacturing sector. A recovery in output and new orders pushed the manufacturing sector confidence index up to 62.2 in June. In line with European dynamics, expectations in services also gained traction during the spring quarter, reaching an expansionary 56.7 at the end of the half-year. Fiscal policy has remained accommodative and aims to keep the deficit/GDP ratio around 11%. 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 six-month period, the Italian ten-year rate was slightly volatile, with a rise towards the 1.10%-1.15% area in May and a subsequent return to between 0.7% and 0.8% at the end of the six-month period, especially in view of support from the ECB and the credibility of Prime Minister Draghi.

Although less violently affected by the pandemic, Japan is vulnerable because of a slow-moving vaccination campaign. After a result of -4.7% in 2020, mitigated by fiscal stimuli aimed at protecting employment and supporting disposable income, and a first quarter marked by a 3.9% year-on-year contraction, the first half of the year for the Japanese economy is expected to be down overall, with unemployment stabilising at 3%. Ongoing restrictive measures and a slow vaccination campaign are holding back the recovery of Japan's economy compared to other economic areas.

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 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, presumably followed by a moderation in the second quarter, with a consensus of an overall result in the +8.5% area for 2021. It is likely that the positive effects of these dynamics will consolidate in the coming quarters, albeit in parallel with a moderation of credit and of the stimuli implemented by the authorities in the most acute phase of the crisis.

Bond markets

The first half 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 resulting prospects for economic recovery.

The greatest impact was recorded on the US curve, which at the end of March saw the spread between 10 and 2-year rates hit a record high since 2015. The Federal Reserve's (FED) monetary policy, which is still extremely accommodative, has meant that the short-term rate has remained anchored at historic lows of between 0.10% and 0.15%. Initially, the ten-year rate actually accelerated the movement that began last summer, reaching a high of 1.74%, up about 80 basis points since the beginning of the year, to then gradually fall back below 1.50%. At the end of the period, following the June meeting of the FED, which generated expectations of a rate hike closer in time, the two-year node of the curve jumped by about ten basis points to 0.25% at the end of the half-year. The combination of a lowering of the 10-year rate and a rise in the 2-year rate pulled the 2-10 year spread back from a high of 1.58% at the end of March to 1.22% at the end of June, still 43 basis points above the end of 2020 level.

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 pegged just above end of 2020 levels, 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 -0.21%, 36 basis points above end of 2020 levels. Given the stability of the two-year rate, the slope of the curve also steepened to the same extent (about 30 basis points).

Italian rates also remained unchanged in the short term, while in the long term recorded a 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%, before peaking at over 1.10% at the height of the "reflation trade" in mid-May and returning to the 0.80% area at the end of the first half of the year, just over a quarter of a point above the level of the end of 2020. As a result, the Btp-Bund spread fluctuated between the 120 area in January and May and the 90 area in February, to close the half-year at 103 basis points, a narrowing of 9 basis points compared to the end of 2020.

Among the peripheral countries of the Eurozone, Italy recorded the best performance in the first half of the year: the Spanish and Portuguese ten-year spreads remained unchanged. Even more marked was the outperformance compared to semi-core countries such as France and Belgium, which saw their spreads widen by about ten basis points.

Stock markets

In the first half of the year, world stock exchanges recorded an overall positive performance of 12.5%, driven by developed countries, particularly the USA and Europe, while Japan and emerging countries were less spectacular. The U.S. stock market, already positive in the first quarter, accelerated in the second, closing the first half of the year with a new all-time high for the S&P500 index. Q1 figures continued with a strong start to the year, with three-quarters of companies beating revenue estimates and as many as 87% beating profits estimates. The leading sectors were those that had suffered the biggest losses in the spring of 2020, particularly oil and those linked to industrial raw materials (steel, copper, semiconductors), but also those that benefited from the recovery in consumption (real estate, financials, advertising). On the other hand, sector rotation penalised more defensive sectors, such as utilities and non-discretionary consumer goods, or those that had led the rally in 2020, such as the home entertainment sector. The S&P500 closed the half-year at an all-time high, recording a performance of +15.2%, including dividends, while the Nasdaq, after a bumpy start, accelerated in the last month and a half, closing at +12.9%.

European stock exchanges also recorded one of the best first half-years in over twenty years, buoyed by a combination of economic factors (corporate profits, macroeconomic data, monetary and fiscal policies) and contextual factors (reopening of almost all businesses, recovery of confidence, acceleration of vaccination campaigns). First-quarter earnings and revenues exceeded estimates for two-thirds of European companies. Unlike the American and Asian stock markets, which had already recovered to pre-pandemic levels last year, most European markets, with the exception of Germany, had to wait until the second quarter of this year to recover their losses. At a sector level, performance was similar to that of the US markets, with the exception of energy and real estate, which were among the least spectacular. The utilities sector even closed in negative territory, while the brightest sectors included banks, motor, technology, construction and retail.

Among the major European stock exchanges, the French CAC40 stood out with +18.5% before dividends. The FTSE MIB, driven by banking stocks, rose to February 2020 levels in the very last days of the half-year, thanks to a performance of +14.7%, while just behind was the German DAX with +13.2%. In contrast, the Spanish index stalled at +9.5% and still remains well below its pre-pandemic level.

Asian markets, in general, exhausted the rally around mid-February and then stabilised or reversed course. Japan's Nikkey index registered +5.7%, Hong Kong's +7.8% and Shanghai's +1%. Overall, emerging markets achieved a less pronounced gain than developed markets, with a performance of +7.4%.

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, pushing the exchange rate towards 1.17. In the second quarter, the euro returned to strengthen thanks to renewed confidence in the economic recovery and the acceleration of the vaccination campaign, but following the less accommodative than expected overtones at the June meeting of the FED, the dollar recovered sharply and closed the half year at 1.185.

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 111 Yen/Dollar as at June 30th, 2021, without any particular shocks.

Real estate market

In the first six months of the year, the office sector in Milan saw approximately 600 million investments completed, down about 60% compared to the first half of 2020. In addition to the delays caused by the pandemic, these numbers can also be explained by the wait-and-see approach of investors, who nevertheless remain confident for the months to come, confirming their propensity to invest in core assets in central positions and with strong covenants, as seen by the reduction in prime yields recorded in the first half of the year, which stood at 3% and 4% for the CBD (central business district) and Centro areas respectively.

The positive trend of expected recovery is confirmed by stable prime rental fees (at 600 €/square metre/year), by the increasing absorption of rented space and by a stable vacancy rate of around 10%.

On the other hand, with regard to investments in office buildings in Rome, during the first half of 2021, investments amounted to 131 million, down 33% on the first quarter of 2021 and 74% on the first half of 2020. Regarding the causes of the slowdown and the "wait and see" approach (and the propensity towards the core profile) of investors, the same considerations as above for Milan apply. The prime yield for Rome remains unchanged at 3.7% compared to the previous quarter and in line with 2019 and 2020.

During the first half of 2021, a total of 68,900 square metres of space absorption was recorded (mainly in the Centro and EUR areas), up 49% compared to the first six months of 2020.

The pipeline for the creation of new office spaces that will be ready between 2021 and 2023 remains strong, and the prime rental fee is stable at 450 €/square metre/year.

Moving on to Retail, the opening of shopping centres at weekends and the removal of lockdowns have brought immediate results in relation to the recovery of consumption.

However, during the six-month period, investment volumes reached an all-time low with only 87 million, a contraction due in part to pandemic delays. There is still considerable interest in central locations, which are, however, negatively affected by the scarcity of available product, as well as in the supermarket category, which posted a record decline in returns thanks to the fact that they are not affected by

the perplexity linked to the penetration of e-commerce in this segment.
As for prime yields, they remain stable at 3% for the High Street sector and 6% for Shopping Centres, accompanied by a propensity towards prime assets and locations.
There is also a considerable pipeline under construction/renovation for the current 2021-23 three-year period.

In contrast to the aforementioned sectors, the Logistics sector is in exact countertrend: the continuous growth of e-commerce has led to investments in the first half of the year amounting to 620 million, up 129% compared to the first half of 2020, mainly driven by foreign capital.
The ongoing return compression, due to strong demand from both generalist and specialist investors, embraces both prime (at 4.5%) and secondary assets (good secondary at 5.4% and urban at 5.25%).
These numbers are accompanied by a strong demand for space, in fact the absorption of the half-year has recorded a change over the previous year of +40%, the highest value ever, ranging from properties of the "last mile" type to the most secondary and peripheral.
Prime rent remains unchanged compared to previous periods at 57 €/square metre/year and there is a very low level of vacancy, at levels close to 0 (just 2.6%).

INSURANCE INDUSTRY

The consequences of the severe economic crisis, which swept through our country in the early 2020s due to the spread of the Covid-19 pandemic, were inevitably reflected in the insurance sector. It is precisely because of this state of emergency that premium collections fell sharply in 2020 during the lockdown months (March to May) before gradually recovering in the second half of the year.
With reference to Italian companies alone, the volume of premiums written (Life and Non-life) came close to € 135 billion, ending the year with a 4% decrease compared to 2019[1]. In particular, Italian households allocated more than € 100 billion of their savings to purchase Life insurance (-4.4% compared to 2019), while the premiums paid by individuals and businesses to protect their assets and property through the purchase of Non-life coverage against adverse events amounted to € 33.5 billion (-2.3% compared to the previous year).
There was a less alarming reduction than had been apparent in the early months of the pandemic. In the Life business, there was further confirmation that Italian households continue to rely on the solidity of the insurance sector for long-term investments, in a year characterised by strong growth in the propensity of families to save.

In 2020, European companies operating in Italy under the rules of establishment also saw their premiums decline significantly and more markedly (-13.9%) than domestic companies; the premium volume collected by these companies amounts to approximately € 7.5 billion.
Lastly, companies operating under the freedom to provide services wrote premiums of around € 9 billion (exclusively in the Life business and relating to Linked policies only), recording a contraction just below that of European representations (-12.3% compared to 2019).

In its totality, i.e. considering all locations of companies (domestic and foreign) and both segments (Life and Non-life), the insurance sector in our country wrote premiums in 2020 for more than € 150 billion, down 5% compared to 2019 (€ 113 billion in Life, down 5.8% and € 38 billion in Non-life, down 2.3%).

Below is the Group's market share as at December 31st, 2020.

[1] ANIA Press Release of March 29th, 2021

PREMIUM FORECASTS FOR 2021[2]

In 2021, the Italian insurance market, with reference only to companies with registered offices in Italy, should record growth in premiums written in the order of 7%, for an overall volume, for the Life and Non-life segment, of more than € 144 billion (€ 135 billion in 2020). Last year, as already reported, premiums had reduced by almost 4% compared to 2019, due to the negative effects associated with the spread of the Covid-19 pandemic and the economic/financial crisis it generated. Although there are still some elements of uncertainty about the evolution of the pandemic (deriving mainly from the spread of virus variants), the progress of the vaccination campaign, the removal of restrictions on travel at national and international level and the recovery of GDP should all be driving factors that will contribute in 2021 to a return to growth in both the Life (+8.5%) and Non-life (+2.8%) sectors.

As a result of a significant recovery in GDP (estimated at almost +5% at the end of 2021), the ratio of insurance premiums to GDP would slightly increase from 8.1% in 2020 to 8.3% in 2021.

After the contraction in 2020, due to the effects of the Covid-19 pandemic, which implied a decline in the operations of insurance companies (especially in the lockdown phase in the first half of the year) and a drop in the underwriting of contracts in important lines of business (such as motor), a return to growth is expected in 2021, reflecting the economic recovery. Premiums written for the Italian Non-life direct portfolio would grow at the end of 2021 by just under 3% compared to 2020, to reach € 34.4 billion (€ 33.5 billion in 2020). This would return to an expansionary cycle that had been abruptly interrupted in 2020, when premiums in this line of business fell by 2.3%. The only line of business, with an impact on the total Non-life premiums which is still very significant, even if progressively decreasing (35% in 2021 and 37% in 2020), for which a contraction in premiums would continue to be recorded (-4.5%), is the TPL motor class; the decrease in premiums during 2021 would bring the overall volume below € 12 billion, a value which was recorded in 1998. The reduction in premiums in 2021 (equal to almost € 500 million, which would be added to the reduction of € 750 million in 2020) would be the combined effect of a review of the tariff policies, which would accept the technical evidence of a reduction in claims, and an intense competitive pressure, which would induce the insurance companies to recognise further discounts at the time of renewing the policy. With this further contraction in premiums written, the TPL motor class would record from 2011 to 2021 an overall decrease in premiums written of almost € 6 billion in absolute terms and 33% in percentage terms. The negative result of the TPL motor class would, however, be offset by a positive contribution from all other Non-life business. Indeed, premiums in this segment would be positively impacted by the impetus of the economic recovery and the fact that many expiring policies were not renewed in 2020 (during the lockdown and also due to the uncertainties surrounding the economic crisis).

It is plausible to imagine that with a return to more favourable economic conditions, there will be a resumption of insurance coverage that had been suspended. Overall, the volume of premiums written would increase by more than 7%, with positive changes in all classes; among the most important business sectors for which growth would be higher than the market average, we highlight developments in the following sectors:

- health (+11%): the Covid-19 pandemic would have triggered an increase in the demand for private healthcare coverage, also as a reflection of the difficulty in accessing public facilities during the healthcare emergency;
- property (fire +8% and other damage to property +7.5%): after a year of stagnation in the purchase and sale of homes, there should be a boost in the real

[2] ANIA - L'Assicurazione Italiana 2020-2021, July 2021.

estate market (also due to the effect of subsidised mortgages for young people) that would increase demand for insurance protection;

- land vehicle hulls (i.e. fire/theft and vehicle collision guarantees) recorded a marked increase in premiums (+6.5%) due to an increase in the sale of new vehicles (at the end of June, new registrations grew by almost 55%) and in the purchase and sale of used vehicles (transfers of ownership, again at the end of June, increased by 35%).

In 2021, non-life premiums as a percentage of GDP would remain unaltered (2%). Although the economic crisis linked to uncertainties about the evolution of the Covid-19 pandemic (especially in the first few months of 2021) has slowed down household consumption, demand for life insurance products has not diminished: premiums in this sector are expected to increase by 8.5% this year to a volume that should be close to € 110 billion (they were just over € 100 billion at the end of 2020), thus more than offsetting the loss in premiums written in 2020 (-4.4%). The growth would particularly affect class III (unit-linked), whose premiums would increase by 45% (to a volume of € 43 billion), as a result of a general recovery of financial and stock markets which, at the beginning of June 2021, were well above pre-crisis levels. On the other hand, premiums related to traditional class I policies would further decrease (-3.5%) due to the persistence of the scenario of very low or even negative interest rates.

The incidence of the volume of premiums written in the life business with respect to GDP would increase slightly from 6.1% in 2020 to 6.4% in 2021.

CLASSES	PREMIUMS FY2020	PREMIUMS FY2021	CHANGES 2021-2020	CHANGES 2020-2019	CHANGES 2019-2018
TPL motor and TPL maritime	12,491	11,930	-4.5%	-5.7%	-0.8%
TPL - General	3,275	3,439	5.0%	2.3%	6.2%
Other damage to assets	3,084	3,315	7.5%	1.8%	3.1%
Land vehicle hulls	3,141	3,346	6.5%	1.0%	4.4%
Accident and injury	3,172	3,315	4.5%	-2.2%	4.6%
Health	2,986	3,314	11.0%	-2.3%	10.8%
Fire & natural forces	2,645	2,857	8.0%	2.0%	5.0%
Other classes	2,718	2,925	7.6%	-3.2%	8.2%
TOTAL OTHER NON-LIFE CLASSES (not including TPL motor and TPL maritime)	**21,022**	**22,511**	**7.1%**	**-0.1%**	**6.0%**
TOTAL NON-LIFE CLASSES	**33,513**	**34,441**	**2.8%**	**-2.3%**	**3.2%**
% of GDP	*2.0%*	*2.0%*			
Class I - Human life	65,703	63,404	-3.5%	-9.5%	9.7%
Class III - Investment funds	29,610	42,935	45.0%	6.2%	-6.6%
Other life classes	6,010	3,606	-40.0%	9.4%	-8.6%
TOTAL LIFE CLASSES	**101,323**	**109,945**	**8.5%**	**-4.4%**	**3.9%**
% of GDP	*6.1%*	*6.4%*			
TOTAL CLASSES	**134,836**	**144,386**	**7.1%**	**-3.9%**	**3.7%**
% of GDP	*8.1%*	*8.3%*			

On the basis of the market figures for gross premiums written as of March 31st, 2021, of Italian companies and non-EU representative agencies, (Ania Trends, No. 6, July 2018) total life and non-life premiums were up 7.9%, Non-life business was up 0.9% and Life business up 10%. Non-life business fell 2.7% in the motor classes and rose 4.1% in the non-motor classes.

SECTOR REGULATIONS

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

IVASS provisions and letters to the market

IVASS Provision No. 109 of January 27th, 2021
The provision amends Article 4 of ISVAP Regulation No. 7 dated July 13th, 2007 and aligns the terms envisaged with the extension of the exemption from the application of IFRS 9 to January 1st, 2023.

IVASS letter to the market No. 0021703/21 dated February 1st, 2021
In the letter entitled "New protocol for the exchange of information-conclusion of the operational parallel of the survey of assets covering technical provisions (COPRT)", IVASS, referring to previous letters to the market on the new protocol for the exchange of information, announces that starting from the report referred to the fourth quarter of 2020, the submission of data from the COPRT survey, will be made exclusively through the INFOSTAT platform.

IVASS letter to the market No. 0040166/21 dated February 24th, 2021
In the letter entitled "Supervisory reporting - timing and operating procedures for the communication of information", IVASS summarises the main requirements for submitting supervisory reports with a reference date of 2021, or those to be sent during 2021. The main new initiatives include:

- for National Surveys and Statistics the transitional operational parallel phase ends, so they have to be submitted exclusively through the INFOSTAT platform;
- for quality checks and queries, in the case of messages containing remarks, the reporting entity shall submit a new flow with the appropriate corrections or confirm the individual remarks;
- for the RIAD database (ANAG and ANAGQ surveys): following the introduction in March 2020 of the new Register of Companies and Insurance Groups (Registro delle Imprese e Gruppi Assicurativi - RIGA) application, which also provides for the collection of the information needed to populate the RIAD database, from 2021 the population of the ANAG and ANAGQ surveys is no longer required;
- the introduction of a new authentication method for the INFOSTAT Data Collection and Flow Diffusion services, based on a "two-factor" system through the use of a One-Time_Password (OTP).

IVASS Regulation No. 47 dated April 27th, 2021
The regulation, containing provisions on recovery and financing plans referred to in Title XVI of the CAP (safeguard, reorganisation and liquidation measures) and published in the Italian Official Gazette No. 114 of May 14th, 2021, regulates in detail the content and process for preparing and authorising individual and group recovery and financing plans.
In particular, it should be noted that, following the implementation of the Solvency II directive, the deadline for the presentation of the recovery plan, in the event of non-compliance with the Solvency Capital Requirement (SCR), or the financing plan, in the event of non-compliance with the Minimum Capital Requirement (MCR), is set at two months and one month respectively from the date of recognition.
In indicating the data and information to be included in the recovery plan and in the financing plan, IVASS has followed a "principle based" approach, not imposing predefined schemes and reports but outlining a minimum content. The company must restore the Solvency Capital Requirement or the Minimum Capital Requirement, within six months and within three months respectively from the detection of their non-compliance.

IVASS letter to the market No. 0116684/21 dated June 3rd, 2021
IVASS, in light of the greater degree of operational detail and the novelty of several provisions contained in the EIOPA guidelines, agreed to recommend that companies carefully reinterpret the processes, organisational procedures and system of controls, already governed by IVASS Regulation No. 38 of July 3rd, 2018, to ensure the full achievement of the objectives in the field of security and governance of information and communication

technology indicated by the Solvency II Directive and Delegated Regulation No. 2015/35.
In this regard, reference is made in particular to:

- the need to integrate the risk management system, also taking into account exposure to ICT and cyber security risks;
- the establishment, in compliance with the principle of proportionality, of a Unit characterised by independence and objectivity, dedicated to IT security, whose head reports to the Administrative Body;
- the establishment and implementation, within the ICT systems, of a change management process, so that the changes introduced are recorded, assessed, authorised and implemented in a controlled manner.

Other legislative innovations

Italian Legislative Decree No. 187 of December 30th, 2020
The decree containing supplementary and corrective provisions to Italian Legislative Decree No. 68 of May 21st, 2018, implementing Directive (EU) 2016/97 of the European Parliament and of the Council of January 20th, 2016 on insurance distribution, published in the Italian Official Gazette No. 19 of January 25th, 2021 and entered into force as of February 9th, 2021, amends and supplements the CAP, particularly in the context of the distribution of insurance products.
In particular:

- in Article 106, it complements and specifies the definition of "reinsurance distribution";
- it extends professional training requirements to accessory brokers;
- it requires that the natural person in charge of the insurance distribution of the broker provided for under letter D must meet the requirements of integrity and professionalism;
- it provides for the obligation for parties engaged in the distribution of bundled insurance products to always provide an adequate description of the various components regardless of whether the policyholder decides to purchase the components of the package offered separately;
- it repeals paragraph 3 of Article 182, which provided for the possibility for IVASS to request, although not systematically, the disclosure of advertising material used by companies and brokers;
- it applies the behavioural obligations of companies to the contract bidding phase and not only to the execution phase;
- it provides for the establishment of the insurance arbitrator as an out-of-court dispute resolution system as an alternative to mediation and assisted negotiation.

COVIP Resolution of December 22nd, 2020 and February 25th, 2021 "Supervisory instructions on transparency and regulations on the procedures for joining supplementary pension schemes"
With a view to completing the implementation of the provisions of the European Directive on Pension Funds (IORP II), in order to ensure accuracy, timeliness, clarity and ease of retrieval of information by those interested in joining the pension scheme, COVIP has reorganised the entire framework with its Supervisory Instructions, with particular regard to the information note and the provisions on communications to adhering companies and beneficiaries. On the other hand, with the Regulation, it updated the instructions on how to collect acceptances.
The subsequent resolution of February 25th, 2021 postponed certain obligations from May 1st to July 31st, 2021 to allow operators to adapt their business processes (periodic disclosure to adhering companies, provisions relating to the prospectus in the case of settlements other than annuities, etc.).

COVIP Resolution of January 13th, 2021 "Supervisory instructions for companies that manage open pension funds, adopted pursuant to Art. 5-decies, paragraph 1, of Italian Legislative Decree No. 25 of December 5th, 2005".
COVIP has issued a series of provisions for open pension fund management companies concerning the Corporate Governance System, the Risk Management Unit, the Internal Audit Unit (to be set up if absent), the requirements of professionalism and integrity, the causes of ineligibility and incompatibility of the Head of the Pension Fund and the holders of the Risk and Audit Units, the obligation to adopt an Outsourcing Policy and a Remuneration Policy, the obligation to periodically carry out an Internal Risk Assessment (the first of which is to be carried out by and no later than June 30th, 2021).

TAX MEASURES

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

Italian Law No. 178 of December 30th, 2020 (Budget Law for 2021)
Below are the main innovations introduced by Italian Law No. 178 of December 30th, 2020 (Italian Official Gazette No. 322 of December 30th, 2020) of interest to the Group:

- **EXTENSION OF THE 110% SUPERBONUS**
  Article 1, paragraphs 66-67-74, amended Article 119 of the Italian Decree Law No. 34 of May 19th, 2020, extending the deduction due for energy requalification interventions, anti-seismic, photovoltaic systems and electric vehicle recharging columns, to expenses incurred up to June 30th, 2022. It is also provided that for expenses incurred in 2022, the deduction must be divided into 4 equal annual instalments, instead of the previous 5 annual instalments;
- **TAX CREDIT FOR INVESTMENT IN CAPITAL GOODS**
  Art. 1, paragraphs 1051-1063, reformulated the credit introduced by Art. 1, paragraphs 184-197 of Italian Law No. 160 of December 27th, 2019, (Budget Law 2020) effective as of January 1st, 2021 with respect to investments made on or after November 16th, 2020. Unlike the relief provided by the previous provision, investments in new intangible assets are also included in the scope of the new tax credit. The rule also modified the extent of the relief, which differs according to the type of assets subject to investment;
- **AMENDMENTS TO THE TAX CREDIT FOR RESEARCH AND DEVELOPMENT AND INNOVATION**
  Art. 1, paragraph 1064, extended from 2020 to 2022 the tax credit introduced by Art. 1 of Italian Law No. 160 of December 27th, 2019, for investments in research and development, ecological transactions, technological innovation 4.0 and other innovative activities. The extent of the credit varies according to the type of investment eligible for support: 20% up to a maximum of € 4 million for research and development activities, 10% for technological innovation activities (15% in the case of ecological transition target or digital innovation 4.0) up to a maximum of € 2 million, 10% up to a maximum of € 2 million for design and aesthetic design activities;
- **TAX CREDIT FOR ADVERTISING INVESTMENTS**
  Article 1, paragraph 608 introduced a new paragraph 1-quater to Article 57-bis of Italian Decree Law No. 50 of April 24th, 2017, which provides for an extension to 2022 of the rules under consideration. Specifically, for the years 2021 and 2022, the tax credit is available in the single measure of 50% of the value of the advertising investments made, up to a maximum limit of € 50 million for each year;
- **REALIGNMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS**
  Article 1, paragraph 83, introduced paragraph 8-bis to Article 110 of Italian Decree Law No. 104 of August 14th, 2020, extending the scope of the realignment of civil and tax values to include goodwill and other intangible assets. The realignment operation is subject to the payment of a 3% substitute tax and involves a tax suspension restriction on a portion of the shareholders' equity reserves corresponding to the realigned values net of the substitute tax.

Italian Decree Law No. 41 of March 22nd, 2021 (so-called "Sostegni" Decree)
The Italian Decree, published in the Italian Official Gazette No. 70 of March 22nd, 2021, concerning "urgent measures to support businesses and economic operators, work, health and territorial services, related to the Covid-19 emergency" was converted into Italian Law No. 69 of May 21st, 2021, published in the Italian Official Gazette No. 120 of May 21st, 2021, in force since May 22nd, 2021.
The main innovations introduced of interest to the Group are outlined below:

- **MEASURE TO ENCOURAGE CORPORATE WELFARE**
  Art. 6-quinquies amended Art. 112 of Italian Decree Law No. 104 of August 14th, 2020, converted into Italian Law No. 126 of October 13th, 2020, extending to 2021 the increase in the amount from € 258.23 to € 516.46 of the value of goods sold and services provided by the company to employees that does not contribute to the formation of income pursuant to Article 51, paragraph 3 of Italian Presidential Decree No. 917 of December 22nd, 1986;
- **EXTENSION OF THE PERIOD OF SUSPENSION OF THE ACTIVITIES OF THE COLLECTION AGENT**
  Article 4, paragraph 1, provided for the suspension of payments deriving from payment demands, executive assessments and debit notices whose terms have expired, from March 8th, 2020 to April 30th, 2021. Payments must be made in a lump sum by May 31st,

2021. Article 68 of Italian Decree Law No. 18 of March 17th, 2020, converted into Italian Law No. 27 of April 24th, 2020, which set the end date of the suspension period as at February 28th, 2021, is therefore amended.

Italian Decree Law No. 73 of May 25th, 2021 (so-called "Decreto Sostegni-bis")

The measures contained in the decree that have an impact on the Group's tax position are listed below:

- **TAX CREDIT FOR INVESTMENT IN CAPITAL GOODS**
  Article 20 added paragraph 1059-bis to Article 1 of Italian Law No. 178 of December 2020 (Budget Law 2021) which extends the possibility of using the tax credit in a single annual instalment to entities with a volume of revenues or remuneration not less than € 5 million, which make investments in operating tangible assets other than those indicated in Annex A attached to Italian Law No. 232 of December 11th, 2016, made effective from November 16th, 2020, through December 31st, 2021;
- **TAX CREDIT FOR SANITATION AND PURCHASE OF PROTECTIVE EQUIPMENT**
  Article 32 introduced a new tax credit for an amount equal to 30% of the expenses incurred in June, July and August 2021 for the sanitisation of environments and tools used, for the purchase of personal protective equipment and other devices designed to ensure the health of workers and users, including expenses for the administration of swabs for Covid-19. The credit is up to a maximum of € 60 thousand for each beneficiary, with a total limit of € 200 million on a national basis for 2021;
- **AMENDMENTS TO THE TAX CREDIT FOR ADVERTISING INVESTMENTS**
  Article 67, paragraphs 10-12-13 replaced paragraph 1-quater of Article 57 of the Italian Decree Law No. 50 of April 14th, 2017, introduced by the 2021 Budget Law, providing that for the years 2021 and 2022, the tax credit is eligible in the single measure of 50% of the value of advertising investments made within the maximum limit of € 90 million that constitutes an expenditure ceiling for each of the years 2021 and 2022;
- **"INNOVATIVE" ACE**
  Article 19, paragraphs 1 to 7, introduced a temporary reinforcement of the benefit, limited to the 2021 tax period only. The benefit consists of applying a 15% percentage only to increases in own capital compared to that existing at the close of the 2020 tax year. The increase in own capital is recorded up to a maximum amount of € 5 million. There is also no provision for *pro rata* accruals;
- **FURTHER EXTENSION OF THE PERIOD OF SUSPENSION OF THE ACTIVITIES OF THE COLLECTION AGENT**
  Article 9, paragraph 1, has provided for a further extension of the suspension of payments deriving from payment demands, executive assessments and debit notices whose terms have expired, from March 8th, 2020 to June 30th, 2021. Payments must be made in a lump sum by July 31st, 2021.

Italian Decree Law No. 99 of June 30th, 2021

The measures contained in the decree that have an impact on the Group's tax position are listed below:

- **"CASHBACK" SUSPENSION**
  Article 1 provided for the suspension of the "Cashback" programme for the second half of 2021;
- **FURTHER EXTENSION OF THE PERIOD OF SUSPENSION OF THE ACTIVITIES OF THE COLLECTION AGENT**
  Article 2, paragraph 1, has provided for a further extension of the suspension of payments deriving from payment demands, executive assessments and debit notices whose terms expire, from March 8th, 2020 to August 31st, 2021.

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INTERIM MANAGEMENT REPORT

Total premiums written

2,598 € mln

INTERIM MANAGEMENT REPORT

THE GROUP DURING THE FIRST SIX MONTHS OF 2021

Already from the first quarter of 2021, the Group confirmed the positive trend started last year, which ended with the best operating result ever.
The second quarter figures are also solid, the result of continuous improvement with strong growth in the various business lines and a marked improvement in the life mix. The performance indicators are positive, confirming the work carried out by the Group and its distribution networks, both agency and banking, thanks to the strategic directions focusing on income quality. Cattolica's fundamentals allow us to look with confidence toward the rest of the year and to confirm the guidance provided to the market, which anticipates an operating result between € 265 and 290 million.

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 public limited company starting from April 1st, 2021 and the strategic guidelines for the future are the challenges that will generate value for all stakeholders in 2021.

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.

After the Shareholders' Meeting of May 14th, which renewed the members of the Board of Directors for the financial years 2021-2023, including the members of the Management Control Committee, at the end of May, Assicurazioni Generali (AG) announced its decision to promote a voluntary takeover bid for all Cattolica's ordinary shares pursuant to Article 102 of the Consolidated Finance Act (TUF). In order to prevent the execution of the share capital increase transaction pending the Offer from causing the ineffectiveness of the latter, thus depriving Cattolica's shareholders of the possibility of assessing the advisability of the divestment at the conditions proposed by Assicurazioni Generali, Cattolica's Board of Directors therefore resolved, informing the Supervisory Authorities, to defer the implementation of the € 200 million share capital increase to a date subsequent to the closing of the Offer.

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The Cattolica Group closed the first six months of the year with an operating income[3] of € 155 million, down 13.9% mainly due to the provision (€ 13 million) set up to deal with the possible outlay linked to the dormant policies currently being assessed.

In the non-life business, the operating result is € 138 million (-6.3%), in the life business it amounts to € 19 million (-45.5%).

Consolidated profit amounted to € 115 million (+304%) and included the capital gain of € 104 million, net of tax, on the sale of Lombarda Vita to Intesa Sanpaolo. The Group's net profit[4], amounting to € 107 million (€ 10 million as at 1H2020), was a marked improvement on the first half of 2020, despite the € 69 million writedown (of which € 51 million related to the goodwill of the joint ventures with the BPM Group).

Adjusted profit[5] in the first half of 2021 amounted to € 164 million (+105%) and included the capital gain of € 104 million, net of tax, from the sale of Lombarda Vita to Intesa Sanpaolo.

It should be noted, with reference to the consolidated figures, that the income statement figures as at June 30th, 2020 and 2021 and the assets and liabilities as at December 31st, 2020 of Lombarda Vita, the sale of which was carried out on April 12th, 2021, with a capital gain of approximately

[3] 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.
[4] Net of minority interests.
[5] This 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.

€ 104 million, net of taxes, 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 € 2,598 million (+21.7%).

Premiums written for direct non-life business amounted to € 1,073 million (+2.3%). The non-Motor segment contributed to the result for € 566 million (+6.1%). Premiums in the Motor segment amounted to € 507 million (-1.5%): this change is affected by the drop in the average premium due to the competitive pressure currently present on the market and initiatives in favour of policyholders, including the voucher. The Motor TPL policy portfolio increased by approximately 5,000 items during the first half of 2021, recovering from the first quarter of 2021.
The combined ratio for retained business increased from 87.1% to 87.7%, an excellent result that benefited from the positive performance of both Motor and Non-motor. The claims ratio increased to 56.5% (+6.2 percentage points), while the expense ratio stood at 30.6% (+0.9 percentage points), up slightly due to the various extraordinary expenses associated with the remedial plan shared with the supervisory authority and corporate operations. The component of the other technical items on premiums fell from 7.1 to 0.6 percentage points: it should be noted that last year the effect of the voucher had an impact of 5.4 percentage points.

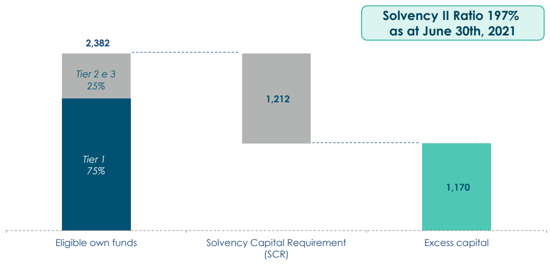
In the life sector, direct business premiums came to € 1,516 million (+40.9%). In the production mix, there was a significant increase in unit-linked products (+178.2%), which accounted for 50% of new production.
The revaluable component of the new issues of life policies with minimum guaranteed rates of zero promoted a progressive further decline in the average guaranteed minimum of the Group's stock of provisions to 0.58% (-2 bps compared to FY2020). In addition, all new traditional issues are characterised by low capital absorption due to their low risk profile.

The result of investments[6], amounted to € 160 million (+18%), with an increase in the ordinary non-life component (+0.8%). The components of this result are discussed in the "Financial and asset management" section in the "Business performance for the period" chapter.

As at June 30th, investments - including properties classified in the item tangible assets and cash and cash equivalents - amounted to € 24,929 million (+1.9%). Gross technical provisions for non-life business amounted to € 3,435 million (-1.8%). Provisions for life business, inclusive of financial liabilities, amounted to € 19,215 million (+0.5%).

Consolidated net shareholders' equity amounted to € 2,677 million (+2.4%). Group equity amounted to € 2,245 million (+4.9%).

The Group's Solvency II ratio is equal to 197% (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%).



Nb: Tier 1 "unrestricted" eligible own funds (share capital and capital reserves) are equal to approximately 75% of total eligible own funds.

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As at June 30th, there were a total of 1,346 agencies, distributed as follows: 50.2% in Northern Italy, 26.4% in Central Italy and 23.4% in Southern Italy and the islands.

The number of branches distributing bancassurance products were 5,353 compared to 5,960 branches as at December 31st, 2020 and included: 4,008 branches of Banche di Credito Cooperativo, 1,249 branches of Banco BPM, Banca Aletti & C. S.p.A. and Agos Ducato S.p.A..

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

KEY INDICATORS OF CATTOLICA GROUP BUSINESS PERFORMANCE

Following the international accounting standards, the following tables show (compared with those as at June 30th and/or December 31st, 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 June 30th, 2020 and 2021 and the assets and liabilities as at 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

			Changes	
(€ millions)	June 30th, 2021	June 30th, 2020	Amount	%
Total premiums written	**2,598**	**2,135**	**463**	**21.7**
of which				
Gross premiums written	**2,598**	**2,107**	**491**	**23.3**
Direct business - non-life	1,073	1,048	25	2.3
Direct business - life	1,516	1,048	468	44.6
Indirect business - non-life	9	11	-2	-16.8
Indirect business - life	0	0	0	n.a.
of which				
Investment contracts	**0**	**28**	**-28**	**-99.7**
Profit (loss) from discontinued operations	108	28	80	276.1
Operating result	**155**	**180**	**-25**	**-13.9**
Consolidated net profit for the period	**115**	**28**	**87**	**304.0**
Group net profit for the period	**107**	**10**	**97**	**938.4**

n.a. = not applicable

Table 2 - Key equity indicators

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	Changes %
Investments	**24,929**	**24,456**	**473**	**1.9**
Assets of disposal group held for sale	**0**	**9,363**	**-9,363**	**-100.0**
Technical provisions net of reinsurance amount	**22,225**	**22,115**	**110**	**0.5**
Financial liabilities relating to investment contracts	**248**	**352**	**-104**	**-29.7**
Liabilities of disposal group held for sale	**0**	**9,132**	**-9,132**	**-100.0**
Consolidated shareholders' equity	**2,677**	**2,613**	**64**	**2.4**

Table 3 - Headcount and sales network

(number)	June 30th, 2021	December 31st, 2020	Changes Amount	Changes %
Total headcount	**1,788**	1,796	-8	-0.4%
Full time equivalent headcount	**1,737**	1,746	-9	-0.5%
Direct network:				
Agencies	**1,346**	1,360	-14	-1.0%
Partner networks:				
Bank branches	**5,353**	5,960 (*)	-607	-10.2%

(*) includes 383 branches of the UBI Banca Group.

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Table 4 - Reclassified consolidated statement of financial position

(€ millions)	June 30th, 2021	December 31st, 2020	Changes		Items from obligatory statements (*)
			Amount	%	
Assets					
Investment Property	959	975	-16	-1.6	*4.1*
Property	192	201	-9	-4.5	*2.1*
Investments in subsidiaries, associated companies and joint ventures	166	174	-8	-4.8	*4.2*
Loans and receivables	1,207	1,194	13	1.1	*4.4*
Held to maturity investments	100	184	-84	-45.4	*4.3*
Available for sale financial assets	17,152	17,147	5	0.0	*4.5*
Financial assets at fair value through profit or loss	4,746	4,221	525	12.4	*4.6*
Cash and cash equivalents	407	360	47	12.8	*7*
Total Investments	**24,929**	**24,456**	**473**	**1.9**	
Intangible assets	632	705	-73	-10.3	*1*
Technical provisions - reinsurance amount	574	580	-6	-1.2	*3*
Sundry receivables, other tangible assets and other asset items	1,813	11,429	-9,616	-84.1	*(**)*
of which assets of a disposal group held for sale	*0*	*9,363*	*-9,363*	*-100.0*	*6.1*
TOTAL ASSETS	**27,948**	**37,170**	**-9,222**	**-24.8**	
Shareholders' equity and liabilities					
Group capital and reserves	2,138	2,104	34	1.6	
Group profit (loss) for the period	107	36	71	194.3	*1.1.9*
Shareholders' equity pertaining to the Group	***2,245***	***2,140***	***105***	***4.9***	*1.1*
Capital and reserves pertaining to minority interests	424	438	-14	-3.3	
Profit (loss) for the period pertaining to minority interests	8	35	-27	-77.1	*1.2.3*
Shareholders' equity pertaining to minority interests	***432***	***473***	***-41***	***-8.6***	*1.2*
Total Capital and reserves	**2,677**	**2,613**	**64**	**2.4**	*1*
Premium provision	913	892	21	2.3	
Provision for outstanding claims	2,522	2,604	-82	-3.1	
Gross technical provisions - non-life	**3,435**	**3,496**	**-61**	**-1.8**	*3*
Gross technical provisions - life	**18,967**	**18,771**	**196**	**1.0**	*3*
Other gross non-life technical provisions	4	3	1	4.8	*3*
Other gross life technical provisions	393	425	-32	-7.0	*3*
Financial liabilities	1,172	1,263	-91	-7.2	*4*
of which deposits from policyholders	*248*	*352*	*-104*	*-29.7*	
Allowances, payables and other liability items	1,300	10,599	-9,299	-87.7	*(***)*
of which liabilities of a disposal group held for sale	*0*	*9,132*	*-9,132*	*-100.0*	*6.1*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**27,948**	**37,170**	**-9,222**	**-24.8**	

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

(**) Sundry receivables, other asset items, and other tangible assets (statement of financial position items under assets = 5 + 6 + 2.2)

(***) Allowances, payables and other liability items (statement of financial position items under liabilities = 2 + 5 + 6)

Table 5 - Reclassified consolidated income statement

(€ millions)	June 30th, 2021	June 30th, 2020	Changes Amount	Changes %	Items from obligatory statements (*)
Net premiums	2,446	1,977	469	23.8	*1.1*
Net charges relating to claims	-2,185	-1,380	-805	58.3	*2.1*
Operating expenses	-380	-349	-31	9.0	
of which commission and other acquisition costs	-274	-252	-22	8.7	*2.5.1*
of which other administrative expenses	-106	-97	-9	9.7	*2.5.3*
Other revenues net of other costs (other technical income and charges)	-39	-78	39	-50.1	*1.6 - 2.6*
Net income from financial instruments at fair value through profit or loss	153	-141	294	-208.1	*1.3*
Result from class D financial operations	147	-139	286	-204.1	
Net income from investments in subsidiaries, associated companies and joint ventures	0	-15	15	-102.2	*1.4 - 2.3*
Net income from other financial instruments and investment property	180	175	5	2.6	*1.5 - 2.4*
of which net interest	116	140	-24	-17.2	*1.5.1 - 2.4.1*
of which other income net of other charges	45	41	4	8.2	*1.5.2 - 2.4.2*
of which net profits realised	58	18	40	215.5	*1.5.3 - 2.4.3*
of which net valuation profits on financial assets	-39	-24	-15	61.5	*1.5.4 - 2.4.4*
Commissions income net of commissions expense	-1	0	-1	-870.5	*1.2 - 2.2*
Operating expenses relating to investments	-25	-24	-1	2.9	2.5.2
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**149**	**165**	**-16**	**-9.4**	
Other revenues net of other costs (excluding other technical income and charges included under	-94	-109	15	13.4	*1.6 - 2.6*
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**55**	**56**	**-1**	**-1.9**	
Taxation	-48	-56	8	14.8	3
NET PROFIT (LOSS) FOR THE PERIOD	**7**	**0**	**7**	**3,504.8**	
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**108**	**28**	**80**	**276.1**	**4**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**115**	**28**	**87**	**304.0**	
Profit (loss) for the year pertaining to minority interests	8	18	-10	-56.9	
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP	**107**	**10**	**97**	**938.4**	

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

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Table 6 - Reclassified consolidated income statement by business segment

	NON-LIFE		LIFE		OTHER		TOTAL	
(€ millions)	**June 30th, 2021**	**June 30th, 2020**	**June 30th, 2021**	**June 30th, 2020**	**June 30th, 2021**	**June 30th, 2020**	**June 30th, 2021**	**June 30th, 2020**
Net premiums	939	935	1,507	1,042	0	0	2,446	1,977
Net charges relating to claims	-531	-471	-1,654	-909	0	0	-2,185	-1,380
Operating expenses	-288	-278	-92	-71	0	0	-380	-349
of which commission and other acquisition costs	-208	-206	-66	-46	0	0	-274	-252
of which other administrative expenses	-80	-72	-26	-25	0	0	-106	-97
Other revenues net of other costs (other technical income and charges)	-5	-66	-34	-12	0	0	-39	-78
Net income from financial instruments at fair value through profit or loss	1	-1	152	-140	0	0	153	-141
Result from class D financial operations	0	0	147	-139	0	0	147	-139
Net income from investments in subsidiaries, associated companies and joint ventures	0	-5	0	-10	0	0	0	-15
Net income from other financial instruments and investment property	28	26	161	153	-9	-4	180	175
Commissions income net of commissions expense	0	0	-1	0	0	0	-1	0
Operating expenses relating to investments	-5	-4	-18	-19	-2	-1	-25	-24
RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS	**139**	**136**	**21**	**34**	**-11**	**-5**	**149**	**165**
Other revenues net of other costs (excluding other technical income and charges included under insurance business)	-42	-28	-51	-79	-1	-2	-94	-109
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**97**	**108**	**-30**	**-45**	**-12**	**-7**	**55**	**56**
Taxation	-45	-46	-6	-11	3	1	-48	-56
NET PROFIT (LOSS) FOR THE PERIOD	**52**	**62**	**-36**	**-56**	**-9**	**-6**	**7**	**0**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**0**	**0**	**108**	**28**	**0**	**0**	**108**	**28**
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	**52**	**62**	**72**	**-28**	**-9**	**-6**	**115**	**28**
Profit (loss) for the year pertaining to minority interests	2	1	6	17	0	0	8	18
PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP	**50**	**61**	**66**	**-45**	**-9**	**-6**	**107**	**10**

Table 7 - Operating result by business segment

(€ millions)	NON-LIFE June 30th, 2021	NON-LIFE June 30th, 2020	LIFE June 30th, 2021	LIFE June 30th, 2020	OTHER June 30th, 2021	OTHER June 30th, 2020	TOTAL June 30th, 2021	TOTAL June 30th, 2020
Net premiums	939	935	1,507	1,042	0	0	2,446	1,977
Net charges relating to claims	-531	-471	-1,654	-909	0	0	-2,185	-1,380
Operating expenses	-288	-278	-86	-71	0	0	-374	-349
of which commission and other acquisition costs	*-208*	*-206*	*-66*	*-46*	*0*	*0*	*-274*	*-252*
of which other administrative expenses	*-80*	*-72*	*-20*	*-25*	*0*	*0*	*-100*	*-97*
Other revenues net of other costs (other technical income and charges)	-5	-66	-34	-12	0	0	-39	-78
Income from gross ordinary investments	44	44	316	15	0	0	360	59
Net income from investments in subsidiaries, associated companies and joint ventures	3	3	0	-5	0	0	3	-2
Commissions income net of commissions expense	0	0	-1	0	0	0	-1	0
Operating expenses relating to investments	-5	-4	-18	-19	-2	-1	-25	-24
Other revenues net of other operating costs	-19	-16	-11	-6	0	-1	-30	-23
OPERATING RESULT	**138**	**147**	**19**	**35**	**-2**	**-2**	**155**	**180**
Realised and valuation gains	-5	-7	3	1	-9	-4	-11	-10
Subordinated interest	-10	-12	-6	-3	0	0	-16	-15
Net income from investments in non-operating subsidiaries, associated companies and joint ventures	-3	-8	0	-5	0	0	-3	-13
Other revenues net of other non-operating costs	-23	-12	-46	-73	-1	-1	-70	-86
PROFIT (LOSS) BEFORE TAXATION FOR THE PERIOD	**97**	**108**	**-30**	**-45**	**-12**	**-7**	**55**	**56**
Taxation	-45	-46	-6	-11	3	1	-48	-56
PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**52**	**62**	**-36**	**-56**	**-9**	**-6**	**7**	**0**
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	0	0	108	28	0	0	108	28
CONSOLIDATED PROFIT (LOSS)	**52**	**62**	**72**	**-28**	**-9**	**-6**	**115**	**28**
pertaining to the Group	50	61	66	-45	-9	-6	107	10
pertaining to minority interests	2	1	6	17	0	0	8	18
ADJUSTED GROUP RESULT (*)	**65**	**62**	**108**	**24**	**-9**	**-6**	**164**	**80**

(*) 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

	June 30th, 2021	June 30th, 2020
Non-life ratios for retained business		
Claims ratio (Net charges relating to claims / Net premiums)	56.5%	50.3%
G&A ratio (Other administrative expenses/ Net premiums)	8.5%	7.7%
Commission ratio (Acquisition costs / Net premiums)	22.1%	22.0%
Total Expense ratio (Operating expenses / Net premiums)	30.6%	29.7%
Combined ratio (1 - (Technical balance / Net premiums))	87.7%	87.1%
Non-life ratios for direct business		
Claims ratio (Net charges relating to claims / Premiums for the period)	54.4%	51.5%
G&A ratio (Other administrative expenses / Premiums for the period)	7.6%	7.0%
Commission ratio (Acquisition costs / Premiums for the period)	22.6%	22.1%
Total Expense ratio (Operating expenses / Premiums for the period)	30.2%	29.1%
Combined ratio (1 - (Technical balance / Premiums for the period))	85.5%	87.1%
Life ratios		
G&A ratio (Other administrative expenses / Premiums written)	1.7%	2.3%
Commission ratio (Acquisition costs / Premiums written)	4.3%	4.3%
Total Expense ratio (Operating expenses / Premiums written)	6.0%	6.6%
Total ratios		
G&A ratio (Other administrative expenses / Premiums written)	4.1%	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 current global situation gravitating around the development of the Covid-19 pandemic has still not witnessed the resolution of all critical issues. From a health point of view, especially in the economically poorer countries of the planet which have not, on a large-scale, undertaken the path of vaccinating their populations, the pandemic still remains undefeated; at the same time, the emergence of new variants of the virus raises questions about the complete protection from infection for some of the vaccines, in places such as Italy, where the vaccination campaign is significantly advanced.

The Covid-19 pandemic has also brought about several paradigm shifts for society as a whole, in its consequences that affect the individual and the collective, in relation to social and economic aspects, with a feeling of uncertainty surrounding forecasts for when the world's population will be able to consider itself reasonably safe from the pandemic, and in relation to people's lifestyles, affected by restrictions on movement and ordinary activities, to stem the spread of the virus.

Finally, we should not forget the economic crisis that has affected the sector, above all the production sector, which has been heavily penalised by the situation, although the outlook regarding recovery seems very fragmented and envisages a speed of adaptation and recovery of activities and the generation of profits that is very different between areas of the world and production sectors.

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 "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 reporting compared to the pre-pandemic period, especially in the TPL motor class, continued in the first half of 2021.

There is a clear tendency for companies to embrace an increasingly innovative and digital offer, also with the help of the insurtech world, 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, just as the life habits of workers are changing with a new balance between home and work, including the adoption of hybrid forms in relation to the place of service, and the increasingly important awareness of the market and consumers towards the significance of environmental and sustainability issues in general.

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 their health and safety, Cattolica has adopted a series of precautionary measures since the outbreak of the first cases of Covid-19 at the end of February 2020 and in advance of most of the industry, activating remote work for almost all its employees and collaborators. The smart working method, a project that the Group had already initiated in 2017, has thus guaranteed a continuity of processes and activities, without negatively affecting company productivity; as early as March 2020, 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 2020 the Group decided to return to the full remote working method, which continues to date.

It is only possible to go to the workplace 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 lockdown. 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, showing corporate social responsibility, introduced the "Active Business NonStop" policy dedicated to the protection of commercial activities by indemnifying them should they close down by decree of local or national authorities; the sale of this product was almost immediately blocked following the extension of the restrictive measure throughout Italy.

In order to facilitate remote 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 lockdown period, new discount systems were introduced in addition to the extension of the payment deadlines for due receipts. A relief measure for customers due to lack of or reduced circulation during the closing period has been introduced: 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 was granted to customers at the time of renewal of their Motor policy, equal to a discount of 1/12 of the policy, and which could be used for renewal and/or by entering into a new Non-Motor policy, thus increasing the level of protection. Since June 17th, 2020, the voucher has also been activated for TUA Assicurazioni agencies, for which it could be used as an alternative and 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 2020 also to the bancassurance channel (Vera Assicurazioni and BCC Assicurazioni).

As from January 2021, Cattolica has also combined measures to support motor policyholders with the Voucher Auto.

Again in 2021, following the Government's extension of the so-called "110% Superbonus", initially forming part of the incentive measures promulgated in May 2020 to encourage economic recovery, Cattolica promoted the initiative dedicated to customers with which the tax credit purchase service is offered, acknowledging to individuals an amount equal to 102% and to companies equal to 101% of the expense sustained for the initial works, and with the possibility of being able to combine the transfer of the credit with a series of insurance coverage in accordance with the type of applicant (building company, condominium, professionals or individuals).

Community measures

In collaboration with the Cattolica Foundation, the Group has 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 December 2020, support was provided to the "Proteggiti dal Covid per le feste (Protect yourself from Covid for the holidays)" initiative of the Associazione Cultura&Solidarietà to allow an antigenic swab to be taken by those who for whatever reason have been unable to access the service.
In 2021, support was provided, in the creation of a communication campaign, to the "Metropolisana: prossima fermata, la tua salute (Metropolisana: next stop, your health)" initiative, consisting of the opening of "health points" within the Milan metro, managed in collaboration with the main specialist outpatient clinics in the area, constituting support for the Lombardy public health service and an opportunity to access Covid-19 prevention services at reduced prices.

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 premium income 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 DPCMs that have followed one another particularly since the beginning of November (lockdown 2), 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 lockdown 1, 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 half of 2021, of partial lockdown, carried on from that of the last few months of 2020, i.e. without substantial impact on new production, while the measures taken to counteract the contingency in 2020 (Voucher Auto, policy renewals without policy increases) have significant consequences in terms of TPL motor premium decreases due to the drop in the average premium.
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.
Cattolica's TPL motor retention substantially followed the movements of the market curve, drawing an inflection point in 2021, which from February saw a sudden increase in the indicator in March and April, to then return to February's levels (substantially in line with the market value). The peak generated in March and April was largely due to the mix of renewal receipts in those months, with a lower than standard incidence of first-year contracts on total renewal receipts (2020 lockdown effect) and a consequent positive effect on retention. On the one hand, the intense activity of the commercial structure on the territory and the use by the agencies of a new digital platform (ARENA Project, active since April 2020 and then from July on the whole network) which has facilitated them in their customer loyalty activities and in the monitoring of their secondary network, and on the other hand the initiative on the Voucher Auto, have supported the positive performance of the indicator.
The decline in total claims in the Non-life business for 2020 was more than -20%, in particular in some key sectors such as Motor; compared to the first half 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 a "Gains or losses on available-for-sale financial assets" reserve, net of taxes and shadows, to shareholders' equity, broadly in line with December 31st, 2020 and a valuation in the income statement in relation to "financial instruments at fair value through profit or loss" of € 122 million in net 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 June 30th, it stood at 197% (199% as at March 31st, 2021). 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 focus in particular on strengthening the value of the agency network and on monitoring Non-life profitability. With regard to the first point, the first few months of 2021 continued on from the end of 2020 as regards the rationalisation operations of the Cattolica agency network, and recruiting activities led to the recruitment of more than 225 new staff in the first half-year between sub-agents and new recruits. 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 an insured entity belonging to the Third Sector. TPL motor profitability was better than expected, with the dynamics of the average Group TPL motor premium declining, as is the case in the insurance market in general, and the change in TPL motor frequency which, although positive compared to 2020 characterised by the traffic freeze in March and April, compared to 2019 is still in significant decline. In general, the rebalancing of the Non-life mix continues its trend towards an increase in the incidence of Non-Motor class (+1.9 percentage points compared to June 2020), without any significant Non-Motor claims being recorded in the first part of the year.
With a view to an increasingly digital and technological approach to business development, it is worth mentioning at least two tools that during the year were made available to agents and consequently to customers in the hiring phase, namely the advanced estimator tool (a project that was already being implemented at the end of the previous business plan) and remote risk analysis. The first allows for improved risk assessment and consequent pricing activity thanks to a platform that cross-checks the customer's information already available with other information coming from third party sources (such as the economic-financial situation of the company, possible prejudices, etc.); the option to perform remote analysis instead consists of the possibility of carrying out remote inspections in 360° live streaming through a 360° video camera and a virtual reality viewer. Furthermore, to support agents, these innovations are accompanied by the increasingly widespread use by the network of the ARENA sales platform, available to all agencies from June 2020, a tool that acts as a single touchpoint for access to all relevant information from a commercial point of view, designed to revolutionise the management of payment in all its phases (planning, processing and monitoring).
Lastly, still on the subject of consolidation strategies and specifically sustainable development, following the Government's extension of the so-called "Superbonus 110%", initially part of the incentive measures promulgated in May 2020 to encourage economic recovery, an initiative was promoted in this regard thanks to which the tax credit purchase service is offered to customers, acknowledging to individuals an amount equal to 102% and to businesses 101% of the expense sustained for the initial works, and with the possibility of combining the transfer of the credit with a series of insurance coverage in accordance with the type of applicant (building company, condominium, professionals or individuals).

With regard to the initiatives undertaken by virtue of the partnership with Generali, since April the new on-line motor product "Active Live" has been on sale throughout the agency network, available in two different versions ("Active

Live Voice" and "Active Live Protect", depending on whether the classic assistance component is also associated with the anti-theft alarm system), the result of the combination of the two companies' specific expertise in the motor sector and the technological innovation skills of Generali Jeniot. At the end of the first quarter of issue across the entire Cattolica agency network, the penetration of the new product on the total of the new Motor business was more than 36%, demonstrating its excellent reception by customers. The product is also already placed for TUA Assicurazioni.

As regards the Health segment, "Active Benessere", developed in collaboration with Generali Welion, an innovative product which provides access to a widespread health network throughout Italy with dedicated tariffs, video medical consultations, a wellbeing coach and personalised prevention programmes, it has been available to the entire Cattolica agency network since the second half of June. In this way the paradigms of prevention and protection are united in the offer. The new product is also active in the event of epidemics or pandemics. "Active Benessere" is also already available for placement on the Group's other distribution channels, in particular on TUA Assicurazioni and, as regards the bancassurance channel, at the branches linked to the joint venture with BCC Assicurazioni. Furthermore, thanks to its expertise in the sector, Welion will enable savings to be made in the claims settlement process, an activity which, with regard to the accident component, has already been transferred to Welion since April, ahead of the timeframe envisaged in the initial agreement between the parties.

The transfer of part of the Investments portfolio to GIAM (Generali Asset Management), aimed at increasing efficiency, was also completed. Among the first effects to be noted was the option of allocating a greater portion of Cattolica's investment portfolio to the so-called alternative classes, whose incidence on the total with respect to the end of 2020 has already increased by 0.7 percentage points.

Finally, the reinsurance of a portion of premiums to Generali in line with the terms of the partnership agreement continues as planned.

With regard to the areas identified according to the strategic focus, in addition to the plans for synergies with Generali described above, it is essential to highlight the new agreement on exit rights and the commercial partnership that defines a renewal between the parties Banco BPM and Cattolica. The agreement provided for, among other things, 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. At the same time, Cattolica is guaranteed greater control over the product mix.

The fundamental profitability KPIs of the Life business improved considerably, and in particular in relation to new production there was a progressive change in the business mix with a significant increase in the incidence of class III of 24 percentage points, which was accompanied by a share of additional payments with a negative margin that was increasingly limited, and the progressive decrease in the guaranteed minimum rate of revaluable reserves.

Lastly, returning to the subject of technological innovation, a new digital solution was established between Cattolica and Munich Re, which will have the task of managing the underwriting process for protection policies, to enable agencies to simplify and speed up the underwriting process. On the one hand, the aim is to shorten the time period for the sales process and, on the other hand, to provide customers with an innovative and better customer journey. The solution, built on the accelerated underwriting tool of Munich Re Automation Solutions, a subsidiary of the Bavarian reinsurance company responsible for developing digital offers for life companies, will be used as early as July with the new product "Active Vita".

As for the strategic direction related to sustainability, both at corporate and financial product level, the 10/03 deadline on disclosure according to EU Regulations Nos. 2019/2088 and 2020/852 was met.

As already reported, WE, the new online platform dedicated to Wellbeing, has been active since April.

As part of the enhancement of the Cattolica Estates, all the legal activities were completed to make the "Green Energy" initiative operative, which will see the construction of a plant for the production of biomethane. Cattolica Agricola's profitability will increase thanks to the signing of a network contract through which it will manage part of the Estates' land.

GUIDELINES OF THE AGREEMENT WITH ASSICURAZIONI GENERALI

On June 24th, 2020, Cattolica Assicurazioni and Assicurazioni Generali S.p.A. ("AG") signed the Framework Agreement ("Agreement"), which concerns a series of agreements between the two companies aimed at the investment of Assicurazioni Generali in Cattolica through the Reserved Share Capital Increase, subscribed and executed by Assicurazioni Generali on October 23rd, 2020, as well as the launch of the Partnership through the signing of several commercial agreements between the two companies (with effects subject to the execution of the

Reserved Share Capital Increase). On September 23rd, 2020, the Framework Agreement was the subject of an Amending Agreement by which the parties took note of certain circumstances that occurred in relation to the preparatory activities for the Capital Increase and the Partnership, and amended and/or supplemented certain terms and conditions relating to such preparatory activities. Subsequently, on October 19th, 2020, Cattolica and Assicurazioni Generali waived, each to the extent of its own right, the conditions envisaged by the Framework Agreement, which had not yet been fulfilled and, therefore, on October 23rd, 2020, Assicurazioni Generali subscribed the Reserved Shares.

With reference to the industrial and commercial agreements between Cattolica and the Generali Group, it should be noted that the collaboration between the two groups 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 areas of partnership, 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.

SHARE CAPITAL INCREASE

As already reported in the Consolidated interim report as at March 31st, 2021, with reference to the approved capital increase, the Board of Directors, noting the corporate obligations reflected in the content of the prospectus, resolved, after informing the Supervisory Authorities in advance, to postpone until July 31st, 2021, the final deadline for execution of the second tranche of the capital increase for the remaining € 200 million.

Subsequently, following the launch of the voluntary total takeover bid promoted on May 31st, 2021 by Assicurazioni Generali on all Cattolica's shares pursuant to and in accordance with Articles 102 and 106, paragraph 4, of the Consolidated Finance Act (hereinafter, the "Generali Takeover Bid"), on June 7th, 2021, Cattolica resolved to postpone the execution of the second tranche of the share capital increase for the residual € 200 million to a date subsequent to the closure of the aforementioned bid.

With regard to the shares deriving from the Reserved Capital Increase, subscribed and executed by Assicurazioni Generali on October 23rd, 2020, it should be noted that on July 15th, 2021, Cattolica filed, with CONSOB, the registration document, the information note on the financial instruments and the summary note for the admission to trading of Cattolica's ordinary shares deriving from the Reserved Capital Increase. Following this submission, CONSOB approved these documents on July 21st, 2021 with Order Nos. 802982/21 and 802988/21.

Pursuant to Article 1, paragraph 5, letter a) of Regulation (EU) No. 1129/2017 of the European Parliament and of the Council of June 14th, 2017, the registration document, the information note and the summary note also constitute the Prospectus for the admission to trading of Cattolica's ordinary shares deriving from the reserved capital increase.

TAKEOVER BID

On May 31st, 2021, Assicurazioni Generali announced - pursuant to and for the purposes of Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation - that it had taken the decision to promote the Generali takeover bid, consisting of a voluntary total takeover bid, pursuant to and for the purposes of Articles 102 and 106, paragraph 4, of the TUF, relating to all Cattolica's ordinary shares listed on the electronic share market (MTA) organised and managed by Borsa Italiana S.p.A. (hereinafter, "MTA"). Assicurazioni Generali communicated the objective of acquiring Cattolica's entire share capital (or at least an equity investment equal to 66.67% of the share capital with voting rights or, in any event, at least 50% plus 1 (one) share of Cattolica's share capital with voting rights) and the delisting of the related shares from the MTA.

The offer is subject to the occurrence of certain conditions of effectiveness, indicated in the notice issued on May 31st, 2021 by Assicurazioni Generali pursuant to Article 102, paragraph 1, of the TUF and Article 37 of CONSOB Regulation No. 11971 of May 14th, 1999 and which will be further illustrated in Assicurazioni Generali's offer document; said conditions may be waived or amended, in compliance with current regulations, by Assicurazioni Generali, except for the achievement by the offerer of a minimum holding equal to 50% of the share capital with voting rights plus one Cattolica share.

WAYS IN WHICH THE GROUP IMAGE AND INFORMATION ARE DISCLOSED

The Investor Relations Division

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

During the first half of 2021, six brokers followed Cattolica stock with analyses and comments.

Periodically, individual meetings are organised with analysts for in-depth analysis of the company's performance and meetings with Italian and international institutional investors also continue. Public conference calls were also organised at the time of the approval of the results.

Rating

On June 15th, Standard & Poor's confirmed Cattolica's rating at BBB, adjusting it, in accordance with the Agency's criteria, to that of the sovereign debt of the Italian Republic, placing the Company under Creditwatch with positive implications. On this occasion, the rating at BB+ was also confirmed for both the listed bond issues issued by the Cattolica Group, which were also placed under Creditwatch with positive implications. The rating was updated after the voluntary takeover bid on all of Cattolica's ordinary shares promoted by Assicurazioni Generali and announced on May 31st, 2021.

Cattolica's stand-alone credit profile (SACP) is confirmed at bbb+, slightly higher than the BBB financial strength rating. Standard and Poor's specifies that the stand-alone credit profile (SACP) reflects Cattolica's strong risk profile in Italy and satisfactory financial risk profile.

Standard & Poor's has indicated that it will remove the CreditWatch in the coming months, as soon as Generali has completed its takeover bid; in the event that the bid is successful, Standard and Poor's could raise Cattolica's rating by one or more notches, depending on the rating that Standard & Poor's deems appropriate for Generali, while if the bid is unsuccessful, Standard and Poor's will remove the CreditWatch and confirm Cattolica's rating at BBB.

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 field of ESG (Environmental, Social and Governance) issues has been adequately focused on environmental and social aspects and has also covered non-financial reporting, financial asset management and commercial aspects. The strategy, according to the agency, appeared to be consistent with the voluntary indications of the UN, OECD and the European Union and that following the decisions derived from the recent project to transform the company into a public limited company and the capital increase launched in 2020, the issue of Sustainability has also entered the sphere of corporate governance. The assignment of the Long Term Expected Rating "EE+" incorporates, according to Standard Ethics, expectations about the future quality of governance instruments and ESG policies.

Operating Result

Life Business

19 € mln

Non-life Business

138 € mln

Other

-2 € mln

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INTERIM MANAGEMENT REPORT

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, Satec Holding, 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 envisaged by ISVAP Regulation No. 7 dated July 13th, 2007 (gross of eliminations between sectors).

Profit (loss) for the period

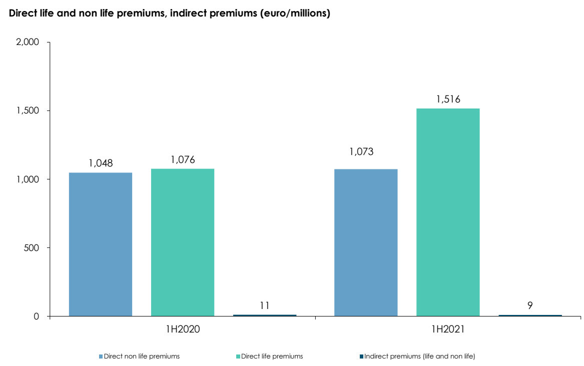
The half-year closed with a consolidated net result of € 115 million (+304%), attributable to the Non-life business for € 52 million (-15.8%), the Life business with a profit of € 72 million compared to a loss of € 28 million as at June 30th, 2020 and the Other business with a loss of € 9 million (+65.3%).

The Group's net profit amounted to € 107 million (+938.4%).

The operating result came to € 155 million (-13.9%).

Premiums

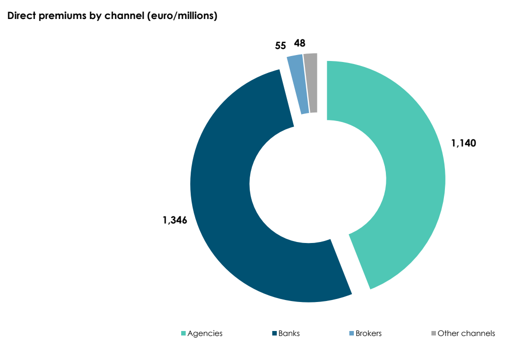
Gross consolidated premiums (which comply with the definition of insurance policy as per IFRS 4) at the end of the half year amounted to € 2,598 million (+23.3%). The investment contracts are not significant.



Gross direct non-life premiums totalled € 1,073 million (+2.3%) and account for 41.4% of total direct premium business (50% as at June 30th, 2020).

Gross direct life premiums totalled € 1,516 million (+44.6%): investment contracts amounted to € 86 thousand.
Life premiums represented the majority share of total direct business (58.6% compared with 50% as at June 30th, 2020).

Direct business premiums written, per distribution channel, is broken down as follows: agencies 44%, banks 52%, brokers 2.1%, and other channels 1.9%.



Other administrative expenses

Other administrative expenses totalled € 106 million (+9.7%), due to the increase in personnel, IT and consulting costs, also related to the remedial plan submitted to IVASS and corporate operations.

With reference to direct business, the ratio of other non-life administrative expenses to premiums written for the period rose from 7% to 7.6%, while the ratio of other life administrative expenses to life premiums dropped from 2.3% to 1.7%.

The Group by segments

Non-life business

Non-life business, as already reported, closed the first half-year with a profit of € 52 million (-15.8%). Net non-life premiums amounted to € 939 million (+0.5%). The combined ratio of direct business was 85.5% (87.1%). The claims ratio of direct business (claim/premium ratio) is equal to 54.4% (51.5%), while the ratio of other administrative expenses, as stated, stood at 7.6%. The combined ratio of retained business increased from 87.1% to 87.7%.

Financial operations ended the period with a result of € 24 million (+47.1%) and are mainly characterised by net income deriving from other financial instruments and investment property for € 28 million (+5.6%), with net interest and other net income amounting to € 39 million (+7.2%) and with net losses from valuation that came to €11 million (+9.1%).

The contribution of financial operations to operating income, i.e. net of interest expense on subordinated loans, realisation and valuation results, is € 39 million (-1.8%).

The operating result amounted to € 138 million (-6.3%), mainly due to the worsening of the combined ratio.

Life business

The life business ended the half-year with a profit of € 72 million, compared with a loss of € 28 million as at June 30th, 2020.

Net life premiums amounted to € 1,507 million (+44.6%), and financial operations[7] closed with a result of € 147 million (+17.6%), with net income from other financial instruments and investment property for € 161 million (+5.3%), of which interest and other net income for € 122 million (-16%), realised net gains for € 58 million against € 17 million as at June 30th, 2020 and net losses from valuation for € 19 million (+89.3%). 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 (€ 1,654 million, +81.6%).

The operating result, amounting to € 19 million (-45.5%), was negatively affected by the decision to set aside a provision for risks of € 13 million against potential claims related to so-called "dormant policies" reported by IVASS. This item is linked to the emergence of reports of deaths covered by temporary life insurance policies, of which the Group companies were unaware and of which no report has yet been made. Therefore, it is not possible to ascertain its actual liquidity.

Other business

Other business recorded a loss of € 9 million (+65.3%) at the end of the period, mainly due to the writedown of investment property by € 9 million, net of the tax effect.

Sectors by geographic area

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

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

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Investments

Investments amounted to € 24,929 million (+1.9%). Their breakdown and variation compared to 2020 is represented in the following table.

Table 9 - Total investments

					Changes	
(€ millions)	**June 30th, 2021**	**% of total**	**December 31st, 2020**	**% of total**	**Amount**	**%**
Investment Property	959	3.8	975	4.0	-16	-1.6
Property	192	0.8	201	0.8	-9	-4.5
Investments in subsidiaries, associated companies and joint ventures	166	0.7	174	0.7	-8	-4.8
Loans and receivables	1,207	4.9	1,194	4.9	13	1.1
Held to maturity investments	100	0.4	184	0.7	-84	-45.4
Available for sale financial assets	17,152	68.8	17,147	70.1	5	0.0
Financial assets at fair value through profit or loss	4,746	19.0	4,221	17.3	525	12.4
Cash and cash equivalents	407	1.6	360	1.5	47	12.8
TOTAL	**24,929**	**100.0**	**24,456**	**100.0**	**473**	**1.9**

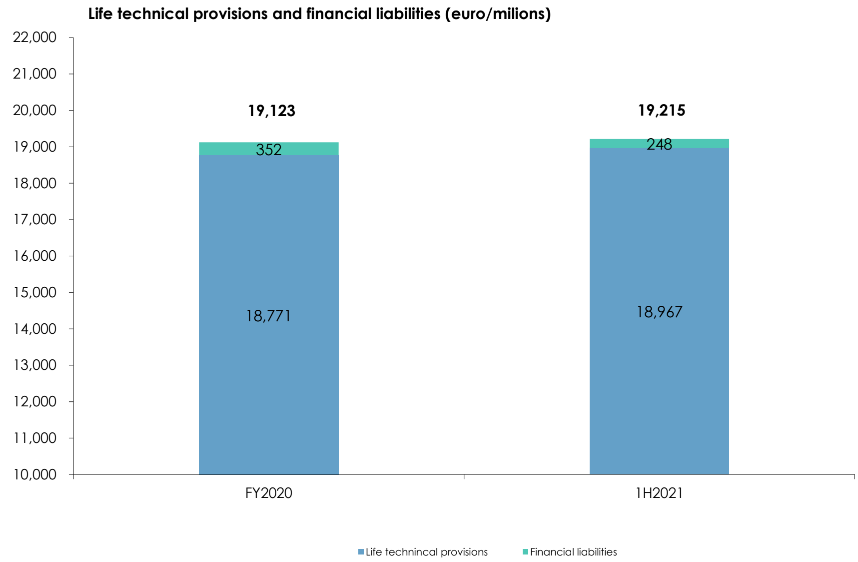
The result of financial operations, with the exclusion of investments whose risk is borne by the policyholders and gross of the tax effects and the change in other financial liabilities, came - as already mentioned - to € 160 million (+18%).

Technical provisions

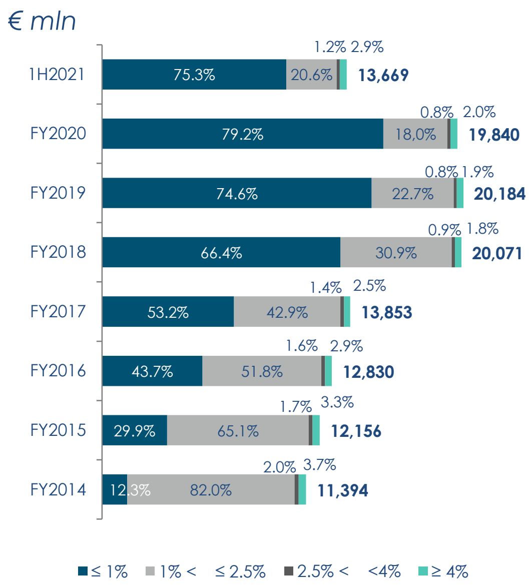
Non-life technical provisions (premiums and claims) amounted to € 3,435 million (-1.8%).

Technical provisions for life business (actuarial provisions inclusive of shadow accounting) amounted to € 18,967 million (+1%). Also taking into account financial liabilities relating to investment contracts, the technical provisions and deposits relating to life business amounted to € 19,215 million (+0.5%).

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



With reference to the composition of the Segregated Management Schemes, the Technical Provisions for guaranteed minimum are represented below. The average guaranteed minimum rate for the Group's stock of provisions as at June 30th, 2021, was 0.58% (0.60% FY2020).

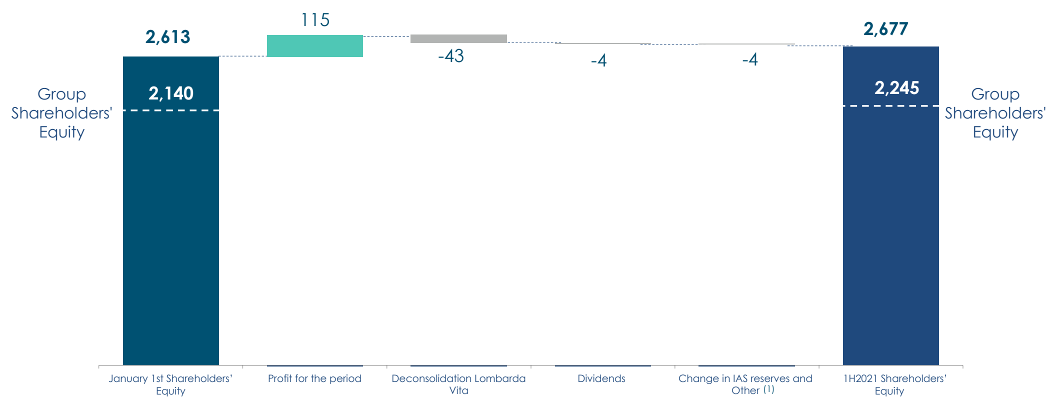


Shareholders' equity and its trend

The change in consolidated shareholders' equity since last year is mainly due to the result for the half-year of € 115 million, the deconsolidation of Lombarda Vita with a negative effect of € 43 million, dividends of € -4 million and the change in the IAS reserves and other of € -4 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 first half-year amounted to € 2,677 million (+2.4%).
The Group shareholders' equity amounted to € 2,245 million (+4.9%) and includes gains on available for sale financial assets amounting to € 82 million (+4.5%).
Portions of shareholders' equity pertaining to minority interests amounted to € 432 million (-8.6%) and include gains on available for sale financial assets amounting to € 5 million (-69.9%).

Trend of consolidated shareholders' equity



(1) Including the change in the AFS reserve (net of shadow accounting and taxes) and other gains and losses recognised directly in shareholders' equity

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INSURANCE BUSINESS AND OTHER SECTORS OF ACTIVITIES

Summary of the activities carried out by the Group companies

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

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

Non-life insurance companies

ABC Assicura S.p.A., with headquarters in Verona, share capital of € 8.9 million, is authorised to operate in the non-life business. From 2018 there is a substantial absence of new production and the company directly provides customer service for all necessary after-sales operations. The Parent Company holds 100% of the share capital. On August 5th, as described in greater detail below, the Board of Directors of the Parent Company resolved the merger by incorporation of ABC Assicura S.p.A. into Cattolica;

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

CattRe S.A., with headquarters in Luxembourg, share capital of € 63.6 million, is authorised to operate in the reinsurance sector. Cattolica holds 100% of the company;

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

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

All Risks Solutions S.r.l., with headquarters in Milan, carries out insurance brokerage activities, with a share capital of € 10 thousand. It is 100% owned by Satec Holding S.r.l.;

Satec Holding S.r.l., with headquarters in Venice, is a holding company, share capital of € 81 thousand. CattRe S.A. holds 100% of its capital;

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

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

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

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

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

Fondo Euripide is a closed-end real estate mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held are as follows: Cattolica 69.69%, Vera Vita 10.07%, TUA Assicurazioni 1.87%, Vera Protezione 1.34% and Vera Assicurazioni 0.51%. Part of said interests is allocated to the non-life portfolios of Cattolica, TUA Assicurazioni and Vera Assicurazioni;

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

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

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

Fondo San Zeno is a closed-end real estate mutual investment trust, managed by CB Richard Ellis. The interests held are as follows: Cattolica 67.89% and BCC Vita 19.61%. Part of said interests are allocated to Cattolica's non-life portfolio;

Campo dei Fiori is a limited liability company, wholly-owned by Fondo San Zeno of which Cattolica holds 67.89%.

Life insurance companies

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

Berica Vita S.p.A., with headquarters in Verona, share capital of € 31 million, is authorised to carry out insurance activities in the life business. From 2018 there was a substantial absence of new production and the company directly provided customer service for all necessary after-sales operations. The Parent Company holds 100% of the share capital. On August 5th, as described in greater detail below, the Board of Directors of the Parent Company resolved the merger by incorporation of Berica Vita S.p.A. into Cattolica;

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

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

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

Fondo Andromaca is a closed-end real estate mutual investment fund, managed by Finanziaria Internazionale Investments SGR, wholly-owned by the Parent Company Cattolica. Part of the interests is allocated in the life portfolio;

Fondo Euripide is a closed-end real estate mutual investment fund, managed by Finanziaria Internazionale Investments SGR. The interests held are as follows: Cattolica 69.69%, Vera Vita 10.07%, TUA Assicurazioni 1.87%, Vera Protezione 1.34% and Vera Assicurazioni 0.51%. Part of the same are allocated to the life portfolios of Cattolica, Vera Protezione and Vera Vita;

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

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

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

Fondo San Zeno is a closed-end real estate mutual investment trust, managed by CB Richard Ellis. The interests held are as follows: Cattolica 67.89% and BCC Vita 19.61%. Part of the same are allocated to Cattolica and BCC Vita's life portfolio.

Other companies

Agricultural - real estate sector

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

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

Service companies

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

Cattolica Services S.C.p.A., a consortium company, which carries out service activities for the Group, with headquarters in Verona and share capital of € 21 million. The services and activities provided are: planning, implementation and management of IT applications and operating processes, along with the services relating to telecommunications systems; supervision of the digital innovation of the Group with regard to IT and organisational aspects; handling of the settlement of Group claims with the exception of the security, crop hail and transport areas; teaching and training services for the Group resources; business operations and accounting and financial statements of Group companies. It is 99.97% owned by the Parent Company Cattolica, while the remaining portion is held by other Group companies (ABC Assicura, BCC Assicurazioni, BCC Vita, Berica Vita, Cattolica Immobiliare, which individually hold 0.005%, and by TUA Assicurazioni, which holds 0.01%).

Group insurance business

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

Table 10 - Total premiums written

					Changes	
(€ millions)	June 30th, 2021	% of total	June 30th, 2020	% of total	Amount	%
Accident and injury	97	3.8	98	4.7	-1	-0.5
Health	53	2.0	48	2.3	5	8.8
Land vehicle hulls	86	3.3	75	3.6	11	14.6
Goods in transit	2	0.1	3	0.1	-1	-30.2
Fire & natural forces	79	3.1	79	3.8	0	-0.0
Other damage to assets	137	5.3	129	6.2	8	5.9
TPL - Land motor vehicles	421	16.3	440	21.0	-19	-4.2
TPL - General	105	4.0	101	4.8	4	4.0
Credit	0	n.s.	0	n.s.	0	n.a.
Suretyship	13	0.5	11	0.5	2	17.2
Sundry financial losses	21	0.8	13	0.6	8	61.1
Legal protection	13	0.5	11	0.5	2	14.9
Assistance	30	1.1	26	1.3	4	11.5
Other classes [1]	16	0.6	14	0.6	2	22.7
Total non-life business	**1,073**	**41.4**	**1,048**	**50.0**	**25**	**2.3**
Insurance on the duration of human life - class I	781	30.2	770	36.8	11	1.4
Insurance on the duration of human life linked to investment funds - class III	720	27.8	259	12.4	461	178.2
Health insurance - class IV	1	n.s.	1	n.s.	0	n.a.
Capitalisation transactions - class V	9	0.4	13	0.6	-4	-33.9
Pension funds - class VI	5	0.2	5	0.2	0	7.8
Total life business	**1,516**	**58.6**	**1,048**	**50.0**	**468**	**44.6**
Total direct business	**2,589**	**100.0**	**2,096**	**100.0**	**493**	**23.5**
Indirect business	**9**		**11**		**-2**	**-17.3**
Total insurance premiums	**2,598**		**2,107**		**491**	**23.3**
Insurance on the duration of human life linked to investment funds - class III	0	0	0	0.1	0	-100.0
Pension funds - class VI	0	0	28	99.9	-28	-99.7
Total investment contracts	**0**	**0**	**28**	**100.0**	**-28**	**-99.7**
TOTAL PREMIUMS WRITTEN	**2,598**		**2,135**		**463**	**21.7**

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

n.s. = not significant

n.a. = not applicable

In particular, life premiums written as at June 30th, 2021, mainly consisting of insurance premiums, are broken down by line of business as follows:

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

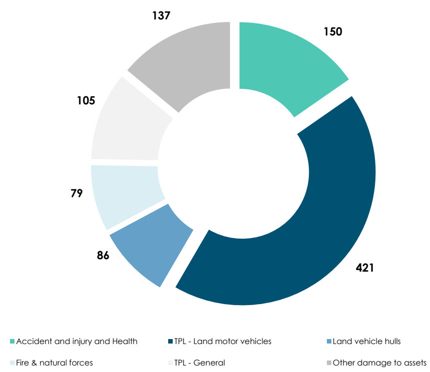
Life business					Changes	
(€ millions)	**June 30th, 2021**	**% of total**	**June 30th, 2020**	**% of total**	**Amount**	**%**
Insurance on the duration of human life - class I	781	51.5	770	71.6	11	1.4
Insurance on the duration of human life linked to investment funds - class III	720	47.5	259	24.1	461	178.2
Health insurance - class IV	1	0.1	1	0.1	0	7.0
Capitalisation transactions - class V	9	0.6	13	1.2	-4	-33.9
Pension funds - class VI	5	0.3	33	3.0	-28	-82.7
Total life premiums - direct business	**1,516**	**100.0**	**1,076**	**100.0**	**440**	**40.9**

Non-life business - Premiums written

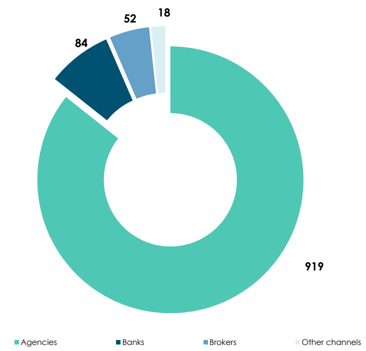
The direct premiums written of the non-life business increased by 2.3% to € 1,073 million of which € 566 million in the Non-motor segment (+6.1%) and € 507 million in the Motor segment (-1.5%).
Indirect premiums came to € 9 million (-16.8%).

Direct non-life premiums written were generated as follows: the agency channel with € 919 million (-0.6%), the banking channel with € 84 million (+36.9%), brokers with € 52 million (+60.7%) and other channels with € 18 million (-40.6%).

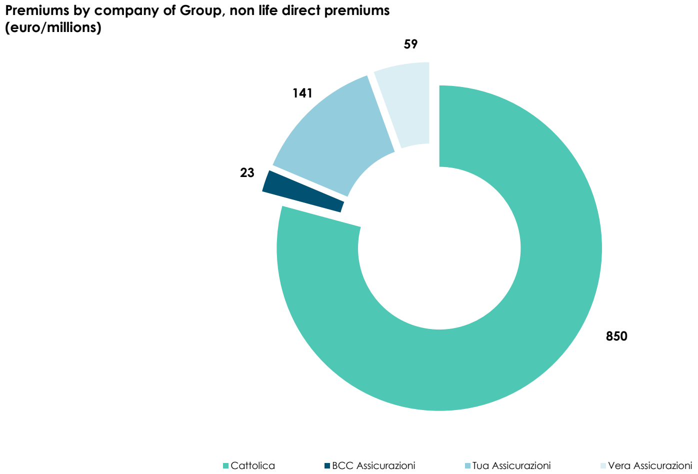
Main non life classes, direct premiums (€ millions)



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



Direct non-life premiums are attributable to the Parent Company for € 850 million, BCC Assicurazioni for € 23 million, TUA Assicurazioni for € 141 million and Vera Assicurazioni for € 59 million.



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

During the first half of the year, the Group companies adjusted the contractual documentation of the products marketed in accordance with IVASS Regulation No. 41 of August 2nd, 2018 and in accordance with the provisions of IVASS Regulation No. 45 of August 4th, 2020 on governance and monitoring requirements for insurance products (POG). The companies revised also their offer, to make it increasingly meet the competitive dynamics of the market, sustainable from a financial viewpoint and consistent with the goals set by the Group Business Plan, paying particular attention to collaboration with the distribution network and marketing in defining products. The aim is to offer increasingly attractive and profitable products, both in terms of return and innovation.

Parent Company

The road taken by Cattolica since May 2018, aimed at innovation in the Motor sphere, continued in 2021 with new digital solutions dedicated to cars and commercial vehicles up to 3500 kilos. Thanks to the partnership with Assicurazioni Generali, in April Cattolica released "Active Live", the new connected product designed to improve the protection of those who get behind the wheel, with a dual configuration: "Voice" and "Protect".

In the event of an accident, both solutions guarantee an automatic call from the Assistance Centre for impacts above certain thresholds, as well as the collection and processing of data for the reconstruction of the dynamics of the accident and its management. The two solutions differ from each other in the technologies used and the services provided: "Active Live Voice" involves installing a box on the windscreen of the vehicle equipped with a speakerphone and an emergency button to be pressed in order to be contacted by the Assistance Centre; "Active Live Protect" involves the "Protect Box" black box, installed in a hidden part of the vehicle, which, if the vehicle is moved with the engine off, automatically triggers the anti-theft alarm, activating satellite tracking of the vehicle.

"Cattolica&Agricoltura - Rischi Zootecnici" was updated in January for the 2021 marketing year: the product was enhanced, in terms of the part relating to the non subsidised supplementary cover, with cover relating to the death and slaughter of cattle and buffaloes following a neurotoxin toxicity produced by Clostridium botulinum.

The product "Cattolica&Agricoltura - Avversità Atmosferici" (Cattolica&Agriculture - Atmospheric Adversity) was also subject to review and update during the 2021 campaign, in compliance with the regulatory adjustments following the issue of the new Risk Management Plan. The new version of the product is being placed starting in February.

With the restyling of "Cattolica&Casa - Condominio 360°", in placement since May, certain interventions were carried out aimed at: improving the competitiveness of the product on the market, rationalising certain aspects of the issue of the policy-proposal and refining certain aspects of the pricing of the individual guarantees.

"Active Benessere", the new Health product, developed with Generali Welion services and released in June, is a broad and modular solution, thanks to various formulas dedicated to individuals, families and company employees. Alongside traditional insurance cover, customers will be able to actively contribute to protecting their health through innovative services dedicated to improving their lifestyle and physical wellbeing, as well as through solutions and tools for the diagnosis, treatment and convalescence phases:

- Prevention: by accessing the dedicated web portal, it is possible to construct your own path of prevention and interact with the Wellbeing Coach, a qualified figure who works alongside the customer explaining and further personalising the path. Through the portal you can also open a claim, consult your medical records and calendar of medical appointments, as well as activate the service for the delivery of medicines at home. The offer also includes the option to take advantage of a tele-consultation or a video-consultation 24 hours a day without the need for a reservation through the Welion App thanks to a third party provider partner of Generali Welion and access to affiliated facilities, specialist visits and diagnostic examinations at reduced rates through the Welion Card;
- Diagnosis: "Active Benessere" provides for the payment or reimbursement of specialist visits, examinations and diagnostic tests carried out in affiliated professional studios or analysis laboratories;
- Treatment: the offer includes a daily allowance in case of hospitalisation and direct payment of healthcare expenses at affiliated facilities or reimbursement following hospitalisation with or without surgery, or surgery, including outpatient surgery;
- Convalescence: thanks to the specific daily allowance and the reimbursement of expenses for therapeutic and rehabilitative treatments incurred, the convalescence period becomes a time to recover health and well-being with the completion of services through nurses and physiotherapists at home, the provision of medical equipment, the organisation of transfers from home and the health institute with the most suitable means of transport, a personal trainer and telephone consultation with a nutritionist.

"Active Benessere", which is also active in the event of epidemics or pandemics (including Covid-19), includes a series of specially designed solutions and guarantees. For example, the offer dedicated to parents-to-be and their children with services that cover psychological support for new mothers, telephone information on maternity, nurseries and administrative practices, the organisation of paediatric home visits, and any surgical interventions for the newborn child. Also included among the guarantees is protection against medical malpractice: coverage that helps the insured to defend their rights, covering any legal costs.

BCC Assicurazioni

“Formula Bene Comune", the innovative insurance solution dedicated to "Third Sector" organisations to provide all-round protection for volunteers and the people who work there, has been available in agencies since March. A solution dedicated to the specific segment of donations has been included in the catalogue for the company's agency channel.

At the beginning of May, the marketing of "Formula Salute" began at the BCC banks belonging to the ICCREA Group. This is a new concept product for the wellbeing of the individual and the family thanks to prevention, assistance, treatment, diagnosis and convalescence programmes. It is a set of innovative services and technological content for support when needed and to encourage a healthy and balanced lifestyle.

The leasing insurance sector has also been expanded, thanks to the strengthening of the commercial collaboration between BCC Assicurazioni and the companies Iccrea Banca Impresa and BCC Lease. Since June 1st, 4 property leasing policies, 19 instrumental leasing policies and 4 land vehicle hulls policies have been updated with regard to the figure of the delegate, now 100% BCC Assicurazioni. The policies are placed in "direct" form by Iccrea Banca Impresa/Bcc Lease and "indirect" form if placed by ICCREA Group Cooperative Credit Banks.

TUA Assicurazioni

Starting from April 14th, for the entire network of the company, the new Motor solution connected to the on-line services offered by Jeniot has been made available.
In particular, the offer is provided in the following solutions:

"TUA Voice Drive": behavioural solution for professional installation with windscreen box equipped with integrated speakerphone;

"TUA Protect Drive": behavioural solution for professional installation with box hidden in the engine and with telematic anti-theft function for locating the vehicle following theft.

In June, the new "TUA Benessere" solution was made available, which proposes to work alongside the National Health System corresponding to the various needs and prerequisites of the same that can be detected in the various phases of the customer's health from the viewpoint of:

- Prevention, thus promoting the prevention of the event and the conditions for a healthy lifestyle;
- Diagnosis, identifying the causes of the unwell state in a timely manner;
- Treatment, using the best solutions required in the event of surgery or therapeutic treatments;
- Convalescence, intervening in help to cope with the recovery phase.

The Insured will also have access to the new Wellness Portal for the use of digital services related to the world of Prevention.

Vera Assicurazioni and Vera Protezione

At the beginning of March, Vera Assicurazioni completed the restyling of "CASApiùFAMIGLIA" which envisages the possibility of extending cover to buildings under construction, renovation or extraordinary maintenance when a progress of works mortgage has been entered into (Mutui SAL), and the revision of the fire, third party liability and natural disaster tariffs.
"CONDOMINIOpiùPROTETTO", the new solution dedicated to the protection of condominiums in the event of natural disasters, which also provides additional services for damage to photovoltaic and/or thermal solar panels and for legal protection, is available from May 11th, at Banco BPM branches.

For Vera Assicurazioni and Vera Protezione, again in May, the duration of the newly issued "CPI PMI MUTUI CHIROGRAFARI" policies and stock was extended from 7 to 10 years following the change in the duration of the unsecured loans.

On June 1st, the new product called "PPI 4.0" was launched on the AGOS network for Agos customers who have taken out a personal loan and who want cover in the event of serious circumstances such as an accident or illness or death and which provides a number of new guarantees such as hospitalisation and extension to Total Permanent Disability in the event of illness.

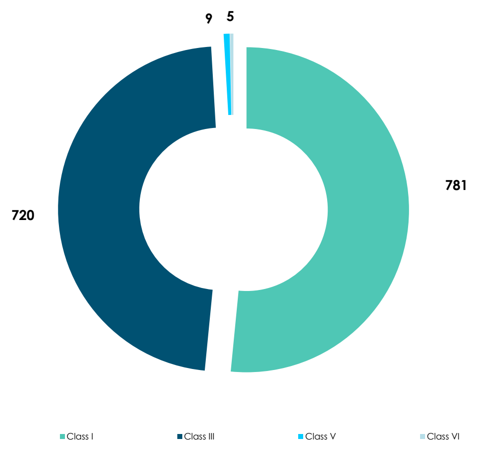
Commercial initiatives continued on several non-life policies. In particular:

- "Black Friday" which, on some Fridays of the month, offers a promotion with a 20% discount on the first year's policy on several products in the catalogue;
- "Black Week" weekly promotions on health, home and household or business legal protection policies;
- "Insiemesivince Auto", the initiative activated last year continued until May, offering a one-month policy discount for all renewed policies.

Life business – Premiums written

Insurance premiums in the life business totalled € 1,516 million (+44.6%). Premiums written relating to investment contracts in the period were not significant.

Main life classes, direct premiums (euro/millions)



In the first half-year, the Group continued its strategy centred on the offer of investment solutions connected with multi-class products with the segregated management component characterised by a "non cliquet" guarantee, which allow less capital absorption. In fact, the results show a reduction compared to June 30th, 2020 of about 20 percentage points in the incidence of class I on the total for the period and an increase of about 23 percentage points in the incidence of class III; this is attributable to the Group's strategic decision to promote the offer of multi-class products with a maximum portion of 50% of the capital that can be invested in segregated management.

Group life premiums written continue to be drawn along by the bancassurance channel.

The performance of premiums written relating to products linked to segregated funds is constantly monitored, with a view to ensuring sustainability over time of the returns offered, which could be partly compromised by the diluting effect deriving from the significant decrease in the interest rates on investments linked to new incoming assets.

Class I premiums written amounted to € 781 million (+1.4%).

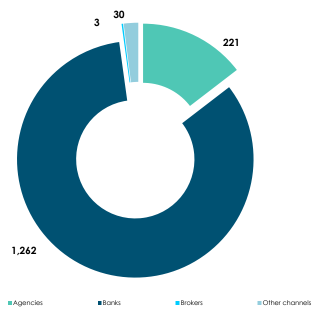
Class III premiums written (insurance on the duration of human life linked to investment funds) amounted to € 720 million compared to € 259 million as at June 30th, 2020 and is mainly composed of class III policies within multi-class policies.

Class V premiums written (capitalisation) amounted to € 9 million (-33.9%).

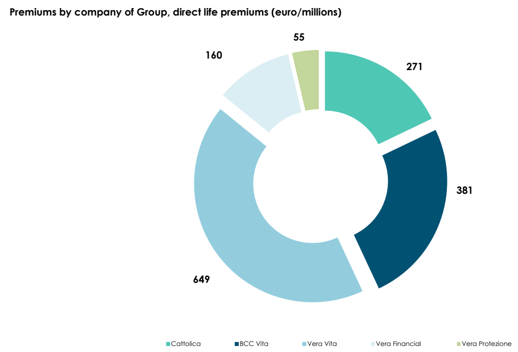
Total class VI premiums written (pension funds) amounted to € 5 million (-82.7%): investment contracts amounted to € 86 thousand.

Direct Life premiums written were generated as follows: the agency channel with € 221 million (+12.5%), the banking channel with € 1,262 million (+53.1%), brokers with € 3 million (-5.5%) and other channels with € 30 million (-41.8%).

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



The contribution made to the consolidated amount on life premiums attributable to the Parent Company totalled € 271 million, to BCC Vita € 381 million, to Berica Vita € 400 thousand, to Vera Financial € 160 million, to Vera Protezione € 55 million and to Vera Vita € 649 million.



Life business - Research and development activities: new products

In addition to what has already been reported in the introduction to non-life products, with reference to life products, EU Regulation No. 2019/2088 on sustainable investment transparency came into force on March 10th, 2021, with the intention of expanding and standardising the disclosures that financial market participants are required to make to investors.

The disclosures to be provided relate to the way in which ESG (Environmental, Social and Governance) factors are integrated at company level (website) and at the level of the products being placed (pre-contractual information).
Following the entry into force of the aforementioned regulations, while also awaiting a definitive regulatory framework of reference, the Group's investment insurance products (IBIP's) have been classified under Art. 6, i.e. products that integrate environmental, social and governance sustainability (identified with the acronym ESG) factors in investment choices, but that do not promote ESG characteristics (Art. 8) or that do not have specific sustainability objectives (Art. 9). For further information on the integration of sustainability risks in the investment decision-making process, please refer to the specific "Sustainability" section on the Parent Company's website.

Parent Company

Cattolica's attention remained focused on the growth, profitability and sustainability of the offer, always in accordance with the strategic lines envisaged in the Business Plan, promoting increasingly attractive and profitable products on the market, both in terms of profitability and innovation with the intention of enhancing the offer and emphasising the new customer requirements.
In the savings/investment business area, the development of "Capital Light" type solutions was pursued with the aim of combining a traditional offer of products linked to segregated management schemes with sustainability in relation to current market contexts.
At the same time, the objective was to better rebalance the overall premium mix, seeking an increase in the class III component, in particular through the continued development of multi-class solutions. These are in fact the most suitable solutions to offer a balance between the need to protect savings on the portion invested in segregated management and the need to grow own capital, exploiting the various opportunities for returns on the financial market through Internal Funds.
In relation to Protection products, the current offer is competitive and aimed at providing complete solutions, with the intention of responding to the various areas of need.

BCC Vita

With reference to savings/investment products, January saw the introduction of the "BCC VITA - UNICA" product, a multi-class, fixed-term, single-premium policy with the possibility of additional single premiums and additional benefits in the event of death, which replaces the "StartEvolution 3.1" product.

In May, a version dedicated to the management of periodic savings called "BCC Vita - Unica Accumulo" was added to the offer. This is a multi-class product with a predefined duration with additional benefits in the event of death, but in this case with recurring single premiums with the possibility of additional premiums. The policy allows premiums to be invested in the "BCC Vita Futuro" segregated fund and in Internal Funds with differentiated risk/return profiles, including a fund with the objective of partial protection of invested capital. The product offers two investment profiles consistent with a specific risk profile (Self Profile and Millennials Profile) and Life-Cycle allocation that can be adapted over time to needs and expectations.
In terms of protection, the current offer is in line with market needs and competitive with other competitors' offers.

Vera Vita

During the half-year, research and development activities were carried out concerning the revision of existing products (multi-class "Vera Vita- CapitalePiùOpportunità", "Vera Vita - PrimaVera Multiramo" and "Vera Vita Private

Insurance Select", a product dedicated to Banca Aletti) according to the guidelines dictated by the agreement between the Parent Company and Banco BPM.

Vera Financial

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

As regards the plan to release new products, four new class III products were made available to the distributor: "Top Brands Europe Growth", "TopBrands Megatrend", "Top Brands Megatrend 2" and "Top Brands New World" characterised by an asset allocation that aims at medium-long term capital growth through the implementation of a systematic allocation strategy on two different portfolio components, with different risk profiles, in compliance with a predefined risk budget.

Reinsurance

Non-life business

The Parent Company's reinsurance programme maintained a standardised structure in line with last year, making reference to a programme of proportional transfers with the complementarity of optional transfers.
The residual retained portion of each class was further protected by claim excess coverage against the occurrence of both individual insured events of a significant amount as well as catastrophic events.
The proportional transfer is represented by a multi-class bouquet (fire, theft, accident and injury, land vehicle hulls, leasing, sundry financial losses, agricultural-livestock risks, transport, suretyship and credit) and by specific proportional transfers for the technological classes (construction, assembly risks, ten-year indemnity, machine breakdowns, electronic risks, supply guarantees) and the assistance, legal defence and sundry financial losses classes.

Based on the actuarial analyses carried out to determine the efficient reinsurance programme according to a Value Based methodology, there was no need to make changes to the proportional coverages falling due.

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

- an increase in the agreement priority from € 250 to € 350 thousand for the accident and injury classes;
- an increase in the Property per Risk agreement priority from € 3 to € 5 million;
- an increase in the Group Catastrophic agreement priority from € 15 to € 20 million.

For the year 2021, as regards D&O (Directors & Officers) policies, a proportional coverage was renewed, with a transfer percentage of 60% and an increase in capacity from € 10 to € 12 million (up to € 15 million maximum for a limited number of annual risks). The retention is covered by the main TPL general claim excess agreements.
With reference to the hail class, the proportional coverage was renewed with a reduction of the expiring transfer portion from 20% to 11.5%. This coverage acts on the retention of a stop loss agreement with unchanged structure compared to that expiring (70% vs 110%).

For BCC Assicurazioni, TUA Assicurazioni, Vera Assicurazioni and CATTRe, relating to the fire class, coverage with claim excess for the "Conflagration Risk" (concentration of risks located within a 200-metre radius) was renewed and placed partially with the Parent Company and partially with the reinsurance market with an increase in the agreement limit from € 15 to € 20 million.

In order to improve the risk profile of Cattolica, TUA Assicurazioni and CATTRe and to guarantee a higher level of solvency in the 2020–2022 period, in 2020 a quota share reinsurance cover was underwritten to protect the net retention of the TPL Motor and TPL general classes for the Parent Company and TUA Assicurazioni, and all the lines of business under licence for CATTRe.
This coverage provides the possibility to modulate the percentage of transfer of claims reserves and future obligations in accordance with the actual needs of each company, limiting the transfer of results to the minimum necessary.
In 2021, the transfer percentages for CattRe are equal to 15% on all business lines, for TUA Assicurazioni 5% on both the TPL Motor and TPL general classes, and for Cattolica 1% on the TPL Motor class and 5% on the TPL general class.

Life business

With regard to the portfolio of the individual and collective policies, steps were taken to renew the non-proportional agreements by risk and by event, with the same conditions as the previous year, for the Parent Company, for BCC Vita, Berica Vita, Vera Protezione, Vera Vita and Lombarda Vita. On the other hand, the proportional agreement on salary-backed loans for employees was not renewed.
In order to improve and make BCC Vita's risk profile more efficient, in 2020, coverage was activated on the net retention of part of the in-force portfolio of single-year Temporary Life Insurance policies. This coverage provides

for a proportional QS transfer with a transfer amount equal to 90% of the portfolio considered net falling within the scope of the transfer and has a duration of ten years (with the possibility of cancellation by both parties after five years).

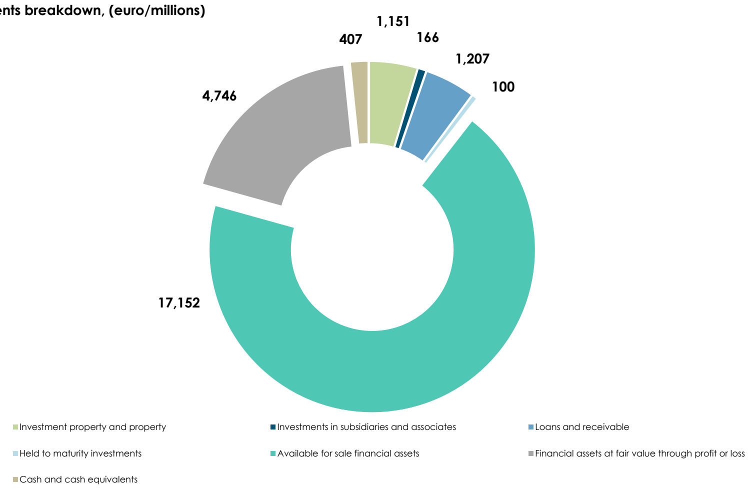
***

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.

FINANCIAL AND ASSET MANAGEMENT

Investments breakdown, (euro/millions)



Investment property and properties

Acquisitions and property transactions

During the half-year, several 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;
- the investment, in June, by Cattolica in the foreign pan-European real estate fund "Hines Pan European Core Fund", managed by Hines Luxembourg Investment Management S.à r.l., for € 6.5 million;
- a further tranche of investment by Cattolica in the pan-European foreign real estate fund "Encore+", managed by LaSalle AIFM Europe Sarl, for € 4.2 million (for an overall total exposure to the Fund of € 6.5 million, the first tranche amounting to € 2.3 million invested during 2020).

Securities investments

During the half-year, investments were made against a backdrop of rising rates, especially in the first three months of the year, due to the strong economic recovery and cost of living, particularly in the United States.

The movement of rates was however contained thanks to the actions taken by the central banks, which had the effect of containing the phases of greater volatility.
During the first half of the year, investment activities continued the process of diversification of the government component by reducing exposure to domestic securities with a general increase in the duration of the portfolio in line with the duration of the reference liabilities. The action was mainly concentrated at the end of the first quarter, coinciding with the narrowing of the spread between Italian and German government bonds.

During the first half of the year, the corporate component was exposed to yield volatility but not to spread volatility: the actions of central banks, together with the prospect of global economic recovery, are among the main factors that led to a decrease in the spread of corporate issues compared to the end of last year. During the first six months of the year, the process of diversification by sector continued, with the search for the best opportunities in terms of risk and return within investment grade securities, with an increase in the portfolio's average rating, favouring sectors that are less sensitive to the economic cycle.

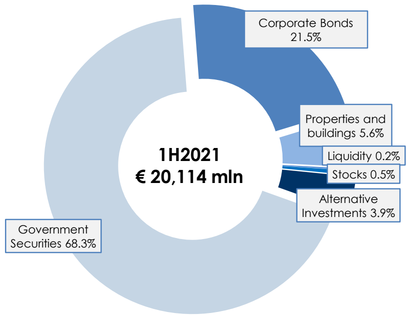
The share-based component remained stable overall in terms of value, working on individual securities and expanding the number of companies in the portfolio.

The gradual increase in alternative investments continued with subscriptions to private debt, private equity and infrastructure funds positioned on the European market, thus contributing to the strategy of overall portfolio diversification and maintaining adequate levels of profitability. Recalls from funds already in the portfolio continued.
The real estate component rose during the first half of the year as a result of recalls of funds already in the portfolio.

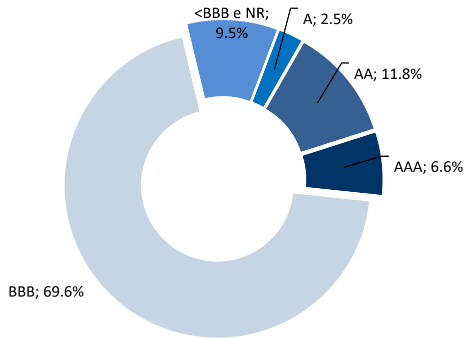
The portfolio is denominated principally in Euro, with marginal exposures in US dollars and GBP. Issuers place products primarily in Europe, and to a lesser extent in the United States. However, many issuers presented spheres of operations highly diversified in geographic terms, for the purpose of reducing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

With reference to the volumes managed as at June 30th, 2021 (excluding the equity investments and contributions of foreign companies), the following details are highlighted:

Asset allocation (*)



Bond rating breakdown (*)



(*) Management data. Including only Italian Insurance Companies

Financial operations

Financial operations, closed with a result, gross of tax effects, amounting to € 160 million (+18%). With reference to net income from other financial instruments and investment property, this item was characterised by the decrease in net income from interest and other net proceeds, which amounted to € 161 million (-11.4%), by net realised profits, which amounted to € 58 million compared to € 18 million as at June 30th, 2020 and net losses from valuation on financial assets of € 39 million (+61.5%).
With reference to net income from financial assets held for trading, the result of financial operations is characterised by net valuation losses of € 3 million compared to € 1 million as at June 30th, 2020 and realised gains of € 9 million (they were zero as at June 30th, 2020).

PERFORMANCE IN THE 2ND QUARTER

The Group result as at June 30th benefited from a profit of € 62 million in the second quarter, the consolidated result benefited from a profit of € 60 million in the second quarter also thanks to the capital gain of € 104 million, net of tax, on the sale of Lombarda Vita to Intesa Sanpaolo.

UNREALISED CAPITAL GAINS AND LOSSES

At the end of the first half-year, unrealised capital gains net of tax effects were recorded on held to maturity investments for € 12 million against the € 15 million at the end of 2020 and unrealised capital gains net of tax effects on loans and receivables for € 143 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 June 30th, amounted to € 1,531 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 € 151 million against € 147 million at the end of 2020. The overall fair value of property and investment property came to € 1,369 million against € 1,389 million at the end of 2020.

Pillar Risks 1

Pillar Risks 2

INTERIM MANAGEMENT REPORT

The Group during the first six months of 2021

Business performance for the period

Risk management

Headcount and sales network

Significant events and other information

RISK MANAGEMENT

RISK MANAGEMENT PROCEDURES

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

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

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

The risk management process takes into account the objectives of the Plan and the annual budget. This process is made up of the following micro-phases carried out recursively:

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

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

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

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

1. **risk propensity level**, quantitative, defined with capital adequacy indicators. Risk propensity is established in terms of a solvency target, a specific threshold of risk appetite, defined as the ratio of eligible own funds to the Solvency Capital Requirement;
2. **risk propensity by type of risk**, defined with relevant thresholds for each risk category identified;
3. **operating limits.**

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

In order to keep the risk profile in line with the risk propensity established by the Board of Directors of the Parent Company, each company assigned operating limits to their identified managers; their observance was monitored by the Risk Management Unit in collaboration with the same managers. The Risk Management Unit brings the quarterly monitoring of these limits to the attention of the Board of Directors of the company and, if necessary, corrective actions are taken following the procedures established by the administrative body. Aware of the centrality of operating limits as a tool for timely and frequent verification of the entire system for controlling exposure to risks, the Group will continue to progressively strengthen them by extending the quantities monitored.

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

Internal risk and solvency assessment

The current and forecast internal risk and solvency assessment (so-called ORSA), formalised in the Risk and solvency management and assessment policy by the Board of Directors of the Parent Company and issued pursuant to IVASS Regulation No. 32 of November 9th, 2016, consists of the assessment - over a three-year time horizon consistent with the Business Plan - of observation of the minimum solvency level required by legislation on an ongoing basis, the requirement of necessary capital in relation to the risk profile and to the business strategy, and the need, if any, for actions to correct the risk profile or the equity resources. During the first half-year, the Group carried out the current and forecast assessment of the risks and solvency, with reference to the end of the previous year (December 31st, 2020). The results of the assessments at Group level and of individual companies, carried out following the ORSA guidelines, were approved by the respective Boards of Directors. Moreover, the Board of Directors of the Parent Company approved the Group single document of internal risk and solvency assessment in compliance with the instructions of the aforementioned regulation.

To this regard, the process followed by the Group can be summed up in the following macro-phases:

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

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

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

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

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

Purpose of the ORSA process

The company's risk and solvency assessment is a complex managerial process that involves many company units, each in its own area of expertise. The Risk Management Unit plays a central role in the assessment activity and is aided by the Actuarial Unit with regard to technical provisions. The decision-taking process ends with discussion and approval of the Board of Directors.
The ORSA process highlights the connections between the current and forecast risk profile, the risk propensity, the relevant thresholds and the ability to continuously satisfy the mandatory capital requirements and the technical provision requirements. It is therefore a holistic assessment that encompasses all the risks to which the Group is exposed, aimed at ensuring that the strategic initiatives and the expected evolution of the risk profile are supported by an adequate capital, both current and prospective. Therefore, the ORSA not only consists of defining the evolution of the Solvency Capital Requirement from a static perspective, but also takes into consideration adequate stress and sensitivity tests, to assess the possible change in the Group's risk profile as a result of changes in market conditions or specific risk factors.
The risk management system is closely linked and integrated with other business processes to ensure alignment between business and risk strategies. The results of the ORSA process are used in establishing the risk propensity with which the target risk profile and tolerance levels are established. These parameters guide the chief key processes such as strategic planning, budgets, product plan and strategic asset allocation that contribute to the strategic policy of the Group and of its companies. In this context, the Risk Management Unit verified the sustainability of the plan's three-year economic forecasts from a risk and solvency viewpoint in order to satisfy the risk propensity system with a view to the future.
The return on capital objectives of business units based on risk restrictions and absorption of capital are monitored over time as part of the capital management process. The capitalisation thresholds and related limits are therefore calibrated with the aim of making risk-taking activities consistent with the Group's risk-return objectives.

PILLAR 1 RISKS

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

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

Technical risks relating to the Non-life business represent approximately 29% of the total Group SCR, whereas technical risks regarding the Health NSLT business come to approximately 2%, bearing in mind the effect of differentiations between risk modules and the contribution of capacity to absorb losses tied to technical provisions and deferred taxes.

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

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

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

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

Based on the scenarios identified by the Risk Management Unit, the Group carries out a sensitivity analysis both within the ORSA process and separately.
The process and methodologies adopted by Group companies regarding Non-life (Non-Life and Health NSLT) underwriting risks require sensitivity analysis of the most significant risk factors to be conducted at least annually on the solvency position.

In the course of the period, closing and forecast stress tests were conducted on the basis of a set of risk factors assessed jointly, such as:

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

A stress test was carried out that aims to quantify the economic impact of the continuation of the Covid-19 pandemic on the Group's portfolio. Specifically, shocks include the deterioration of the main Motor KPIs (premiums, current claims ratio, average premium, average cost, frequency) and Non-motor KPIs (premiums, current claims ratio).
Finally, reverse stress tests were carried out by defining a scenario aimed at quantifying the magnitude of the change in a set of risk factors (individually and collectively, both market and technical) that would lead to the achievement of pre-set SII ratio thresholds (hard threshold of 120% and regulatory threshold of 100%).
For non-life technical risks in particular, these thresholds were reached through an increase in the best SII estimate of the provision for outstanding claims for the year, relating both to current claims and those already in reserve at the beginning of the year.

The data coming out of the analyses carried out confirm compliance with the Risk Propensity thresholds defined by the Board of Directors.

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

Insurance risk - life business

Tariff rating, redemption, expenses, demographic and catastrophe risks

Technical risks of the Life business represent approximately 10% of the total SCR (bearing in mind the effect of differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes).
The main risks of this type to which the Group is exposed are risks associated with the conduct of policyholders (redemption risk), followed by expense risk, by demographic risks and lastly by the catastrophe risk.

The redemption risk includes also the modelling of dynamic redemptions, the analysis and prospective evaluation of the expected behaviour of policyholders and represents the risk factor subject to greater volatility, due to the close connection with financial variables and consequently by their more unpredictable nature.
The quantitative measurement of these risks is made with the standard formula, considered adequate in consideration of two elements:

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

These risks are monitored using specific processes, particularly linked to the system of operating limits that each Group company has adopted in applying the risk propensity system. As mentioned previously, the limits system is a fundamental element when managing risks.
For technical risks of the Life business, special attention is paid to the trend of premiums written per business line (concisely measuring the riskiness connected with revaluable, unit-linked and non-revaluable products) and to parameters characterising the quality and profitability of premiums.
The underwriting risk of the life business is also already monitored during the underwriting stage by using metrics for measuring the sustainability of guarantees offered, both according to traditional insurance management logics and in a market consistent perspective.
There were no concentrations that could affect the risk profile of the companies or the Group; in particular, exposure per single insured person is managed in a risk

concentration framework, also through recourse to reinsurance.

Market and credit risks

Market and credit risks represent approximately 42% of the total SCR (bearing in mind the effect of the differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes).
The main risks of this type to which the Group is exposed are the risks of change in the credit spread and real estate risk. This is followed by equity risks and, to a lesser extent, interest rate, concentration and currency risks.
Exposure to spread risk is connected to the relevant share of bonds in which the total portfolio is invested, including a portion of corporate issuer securities. Real estate risk is a direct consequence of total exposure to property assets, to which an absorption of capital significant in terms of percentage as of today is associated. The Group's objective is to strengthen its oversight of investments in the real estate and agricultural sectors, with the aim of providing a comprehensive representation of the capital absorption of these investments.
In applying the requisites of the "prudent person principle", the portfolio of assets as a whole is invested for each Group company into assets and instruments whose risks can be adequately identified, measured, monitored, managed, controlled, represented in periodic reports and reported while duly taking them into account in assessing the overall solvency requirement. This principle is applied in both the preliminary and final investment analysis process, supplemented by the limits system. Target exposure and limits, in terms of minimum and maximum exposure, are then defined for each relevant asset class.
All assets, and in particular those covering the minimum capital requirement and the solvency capital requirement, are invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The limits are calibrated jointly for all risk areas and form a well-structured system of conditions whose observance protects the adequacy of the portfolio as regards the desired level of these characteristics, in line with what is defined by the Risk Appetite framework and therefore with the Risk Propensity of each company and of the Group as a whole.
The assets held to cover the technical provisions are also invested in a way that is adequate for the nature and lifetime of the liabilities held.
The concentration level is specifically monitored for both the thresholds set by the limits system and the thresholds established by the standard formula in order to detect the presence of a concentration risk such as to deserve a capital allocation.
As for the market risks, the Group companies determine their risk positioning with respect to their propensity by defining the Strategic Asset Allocation. The process of defining it is closely connected with the significant ORSA processes, with the basis for a conscious and properly managed assumption of risk formed. The composition of the portfolio is therefore based on the process of identifying the strategic asset allocation, considering a target percentage allocation and a set of maximum allocation limits. Consideration of these limits helps to ensure an adequate level of diversification among the various financial risks, in accordance with the desired risk profile.

The assessment of these risks is conducted with the standard formula, today considered appropriate since the Group's investment profile is in line with the market. In applying the standard formula, special attention is paid to proper application of the look-through approach, whose level of risk duly considers any leverage present.
Monitoring and risk management processes in effect with reference to market risks are divided based on various policies, with an overall consistent system constituting supervision of the investment activities and risks emerging from exogenous factors defined.
Market risks are also monitored in an asset & liability management perspective, in keeping with the processes defined by the Investment Policies, in particular in the section on the asset and liability management policy, which regulates methods for periodically assessing key investment parameters, with particular focus on the comparison between asset allocation and its strategic forecast.
Lastly, the investment policies and operating limits assigned by the Board of Directors of each company customise the Risk Propensity System since specific aggregated and detailed parameters on which the investment activity is steered are defined. The limits system is applied with first level control under the responsibility of the operating units and with independent second level control carried out by the Risk Management Unit, which has independent access to all data relevant to risk control and makes independent assessments of the consistency of the most significant amounts.
A broad set of limits is defined for each company in the market risks area. It is supplemented with specific limits significant at the Group level and sets out to cover parameters typically complementary to those monitored for Strategic Asset Allocation and fully consistent with them. Consequently, parameters indicative of the exposure to interest rate risk (duration mismatch between assets and liabilities), to the risk of the credit spread changing (spread duration) and a number of indicators aimed at measuring exposure in specific asset categories are measured.
As already reported, the Group will continue to progressively strengthen the system of operating limits by extending the quantities monitored.

As regards assessment of the market risks, the trend of the regulatory capital requirement is also monitored. This specific monitoring activity is conducted with computer tools used directly by the Investment & ALM Division as well, and is continually compared with the first and second level control and business functions as part of the ongoing and precise assessment of the risk exposure.
In addition, the Group's solvency position is monitored at least once a month, in order to capture the effects of changes in market conditions. The Group carries out sensitivity analyses both within the ORSA process and separately.
The process and methodologies that the Group adopts for analysing market risks can be summarised as follows:

- Analyses of sensitivity to the most significant risk factors conducted at least quarterly on the solvency position. In particular, the exposure to the risk of increases in interest rates and in government and corporate credit spreads, in addition to the exposure to increases in the credit spread on Italian government securities only and to the risk of decreases in equity prices and real estate values, is assessed as at June 30th. The downward sensitivity of interest rates was also tested. The results are shown in the following table. All figures are stated net of the tax effect and without taking into account the retrocession of losses on insurance liabilities:

Table 12 - Sensitivity analysis on market risks

(€ millions)

Financial Statements Category	Risk-free rates +50 bps	Spread on government and corporate bonds + 50 bps	Spread on Italian government bonds +50 bps	Equity -25%	Property -25% [1]	Risk-free rates -50 bps
Impact on IAS Shareholders' Equity	-464.3	-417.2	-217.6	-66.6	-169.1	464.6
Impact on Income Statement	-0.8	-0.8	-0.2	-17.2	-95.8	0.5

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

- Stress tests, both actual and prospective, identified on the basis of the losses they would cause on the portfolio and calibrated on the basis of historically observed scenarios over a defined time period. The prevailing risk factor assessed is the trend of credit spreads on government securities as a result of the significant exposure in the portfolio.

The data coming out of the analyses carried out allows us to confirm compliance with the regulatory solvency threshold following the defined stresses.

Credit risks

Credit risks, considered risks of the counterparty defaulting and therefore not including the risk of spread on bonds, represent approximately 5% of the total SCR (bearing in mind the effect of the differentiations between risk modules and the contribution of the capacity to absorb losses tied to technical provisions and deferred taxes).
The main types of exposure falling under this category to which the Group is exposed relate to exposure to receivables from brokers and insurers, to reinsurers and in current accounts.
The assessment of these risks is conducted with the standard formula, today considered appropriate since the profile of assets in question held by the Group companies is in line with the market.
As part of the assessments made using these metrics, particular attention was paid to the details of the risk by type of exposure and by the single most important counterparties, by monitoring their performance over time and assessing, case by case, the expediency of taking management measures to lower the risk.
The credit risk management process is, first and foremost, focused on the adequate selection of counterparties. A system of limits that aims at appropriately managing the most significant exposures is also defined by assigning limits for each Group company to the operating units, expressed as capital requirement calculated with the standard formula and applied according to the single type.
Specifically, limits referring to the capital requirement for current account and re-insurer exposures are assigned. These limits allow a summary of various magnitudes of the risk to be drawn up after understanding the risk level of the single counterparty, the overall exposure and the presence of concentrations, if any.

The most critical exposures are focused on re-insurer counterparties whose associated risk is moderate thanks to their high credit rating. The actual adequacy of the counterparty risk taken as a result of making recourse to

reinsurance is also assessed within the re-insurers selection process, defined in the relevant policy.
No particular credit risk mitigation techniques are applied. The consistency of the undertaken risk with the risk propensity defined by each company coherently with the resolutions of the Parent Company is maintained by selecting counterparties and managing the related exposure.

Liquidity risk

Liquidity risk is assessed for each Group company following the provisions of the relevant policy, which set out to establish a monitoring level focused on precise financial planning while also taking into account variability elements that affect the trend of the future cash flows.
The trend of the investment portfolio is also monitored and reported periodically in order to constantly assess the assets readily available for any cash requirements.
The reporting connected to this monitoring is periodically shared with Senior Management.
In the most important cases, the liquidity risk is mitigated by setting up specific credit facilities that allow temporary cash shortages to be made up whenever necessary.

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

Operational risk

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

- a quantitative assessment for regulatory purposes every quarter, where the capital to satisfy the solvency requirement of the operational risk module (OpSCR) is calculated applying the standard formula of the Solvency II legislation. The operational risk module represents about 12% of the Group's total SCR;
- an internal qualitative assessment carried out by the managers of company processes and the Risk Management Unit, where risks are identified and classified by risk factors (persons, procedures, external systems and events) and by type of event according to the taxonomy shown below:
  - internal fraud;
  - external fraud;
  - employment and occupational safety;
  - customers, products and business practices;
  - damages to tangible assets;
  - interruptions in operations and malfunctions of computer systems;
  - process execution, delivery and management.

Risk exposure is measured using a qualitative scale determined based on a logic of probability of occurrence and potential economic impact, which has a minimum value of 1 (very low) and a maximum value of 10 (very high). As at June 30th, 2021, the qualitative assessment of the risk as a whole for the Group comes to a 4 exposure value (medium to low), slightly higher than the operational risk preference defined by the Group.
Operational risks identified and assessed are subjected to an ongoing monitoring process and are reassessed as a whole at least once a year. Furthermore, managers of company processes are required to promptly alert the Risk Management Unit whenever operational risk events occur with potential exposure such as to affect the Group's risk profile so that appropriate risk management measures can be taken.
There are three event types to which the Group is exposed to a greater extent in terms of both number and level of exposure: 1) the execution, delivery and management of processes ascribable to events occurring in everyday business operations, also in consideration of activities that Group companies have outsourced to other Group companies as well as outside suppliers, 2) fraud connected with settlement and underwriting activities and 3) interruption of operations and malfunctions of computer systems. The predominant type is the one concerning the execution of processes, while the risks of fraud - on the other hand ingrained in the business and common to the insurance system - are numerically reduced, even if the phenomenon as a whole in any case is a significant risk. With regard to these risks, actual concentrations are however not recorded.
In particular, for Cyber Risk a qualitative scenario analysis approach has been adopted, articulating the risk assessment with respect to specific "focal points" relating to the status of the controls implemented and the

vulnerabilities identified. Specifically, in the face of an ever-changing general context, characterised by the emergence of new threats and significant organisational and technological changes, the following are considered: the management of backups and Disaster Recovery, the evidence of Vulnerability Assessment and Penetration Tests, the monitoring of security events and incident management, the state of ICT Governance and management processes (policies and guidelines adopted), the security rating of systems exposed on the internet, the state of availability of infrastructure and business applications.

PILLAR 2 RISKS

Risk of non-compliance with legislation

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

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

For the performance of the activities related to the mandate, independently from the operating units and the other key units, the Unit relies on adequate human and financial resources, that are appropriate both in qualitative and quantitative terms.

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

During the half-year, the Unit:

- carried out its activities in accordance with the provisions of its Plan of Activities defined for 2021, with the regulatory provisions and the communications received from the Supervisory Authority;
- carried out, in the context of so-called "Assessments of the risk of non-compliance", activities to support and advise the various corporate units on matters for which the risk of non-compliance is significant, with particular reference to the issue of new products, the revision of existing products, the activation of commercial initiatives, the updating of corporate policies and guidelines and the issue of internal circulars;
- also conducted the follow up activities on the audits carried out during the previous year (e.g. the implementing measures aimed at preventing and mitigating the risk of money laundering and funding of terrorism - pursuant to IVASS Regulation No. 44 of February 12th, 2019);
- collaborated with the various corporate units on regulatory projects such as, for example, the project to consolidate IDD processes, also in view of the new regulations issued by IVASS (Regulation No. 45 of August 4th, 2020, which came into force on March 31st, 2021);
- is in the process of updating the Organisational Model pursuant to Italian Legislative Decree No. 231 of June 8th, 2001, for several Group companies;
- has prepared periodic quarterly information flows for the Board of Directors, subject to review by the Control and Risk Committee and, where required, the Management Control Committee, Senior Management, for the Supervisory Bodies of the companies, pursuant to Italian Legislative Decree No. 231 of June 8th, 2001 and ensured constant direct alignment with the units included in the Internal Control System.

Reputational risk

The Group considers reputational risk mainly as a "second level risk", i.e. as a derivation of other risks, in particular the risk of non-compliance with legislation, operational risk and cyber risk, amplifying their negative impact on the Company. However, media events with an impact on the corporate environment also play an important role in this assessment and influence the performance of the stock.
The importance of reputational risk comes from the low tolerance level defined by the Board of Directors and the historical roots of the Group that make it an economic subject that considers reputation as one of the key elements for the generation of value for the stakeholders. The current qualitative assessment of the Group's reputational risk is equal to a value of 5 (average), which is

higher than the Risk Appetite defined by the Board of Directors of the Parent Company. This assessment is mainly due to the media exposure to which the Group has been subject on issues of particular economic and financial sensitivity during the past year and for current corporate events; considering the economic context and the market in which the Group operates, the prospective assessment of the current risk exposure is stable. To mitigate this risk, a centralised internal and external communication structure is in place at the Parent Company to strengthen the response and management of events that may have an impact on the Group's reputation.

Agencies

1,346

Branches

5,353

INTERIM MANAGEMENT REPORT

The Group during the first six months of 2021

Business performance for the period

Risk management

Headcount and sales network

Significant events and other information

HEADCOUNT AND SALES NETWORK

HUMAN RESOURCES

Human Resource Management

In line with the principles consistently promoted by the Group, the utmost attention continues to be paid to the management of human resources.

The digital transformation project (HR 4.0 Project) continued and after having introduced in 2020 the new portal for managing attendance and expense reports, in the first half of 2021, it continued with the activation of the new Payroll platform and the launch of the new HR management software which now allows employees to update their personal and CV data and to consult the Corporate structure in terms of positions associated with each employee, in order to simplify their activities.

In the first half-year, recruiting activities were affected by the dynamics caused by the Covid-19 pandemic; the Group therefore implemented innovative methods by increasing its presence on online channels and setting up digital recruiting activities.
During the course of the first half-year, the recruitment plan saw 54 people join the Group.

The Group also activated 22 training projects: during these first six months, 7 work experience individuals were offered contracted employment after a period of training, underlining the value of training and the enhancement of internal resources.

Again with a view to enhancement, internal mobility activities should be highlighted, which involved 112 resources in the first half-year, of which 35% involved vertical growth (assumption of responsibilities) and the remainder involved horizontal growth to enrich skills, in line with the Group's focus on the corporate value of meritocracy.

As at June 30th, the Group headcount included 1,788 staff, compared with 1,796 as at December 31st, 2020. The staff is broken down as follows: 64 executives, 443 officials, 1,281 office workers.
The number of full time equivalent Group employees came to 1,737 (it was 1,746 as at December 31st, 2020).

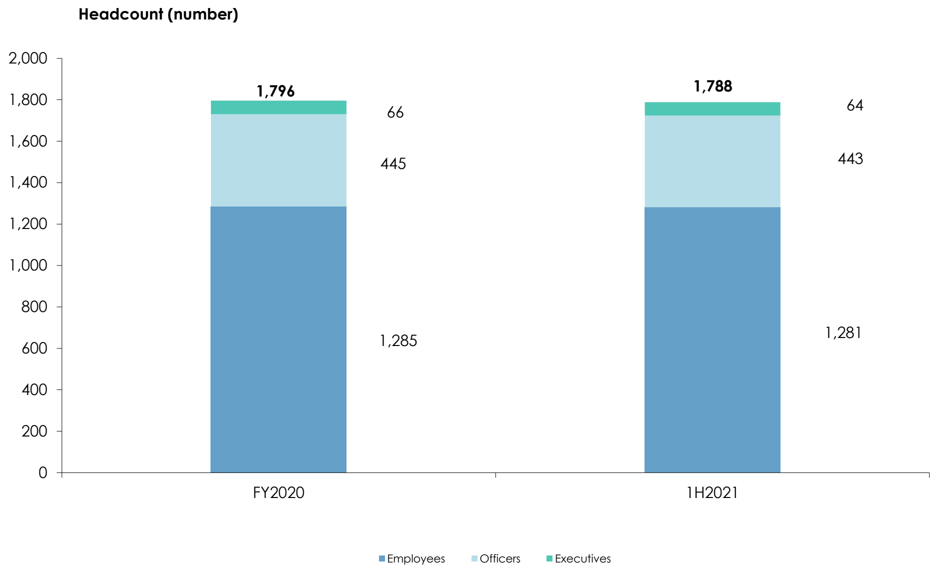


Table 13 - Group headcount

Group companies (*)	Registered offices	December 31st, 2020	Increases	Decreases	Changes	June 30th, 2021
ABC Assicura S.p.A.	Verona	7	0	0	0	7
BCC Assicurazioni S.p.A.	Milan	1	0	0	0	1
TUA Assicurazioni S.p.A.	Milan	80	1	2	-1	79
VERA Assicurazioni S.p.A.	Verona	5	0	0	0	5
CattRe S.A.	Luxembourg	11	0	1	-1	10
BCC Vita S.p.A.	Milan	10	1	2	-1	9
Berica Vita S.p.A.	Verona	3	0	0	0	3
Lombarda Vita S.p.A.	Brescia	10	0	10 1)	-10	0
VERA Financial DAC	Dublin (Ireland)	23	0	2	-2	21
VERA Protezione S.p.A.	Verona	2	0	0	0	2
VERA Vita S.p.A.	Verona	9	0	0	0	9
Cattolica Assicurazioni S.p.A.	Verona	998	56 2)	42 3)	14	1,012
All Risks Solutions S.r.l.	Milan	0	0	0	0	0
Cattolica Agricola S.A.r.l.	Verona	9	1	0	1	10
Cattolica Beni Immobili S.r.l.	Verona	2	1	0	1	3
Cattolica Immobiliare S.p.A.	Verona	9	1	1	0	9
Cattolica Services S.C.p.A.	Verona	578	20 4)	35 5)	-15	563
Satec Holding S.r.l.	Venice	2	0	0	0	2
Satec S.r.l.	Venice	23	7	3	4	27
Meteotec S.r.l.	Venice	2	0	0	0	2
Qubo Insurance Solutions S.r.l.	Milan	3	3	1	2	5
Mediterranea Underwriting S.r.l.	Genoa	9	1	1	0	9
Group Total		**1,796**	**92**	**100**	**-8**	**1,788**

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

(**) Due to joining the Intersectorial Solidarity Fund.

1) following the sale of the company to Intesa Sanpaolo on April 12th, 2021

2) of which 34 intercompany transfers

3) of which 7 intercompany transfers

4) of which 7 intercompany transfers

5) of which 21 intercompany transfers

Academy & People Development

The digital acceleration generated by the prolonged period of "remote working" has allowed for the growth of the digital mindset and digital skills, creating the conditions for the introduction and exploitation of innovative methodologies, tools and technologies not only for business.

In the field of Human Resources, innovation has been decisive in the creation of a single ecosystem designed to support change management and enable the new way of working through a Data Driven model which, by focusing on the construction of a new mindset, makes our people active and aware protagonists of change, capable of directing their own professional development and performance.

PEOPLE DEVELOPMENT

Putting people and their professional development at the centre is the winning strategy that has enabled Cattolica to grow even during times of profound change and on which the Company continues to focus in order to make people increasingly more active and aware protagonists of their professional growth.

The "WITH-We Improve Together" system has been confirmed as the main element of performance enhancement that addresses and recognises the contribution of people to the achievement of corporate objectives. Thanks to the process of simplifying the model, which began in the first half of 2020, the system continues to represent a valuable tool for both people and the business, capable of directing performance and addressing the behaviours considered relevant to best pursue our objectives.

During the first half of the year, "PresentAction" was launched: an initiative that will provide all Group employees with an opportunity to gain a third-party perspective on their skills, develop awareness and understand how to direct their professional growth.
The data collected by "WITH" and "PresentAction" will make it possible to update the "Talent Matrix" that relates the skills possessed by people with the performance expressed, allowing a detailed mapping of resources, the definition of targeted training and development paths and the identification of talents and their characteristics.

The M-UP! project, launched in July 2020, aimed at defining the expected knowledge profiles for all the professional areas present in the company, during 2021 "regimented" the mapping of profiles in the IT, Non-life Non-motor, Non-life Motor liability and IA&BA, Life and Operation Tua areas. The mapping of profiles for the Administration and Budget area is also being defined.
To date, the model has made it possible to identify more than 300 knowledge assets divided into 14 macro-areas and 82 professional profiles aggregated into 11 households; of these, 50 profiles have been issued, 40 of which have self-detection defined and/or are in the process of being defined.

FACULTY/KNOWLEDGE SHARER

With a view to enhancing and developing technical and professional knowledge, a process has been launched to implement a knowledge management system that can bring together those colleagues who are recognised for their specialised technical knowledge and are committed to sharing their know-how inside and outside the company.
The first step was the launch of a dedicated training and development course in the role, the Knowledge Sharer Training Programme, to develop skills in training design, communication and storytelling, with particular attention on new digital tools useful for effective knowledge sharing.
At the same time, participants had the opportunity to have one-to-one meetings with specialist trainers to reflect on the role and associated skills in order to activate a development plan.

TRAINING

The Group considers training, updating and maintaining the skills of its employees to be a strategic element for involving and empowering all resources to generate value and thus achieve high corporate standards.
The Group has maintained constant investments in training, directing them on the basis of an in-depth analysis of company needs, market and regulatory developments, and changes in the various professional profiles present in the Group.
The Training Unit operates within the Academy, addressing its activities to the entire Group, with the aim of safeguarding, enhancing and developing technical and professional knowledge, role skills and supporting change management processes. The unit offers substantial support to the various areas of the company to maintain standards of professionalism in line with the dynamics of a rapidly and continuously evolving market context.
Also in this area, the growth of digital skills has allowed for the evolution of the teaching model and made the transmission of knowledge more efficient.
Cattolica E-Learning Research is the survey carried out to identify the guidelines for the design of innovative digital training models consistent with our professional context, according to the new ways of working and using online content.

MANAGER/PROFESSIONALS PROGRAMME

2021, still stained by the pandemic, has led to the consolidation of the project, started last year, in favour of managers and professionals.
Starting from an analysis of the current socio-economic and work context at international level, Group managers have been involved, on several occasions, in a reflection on the skills and behaviours that will characterise the future new ways of working in the coming years.
The InspirEvolution course, dedicated to our Executives, provided inspiration, reflection and discussion on the current working context, on the best practices implemented and, looking ahead to the coming months/years, on the role of the manager in Cattolica's future.
On the same topics, the training offer remains active both for middle managers, with the "New leadership for best performance" course (with the courses - "I 3 cappelli del manager (The 3 hats of the manager)", "Strumenti e metodi per lavoro agile (Tools and methods for agile working)", "Diversity manager" and "Digital leadership journey") and for professionals, with "Strumenti e metodi per lavorare agile (Tools and methods for agile working)".
For new managers, the Learning Path Neo Manager course has been created, an online course, consisting of 19 e-learning modules, aimed at developing the skills of

leadership in the digital era, team coordination and performance management.
The training modules to increase the skills of organisational management, time, space, communication and digital tools at our disposal, activated as part of last year's #Learningneverstop project, are always available for everyone in open learning.
Much attention has been paid to the process of adopting digital tools to facilitate digital collaboration and in particular to Teams, with the launch of a course of video lessons and dedicated Lab that will be available for all business units.
Between April and June, 5 editions of "Labs" were held, webinars for TUA Assicurazioni Managers and secretarial pools with a focus on the Teams tool and the OneDrive and SharePoint tools.
In order to deepen and strengthen the knowledge of Office applications, courses in e-learning mode for basic Excel, advanced Excel and PowerPoint have been kept active, for all employees of the Group.

With the aim of developing communication and sharing skills, which are strategic in the current context, the Presentation Bootcamp course continued in May and June with the creation of a further 2 editions, involving 21 employees. The virtual course, 15 hours long, provides a working method to build persuasive presentations and to be more and more effective in conveying messages to your stakeholders. The methodology used is that of learning by doing, which alternates up-front lessons with practical activities and reflects the new way of digital working and thinking: open, flexible, organised and fast.

TRAINING OFFER

Also for 2021, the Catalogue Training Offer is still available, open and always accessible to all employees, consisting of more than 40 courses focusing on transversal professional topics directly linked to the Group's Competence Model. This direct connection allows each employee to easily and independently identify the training resources available to increase their skills and close their training gaps, thus acting in terms of empowerment.

ENGLISH

In order to strengthen language skills, particularly English, and to align them with operational and relational contexts characterised by increasing multiculturalism and internalisation, training courses have been set up that are differentiated by role and according to the impact that language skills have on operations.
For Executives and positions strongly impacted by language skills, English One to One has been provided, a personalised offer implemented through individual meetings with certified teachers.
English4All has been activated for all employees, a diversified programme based on level of knowledge, carried out through an online platform and with participation in conversation groups.

INNOVATION PLUS

As we entered the new decade, the innovation landscape never stopped evolving. This awareness has led to the creation of Innovation Plus, the new open learning space on innovation and digital technology, which aims to provide colleagues with an up-to-date, all-round view of the company's internal and external evolution.
The portal currently offers 54 courses, each month new content is released on topics such as: Society, Technology, Marketing, Human skills, Business, Design and Future of work, separated by level of knowledge - Basic and Advanced. Among them:

- Sustainability was confirmed as a central topic in the political and economic debate, continuing on from the training actions carried out in the last two years, the online course carried out in the second half of 2020 - aimed at the entire company population and proposed to new colleagues joining the Group - remains active, with the objective of spreading the culture of Sustainability;
- a specific training programme was created for employees of the Life Operations department to support the evolution of the organisational structure - which led to people with different professional backgrounds interacting with each other in common areas of action. Between March and May, the Fundamentals Vita course was held, aimed at updating and reinforcing the technical regulatory skills for all roles involved in Vita processes. Consisting of 7 "self-contained" modules (Technical bases and tariff creation, Product types, Solvency II, Regulatory aspects, Market evolution - agencies, banks -, Supply models, Service models), it was structured in such a way as to intercept the different professional personalities of the people involved and provided for different degrees of in-depth study of the topics in line with the professional and organisational role.
  Each module, lasting 7 hours, was delivered through 2 synchronous webinar sessions, 3.5 hours each, on different days with a total of 292 participants;
- with the aim of improving customer service, an intervention dedicated to the CRM 2.0 application was provided, with a technical session and a more in-depth, practical session. Aimed at relevant colleagues in offices interested in its use, the modules illustrated, within Microsoft Dynamics CRM, the assistance process for the processing of requests received from the network and the customer, with a total of 86 participants;

- experimentation continued in the Claims Department. For more than 40 claims adjusters, in order to enhance their negotiating skills with internal and external customers, an online training course was set up to train them in specific skills;
- for the Administration and Financial Statements Department, the "Be Great" course was completed with the identification of three project streams aimed at improving communication, feedback and shared vision, developing internal know-how and co-creating solutions to facilitate collaboration and development within the Department;
- in support of the changes generated by the introduction of the new IFRS 9 and IFRS 17 accounting standards, the project activities relating to the specialist technical training and education pathway for the impacted organisational units continued and will continue for the entire year of 2021. During the first half of the year, additional general and horizontal training sessions were held, with the aim of training the corporate areas affected by the new standards and providing information on the strategic choices made, thus involving colleagues who had not previously been able to participate. Specialised and vertical training for different targets will continue in the second half of 2021. The objective is to deepen knowledge of the standards and understanding of the impacts;
- on the subject of the Fondo Unico di Giustizia (Single Justice Fund), a webinar was held in June, in two editions of 2 hours each, dedicated to the staff of the Settlements Office, which involved 6 participants. The legal and fiscal structure as well as the practical management of the FUG, together with an in-depth study of the regulatory framework of reference were the key topics of the meeting;
- for the Non-life System of the IT Division, the "Mia Platform Dev Fundamentals" webinar training course was created, a proven system for empowerment of professional culture, with the aim of developing knowledge and tools for Agile methods;
  participants were introduced to the basic concepts of next-generation architectures from both a design and operational perspective. The course covered the main approaches to microservice development, API (application programming interface) design, and the topic of platform governance and how these impact the existing IT ecosystem. At the end of the course, participants took a final exam to obtain the Mia Platform Dev Fundamentals Certification;
- for the Human Resources Department, two projects were carried out to strengthen specialist technical skills in the area of project management, recruitment and development of Group colleagues. "HR goes Agile" has allowed the entire Department to become aware and develop a mindset oriented towards experimentation and project management through the Agile methodology; Assessor Training, dedicated to the Talent Acquisition and Talent Management units, has allowed for the development of knowledge and skills regarding recruitment and development interview techniques as well as the main tools for assessing skills.

For the entire Group, the course aimed at enhancing awareness and knowledge on the subject of Information Security continued: the on-line course on Cyber Security - Standards and Management Policies in the Cattolica Assicurazioni Group was carried out and, at the same time, the project aimed at raising awareness on the subject of cyber attacks continued via a training video-module which has the primary objective of strengthening the culture and awareness of all employees against phishing and spear phishing attacks.

On the subject of Safety in the Workplace, the Group continued to provide online and webinar training.
Mention should be made of the mandatory information course, Are You Ready, aimed at both raising awareness of the general measures of prevention and protection in the workplace, and in-depth examination of the specific Cattolica Group policy on the subject of returning to work safely. Attendance at the course has been made compulsory and preparatory for returning to work in the company.
In order to ensure continuous alignment with market best practices, innovation and professional development, in parallel with the activities carried out in-house, the external offer of higher education proposed by universities and consulting firms, associations and institutes with a view to the sector and beyond is constantly monitored (CETIF, Università Cattolica del Sacro Cuore, Cineas - Consorzio Universitario per l'Ingegneria nella Assicurazioni, Consorzio MIB di Trieste - School of Management, Consorzio ELIS, Osservatori Digitali del MIP Politecnico di Milano, The European House Ambrosetti, SDA Bocconi, TAG Talent Garden).
Of particular importance is the relationship with the Università degli Studi di Verona, with which an Industrial Doctorate in Economics and Finance has been set up.
During the first half of 2021, 2,755 man training days were held for the Group.

Training for the Board of Directors

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

Industrial relations, labour policies and litigation

During the first half, several trade union meetings were held to better understand issues related to personnel.

Since February, the parties have been engaged in intense discussions on the renewal of the Corporate Collective Agreement (CCA), the Holiday Agreement and the Employment Protection Agreement, which led to the signing of these in May.
In particular, in the renewal of the CCA, which will come into force on January 1st, 2022, for a five-year period, a number of important provisions were introduced and renewed: in particular, the results bonus was revised and a new variable bonus was introduced, linked partly to corporate results and partly to individual parameters.
Also in this renewal, emphasis was placed on corporate welfare, with an increase in the Welfare package made available to all employees.
In the Holiday Agreement, the parties aimed to promote an organic planning of holidays, providing, over the three-year period, for the elimination of the backlog and the use of holiday entitlement within the year of maturity.

Finally, the Company and the trade unions confirmed the contents of the July 2020 agreement on employment protection, extending its validity and effectiveness to December 31st, 2023, confirming current employment levels and favouring the use of forms of incentivised exit or recourse to the extraordinary section of the Solidarity Fund, already in use for years in the Group.

In May, the Company opened the procedure for trade union discussions, pursuant to Art. 15 of the CCNL (national collective bargaining agreement), concerning the reorganisation of several areas of the Claims Department, which had become necessary, both with a view to the evolution of the Department itself, and as a result of the new requirements arising from the changed organisational context of the Group.
In particular, the reorganisation, which involved a total of 88 people, was aimed at rationalising the organisational structure of the Claims Department, focusing several new organisational units on "core" activities for the Department itself and the Group, providing for a progressively better articulation of the settlement network in the territory, and managing the impact deriving from the agreements signed with the Generali Group on accident and, subsequently, health claims.
After a detailed discussion, the procedure was concluded with the signing of a trade union agreement.

In February, as provided for in the agreement signed between the parties in December 2020, which provided for a call for applications for access to the Intersectorial solidarity fund, 34 employees who will accrue pension requirements by February 28th, 2026, terminated their employment, bringing forward their retirement by up to 5 years.

Work resumed in June on union discussions on the subject of Smart-working. The parties are working together to define an Agreement that is better suited to the new ways of carrying out work in the future, which cannot fail to take into account the need for efficiency, health protection and the need to reconcile work and private life.

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

SALES NETWORK

Agency distribution

The Group closed the year with a total of 1,346 agencies, distributed as follows: 50.1% in Northern Italy, 26.5% in Central Italy and 23.4% in Southern Italy and the islands. The Parent Company had 811 agencies.

Agent network training

In continuity with previous years, the Cattolica Group paid a great deal of attention to the training of the agency network with professional updates and quality training, with a wide-ranging programme of activities aimed at developing both technical and relational skills, with a view to creating a relationship of trust and transparency with the customer to be maintained over time. The Group continued the investments aimed at enhancing the professionalism of distributors and the activation of training courses dedicated to agency and secondary networks, which involved employees and agency collaborators.

As part of the training certified for the purposes of professional updating required by IVASS, in the first half of the year more than 100,000 hours of training were provided through the 144 online courses available on the Formamentis training platform, while the 186 editions of webinars have allowed for certification of more than 5,300 hours of training to over 1000 intermediaries.
Since the beginning of the Covid-19 emergency, all the training offerings have been redesigned to be delivered and enjoyed in online mode, through eLearning and virtual classrooms. The creation in April last year of the single learning management platform, called ForMaMentis, has made it easier to use remote learning, available from any device. The benefits have been appreciated by the network which, despite the removal of in-person classroom activities due to the pandemic, has been able to continue its growth, without suffering a slowdown.

The new training platform provides reporting, which allows the relevant units to continuously monitor the progress of training activities. In addition, the reports dedicated to the Parent Company's personnel working alongside the agencies in the area have been implemented, in order to allow for precise monitoring and targeted support, aimed at promoting the development of specific skills.

During the first half-year, the structure dedicated to the development of skills and training of the Company's agency network continued to invest in the two main areas of activity, functional to the transformation underway and the achievement of the objectives set out in the Business Plan:

- the development of the competencies of its networks (mandatory and non-mandatory training);
- the digital transformation of the same.

Product, project and regulatory training

In line with the relevant IVASS guidelines on the mandatory nature of product training, implementation of the checkpoint between ForMaMentis and the "PASS" and "ALLin" issuing applications continued, which does not allow policies to be issued without specific training. In addition to the checkpoint on new products, the checkpoint on all pre-existing products in the catalogue has been made operational. Each intermediary has also the option to download an individual report from ForMaMentis with their own training situation for a preventive check in relation to this obligation.
Training in line with the product plan was provided during the first half of the year. Online courses were published in relation to the main insurance solutions and webinar training was provided. The main initiatives included:

- "Active Live": in support of the release of the new Motor solutions, online courses and webinars were prepared for the Agencies selected for the pilot phase and subsequently for all Agencies in the roll out phase. To compliment the above, online courses dedicated to the motor sector have also been updated: "Cattolica&Motori V.03/21" and "Cattolica&Motori CVT V.07/21";
- "Active Benessere": in support of the release of the new health coverage, an online course was released and virtual classrooms were provided specifically for the Agencies selected for the pilot phase and for all Agencies in the roll out phase;
- "Active Vita": to support the launch of the new policy, the programme included a launch event dedicated to Agencies selected as best performers in the life business, an online course and classrooms dedicated to all Agencies. As at June 30th, 10 classrooms of the total 29 planned have been delivered.

The delivery of virtual classrooms dedicated to intermediaries is always preceded by a session specifically aimed at company personnel who interface with agencies. This approach facilitates the activities carried out in the territory directly by Area Managers and Business Managers aimed at strengthening the technical and commercial preparation of intermediaries.

In addition to the activities related to the product plan, training was provided to accompany the implementation of specific projects such as:

- Preventivatore Evoluto (Advanced Estimator): in February, 6 classrooms were held for 110 selected Agencies to present the new tool made available by the Company to simplify operations for Agencies;
- Bonus 110: in February, 3 virtual classrooms were provided for all Agents, during which the design and operational aspects of the dedicated platform were illustrated. In May, the regulatory aspect was examined in depth, involving the 131 best performing agencies. In support of the training webinars in June, an online course was also provided that can be used by all intermediaries.

A special focus was placed on cyber risk. In line with the IVASS recommendations on cyber risk preparedness, 6 new courses dealing with specific content on these issues have been made available on the online training platform. Furthermore, three specialist webinars were also held, aimed at the entire Agency network, concerning the Cattolica&Cyber risk product, with a focus also on the guarantees covering the Cyber risk present in the "Active Casa" and "Active Business" products.

Further training courses concerned sessions on the "Cattolica & Salute Ogni Giorno" product. In this context, webinars were held for Agency Collaborators and Front Offices in order to highlight the advantages and strengths of this product.

The training programme also involved Agencies in a course dedicated to the area of claims in Cattolica, with particular attention paid to the 3 objectives of the claims department with regards to agencies: channelling towards body repair shops, CONSAP redemptions under the CARD debtor scheme and the reduction of legal interventions in claims, with a focus on regulations and dedicated digital solutions.

With reference to the new regulations introduced by IVASS with Provision No. 97 of August 4th, 2020 and Regulation No. 45 of August 4th, 2020, in force as from March 31st, 2021, an integrated professional refresher training course has been launched with the aim of enabling the intermediary to adjust their behaviour towards the customer, to make it compliant with the new regulatory provisions. This course involves:

- a basic online training course available to all intermediaries entitled "Corso base Provv. 97 e Reg. 45 IVASS" (Basic course on IVASS Provision No. 97 and Regulation No. 45), lasting 1 hour and 30 minutes;
- 3 different in-depth seminars in webinar mode, aimed at Agents and Collaborators, of which 16 editions were held in the first half of the year.

The "Prima Formazione 60 ore" (60 hour induction training course) reserved for newcomers, provided for by IVASS Regulation No. 40 of August 2nd, 2018, has also been updated, the purpose of which is registration in Section E of the Single Register of Intermediaries and it provides access to the activity of intermediation. The provision has been innovated and integrated with new courses, to enrich the skills of new starts who have decided to undertake the profession of intermediary with Cattolica. 195 people signed up for the course and as at June 30th, 120 completed it.

Higher education programmes

For years, the Parent Company has been promoting and providing two important advanced training programmes dedicated to the agency network, with the aim of developing the operational, commercial, managerial, technical and digital skills of intermediaries. In the first half of the year, courses were provided in the following areas:

- **Master Professione Agente - MPA (Profession Agent Master's)**: the programme dedicated to young agency talents - children of agents or young collaborators. In January, the 5th edition of the Master's started, which saw an epochal change in collaboration thanks to the partnership initiated with the Politecnico di Milano. New content and a renewed teaching staff are the characteristics of the current training cycle that has 24 participants. The Master's is divided into 7 specific Challenges and is delivered, for the first time, entirely in webinar mode;
- **Master Executive Agenti - MEA (Executive Agent Master's):** the advanced training course reserved for Cattolica Agents, which has the following objectives: consolidation of the fundamental skills of the "Agent profession" and the creation of increasingly professional and highly competitive networks. In the first semester, the course, consisting of 10 modules, was redesigned so that it could be used completely online. The requirement to always be in-sync with the market environment and with new training needs has led to a progressive updating of the contents and the design of new modules during the first half-year.

Digital transformation and adoption

The Digital Coach unit continued to work alongside Agencies to increase the use of the digital tools made available to the network by the Company, with a particular focus on:

- SFV - Sistema Forza Vendite (Sales Force System) - with the aim of spreading the culture of the correct configuration of systems and the relative authorisations to use them;
- ARENA (commercial platform) - with the aim of disseminating the new commercial approach during the important moment of payment;
- FEA (electronic signature) - with the aim of achieving the dematerialisation of contracts in the network;
- multi-channel customer access and remote payment tools (PAY BY LINK).

Furthermore, between February and June, training and support activities were carried out for the pilot Agencies of the "Remote Sales" project, which aims to activate a remote sales and consulting process with existing customers, but above all with prospects, all perfectly in line with regulatory requirements.

In addition, under the name "Vendere in Digitale" (Digital Sales), training was carried out to strengthen the Agency's Front Office unit in the area of approaching customers using digital communication tools. As at June 30th, 4 of the 16 scheduled editions have been released.

With reference to TUA Assicurazioni, in January the new version of the "TUA Scuola" online training platform was made available to the agency network and colleagues in the area.

Below are some of the main new features:

- access with Single Sign-On (SSO) from the TuttoQui Portal;
- new graphics, faster performance and easier to navigate interface;
- multi-device: it allows courses to be taken from any of the user's devices, whether it be a smartphone, a tablet or a PC.

With a view to making all training available remotely, the entire training process for the introduction of new Agencies has been reorganised, creating an ad hoc course called "Benvenuti in Tua (Welcome to Tua)".

With the same logic, the entire 60-hour training course for new employees has been redesigned, making it completely accessible online. As at June 30th, 76 users are enrolled in the course, 25 of whom have completed the training.

As at June 30th, more than 24,700 hours of professional training have been provided by means of FAD and virtual classrooms, through the webinar tool integrated within the Tua Scuola platform: this teaching method has been confirmed as fundamental for the provision of training content.

A total of 21 professional development courses were delivered via webinar, for a total of 85 editions and approximately 900 actual participants who passed the final test:

- 12 courses covered, in line with the Group's strategic plan, the company's products, including the new products being marketed "Tua Voice Drive and Tua Protect Drive", "Tua Benessere" and an important focus on Specialty Lines;
- 3 technical courses;
- a regulatory course relating to updates on IVASS Regulation No. 45 of August 4th, 2020 and IVASS Provision No. 97 of August 4th, 2020;
- a "Sales Force Recruitment" course and a training course, not yet completed, consisting of 4 courses called "Proximity Selling Training" with a version for Agents and Agency employees.

Distance Learning was enriched with 24 hours of professional refresher courses divided into 20 new courses for a total of almost 21,000 completed sessions:

- with regard to the technical insurance and contractual area, 13 courses were provided, including 3 on "Tua Voice Drive" and "Tua Protect Drive", "TuaBenessere" and "TuaAgricoltura - Avversità atmosferiche" (the latter is only available to certain Agencies), one on claims management and the others on various topics such as motor insurance, legal protection, risk analysis and assessment of consumer needs;
- 5 regulatory courses, including the courses "Disciplina dell'intermediazione assicurativa (Governance of insurance brokerage)" and "Le nuove regole della distribuzione assicurativa (The new rules of insurance distribution)";
- 2 courses on cyber risk and overview of the insurance market.

As regards TUA Agencies with a Cattolica life mandate, dedicated training was carried out for the last 8 agencies migrated to the "ALLin" IT system.

Bank coverage

The bancassurance channel is overseen by the Parent Company by means of a partnership strategy with banking operators based on both commercial agreements with numerous institutions for the sale of insurance products via bank branches, and through the insurance companies in which the Parent Company, thereby obtaining control, and banking partners invest.

The number of branches distributing bancassurance products were 5,353 compared to 5,960 branches as at December 31st, 2020 and included: 4,008 branches of Banche di Credito Cooperativo, 1,249 branches of Banco BPM, Banca Aletti & C. S.p.A. and Agos Ducato S.p.A.

Bancassurance partner training

In compliance with the requirements of IVASS Regulation No. 40 of August 2nd, 2018, companies, in collaboration with intermediaries and using certified training companies, have taken steps to make available, in accordance with the collaboration and partnership agreements, professional training and refresher courses as well as product-specific courses aimed at complying with the training and professional updating requirements of their distribution networks.

In the context of the health emergency that affected the country, the companies designed their activities by means of fully usable training courses in e-learning and/or webinar mode, which delved into thematic areas and modules provided for in Annex 6 of IVASS Regulation No. 40 of August 2nd, 2018.

Following the notice of March 17th, 2020 "Epidemiological emergency caused by Covid-19 - First measures in favour of insurance market operators", in which IVASS, by way of derogation from the provisions of Article 90, paragraph 5 of the aforementioned Regulation, communicated that the test to verify the professional training course could be carried out remotely, the appropriate actions were carried out, making this additional method available to intermediaries.

In addition, in its notice of October 1st, 2020, "Covid-19 Emergency - Extension of the deadline for complying with intermediary professional development obligations", the Supervisory Body determined that professional development for the year 2020 could be completed by March 31st, 2021. Companies have taken steps to align their offerings with the training opportunity provided by the extension.

Covid-19 emergency

From cooperative
to joint-stock company

INTERIM MANAGEMENT REPORT

The Group during the first six months of 2021

Business performance for the period

Risk management

Headcount and sales network

Significant events and other information

E-MARKET SDIR CERTIFIED

SIGNIFICANT EVENTS AND OTHER INFORMATION

SIGNIFICANT TRANSACTIONS CARRIED OUT DURING THE PERIOD

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

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

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. As described later, Cattolica's Board of Directors, which met on June 7th, in acknowledging Assicurazioni Generali's decision to promote a voluntary take-over bid (the "Bid") for all Cattolica's ordinary shares pursuant to Article 102 of the TUF (Consolidated Finance Act), resolved, informing the Supervisory Authorities, to defer implementation of the € 200 million Option Increase to a date subsequent to closure of the Bid.

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, 2021, on March 15th, CattRe benefited from a share capital increase of € 15 million, fully subscribed by the Parent Company as sole shareholder.

On April 15th, the Board of Directors of Cattolica Assicurazioni concluded the process initiated on February 4th, aimed at submitting a list, in view of the renewal of the Board for the next three-year period, noting that since April 1st, the Parent Company has the legal form of a public limited company with the related Shareholders' Meeting regulations.
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, 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.

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 public limited 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 financial 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 taken from the list submitted by the Board of Directors, the list 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 of Cattolica, 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. The Board has therefore qualified all the directors as independent on the basis of Article 148, paragraph 3, of Italian Legislative Decree No. 58 of February 24th,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 of February 24th, 1998, were complied with, 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, 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, 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, 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.

As already reported, Cattolica's Board of Directors, which met on June 7th, in acknowledging Assicurazioni Generali's decision to promote a voluntary take-over bid for all Cattolica's ordinary shares pursuant to Article 102 of the Consolidated Finance Act (the "Bid"), resolved, informing the Supervisory Authorities, to defer implementation of the € 200 million Option Increase to a date subsequent to closure of the Bid. The reason for the postponement follows Assicurazioni Generali's decision to subordinate the effectiveness of the Bid, due among other reasons, to the circumstance that "between the date of this Notice and the date of payment of the Consideration, Cattolica does not execute the second tranche of the capital increase for a total of € 200 million resolved by the Board of Directors on August 4th and February 11th, in execution of the powers assigned pursuant to Article 2443 of the Italian Civil Code by the Extraordinary Shareholders' Meeting of June 27th, 2020". The decision of Cattolica's Board of Directors to wait for the outcome of the Bid is primarily based on the need to prevent the execution of the increase transaction pending the Bid from causing the ineffectiveness of the latter, thus depriving Cattolica's shareholders of the possibility of assessing the advisability of the divestment at the conditions proposed by Assicurazioni Generali.

On June 30th, Cattolica's Board of Directors, with reference to the voluntary public takeover bid for all Cattolica shares promoted by Assicurazioni Generali, appointed Citigroup Global Markets Europe and KPMG Corporate Finance as financial advisors and Chiomenti Studio Legale as legal advisor.

Plan for the merger of ABC Assicura and Berica Vita into Cattolica

On April 7th, Cattolica's Board of Directors approved the project for the merger by incorporation of the wholly-owned companies ABC Assicura S.p.A. and Berica Vita S.p.A. On the following April 16th, these subsidiaries also approved their plans to merge with the Parent Company. On July 21st, having obtained the necessary authorisations from the competent authorities, Cattolica made the plans for the merger by incorporation of the companies available to the public. On August 5th, as described in greater detail below, the Board of Directors of the Parent Company resolved the merger by incorporation of ABC Assicura S.p.A. and Berica Vita S.p.A. into Cattolica itself.

Sale of Lombarda Vita to Intesa Sanpaolo

On April 12th, implementing the binding agreement entered into, in December 2020, with UBI Banca concerning the early termination, with respect to the deadline of June 30th, 2021, of the life bancassurance agreements between the parties, the sale 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 equity investment was sold for € 299.8 million: 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. 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. Following the completion of the transaction, the Cattolica Group made an IAS/IFRS profit of approximately € 104 million net of tax in the 2021 consolidated financial statements and in the Cattolica's financial statements a profit of approximately € 60 million.

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.

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 January 1st, 2023 and June 30th, 2023, possibly postponed by the Bank from six months to six months for three times up to December 31st, 2024. In particular, the parties have agreed, in favour of Banco BPM, a non-conditional option to purchase the 65% held by the Company 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, to be calculated as of the six-month period 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, and the profits up to the date of transfer of the equity investments. 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, the parties signed the final agreements, in line with what was agreed on March 5th.

Supervisory Authority

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 inspections carried out, the Supervisory Authority reported shortcomings referring to situations related to the years 2018 and 2019 and to the first months of 2020, concerning the corporate governance, risk management and internal control system, since the Issuer's Board of Directors did not base its actions on principles of sound and prudent management, thus putting the Group's solvency at risk, with the consequent necessary strengthening of equity and the overcoming of the cooperative form thus 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.

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

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formulated requests and provided indications to the Parent 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 was 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 was submitted to the approval of the Parent Company's Shareholders' Meeting, which envisaged a reduction in relation to the previous 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 was 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 was 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.
- Completion of capital strengthening: the Company has taken the decision to postpone by a few months the execution of the second tranche, for the amount of € 200 million, of the share capital increase resolved on August 4th, 2020, in order to have time to provide more information to the market.
- Strengthening of corporate governance and other measures envisaged by the Plan: the strengthening measures contained in the Plan have been divided into three macro-areas of intervention, based on the observations made by IVASS:
  a) Corporate governance and control system.
  <u>Board of Directors and Committees</u>: the Board of Directors approved a number of amendments to the regulations of the Board of Directors itself and of the Board Committees, aimed, among other things, at ensuring a more effective internal debate between the various bodies as well as incorporating the recommendations of the new Corporate Governance Code for listed companies, as approved by the Corporate Governance Committee in January 2020.
  <u>Strengthening of the strategic planning process</u>: with regard to the strategic planning process, the plan provides for it to be strengthened in order to ensure that it is responsive to changes in the scenarios hypothesised in the business plan and to allow for a more effective risk assessment process, including on a prospective basis, in order to adequately define overall solvency requirements.
  <u>Activities to verify the functionality of the administrative body and of the board committees</u>: the Management Control Committee (MCC) has defined a plan of activities to verify the functionality of the administrative body and of the board committees that will have to be conducted, with the support of the corporate units of Compliance and Internal Audit, in 2021. The MCC approved also amendments to its own regulations.
  <u>Strengthening of the internal audit and risk management units</u>: the Board of Directors adopted measures aimed at strengthening the quality and quantity of the Company's internal audit and risk management units.
  In this context, the Company has also reserved the right to integrate the audit plan for 2021, taking into account the broader measures contemplated in the Plan, with a view to progressively advancing the system of internal controls.
  <u>Strengthening of the ORSA process</u>: 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: adoption of a strategic plan on information and communication technology (ICT), which included 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 also envisages actions aimed at strengthening (i) control over investments in the real estate and agricultural sectors and (ii) the process of evaluating investment property to be allocated to segregated management.

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

On March 16th, 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.

On April 6th, an inspection began at Vera Vita, pursuant to Article 189 of Italian Legislative Decree No. 209 of September 7th, 2005. The inspection, which was completed at the end of May, concerned the verification of the management of the settlement processes.

CORPORATE GOVERNANCE AND INTERNAL CONTROL SYSTEM

The corporate governance system is proportionate to the nature, the capacity and complexity of the activities of the Group, as illustrated in greater detail in the Report on corporate governance and the ownership structures for 2020, pursuant to Article 123-bis of the TUF available in the Parent Company's website at the following address www.cattolica.it - in the Governance section. The Group's Internal Control System is also illustrated within the same.

This information is supplemented - especially with regard to the risk management system and capital management - with what is reported in the 2020 Report on the Solvency and Financial Condition of the Group, approved by the Board of Directors and published on the website of the Parent Company.

COMPLAINTS MANAGEMENT

The handling of complaints is entrusted to a specific unit, the Complaints Group Service, appointed as per ISVAP Regulation No. 24 dated May 19th, 2008; it handles complaints made by those who avail of the insurance activities (customers, injured parties, legal advisors, consumer associations).

The unit contributes also towards monitoring the service levels and the company areas in view of possible improvements.

Following the entry into force, from March 31st, 2021, of IVASS Provision No. 97 of August 4th, 2020, in counting complaints, those relating to the conduct of intermediaries registered in section D of the RUI shall also be taken into account.

During the period, with reference to the Group, a total of 2,262 written complaints were registered, of which 383 were upheld. The complaints were dealt with, on average, in 15 days.

INFORMATION SYSTEMS

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

Applicative measures

On the path towards the Data Driven Company model, the technological infrastructure implemented has allowed for a faster and more effective management of projects requiring the analysis of large amounts of data, enabling the implementation of a series of initiatives aimed at increasing internal efficiency and improving sales processes.
A number of actions have been initiated in this area with progressive releases. During the half-year, releases were carried out to integrate the "Anti-Fraud Predictive Model" in the new technological platform for the creation of a new "extended CAR" (Customer Analytical Record) and to allow further sophistication of motor pricing.

As part of an overall evolution programme for the remote selling model, based on a central and proactive role for the agency that uses digital as a tool to contact and serve the end customer more effectively, implementation of the new solution (called "pay by link") continued, enhancing relations between customer and agency by facilitating the remote management of policy collections and the operation of the agency network, particularly during the lock-down phase. The function allows the agency to identify the securities to be cashed remotely and the customer to pay directly by credit card by accessing a secure web page via a link sent by email (both then receive confirmation of payment). Further initiatives to integrate remote sales into the company's digital channels are also being implemented (such as the development of video consulting functions).
The various project initiatives created to improve the quality of the tools used by employees to carry out their work (such as the option to work remotely by accessing all the computer applications necessary to carry out their tasks and personal information, files and mailboxes from any device, the integration of fixed telephony into their laptop, the provision of personal video-conferencing for each employee with the possibility of sharing documents) have made it possible, right from the start of the Covid-19 emergency, to extend promptly and effectively the use of the smart-working mode to all staff in the Group.
Agile work is a practice introduced in the company since the end of 2017 and therefore already consolidated over time and this has further encouraged its rapid and widespread adoption.

Work continued on internalising and upgrading the software to support the placement of life and non-life products as part of the partnership with Banco BPM. At the same time, initiatives to develop the partnership with ICCREA were continued.

As part of the project to create a unique Group digital identity in order to facilitate current and prospect customers in their digital interaction with companies through the definition of a common, simple and integrated process, the releases of functions for the Nuova Area Riservata Web continued.
The development of the new risk management system and the integration of derivatives operations within the current application architecture of the Finance area continued, with the aim of significantly increasing the level of automation of the related management processes.

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

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

Infrastructures and security

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

OWN SHARES HELD BY THE PARENT COMPANY AND BY ITS SUBSIDIARIES

The Shareholders' Meeting of May 14th, 2021 approved the proxy for the purchase and sale of own shares in accordance with the law. The proposed authorisation concerns the purchase, once or multiple times, of own shares up to the maximum number allowed by current legislative provisions, therefore up to 20% of the pro tempore share capital of the Parent Company, for a period of 18 months from the date of the shareholders' meeting resolution. The minimum purchase price of the shares may not be more than 20% lower, and the maximum purchase price may not be more than 20% higher than the official price of Cattolica shares recorded by Borsa Italiana S.p.A. in the stock exchange session prior to each individual transaction.

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

Among these, it was confirmed that the Parent Company would 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.

With reference to AG's takeover bid, according to that communicated by AG, in the event that Cattolica's notice prepared pursuant to Article 103, paragraph 3, of the TUF and Article 39 of the Issuers' Regulations expresses a positive opinion on the Bid and the fairness of the Price, all own shares held by Cattolica itself (with the exception of the Issuer's Shares assigned in execution of the share-based compensation plans approved by the Issuer's shareholders' meeting) shall be tendered to the Bid.

There were no purchases/sales of own shares during the first half of the year.

As at June 30th, the Parent Company held 28,045,201 own shares, equal to 12.3% of the share capital, recorded in the Reserve for own shares in the portfolio for a total value of € 164.51 million.

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 updated by resolution of December 19th, 2019 until June 30th, 2021, was applied to the situations envisaged by regulations.

On April 30th, the Board of Directors of the Parent Company, having received a favourable opinion from the Related Parties Committee, resolved to bring, with effect from July 1st, 2021, the "Procedure for the management of transactions with related parties" into line with the amendments to CONSOB Regulation No. 17221/2010, most recently made by Resolution No. 21624 of December 10th, 2020.

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

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

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

Pursuant to CONSOB DEM/6064293 dated July 28th, 2006, it is noted that no atypical and/or unusual transactions were carried out during the half-year.

With regard to significant non-recurring events and transactions with a significant impact on the accounts of the Parent Company, on April 12th, the closing took place of the sale of the equity investment held by Cattolica in Lombarda Vita to Intesa Sanpaolo S.p.A., for an amount of € 299.8 million. Following the completion of the transaction, the Cattolica Group achieved an IAS/IFRS profit of around € 104 million net of tax during the first half of 2021.

PERFORMANCE OF CATTOLICA STOCK

During the first half of the year, Cattolica shares recorded a minimum price of € 3.85 and a maximum price of € 7.16. The capitalisation of the stock on the market as at June 30th came to approximately € 1,600 million.

In the first half year, the performance of the stock disclosed an increase of 52.7% compared to a 12.9% increase in the FTSE Mib Index and a 21.4% increase in the FTSE Italia All-Share Insurance Index.
Average volumes traded in the reporting period stood at 1,016,153 transactions.

RATIOS PER SHARE

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

Table 14 - Ratios per share

(amounts in €)	June 30th, 2021	June 30th, 2020
Number of outstanding shares (*)	200,302,779	167,144,633
Premiums written per share (insurance premiums and investment contracts)	12.97	12.77
Group profit per share	0.54	0.06
- from current assets	0.01	-0.05
- from discontinued operations	0.53	0.11
Group shareholders' equity per share	11.21	11.15

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

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On July 21st, 2021, CONSOB authorised the publication of the prospectus relating to admission to trading on the MTA (Mercato Telematico Azionario - on-line equities market) organised and managed by Borsa Italiana S.p.A. of Cattolica's ordinary shares deriving from the reserved share capital increase resolved by the Board of Directors on August 4th, 2020, in execution of the mandate conferred by the Shareholders' Meeting of June 27th, 2020, subscribed and executed by Assicurazioni Generali S.p.A. on October 23rd, 2020.

In particular, the Reserved Capital Increase, which was completed on October 23rd, 2020, was carried out against payment for a total countervalue of € 299,999,999.70, for a nominal value of € 162,162,162.00, indivisible, through the issue of 54,054,054 ordinary shares of the Issuer, with no nominal value, at an issue price of € 5.55 per share, of which € 2.55 as a share premium (the "Reserved Shares").
The Reserved Shares have been issued with coupon No. 30, and have been temporarily assigned ISIN code IT0005424897. At the same time as admission to trading on

the MTA, following publication of the Prospectus, the Reserved Shares acquired the ISIN code IT0000784154, i.e. the same ISIN code attributed to Cattolica's ordinary shares outstanding as of today.
The Reserved Shares have regular dividend entitlement and, following admission to trading on the MTA, will be exchangeable with Cattolica's other ordinary shares.
The Reserved Shares are not subject to any public offer, as they have already been fully subscribed by Assicurazioni Generali S.p.A.

On July 21st, 2021, the third update of the periodic monitoring carried out by the Management Control Committee on the progress of the actions included in the Remedial Plan was sent to IVASS.
On July 21st, 2021, Cattolica, having obtained the necessary authorisations from the competent Authorities, made available to the public the plans for the merger by incorporation of the wholly-owned subsidiaries ABC Assicura S.p.A. and Berica Vita S.p.A. into Cattolica itself, with the related attachments, the merger Balance Sheets represented by the draft 2020 Financial Statements approved by the Boards of Directors of the companies participating in the merger, as well as the financial statements for the last three years.
On the same date, the merger plans were also filed for registration with the competent Verona Register of Companies.
On August 5th, after expiry of the deadline provided for by the last paragraph of Article 2505 of the Italian Civil Code, without the shareholders requesting to call the shareholders' meeting to decide on the mergers, the Board of Directors of the Parent Company resolved the merger by incorporation of ABC Assicura S.p.A. and Berica Vita S.p.A. into Cattolica itself.
The relevant resolutions are currently being filed and registered with the competent Verona register of companies and will be published in the near future in accordance with the law.

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. This forecast was confirmed on May 28th, 2021 with figures relating to March 31st, 2021. 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 further write-downs.

THE BOARD OF DIRECTORS

Verona, August 5th, 2021

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Total assets

27,948 € mln

Total shareholders' equity

2,677 € mln

CONSOLIDATED FINANCIAL STATEMENTS

E-MARKET SDIR CERTIFIED

STATEMENT OF FINANCIAL POSITION

ASSETS

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		June 30th, 2021	December 31st, 2020
1	**INTANGIBLE ASSETS**	**632**	**705**
1.1	Goodwill	359	410
1.2	Other intangible assets	273	295
2	**TANGIBLE ASSETS**	**216**	**226**
2.1	Property	192	201
2.2	Other tangible assets	24	25
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**574**	**580**
4	**INVESTMENTS**	**24,330**	**23,895**
4.1	Investment Property	959	975
4.2	Investments in subsidiaries, associated companies and joint ventures	166	174
4.3	Held to maturity investments	100	184
4.4	Loans and receivables	1,207	1,194
4.5	Available for sale financial assets	17,152	17,147
4.6	Financial assets at fair value through profit or loss	4,746	4,221
5	**SUNDRY RECEIVABLES**	**603**	**663**
5.1	Receivables deriving from direct insurance transactions	391	452
5.2	Receivables deriving from reinsurance transactions	59	82
5.3	Other receivables	153	129
6	**OTHER ASSET ITEMS**	**1,186**	**10,741**
6.1	Non-current assets or disposal group held for sale	0	9,363
6.2	Deferred acquisition costs	13	15
6.3	Deferred tax assets	477	634
6.4	Current tax assets	422	559
6.5	Other assets	274	170
7	**CASH AND CASH EQUIVALENTS**	**407**	**360**
	TOTAL ASSETS	**27,948**	**37,170**

SHAREHOLDERS' EQUITY AND LIABILITIES

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)		June 30th, 2021	December 31st, 2020
1	**SHAREHOLDERS' EQUITY**	**2,677**	**2,613**
1.1	**pertaining to the Group**	**2,245**	**2,140**
1.1.1	Share capital	685	685
1.1.2	Other equity instruments	0	0
1.1.3	Capital reserves	814	847
1.1.4	Revenue reserves and other equity reserves	727	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	82	78
1.1.8	Other gains or losses recognised directly in equity	-5	2
1.1.9	Profit (loss) for the period pertaining to the Group	107	36
1.2	**pertaining to minority interests**	**432**	**473**
1.2.1	Capital and reserves pertaining to minority interests	419	420
1.2.2	Profits or losses recognised directly in equity	5	18
1.2.3	Profit (loss) for the period pertaining to minority interests	8	35
2	**PROVISIONS AND ALLOWANCES**	**81**	**67**
3	**TECHNICAL PROVISIONS**	**22,799**	**22,695**
4	**FINANCIAL LIABILITIES**	**1,172**	**1,263**
4.1	Financial liabilities at fair value through profit or loss	248	362
4.2	Other financial liabilities	924	901
5	**PAYABLES**	**425**	**445**
5.1	Payables deriving from direct insurance transactions	129	118
5.2	Payables deriving from reinsurance transactions	89	79
5.3	Other payables	207	248
6	**OTHER LIABILITY ITEMS**	**794**	**10,087**
6.1	Liabilities of disposal group held for sale	0	9,132
6.2	Deferred tax liabilities	499	634
6.3	Current tax liabilities	106	189
6.4	Other liabilities	189	132
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**27,948**	**37,170**

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INCOME STATEMENT

Company: CATTOLICA ASSICURAZIONI GROUP

	(€ millions)	June 30th, 2021	June 30th, 2020 (*)
1.1	Net premiums	2,446	1,977
1.1.1	*Gross premiums written*	2,576	2,091
1.1.2	*Ceded premiums*	-130	-114
1.2	Commissions income	0	1
1.3	Income and charges from financial instruments at fair value through profit or loss	153	-141
1.4	Income from investments in subsidiaries, associated companies and joint ventures	4	3
1.5	Income from other financial instruments and investment property	318	334
1.5.1	*Interest income*	171	206
1.5.2	*Other income*	46	42
1.5.3	*Realised gains*	101	86
1.5.4	*Valuation gains*	0	0
1.6	Other revenues	83	55
1	**TOTAL REVENUES AND INCOME**	**3,004**	**2,229**
2.1	Net charges relating to claims	-2,185	-1,380
2.1.1	*Amounts paid and change in technical provisions*	-2,236	-1,451
2.1.2	*Reinsurance amount*	51	71
2.2	Commissions expense	-1	-1
2.3	Charges from investments in subsidiaries, associated companies and joint ventures	-4	-18
2.4	Charges from other financial instruments and investment property	-138	-159
2.4.1	*Interest expense*	-55	-66
2.4.2	*Other charges*	-1	-1
2.4.3	*Realised losses*	-43	-68
2.4.4	*Valuation losses*	-39	-24
2.5	Operating expenses	-405	-373
2.5.1	*Commission and other acquisition costs*	-274	-252
2.5.2	*Operating expenses relating to investments*	-25	-24
2.5.3	*Other administrative expenses*	-106	-97
2.6	Other costs	-216	-242
2	**TOTAL COSTS AND CHARGES**	**-2,949**	**-2,173**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**55**	**56**
3	Taxation	-48	-56
	PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**7**	**0**
4	**PROFIT (LOSS) FROM DISCONTINUED OPERATIONS**	**108**	**28**
	CONSOLIDATED PROFIT (LOSS)	**115**	**28**
	pertaining to the Group	**107**	**10**
	pertaining to minority interests	**8**	**18**

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

STATEMENT OF COMPREHENSIVE INCOME

Company: CATTOLICA ASSICURAZIONI GROUP

(€ millions)	June 30th, 2021	June 30th, 2020
CONSOLIDATED PROFIT (LOSS)	**115**	**28**
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	**-16**	**-46**
Change in reserve for net exchange differences	0	0
Gains or losses on available for sale financial assets	-4	-44
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	-2
Income and charges relating to non-current assets or disposal group held for sale	-13	0
Other items	0	0
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**-16**	**-46**
TOTAL OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	**99**	**-18**
pertaining to the Group	**104**	**-34**
pertaining to minority interests	**-5**	**16**

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)	June 30th, 2021	June 30th, 2020
Profit (loss) for the period before taxation	**55**	**94**
Changes in non-monetary items	**611**	**-222**
Change in non-life premium provision	14	14
Change in provision for outstanding claims and other non-life technical provisions	-70	-123
Change in mathematical provisions and other life technical provisions	621	-454
Change in deferred acquisition costs	1	1
Change in provisions and allowances	14	-9
Non-monetary income and charges from financial instruments, investment property and equity investments	-34	229
Other changes	65	120
Change in receivables and payables generated by operating activities	**-8**	**50**
Change in receivables and payables deriving from direct insurance and reinsurance transactions	105	62
Change in other receivables/payables, other assets/liabilities	-113	-12
Taxes paid	**31**	**40**
Net liquidity generated/absorbed by monetary items pertaining to investments and financing activities	**-114**	**-482**
Liabilities from financial contracts issued by insurance companies	-114	-482
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	**575**	**-520**
Net liquidity generated/absorbed by investment property	-6	-12
Net liquidity generated/absorbed by investments in subsidiaries, associated companies and joint ventures	10	6
Net liquidity generated/absorbed by loans and receivables	0	-153
Net liquidity generated/absorbed by held to maturity investments	83	9
Net liquidity generated/absorbed by available for sale financial assets	-529	255
Net liquidity generated/absorbed by tangible and intangible assets	-15	-24
Other net liquidity flows generated/absorbed by investment activities	-77	417
TOTAL NET LIQUIDITY DERIVING FROM INVESTMENT ACTIVITIES	**-534**	**498**
Net liquidity generated/absorbed by capital instruments pertaining to the Group	0	-1
Net liquidity generated/absorbed by own shares	0	-1
Distribution of dividends pertaining to the Group	0	0
Net liquidity generated/absorbed by capital and reserves pertaining to minority interests	-4	-9
Net liquidity generated/absorbed by subordinated liabilities and by participative financial instruments	0	0
Net liquidity generated/absorbed by sundry financial liabilities	10	27
TOTAL NET LIQUIDITY DERIVING FROM FINANCING ACTIVITIES	**6**	**16**
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	47	-6
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	407	462

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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 June 30th, 2020
	Share capital	523	0	0		0		523
	Other equity instruments	0	0	0		0		0
Shareholders' equity	Capital reserves	712	0	0		0		712
pertaining to	Revenue reserves and other equity reserves	560	0	78		0	2	640
the Group	(Own shares)	-50	0	0		-1		-51
	Profit (loss) for the period	75	0	-65		0		10
	Other components of the statement of comprehensive income	74	0	14	-58	0	0	30
	Total pertaining to the Group	**1,894**	**0**	**27**	**-58**	**-1**	**2**	**1,864**
Shareholders' equity	Capital and reserves pertaining to minority interests	419	0	40		-24	-3	432
pertaining to	Profit (loss) for the period	28	0	-10		0		18
minority interests	Other components of the statement of comprehensive income	10	0	20	-22	0	0	8
	Total pertaining to minority interests	**457**	**0**	**50**	**-22**	**-24**	**-3**	**458**
TOTAL		**2,351**	**0**	**77**	**-80**	**-25**	**-1**	**2,322**

(€ millions)		Balance as at December 31st, 2020	Change in closing balances	Charges	Adjustments from reclassification to income	Transfers	Changes in investment holdings	Balance June 30th, 2021
	Share capital	685	0	0		0		685
	Other equity instruments	0	0	0		0		0
Shareholders' equity	Capital reserves	847	0	-33		0		814
pertaining to	Revenue reserves and other equity reserves	657	0	70		0	0	727
the Group	(Own shares)	-165	0	0		0		-165
	Profit (loss) for the period	36	0	71		0		107
	Other components of the statement of comprehensive income	80	0	74	-77	0	0	77
	Total pertaining to the Group	**2,140**	**0**	**182**	**-77**	**0**	**0**	**2,245**
Shareholders' equity	Capital and reserves pertaining to minority interests	420	0	34		-4	-31	419
pertaining to	Profit (loss) for the period	35	0	-27		0		8
minority interests	Other components of the statement of comprehensive income	18	0	28	-41	0	0	5
	Total pertaining to minority interests	**473**	**0**	**35**	**-41**	**-4**	**-31**	**432**
TOTAL		**2,613**	**0**	**217**	**-118**	**-4**	**-31**	**2,677**

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

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI (**)

_______________________________________ (**)

_______________________________________ (**)

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

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

NOTES TO THE ACCOUNTS

NOTES TO THE ACCOUNTS

Part A - Basis of presentation and consolidation area

PART A BASIS OF PRESENTATION AND CONSOLIDATION AREA

Applicable legislation

The consolidated interim report as at June 30th, 2021, comprising the interim management report and the condensed interim consolidated financial statements have been drawn up by the Parent Company Cattolica di Assicurazione S.p.A. pursuant to Article 154-ter, paragraphs 2, 3 and 4 of Italian Legislative Decree No. 58 dated February 24th, 1998, "Regulations concerning financial brokers" and Article 95 of Italian Legislative Decree No. 209 of September 7th, 2005, in observance of the provisions envisaged by IAS/IFRS international accounting standards and by SIC/IFRIC interpretations, using as a reference those endorsed by the European Commission as of June 30th, 2021. The report is compliant with the provisions concerning consolidated interim reports pursuant to ISVAP Regulation No. 7 dated July 13th, 2007 relating to the technical forms of the consolidated financial statements drawn up on the basis of the international accounting standards (IAS/IFRS).

The condensed interim consolidated financial statements as at June 30th, 2021 comprise the statement of financial position, the income statement and the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the notes to the accounts drawn up in compliance with IAS 34 and considering the provisions of ISVAP Regulation No. 7 dated July 13th, 2007.
It should be noted that the income statement figures as at June 30th, 2020 and June 30th, 2021, as well as the assets and liabilities as at December 31st, 2020 of Lombarda Vita, the sale of which took place on April 12th, 2021, have been reclassified in the appropriate "held for sale" items pursuant to IFRS 5.

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 already 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 interim consolidated financial statements as at June 30th, 2021 are subject to a limited audit by PricewaterhouseCoopers S.p.A., which has been appointed to perform the audit for the 2021-2029 period.

Accounting reference date

The accounting reference date of this consolidated interim report is June 30th, 2021, a date, which coincides with that of the reporting packages of all the companies included within the scope of consolidation.

For the preparation of the condensed interim consolidated financial statement as at June 30th, 2021, the statements prepared in accordance with IAS/IFRS standards, approved by the Boards of Directors, were used for those companies for which there is no obligation to adopt international accounting standards for the purpose of preparing the interim report as at June 30th. Vera Financial prepared its interim report as at June 30th, 2021 in compliance with international accounting standards. The statements as at June 30th, 2021 prepared by the management companies were used for the funds, which were then adjusted in accordance with the IAS/IFRS international accounting standards adopted by the Cattolica Group.

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 item "Goodwill". This value is subject to an impairment test carried out at least once a year, as governed by IAS 36.

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

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

b) Equity method

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

By means of this method, the book value of the investment is adjusted in the consolidated interim report as at June 30th, 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;
- amortisation of intangible assets recognised as a result of business combinations in accordance with IFRS 3.

The decreases in value emerging subsequent to infragroup transactions are maintained in the consolidated interim report as at June 30th, 2021.

CONSOLIDATION AREA

The consolidation area includes the financial statements of the Parent Company and those of the subsidiaries, in accordance with IFRS 10.
Compared to December 31st, 2020, the scope of consolidation has changed as a result of the following transaction:

- sale of 60% of Lombarda Vita S.p.A. to Intesa Sanpaolo S.p.A., which took place on April 12th.

As at June 30th, 2021, the consolidation area comprised 10 insurance companies, one reinsurance company, two companies that 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, the Fondo Immobiliare Mercury, structured in three segments, the Fondo HCampus and the Fondo Mercury Nuovo Tirreno, measured at equity because they are under joint control.

Significant assumptions and assessments for establishing the consolidation area

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

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

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

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

The following table lists the companies included in the interim financial report consolidated **on a line-by-line basis**, as at June 30th, 2021, in accordance with IFRS 10.

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

Name	Registered offices and operating headquart	Method (1)	Activity (2)	% direct investment	% total holding (3)	% of votes available during ordinary shareholders' meetings (4)	% consolidation
Società Cattolica di Assicurazione - s.p.a.	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	99.97%	99.99%		100%
Fondo Euripide	086	G	10	69.69%	79.31%		100%
Fondo San Zeno	086	G	10	67.89%	81.62%		100%
Fondo Perseide	086	G	10	79.42%	87.75%		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%
Fondo Girolamo	086	G	10	74.51%	95.09%		100%
Campo dei Fiori s.r.l.	086	G	11		81.62%		100%
Mediterranea Underwriting s.r.l.	086	G	11		100.00%		100%

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

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

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

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

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

The agreements also envisage that the Cattolica Group and the banking partners must operate in favour of the investee companies making sure that in the same the protective rights of the minorities are recognised, in particular within the sphere of extraordinary transactions and/or the undertaking of strategic policies inconsistent with the shared objectives of the partnerships.
Also note the option of the controlling entity (Cattolica) to recover the value of the assets in the event the partnership ceases.

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

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

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

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

(€ thousands)					Summary income statement-financial figures							
Name	**% Minority interests**	**% of votes available during ordinary shareholders' meetings to minority interests (1)**	**Consolidated profit (loss) pertaining to minority interests**	**Shareholders' equity pertaining to minority interests**	**Total assets**	**Investments**	**Technical provisions**	**Financial liabilities**	**Shareholders' Equity**	**Net profit (loss) for the period**	**Dividends distributed To minority interests**	**Gross premiums written**
BCC Assicurazioni s.p.a.	30.00%		145	5,532	92,347	43,831	53,581	1,010	18,440	482	0	23,380
BCC Vita s.p.a.	30.00%		6,139	94,490	4,384,290	4,158,825	3,903,965	27,016	314,966	20,464	0	381,181
Fondo Euripide	20.69%		812	85,754	432,360	420,302	0	0	414,472	3,926	693	0
Fondo San Zeno	18.38%		354	29,744	164,533	159,801	0	0	161,830	1,928	344	0
Fondo Perseide	12.25%		549	13,404	115,870	90,329	0	3,219	109,418	4,478	514	0
Fondo Girolamo	4.91%		65	6,450	132,355	127,402	0	0	131,367	1,330	91	0
Vera Assicurazioni s.p.a.	35.00%		6,351	35,723	294,107	248,910	159,969	1,127	102,066	18,147	3,932	59,385
Vera Financial d.a.c.	35.00%		434	25,935	1,819,185	1,699,094	1,550,541	183,107	74,100	1,240	0	159,481
Vera Protezione s.p.a.	35.00%		-109	31,371	414,855	359,461	294,926	845	89,632	-311	5,104	55,139
Vera Vita s.p.a.	35.00%		1,165	139,064	8,410,173	8,063,315	7,673,133	168,192	397,327	3,329	0	648,577
Fondo Innovazione Salute	18.06%		155	13,038	105,337	101,334	0	32,670	72,194	856	0	0
Qubo Insurance Solutions s.r.l.	49.00%		-45	-7	828	0	0	54	-14	-92	93	0

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

With regard to non-consolidated structured entities, it should be noted that they are represented for € 791 million by special purpose vehicles (SPVs) with underlying securities issued by the Italian government and swaps and for € 464 million by investment funds.

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

The companies valued using the equity or cost method follow:

1. The following companies are accounted for using the **equity method** in accordance with IAS 28 and IFRS 11:

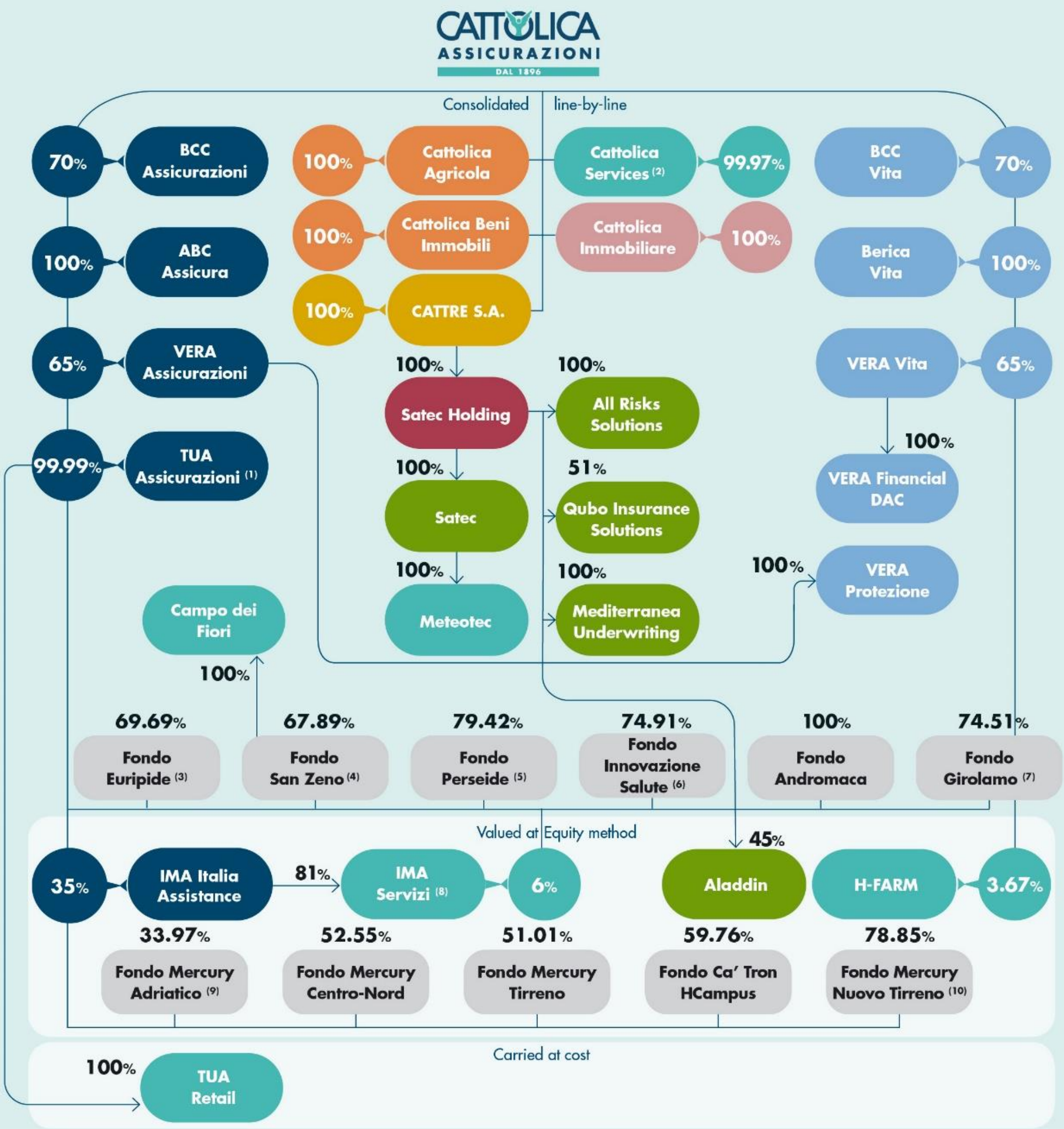
- **Multi-segment real estate investment fund known as "Mercury".** The Parent Company holds 51.01% in the Tirreno Sub-fund, 52.55% in the CentroNord Sub-fund and 33.97% in the Adriatico Sub-Fund, a sub-fund in which the subsidiary BCC Vita has also invested 17.08%. The total recognised value amounted to € 76 million;
- **Real estate investment fund** called "**HCampus**" divided into two classes of units. The Parent Company holds Class A and Class B units totalling 59.76% for a value of € 27 million;
- **Real estate investment fund** called "**Mercury Nuovo Tirreno**". The Group holds 90.04% of the shares for a book value of € 54 million, of which 78.85% are held by the Parent Company and the remaining 11.19% by the subsidiary TUA Assicurazioni;
- **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, which controls it with an 81% interest. The Group holds a direct equity investment of 10% while the equity interest is 37.7% for a book value of € 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 € 353 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. As shown below, the company is valued at cost in the consolidated interim report for the six months ended June 30th, 2021. This company is deemed to be not significant and its exclusion from the consolidation area does not prejudice 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. TUA Assicurazioni holds 0.01% of the share capital of Cattolica Services.

(3) The remaining 13.79% is held as follows: 10.07% by VERA Vita, 1.87% by TUA Assicurazioni, 1.34% by VERA Protezione and 0.51% by VERA Assicurazioni.

(4) The remaining 19.61% by BCC Vita.

(5) The remaining 9.72% is held as follows: 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: 15.75% by BCC Vita, 9.13% by TUA Assicurazioni and 0.61% by BCC Assicurazioni.

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

(9) The remaining 17.08% is held by BCC Vita.

(10) The remaining 11.19% is held by TUA Assicurazioni.

Non-life insurance · Life insurance · Agricultural-real estate sector · Operating services · Holding company
Real estate services · Reinsurance · Funds · Insurance and reinsurance brokerage (MGA)

As at June 30th, 2021

NOTES TO THE ACCOUNTS

Part B - Accounting standards

PART B
ACCOUNTING STANDARDS

Format

The statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement and the notes to the accounts 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 report as at June 30th, 2021, are consistent with the provisions of each IAS/IFRS and each SIC/IFRIC standard, taking as reference those endorsed by the European Commission.
The Group drew up the condensed interim consolidated financial statements for the six months ended June 30th, 2021, using the same measurement criteria and accounting standards adopted for the consolidated financial statements as at December 31st, 2020.
With reference to disclosure on the deferred adoption of IFRS 9, please refer to the "Additional Information" paragraph in Part D - "Other information" in the notes to the accounts.

Reporting currency used in the financial statements

The reporting currency for the consolidated interim report as at June 30th, 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 standards

The accounting standards adopted to draw up this consolidated interim report as at June 30th, 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 June 30th, 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 June 30th, 2021. Vera Financial prepared its interim financial report as at June 30th, 2021, in compliance with the 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 June 30th, 2021 are stated at historic cost net of the related accumulated depreciation and any impairment losses made to align the cost to fair value (if lower).
The preparation of the Group's condensed interim consolidated financial statements as at June 30th, 2021, requires the directors to make discretionary evaluations, estimates based on past experience and assumptions considered reasonable and realistic on the basis of information known at the time of the estimate. The use of these estimates influences the book value of assets and liabilities, identification of potential liabilities at the date of the financial statements, as well as the volumes of revenues and costs in the reference period.
The assumptions made are deemed appropriate for the preparation of the condensed interim consolidated financial statements as at June 30th, 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 half-year 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 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, the forecasts of the rolling plan approved by the Board of Directors of the Parent Company on January 28th, 2021 and subsequently updated on the basis of the partnership agreement in relation to the Vera companies with the shareholder Banco BPM reached on March 5th, 2021 and included in the new Shareholders' Agreement signed on April 16th, 2021, are provided below, which envisages an operating result for the current year of between € 265 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 Group's Solvency Ratio as at June 30th, 2021 stood at 197%.

NOTES TO THE ACCOUNTS

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

PART C
STATEMENT OF FINANCIAL POSITION - ASSETS

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

Table 17 - Statement of financial position by sector of activities

		Non-life business		Life business		Other		Eliminations between sectors		Total	
	(€ millions)	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020
1	**INTANGIBLE ASSETS**	**226**	**227**	**110**	**110**	**131**	**140**	**165**	**228**	**632**	**705**
2	**TANGIBLE ASSETS**	**46**	**54**	**4**	**3**	**166**	**169**	**0**	**0**	**216**	**226**
3	**TECHNICAL PROVISIONS - REINSURANCE AMOUNT**	**577**	**574**	**103**	**104**	**0**	**0**	**-106**	**-98**	**574**	**580**
4	**INVESTMENTS**	**5,906**	**5,690**	**21,330**	**21,289**	**26**	**35**	**-2,932**	**-3,119**	**24,330**	**23,895**
	4.1 Investment property	477	428	460	516	23	32	-1	-1	959	975
	4.2 Investments in subsidiaries, associated companies and joint ventures	1,484	1,681	390	412	0	0	-1,708	-1,919	166	174
	4.3 Held to maturity investments	38	106	62	78	0	0	0	0	100	184
	4.4 Loans and receivables	585	574	705	700	1	1	-84	-81	1,207	1,194
	4.5 Available for sale financial assets	3,066	2,823	15,225	15,442	0	0	-1,139	-1,118	17,152	17,147
	4.6 Financial assets at fair value through profit or loss	256	78	4,488	4,141	2	2	0	0	4,746	4,221
5	**SUNDRY RECEIVABLES**	**593**	**564**	**147**	**231**	**36**	**60**	**-173**	**-192**	**603**	**663**
6	**OTHER ASSET ITEMS**	**398**	**450**	**774**	**10,428**	**26**	**23**	**-12**	**-160**	**1,186**	**10,741**
	6.1 Deferred acquisition costs	0	0	13	15	0	0	0	0	13	15
	6.2 Other assets	398	450	761	10,413	26	23	-12	-160	1,173	10,726
7	**CASH AND CASH EQUIVALENTS**	**117**	**107**	**277**	**246**	**13**	**7**	**0**	**0**	**407**	**360**
	TOTAL ASSETS	**7,863**	**7,666**	**22,745**	**32,411**	**398**	**434**	**-3,058**	**-3,341**	**27,948**	**37,170**
1	**SHAREHOLDERS'**									**2,677**	**2,613**
2	**PROVISIONS AND ALLOWANCES**	**47**	**47**	**25**	**12**	**9**	**8**	**0**	**0**	**81**	**67**
3	**TECHNICAL PROVISIONS**	**3,545**	**3,596**	**19,428**	**19,257**	**0**	**0**	**-174**	**-158**	**22,799**	**22,695**
4	**FINANCIAL LIABILITIES**	**604**	**579**	**565**	**674**	**91**	**94**	**-88**	**-84**	**1,172**	**1,263**
	4.1 Financial liabilities at fair value through profit or loss	0	0	248	362	0	0	0	0	248	362
	4.2 Other financial liabilities	604	579	317	312	91	94	-88	-84	924	901
5	**PAYABLES**	**380**	**321**	**163**	**221**	**50**	**78**	**-168**	**-175**	**425**	**445**
6	**OTHER LIABILITY ITEMS**	**212**	**259**	**553**	**9,843**	**4**	**2**	**25**	**-17**	**794**	**10,087**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES									**27,948**	**37,170**

1. INTANGIBLE ASSETS

Table 18 - Intangible assets

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	%
Goodwill	359	410	-51	-12.4
Other intangible assets:	273	295	-22	-7.4
insurance portfolios	136	149	-13	-8.7
software	106	117	-11	-9.0
models and projects	1	1	0	-28.8
patent rights, trademarks and similar rights	13	11	2	18.8
other	17	17	0	-0.9
Total	**632**	**705**	**-73**	**-10.3**

1.1 Goodwill

Table 19 - Goodwill – changes during the period

(€ millions)	Goodwill
Net balance as at December 31st, 2020	**410**
Decreases due to:	**51**
write-downs	51
Net balance as at June 30th, 2021	**359**
of which cumulative impairment losses as at June 30th, 2021	*282*

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 June 30th, 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 the Berica Vita CGU, following the initial acquisition of 50% of the company;
- € 47 million related to the Vera Assicurazioni CGU, following acquisition of 65% of the company;
- € 30 million related to the Vera Protezione CGU, following acquisition of 65% of the company;

- € 116 million related to the 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. Consistently with previous reports, in order to establish the recoverable value and subsequently compare with the book value of the CGUs, the value in use was used, since it provides an impairment opinion guided by principles of economic rationality.

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

To better represent the effects of using these metrics, the value in use was estimated based on the Dividend Discount Model in the Solvency II Excess Capital version for Non-life CGUs and the Solvency II Appraisal Value for Life CGUs.

The Group's impairment test is carried out for the purpose of preparing the annual financial statements and only in the presence of trigger events is the test updated at the time of the interim report. The impairment test conducted as at June 30th, 2021, is based on the guidelines and projections of economic results for the 2021-2023 period approved by the Parent Company's Board of Directors on January 28th, 2021. These projections form the basis of the ORSA 2021-2023 Evaluation (pursuant to Regulation No. 32/2016). For Vera Assicurazioni, Vera Protezione and Vera Vita CGUs, reference was made to the agreement entered into with the shareholder Banco BPM on April 16th, 2021. In fact, on this date, Banco BPM and Cattolica Assicurazioni entered into a new partnership agreement by which the terms and methods for adjusting and continuing the partnership in the bancassurance sector and the related exit rights were defined, thus combining their respective interests and taking into account the changed economic context. The agreement reached between Banco BPM and Cattolica envisages, in exchange for Banco BPM's waiver of the call already exercised, recognition for Banco BPM of an early exit right from the partnership, the original duration of which was fixed until 2033, which can be exercised in the period between January 1st, 2023 and June 30th, 2023, potentially postponed by the Bank six months at a time on three occasions, therefore until December 31st, 2024.

In particular, the parties have agreed, in favour of Banco BPM, a non-conditional option to purchase the 65% held by the Parent 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- to be calculated as of the six-month period 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, and any pro-rata profits from the date of determination of the own funds to the date of transfer of the equity investments.

The agreement provides for protection mechanisms for both parties linked to the exercise price of the call (cap and floor on the value of the own funds as calculated on the reference date) and price adjustments deriving from any undistributed profits, distribution of reserves/extraordinary dividends or any capital increases or capital contributions by the joint ventures.

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

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

This agreement was therefore taken into account in the impairment exercise by means of multi-scenario modelling. However, compared to the valuation carried out as at

December 31st, 2020, there was a new significant element consisting of the announcement by Assicurazioni Generali of its intention to carry out a full takeover bid for Cattolica, which resulted in the change of the opportunity cost of exiting the agreements for the shareholder Banco BPM, less favourable than continuation until 2030. If the takeover bid is successful (a positive outcome is expected during the second half of 2021), Banco BPM would reduce total outlay in 2023 by € 50 million, making the cost of the exit less onerous. Therefore, a range of probabilities of exercise of the call option in 2023 between 50% and 90% were considered.

Lastly, as part of the impairment test of the condensed interim consolidated financial statements as at June 30th, 2021, the overall results were reconciled with the consolidated Group estimates made by the equity analysts who follow the Cattolica stock on the basis of external information.

With reference to the Berica Vita CGU, a methodology based on "Market Consistent Embedded Value" was used.

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

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

The cost of capital has been estimated using the CAPM - Capital Asset Pricing Model. The parameters used for the purposes of the estimate of the value in use are: the beta ratio by class of activities, formulated on the basis of market betas of European insurance companies; the equity risk premium, taking into account the consensus value disclosed in market analysts' reports; the risk free rate.

On the basis of these elements, the cost of own capital (Rs) was estimated for each business unit, equal to 7.51% for the life business CGUs (Cattolica Vita, BCC Vita, Vera Protezione, Vera Vita, Berica Vita) and 6.07% for the non-life business CGUs (Cattolica Danni, TUA, BCC Assicurazioni, ABC, Vera Assicurazioni, CattRe). The long-term growth rate ("g") was 1.40% for all CGUs. These basic assumptions, besides being in line with the long-term nominal growth rate of Italian GDP, are also consistent with the values used by financial analysts of the insurance sector.
The Solvency Ratio parameter determines the excess capital potentially distributable to shareholders for the non-life business CGUs with a view to valorising all the cash flows that can potentially be extracted. On the other hand, in the life business CGUs, the value of the Risk Margin (reported at 100% of the SCR in the Solvency regulations) implicit in the Appraisal Value Own Funds is adjusted to take into account the potential value to be extracted. The parameter is determined consistently with the Soft threshold established in the Risk Appetite Framework (RAF) of each company.

The outcome of the test carried out in accordance with IAS 36 on insurance companies as at June 30th, 2021, resulted in a writedown of € 51 million on the value of goodwill recognised in the condensed interim consolidated financial statements, entirely attributable to:

- Vera Protezione for € 22 million;
- Vera Vita for € 15 million;
- Vera Assicurazioni for € 14 million.

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

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

	Excess of the recoverable value in the consolidated financial statements (ViU vs C)	Cost of capital rendering ViU = C	Rate g which renders ViU = C
NON-LIFE			
Cattolica Danni CGU	83.6	6.54%	5.34%
CattRe CGU	62.2	10.49%	-39.91%
LIFE			
Berica Vita CGU	7.2	n.s.	n.s.

n.s. = not significant

1.2 Other intangible assets

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

Table 21 - Other intangible assets - changes during the period

(€ millions)	Insurance portfolios	Software	Models and projects	Patent rights, trademarks and similar rights	Other intangible assets	Total
Gross balance as at December 31st, 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**	**17**	**0**	**3**	**0**	**20**
purchase	0	17	0	3	0	20
Gross balance as at June 30th, 2021	**279**	**450**	**8**	**21**	**20**	**778**
Amortisation	13	28	0	1	0	42
Accumulated amortisation	**143**	**344**	**7**	**8**	**3**	**505**
Net balance as at June 30th, 2021	**136**	**106**	**1**	**13**	**17**	**273**
of which cumulative impairment losses as at June 30th, 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, are subject to a systematic amortisation process whose period:

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

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

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

2. TANGIBLE ASSETS

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

Table 22 - Tangible assets

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	Changes %
Property	192	201	-9	-4.5
Other tangible assets:	24	25	-1	-2.3
furniture, office machines and internal means of	6	8	-2	-17.5
movable assets recorded in public registers	2	2	0	8.4
plant and equipment	14	14	0	-3.7
inventories and miscellaneous assets	2	1	1	n.s.
Total	**216**	**226**	**-10**	**-4.2**

n.s. = not significant

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

(€ millions)	Property	Furniture, office machines and internal means of transport	Movable assets recorded in public registers	Plant and equipment	Inventories and miscellaneous assets	Total
Gross balance as at December 31st, 2020	**229**	**69**	**4**	**21**	**1**	**324**
Accumulated depreciation	28	61	2	7	0	98
Net balance as at December 31st, 2020	**201**	**8**	**2**	**14**	**1**	**226**
Increases due to:	**1**	**0**	**1**	**0**	**1**	**3**
purchases	0	0	0	0	1	1
new contracts IFRS 16	1	0	1	0	0	2
Decreases due to:	**7**	**0**	**0**	**0**	**0**	**7**
end of contracts IFRS 16	1	0	0	0	0	1
write-downs	6	0	0	0	0	6
Gross balance as at June 30th, 2021	**223**	**69**	**5**	**21**	**2**	**320**
Depreciation	3	2	1	0	0	6
Accumulated depreciation	**31**	**63**	**3**	**7**	**0**	**104**
Net balance as at June 30th, 2021	**192**	**6**	**2**	**14**	**2**	**216**
of which cumulative impairment losses as at June 30th, 2021	*7*	*0*	*0*	*0*	*0*	*7*

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, € 32 million in property under right of use pursuant to IFRS 16 has been recognised. The decreases are mainly due to depreciation and the write-down of a property owned by the Parent Company for € 6 million.

The fair value of the properties held by the group, updated as at June 30th, 2021 with the support of independent experts, is € 202 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 € 3 million and movable assets recorded in public registers for € 2 million.
The increase in inventories and miscellaneous assets is attributable to Cattolica Agricola.

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

- of 12% for ordinary office furniture and machines;
- of 20% for electronic machines and hardware;
- of 25% for movable assets recorded in public registers;
- of 15% for plant and equipment;
- between 9% and 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 24 - Analysis of technical provisions - Reinsurance amount

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	%
Non-life provisions	**471**	**476**	**-5**	**-1.1**
Life provisions	**103**	**104**	**-1**	**-1.4**
Other provisions	103	104	-1	-1.4
Total	**574**	**580**	**-6**	**-1.2**

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

4. INVESTMENTS

Table 25 - Investments

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	%
Investment Property	959	975	-16	-1.6
Investments in subsidiaries, associated companies and joint ventures	166	174	-8	-4.8
Held to maturity investments	100	184	-84	-45.4
Loans and receivables	1,207	1,194	13	1.1
Available for sale financial assets	17,152	17,147	5	0.0
Financial assets at fair value through profit or loss	4,746	4,221	525	12.4
Total	**24,330**	**23,895**	**435**	**1.8**

4.1 Investment property

"Investment property" is represented by the properties not occupied by Group companies.
The item includes land and buildings belonging to the Andromaca, Euripide, Girolamo, Innovazione Salute, Perseide and San Zeno funds, Cattolica Agricola, Cattolica Beni Immobili and the Parent Company.

Table 26 - Investment property – changes during the period

(€ millions)	Investment Property
Gross balance as at December 31st, 2020	**1,064**
Accumulated depreciation	89
Net balance as at December 31st, 2020	**975**
Increases due to:	**6**
Other	6
Decreases due to:	**12**
Write-downs	12
Gross balance as at June 30th, 2021	**1,058**
Depreciation	10
Accumulated depreciation	**99**
Net balance as at June 30th, 2021	**959**
of which cumulative impairment losses as at June 30th, 2021	*42*

The increases refer to incremental expenses incurred on property owned.
The decreases are mainly attributable to depreciation and write-downs (€ 9 million for properties owned by Cattolica Beni Immobili and € 3 million for properties owned by the Parent Company).

Revenues for rents generated during the period amounted to € 31 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.

The fair value of the investment properties held by the Group, updated as at June 30th, 2021 with the support of independent experts, is € 1,167 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 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.

Table 27 - Analysis of tangible and intangible assets

(€ millions)	At cost	At re-determined value or at fair value	Total book value
Investment Property	959		959
Other property	192		192
Other tangible assets	24		24
Other intangible assets	273		273

4.2 Investments in subsidiaries, associated companies and joint ventures

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

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	%
Subsidiaries	0	0	0	0.0
Associated companies and joint ventures	166	174	-8	-4.8
Total	**166**	**174**	**-8**	**-4.8**

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

Investments in subsidiaries

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

Investments in associated companies and Joint ventures

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

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

(€ millions) Name	Registered offices and operating headquarters	Assets (1)	Type (2)	% direct investment	% total holding (3)	% of votes available during ordinary shareholders' meetings (4)	Book value
Ima Italia Assistance S.p.A.	086	1	b	35.00%	35.00%		9
Ima Servizi S.c.a.r.l.	086	11	b	6.00%	37.70%		0
TUA Retail s.r.l.	086	11	a	0.00%	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	78.85%	90.04%		54
Fondo Ca' Tron Hcampus	086	10	c	59.76%	59.76%		27
H-Farm S.p.a.	086	11	b	3.67%	3.67%		0
Aladdin S.r.l.	086	11	b	0.00%	45.00%		0

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

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

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

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

As at June 30th, 2021 there was a writedown of the assets of the H-Campus Fund of € 3.6 million due to the adjustment of certain parameters used in the Discounted Cash Flow representing the "risk premium" associated with the H-FARM lessee.

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

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

(€ millions) Name or business name		Registered offices	Share capital	Total assets	Total liabilities	Shareholders' equity	of which profit (+) or loss (-) for the period	Revenues	Dividends received in the period
Subsidiaries									
TUA Retail s.r.l.	(1)	Milan	50	1,662	1,554	108	5	886	0
Associated companies									
Ima Italia Assistance S.p.A.	(1)	Sesto San Giovanni (Mi)	3,857	65,490	36,300	29,190	1,893	40,143	0
Ima Servizi S.c.a.r.l.	(1)	Sesto San Giovanni (Mi)	100	12,982	11,324	1,658	0	41,762	0
Fondo Mercury Centronord		Milan	n.a.	112,636	63,840	48,796	1,438	3,862	1,269
Fondo Mercury Adriatico		Milan	n.a.	109,514	61,189	48,325	1,593	3,910	872
Fondo Mercury Tirreno		Milan	n.a.	126,427	75,427	51,000	1,831	4,650	1,467
Fondo Mercury Nuovo Tirreno		Milan	n.a.	115,287	56,665	58,622	1,611	3,449	1,449
Fondo Ca' Tron Hcampus		Roncade (Tv)	n.a.	79,829	35,223	44,606	-6,393	1,484	0
H-Farm S.p.a.	(1)(2)	Roncade (Tv)	12,867	66,535	54,140	12,392	-14,753	48,301	0
Aladdin S.r.l.		Milan	20	113	95	18	-1	0	0

(1) Financial statement data as at December 31st, 2020. For Ima Italia Assistance and H-Farm the figures refer to the consolidated financial statements.

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

n.a. = not applicable

Financial investments

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

No significant category reclassifications have taken place during the 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 € 21 million as at June 30th, 2021.
If this reclassification had not been carried out, capital gains of € 6 thousand would have been recognised in the income statement in the first half of 2021.

Table 31 - Financial investments

(€ millions)	June 30th, 2021	%	December 31st, 2020	%	Changes Amount	Changes %
Held to maturity investments	100	0.4	184	0.8	-84	-45.4
Loans and receivables	1,207	5.2	1,194	5.2	13	1.1
Available for sale financial assets	17,152	73.9	17,147	75.4	5	0.0
Financial assets at fair value through profit or loss	4,746	20.5	4,221	18.6	525	12.4
Total	**23,205**	**100.0**	**22,746**	**100.0**	**459**	**2.0**

Table 32 - Analysis of financial assets

							Financial assets at fair value through profit or loss					
Financial investments (disciplined by IAS 39)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets held for trading		Financial assets at fair value through profit or loss		Total book value	
(€ millions)	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 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	43	45	5	3	97	41	145	89
of which listed securities	*0*	*0*	*0*	*0*	*19*	*18*	*5*	*3*	*97*	*41*	*121*	*62*
Debt securities	100	184	1,128	1,116	15,766	16,307	632	630	1,081	878	18,707	19,115
of which listed securities	*100*	*184*	*0*	*0*	*15,725*	*16,263*	*632*	*629*	*1,080*	*878*	*17,537*	*17,954*
UCIT units	0	0	0	0	1,343	795	5	8	2,921	2,653	4,269	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	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	66	64	0	0	0	0	0	0	66	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	**100**	**184**	**1,207**	**1,194**	**17,152**	**17,147**	**647**	**649**	**4,099**	**3,572**	**23,205**	**22,746**

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

4.3 Held to maturity investments

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

In detail, the item includes mainly Italian government securities.

As at June 30th, 2021, this item amounted to € 100 million, a decrease of € 84 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 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 July 22nd, 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 were revealed, before tax effects, on shares totalling € 9 million and on mutual investment funds for € 8 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.

***

The tables below provide a breakdown of the Cattolica Group's residual exposures as at June 30th, 2021, in debt securities issued or guaranteed by European Union countries.

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

Country (€ millions)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value	Gross AFS provision
Italy	2,721	1,808	3,138	**7,667**	599
Spain	201	860	248	**1,309**	77
Portugal	2	48	74	**124**	12
Ireland	3	64	17	**84**	6
Greece	0	0	0	**0**	0
France	86	661	464	**1,211**	4
Germany	10	276	631	**917**	-14
Other EU countries	77	321	291	**689**	17
TOTAL	**3,100**	**4,038**	**4,863**	**12,001**	**701**

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

Country (€ millions)	Maturity up to 5 years	Maturing from 6 to 10 years	Maturity beyond 10 years	Total fair value*
Italy	276	70	42	**388**
Spain	49	25	11	**85**
Portugal	2	12	1	**15**
Ireland	0	0	1	**1**
Greece	0	0	0	**0**
France	328	11	21	**360**
Germany	128	11	11	**150**
Other EU countries	4	15	11	**30**
TOTAL	**787**	**144**	**98**	**1,029**

* Of which the value of financial assets at fair value through profit or loss amounted to € 400 million.

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

Country (€ millions)	Maturity up to 5 years	Maturity from 6 to 10 years	Maturity beyond 10 years	Total book value	Total fair value
Italy	95	2	0	**97**	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	**95**	**2**	**0**	**97**	**113**

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

(€ millions)		Level 1 June 30th, 2021	Level 1 December 31st, 2020	Level 2 June 30th, 2021	Level 2 December 31st, 2020	Level 3 June 30th, 2021	Level 3 December 31st, 2020	Total June 30th, 2021	Total December 31st, 2020
Assets and liabilities valued at fair value on a recurrent basis									
Available for sale financial assets		15,430	15,905	950	536	772	706	17,152	17,147
Financial assets at fair value through profit or loss	Financial assets held for trading	640	639	1	1	6	9	647	649
	Financial assets at fair value through profit or loss	1,234	1,113	2,763	2,381	102	78	4,099	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		**17,304**	**17,657**	**3,714**	**2,918**	**880**	**793**	**21,898**	**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	248	352	0	0	248	352
Total liabilities at fair value on a recurrent basis		**0**	**0**	**248**	**352**	**0**	**10**	**248**	**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);
- unlisted share rights if the Exercise Price is not known with certainty;
- 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.

E-MARKET SDIR CERTIFIED

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

(€ millions)	Available for sale financial assets	Financial assets at fair value through profit or loss: Financial assets held for trading	Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss	Investments property	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss: Financial liabilities held for trading	Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss
Opening balance	**706**	**9**	**78**	**0**	**0**	**0**	**10**	**0**
Purchases/Issues	162	0	0	0	0	0	0	0
Sales/Repurchases	-36	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	-10	0
Gain or loss through profit or loss	0	-3	24	0	0	0	0	0
- of which valuation profits/losses	-16	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	-61	0	0	0	0	0	0	0
Other changes	-1	0	0	0	0	0	0	0
Closing balance	**772**	**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 € 61 million concerned bonds classified under "Available for sale financial assets" for a total of € 50 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 € 188 thousand.

Transitions from level 1 to level 2, concerned bonds for a value of € 48 million, fully recognised under "Available for sale financial assets".

In conclusion, the transfers from level 2 to level 1, for a total of € 92 million, concerned:

- bonds classified as available for sale financial assets amounting to € 81 million;
- bonds classified as financial assets at fair value through profit or loss of € 11 million.

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

(€ millions)	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020
Assets										
Held to maturity investments	100	184	118	200	0	5	0	0	118	205
Loans and receivables	1,207	1,194	0	0	386	222	1,027	1,200	1,413	1,422
Investments in subsidiaries, associated companies and joint ventures	166	174	0	0	0	0	190	192	190	192
Investment Property	959	975	0	0	0	0	1,167	1,173	1,167	1,173
Tangible assets	216	226	0	0	0	0	226	241	226	241
Total assets	**2,648**	**2,753**	**118**	**200**	**386**	**227**	**2,610**	**2,806**	**3,114**	**3,233**
Liabilities	**924**	**901**	**0**	**0**	**956**	**898**	**28**	**30**	**984**	**928**
Other financial liabilities	924	901	0	0	956	898	28	30	984	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.

The fair value of real estate investment funds included under investments in subsidiaries, associated companies and joint ventures is determined on the basis of the net asset values provided by the parties responsible for calculating the NAV. The fair value level assigned is 3.

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

E-MARKET SDIR CERTIFIED

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

(€ millions)	Benefits associated with investment funds and stock market indices		Benefits associated with the management of pension funds		Total	
	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020
Assets in the financial statements	4,081	3,543	158	161	4,239	3,704
Intercompany assets*	0	0	0	0	0	0
Total Assets	**4,081**	**3,543**	**158**	**161**	**4,239**	**3,704**
Financial liabilities in the financial statements	241	345	7	7	248	352
Technical provisions in the financial statements	3,840	3,198	151	154	3,991	3,352
Intercompany liabilities*	0	0	0	0	0	0
Total Liabilities	**4,081**	**3,543**	**158**	**161**	**4,239**	**3,704**

* Assets and liabilities derecognised during the consolidation process

5. SUNDRY RECEIVABLES

Table 40 - Sundry receivables

(€ millions)	June 30th, 2021	December 31st, 2020	Changes	
			Amount	%
Receivables deriving from direct insurance transactions	**391**	**452**	**-61**	**-13.5**
Policyholders	213	211	2	0.9
Insurance brokers	130	179	-49	-26.9
Insurance companies - current accounts	17	28	-11	-40.2
Policyholders and third parties for claims to be settled	31	34	-3	-10.6
Receivables deriving from reinsurance transactions	**59**	**82**	**-23**	**-28.2**
Insurance and reinsurance companies	59	82	-23	-28.2
Other receivables	**153**	**129**	**24**	**18.4**
Total	**603**	**663**	**-60**	**-9.1**

The decrease compared to the previous year in the item Receivables from insurance intermediaries is mainly due to collections of receivables recorded in the period, 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 ASSET ITEMS

Other asset items are made up as follows:

Table 41 - Other asset items

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	%
Non-current assets or disposal group held for sale	0	9,363	-9,363	-100.0
Deferred acquisition costs	13	15	-2	-14.7
Deferred tax assets	477	634	-157	-24.8
Current tax assets	422	559	-137	-24.5
Other assets	274	170	104	61.6
Total	**1,186**	**10,741**	**-9,555**	**-89.0**

6.1 Non-current assets or disposal group held for sale

The change in the item compared to the previous year is attributable to the sale of the investment held in Lombarda Vita S.p.A. to Intesa Sanpaolo.

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 € 56 million, of the prepaid taxes recorded on goodwill and on other intangible assets.

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

Deferred tax assets were determined according to the rate established by Article 1, paragraph 33, letter E (with reference to IRES) and Article1, paragraph 50, letter H (with reference to IRAP) of Italian Law No. 244 dated December 24th, 2007, "2008 Finance Law", taking into account the amendments introduced by Article 23, paragraph 5, of Italian Law No. 98 of July 6th, 2011, containing "Urgent provisions for financial stabilisation" (so-called corrective manoeuvre), as well as the regulatory provisions referred to in Article 1, paragraph 61, of Italian Law No. 208 of December 28th, 2015, ("2016 Stability Law").

6.4 Current tax assets

This item is represented by amounts due from tax authorities and mainly derives from the surplus emerging from the tax returns submitted, withholdings made on bank interest, tax credits on income deriving from equity investments in mutual investment funds, the advance tax on employee severance indemnities as per Art. 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

E-MARKET SDIR CERTIFIED

tax consolidation system. Amounts due from tax authorities include also prepaid taxes pursuant to Italian Law No. 265 dated November 22nd, 2002, concerning the taxation of the life provisions, and amounts due from tax authorities for the payment of the annual advance of tax on premiums envisaged by Article 9, paragraph 1-bis, of Italian Law No. 1216.

6.5 Other assets

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

Table 42 - Other assets

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	Changes %
Accruals and deferrals	17	13	4	30.8
Sundry assets	257	157	100	63.7
Total	**274**	**170**	**104**	**61.2**

The "accruals and deferrals" item refers mainly to usage licences and software maintenance.
Sundry assets mainly include the amount relating to taxation on the mathematical provisions of the life classes accrued during the period for € 64 million and the balance of the liaison account between the life and non-life sectors recorded by the Parent Company for € 77 million, which has a matching balance under other liabilities, and the balances of transactions to be settled for € 6 million.

The item also includes € 80 million, which is equal to the balance between € 300 million, the consideration for the sale of the interest held in Lombarda Vita sold on April 12th, 2021, to Intesa Sanpaolo, and € 220 million, the amount paid by the purchaser to Cattolica on that date. The remaining balance of € 80 million will be paid, once the necessary authorisations have been obtained, on repayment of the subordinated loan of the same amount granted by UBI Banca to the Parent Company in 2010.

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 June 30th, 2021, this item was made up as follows:

Table 43 - Shareholders' equity

(€ millions)	June 30th, 2021	December 31st, 2020	Changes	
			Amount	%
Shareholders' equity				
pertaining to the Group	**2,245**	**2,140**	**105**	**4.9**
Share capital	685	685	0	0
Capital reserves	814	847	-33	-4.0
Revenue reserves and other equity reserves	727	657	70	10.7
(Own shares)	-165	-165	0	0
Gains or losses on available for sale financial assets	82	78	4	4.5
Other gains or losses recognised directly in equity	-5	2	-7	n.s.
Profit (loss) for the period pertaining to the Group	107	36	71	n.s.
pertaining to minority interests	**432**	**473**	**-41**	**-8.6**
Capital and reserves pertaining to minority interests	419	420	-1	-0.4
Gains and losses recognised directly in equity	5	18	-13	-69.9
Profit (loss) for the period pertaining to minority interests	8	35	-27	-77.1
Total	**2,677**	**2,613**	**64**	**2.4**

n.s. = not significant

1.1 Shareholders' equity pertaining to the Group

This totalled € 2,245 million and comprises the following items:

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 with no nominal value.

1.1.3 Capital reserves

This item includes the share premium reserve of the Parent Company. The change with respect to the previous year, through the use of this reserve for an amount of € 33 million, is due to the coverage of the 2020 loss relating to the life business 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 movement for the period consists of undistributed earnings for the 2020 financial year and the change in the reserve associated with the performance share plan for costs accruing in the first half of 2021.

1.1.5 Own shares

As at June 30th, 2021, the Parent Company held 28,045,201 treasury shares, unchanged from December 31st, 2020.

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 € 85 million, and net capital losses from impairment for € 12 million;
- net positive fair value changes in financial instruments included in the corresponding asset item for € 73 million.

1.1.8 Other gains or losses recognised directly in equity

The change is almost entirely due to the effects of deconsolidating Lombarda Vita following its sale in the first half of 2021. In fact, as at December 31st, 2020, in accordance with IFRS5, this item included the equity reserve associated with the income and charges of the assets and liabilities classified as held for sale of Lombarda Vita.

In the first half of 2021, there was also an increase in the value of capital reserves of associated companies and joint ventures by € 1 million.

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 regard to the "Capital and reserves pertaining to minority interests" item, the change compared to the previous period includes the (negative) effects of the deconsolidation of Lombarda Vita, sold during the first half of 2021, for a total amount of approximately € 31 million.
In particular, these effects can be attributed to: (i) the decrease in shareholders' equity pertaining to minority interests, equal to 40% held by them in Lombarda Vita as at December 31st last year, which has now left the scope of consolidation; (ii) the increase in shareholders' equity pertaining to minority interests relating to the consolidated real estate funds Euripide, San Zeno and Perseide, whose shares are still partly held by Lombarda Vita.
With reference to the item "Gains or losses recognised directly in equity", the changes during the period mainly concerned the following cases:

- positive effect of net fair value changes in financial instruments included in the corresponding asset item: € 28 million;
- negative effect of transfer to the income statement, following realisation: € 31 million.
- negative effect due to the deconsolidation of Lombarda Vita: in the previous year there was a positive reserve of € 5 million relating to minority interests in income and charges on assets and liabilities classified as held for sale of Lombarda Vita.

2. PROVISIONS AND ALLOWANCES

Table 44 - Provisions and allowances – changes during the period

(€ millions)	December 31st, 2020	Increases	Decreases	June 30th, 2021
Provisions and allowances	**67**	20	6	**81**

Provisions include amounts set aside for liabilities identified and assessed as likely in accordance with international accounting standards.

This mainly includes provisions for the following liabilities:

- legal disputes and costs for € 23 million (during the half-year period, € 3 million was set aside and € 2 million was utilised);
- intersectorial solidarity fund for € 19 million (€ 4 million was set aside and € 3 million was utilised during the half-year);

- the provision for agents' leaving indemnity for € 9 million (no changes were recorded during the interim period);
- the provision for "claims management" for disputed claims on non-covered policies and other IVASS formal notices on claims totalling € 5 million (there were no movements during the period);
- formal notices or reports on findings which can be served for violations of Italian Law No. 57/01 or for other findings for € 2 million (no changes took place during the half-year);
- potential future liabilities relating to CPI products for € 2 million (there were no changes during the period);
- disputes outstanding with regard to labour or tax issues for € 1 million (there were no movements during the first half of the year);
- amounts allocated to cover the risk of assistance to employees in the event of non-self-sufficiency (long term care) amounting to €1 million (no changes took place during the half-year);
- the provision of € 13 million for potential claims relating to so-called "dormant policies" reported by IVASS. This item is linked to the emergence of reports of deaths covered by temporary life insurance policies, of which the Group companies were unaware and of which no report has yet been made. Therefore, it is not possible to ascertain its actual liquidity.

The outlays relating to these provisions are expected in the short term and therefore no discounting was deemed necessary.
With regard to the legal and tax-related disputes, account is taken of the advice of legal/tax advisors with regard to the outcome of the same.
Finally, as regards IVASS sanctions, account has been taken of those already notified as well as the historical series recorded by the Group companies in the past.

3. TECHNICAL PROVISIONS

This item includes, as mentioned in the accounting standards, 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 June 30th, 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 June 30th, 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, in replacement of the LAT, a control was used at individual ministerial class level by testing the calculation of the supplementary provision for risks underway with the simplified method as envisaged by Article 8 of Attachment No. 15 of the ISVAP Regulation No. 22 dated April 4th, 2008, amended by means of IVASS Provision No. 53 dated December 6th, 2016. Since the claims for the period were valued at ultimate cost, and not discounted back, it is possible to consider the future flows of the payments as implicitly checked.

The current estimates have confirmed that the provisions as at June 30th, 2021, are adequate and therefore no supplementary provision is required.

Table 45 - Analysis of technical provisions

(€ millions)	June 30th, 2021	December 31st, 2020	Changes Amount	Changes %
Non-life provisions	**3,439**	**3,499**	**-60**	**-1.7**
Premium provision	913	892	21	2.3
Provision for outstanding claims	2,522	2,604	-82	-3.1
Other provisions	4	3	1	4.8
Life provisions	**19,360**	**19,196**	**164**	**0.9**
Provision for outstanding claims	327	357	-30	-8.2
Mathematical provisions	14,198	14,149	49	0.3
Technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	3,991	3,352	639	19.0
Other provisions	844	1,338	-494	-36.8
of which deferred liabilities due to policyholders	*778*	*1,270*	-492	-38.8
Total Technical Provisions	**22,799**	**22,695**	**104**	**0.5**

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 mainly comprise provisions for future costs associated with insurance contracts for € 64 million and the shadow accounting provision totalling € 778 million.

E-MARKET SDIR CERTIFIED

4. FINANCIAL LIABILITIES

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

Table 46 - Analysis of financial liabilities

	Financial liabilities at fair value through profit or loss							
	Financial liabilities held for trading		Financial liabilities at fair value through profit or loss		Other financial liabilities		Total value for the period	
(€ millions)	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020	June 30th, 2021	December 31st, 2020
Participative financial instruments	0	0	0	0	0	0	0	0
Subordinated liabilities	0	0	0	0	738	722	738	722
Liabilities from financial contracts issued by insurance companies deriving	0	0	248	352	0	0	248	352
from contracts where the investment risk is borne by the policyholders	*0*	*0*	*241*	*345*	*0*	*0*	*241*	*345*
from the management of pension funds	*0*	*0*	*7*	*7*	*0*	*0*	*7*	*7*
from other contracts	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Deposits received from re-insurers	0	0	0	0	28	30	28	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	158	149	158	149
Total	**0**	**10**	**248**	**352**	**924**	**901**	**1,172**	**1,263**

4.1 Financial liabilities at fair value through profit or loss

The item, which represents 21% of total financial liabilities, includes the financial liabilities at fair value through profit or loss, defined and disciplined by IAS 39, relating to:

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

4.2 Other financial liabilities

The item represents 79% of total financial liabilities and it includes the financial liabilities defined and regulated by IAS 39 not included among the financial liabilities at fair value through profit or loss.

Sundry financial liabilities include loans of € 119 million and liabilities recognised by effect of the adoption of IFRS 16 of € 39 million.

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

Table 47 - Analysis of other financial liabilities

(€ millions)

Beneficiary company	Type of liability	Amount	Contracting bank	Stipulation date	Maturity	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 (sold on April 12th, 2021 to Intesa Sanpaolo) 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	104		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 standards implemented by the rating agencies.
Società Cattolica di Assicurazione	Subordinated loan	510		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 standards implemented by the rating agencies.
Società Cattolica di Assicurazione	Balance due for credit facility	6	Banca Popolare di Sondrio				
Società Cattolica di Assicurazione	Balance due for credit facility	13	Banca Intesa Sanpaolo				
TUA Assicurazioni	Balance due for credit facility	2	Banco BPM				
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	4	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		**857**					

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5. PAYABLES

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

Table 48 - Payables

(€ millions)	June 30th, 2021	December 31st, 2020	Changes	
			Amount	%
Payables deriving from direct insurance transactions	**129**	**118**	**11**	**8.9**
Insurance brokers	77	75	2	2.3
Insurance companies - current accounts	17	9	8	n.s.
Policyholders for guarantee deposits and premiums	33	34	-1	-5.2
Guarantee funds in favour of policyholders	2	0	2	n.s.
Payables deriving from reinsurance transactions	**89**	**79**	**10**	**13.3**
Insurance and reinsurance companies	89	79	10	13.3
Other payables	**207**	**248**	**-41**	**-16.8**
For taxes payable by policyholders	31	45	-14	-31.8
Amounts due to social security and welfare institutions	6	5	1	19.3
Sundry payables	170	198	-28	-14.3
Total	**425**	**445**	**-20**	**-4.6**

n.s. = not significant

5.1 Payables deriving from direct insurance transactions

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

In detail, amounts due to insurance brokers take into account the supplementary 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 sundry payables.

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

Employee benefits pursuant to the revised IAS 19 include employee severance indemnity amounting to € 12 million, seniority bonuses amounting to € 9 million and health bonuses amounting to € 12 million.

The employee severance indemnity is subject to actuarial calculation, which takes into account the future developments of the employment relationship. The future flows of the employee severance indemnity have been

discounted back as 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 of the date of assessment and distributed uniformly over all the years of service for each employee as from the date of employment until the date the events take place.
With regard to Group companies with at least 50 employees, the employee severance indemnity accrued up to December 31st, 2006 is treated like a defined benefit plan and is therefore subject to actuarial calculation, while the employee severance indemnity allocated as from January 1st, 2007 to a specific Treasury Fund set up with INPS (national social security institute) is treated as a defined contribution plan. For the companies with less than 50 employees, the entire liability has been treated as a defined benefit plan.
The employee severance indemnity represents the effective value of the foreseeable obligation, net of any assets serving the plans, adjusted to reflect any actuarial losses or gains not amortised. The discounting back of the future cash flows is carried out on the basis of the interest rate of high quality corporate securities. The main hypotheses used are: discount rate of 0.35%, inflation rate of 1%, revaluation rate of 1.87% (already net of the tax of 17%, in force as from January 1st, 2015), salary increases of 2.9%, mortality based on the most recent ANIA A62 mortality tables broken down by gender and the disability/invalidity, adopted in the INPS model for 2010 projections. For the retirement age of the generic active person, it was assumed that the pension requirements valid for Compulsory General Insurance ("Assicurazione Generale Obbligatoria" - AGO, 67 years of age for males and females) were met.
In relation to the resignation frequency, a table has been used in line with the expected value of the resignation rate over the long-term for the Parent Company.

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

Table 49 - Sensitivity test hypothesis

	Central hypothesis	Hypothesis 1	Hypothesis 2	Hypothesis 3	Hypothesis 4	Hypothesis 5	Hypothesis 6	Hypothesis 7	Hypothesis 8	Hypothesis 9	Hypothesis 10
		Discount rate +0.5%	Discount rate -0.5%	Retirement age +2 years	Retirement age -2 years	Inflation rate +0.5%	Inflation rate -0.5%	Mortality table increase of 10%	Mortality table decrease of 10%	Resignation frequency increase of 10%	Resignation frequency decrease of 10%
Discount rate	0.35%	0.85%	-0.15%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Retirement age	67	67	67	69	65	67	67	67	67	67	67
Inflation rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.50%	0.50%	1.00%	1.00%	1.00%	1.00%
Salary increase rate	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Employee severance indemnity revaluation rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Mortality table	A 62	A 62	A 62	A 62	A 62	A 62	A 62	A 62 +10%	A 62 -10%	A 62	A 62
Voluntary resignation frequency	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.20%	1.80%

The results of the sensitivity test on the value of the leaving indemnity DBO, Premiums and Health Requirement as at June 30th, 2021, are shown in the table below.

Table 50 - Sensitivity test results

(€ millions)	Value of the obligation for defined benefits as at June 30th, 2021	% Sensitivity
Central hypothesis	33	
Hypothesis 1	32	-4.0%
Hypothesis 2	35	5.4%
Hypothesis 3	34	0.2%
Hypothesis 4	33	-0.2%
Hypothesis 5	34	2.8%
Hypothesis 6	32	-5.6%
Hypothesis 7	33	-1.4%
Hypothesis 8	34	0.4%
Hypothesis 9	32	-3.4%
Hypothesis 10	34	1.7%

Table 51 - Employee severance indemnity, seniority bonuses and premiums on health contracts

(€ millions)	Liabilities for employee benefits
Balance as at December 31st, 2020	**34**
Interest cost	0
Service cost	1
Change in the demographic actuarial component	0
Change in the rate actuarial component	0
Disbursements and transfers	-2
Other	0
Balance as at June 30th, 2021	**33**

6. OTHER LIABILITY ITEMS

Table 52 - Other liability items

			Changes	
(€ millions)	June 30th, 2021	December 31st, 2020	Amount	%
Liabilities of disposal group held for sale	0	9,132	-9,132	-100.0
Deferred tax liabilities	499	634	-135	-21.3
Current tax liabilities	106	189	-83	-43.4
Other liabilities	189	132	57	43.2
Total	**794**	**10,087**	**-9,293**	**-92.1**

6.1 Liabilities of disposal group held for sale

The change in the item compared to the previous year is attributable to the sale of the investment held in Lombarda Vita S.p.A. to Intesa Sanpaolo.

6.2 Deferred tax liabilities

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

As at June 30th, 2021, "deferred tax liabilities" included:

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

Deferred tax liabilities have been determined in accordance with the IRES and IRAP rates in force at the date of preparation of the condensed interim consolidated financial statements.

6.3 Current tax liabilities

This item comprises the current tax liabilities defined and disciplined under IAS 12.

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

6.4 Other liabilities

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

Table 53 - Other liabilities

			Changes	
(€ millions)	June 30th, 2021	December 31st, 2020	Amount	%
Deferred income revenue (DIR)	2	3	-1	-43.0
Transitory reinsurance accounts - payable	0	0	0	-50.3
Liaison account	77	28	49	n.s.
Other liabilities	95	88	7	7.8
Accrued expenses and deferred income	15	13	2	22.1
of which for interest	*2*	*3*	*-1*	*-13.1*
Total	**189**	**132**	**57**	**43.2**

n.s. = not significant

Other liabilities include the liaison account between the life and non-life businesses recognised by the Parent Company and amounting to € 77 million. The amount is recorded for an equal balance under Other assets.

The balances for premiums collected on policies being issued as at June 30th, 2021 are also included, for € 35 million along with commission on premiums being collected for € 37 million.

Deferred income includes the Parent Company's portion of the extraordinary coupon relating to bonds acquired for the restructuring transactions of the main segregated fund entered into in 2005 and deferred to subsequent years on the basis of the residual duration of the securities.

PART C
INCOME STATEMENT

The income statement for the first half of 2021 closed with a consolidated profit of € 115 million (€ 28 million as at June 30th, 2020); the Group's net profit was € 107 million (€ 10 million as at June 30th, 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”. The table below shows the breakdown of the gross premiums written relating to direct and indirect business.

Table 54 - Breakdown of direct and indirect gross premiums written

(€ millions)	Direct business	Indirect business			%
Classes	**Italy**	**Italy**	**Abroad**	**Total business**	**of total**
Accident and injury	97	0	0	97	3.7
Health	53	0	0	53	2.0
Land vehicle hulls	86	0	0	86	3.3
Goods in transit	2	0	0	2	0.1
Fire & natural forces	79	0	9	88	3.4
Other damage to assets	137	0	0	137	5.3
TPL - Land motor vehicles	421	0	0	421	16.2
TPL - General	105	0	0	105	4.0
Credit	0	0	0	0	n.s.
Suretyship	13	0	0	13	0.5
Sundry financial losses	21	0	0	21	0.8
Legal protection	13	0	0	13	0.5
Assistance	30	0	0	30	1.1
Other classes (1)	16	0	0	16	0.7
Total non-life business	**1,073**	**0**	**9**	**1,082**	**41.6**
Class I	781	0	0	781	30.1
Class III	720	0	0	720	27.7
Class IV	1	0	0	1	n.s.
Class V	9	0	0	9	0.4
Class VI	5	0	0	5	0.2
Total life business	**1,516**	**0**	**0**	**1,516**	**58.4**
Total insurance premiums	**2,589**	**0**	**9**	**2,598**	**100.0**
Class III	0	0	0	0	0
Class VI	0	0	0	0	n.s.
Total investment contracts	**0**	**0**	**0**	**0**	**0**
TOTAL PREMIUMS WRITTEN	**2,589**	**0**	**9**	**2,598**	**100.0**

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

n.s. = not significant

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

Table 55 - Insurance business

(€ millions)	June 30th, 2021 Gross balance	June 30th, 2021 Reinsurance amount	June 30th, 2021 Net balance	June 30th, 2020 Gross balance	June 30th, 2020 Reinsurance amount	June 30th, 2020 Net balance
Non-life business						
NET PREMIUMS	**1,060**	**-121**	**939**	**1,043**	**-108**	**935**
a Premiums written	1,082	-127	955	1,059	-110	949
b Change in premium provision	-22	6	-16	-16	2	-14
NET CHARGES RELATING TO CLAIMS	**-578**	**47**	**-531**	**-539**	**68**	**-471**
a Claims paid	-671	58	-613	-680	74	-606
b Change in provision for outstanding claims	82	-11	71	130	-6	124
c Change in recoveries	11	0	11	12	0	12
d Change in other technical provisions	0	0	0	-1	0	-1
Life business						
NET PREMIUMS	**1,516**	**-9**	**1,507**	**1,048**	**-6**	**1,042**
NET CHARGES RELATING TO CLAIMS	**-1,658**	**4**	**-1,654**	**-912**	**3**	**-909**
a Claims paid	-1,040	5	-1,035	-1,359	5	-1,354
b Change in provision for outstanding claims	29	1	30	-137	0	-137
c Change in mathematical provisions	-48	-2	-50	306	-2	304
d Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	-638	0	-638	232	0	232
e Change in other technical provisions	39	0	39	46	0	46

Table 56 - Analysis of insurance operating expenses

(€ millions)	Non-life business June 30th, 2021	Non-life business June 30th, 2020	Life business June 30th, 2021	Life business June 30th, 2020
Commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	-208	-206	-66	-46
Acquisition commissions	*-192*	*-182*	*-50*	*-31*
Other acquisition expenses	*-42*	*-42*	*-14*	*-12*
Change in deferred acquisition costs	*0*	*0*	*-1*	*-1*
Collection commissions	*-6*	*-7*	*-2*	*-3*
Commissions and profit-sharing received from re-insurers	*32*	*25*	*1*	*1*
Operating expenses relating to investments	-5	-4	-18	-19
Other administrative expenses	-80	-72	-26	-25
Total	**-293**	**-282**	**-110**	**-90**

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

FINANCIAL OPERATIONS

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

Table 57 - Financial operations

			Changes	
(€ millions)	June 30th, 2021	June 30th, 2020	Amount	%
Net income from financial instruments at fair value through profit or loss	**153**	**-141**	**294**	**n.s.**
Income from investments in subsidiaries, associated companies and joint ventures	4	3	1	54.3
Charges from investments in subsidiaries, associated companies and joint ventures	-4	-18	14	78.1
Result deriving from investments in subsidiaries, associated companies and joint ventures	**0**	**-15**	**15**	**n.s.**
Income from other financial instruments and investment property	318	334	-16	-4.9
Charges from other financial instruments and investment property	-138	-159	21	13.2
Result deriving from other financial instruments and investment property	**180**	**175**	**5**	**2.6**

n.s. = not significant

Table 58 - Financial and investment income and charges (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ millions)	Interest	Other income	Other charges	Realised gains	Realised losses	Total realised income and charges	Valuation gains: Valuation capital gains	Valuation gains: Value write-back	Valuation losses: Valuation capital losses	Valuation losses: Write-down	Total unrealised income and charges	Total income and charges June 30th, 2021	Total income and charges June 30th, 2020
Result of investments	**145**	**52**	**-16**	**136**	**-50**	**267**	**143**	**0**	**-31**	**-29**	**83**	**350**	**31**
a Deriving from investment property	0	31	-1	0	0	30	0	0	-10	-12	-22	8	17
b Deriving from investments in subsidiaries, associated companies and joint ventures	0	4	-4	0	0	0	0	0	0	0	0	0	-15
c Deriving from held to maturity investments	3	0	0	0	0	3	0	0	0	0	0	3	4
d Deriving from loans and receivables	22	1	0	0	0	23	0	0	0	0	0	23	21
e Deriving from available for sale financial assets	108	14	0	101	-43	180	0	0	0	-17	-17	163	149
f Deriving from financial assets held for trading	1	0	-1	10	-1	9	1	0	-4	0	-3	6	-1
g Deriving from financial assets at fair value through profit or loss	11	2	-10	25	-6	22	142	0	-17	0	125	147	-144
Result of sundry receivables	**1**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**
Result of cash and cash equivalents	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Result of financial liabilities	**-18**	**0**	**0**	**0**	**0**	**-18**	**0**	**0**	**0**	**0**	**0**	**-18**	**-12**
a Deriving from financial liabilities held for trading	0	0	0	0	0	0	0	0	0	0	0	0	0
b Deriving from financial liabilities at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0	0	0	4
c Deriving from other financial liabilities	-18	0	0	0	0	-18	0	0	0	0	0	-18	-16
Result of payables	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**128**	**52**	**-16**	**136**	**-50**	**250**	**143**	**0**	**-31**	**-29**	**83**	**333**	**19**

Commissions income

Commissions income mainly comprises the commission relating to investment contracts issued by the Group's insurance companies (DIR); specifically, the item includes the explicit and implicit premium loading encumbering the investment contracts issued.

Commissions expense

The item comprises the acquisition costs associated with investment contracts (DAC) recorded during the period.

OTHER REVENUES AND OTHER COSTS

Other revenues

The item amounts to € 83 million, of which € 48 million is in other net technical income associated with insurance contracts.

Other revenues amounted to € 35 million. This item includes withdrawals from the provisions for risks and charges amounting to € 6 million and from the allowance for doubtful accounts amounting to € 5 million and Cattolica Agricola's typical income deriving from its business activities amounting to € 2 million.

Other costs

The item, which amounts to € 216 million, includes other net technical expenses connected with insurance contracts for € 87 million, of which € 13 million relating to provisions to cover the possible outlay connected with dormant policies currently being assessed, and other expenses for € 129 million, represented mainly by amortisation of intangible assets for € 42 million, provisions for risks and charges for € 8 million and adjustments to receivables for € 5 million.

This item also includes the amount relating to the writedown of the goodwill of the Vera Vita, Vera Assicurazioni and Vera Protezione CGUs for a total of € 51 million, as described in detail in Part C "Balance Sheet Assets" of these notes to the accounts, to which reference should be made.

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 € 99 million, of which € 104 million pertaining to the Group and € −5 million pertaining to minority interests.

The analysis of other components in the statement of comprehensive income pursuant to ISVAP Regulation No. 7 dated July 13th, 2007, is presented below. The balances are stated net of income taxes, which is in any event indicated in the specific column.

Table 59 - Analysis of the statement of other comprehensive income - net amounts (ISVAP Regulation No. 7 dated July 13th, 2007)

	Charges		Adjustments from reclassification to income statement		Other changes		Total changes		Taxation		Balance	
(€ millions)	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	December 31st, 2020
Other income components net of income taxes without reclassification in the income statement	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2**	**-2**
Actuarial gains and losses and adjustments related to defined-benefit plans	0	0	0	0	0	0	0	0	0	0	-2	-2
Other income components net of income taxes with reclassification in the income statement	**102**	**34**	**-118**	**-80**	**0**	**0**	**-16**	**-46**	**-8**	**-21**	**84**	**100**
Gains or losses on available for sale financial assets	101	36	-105	-80	0	0	-4	-44	-2	-20	87	100
Provisions deriving from changes in the shareholders' equity of investee companies	1	-2	0	0	0	0	1	-2	0	-1	-3	-4
Income and charges relating to non-current assets or disposal group held for sale	0	0	-13	0	0	0	-13	0	-6	0	0	4
TOTAL OF THE OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME	**102**	**34**	**-118**	**-80**	**0**	**0**	**-16**	**-46**	**-8**	**-21**	**82**	**98**

OTHER IVASS TABLES

Pursuant to ISVAP Regulation No. 7 dated July 13th, 2007, the income statement by sector of activities, the analysis of the technical insurance items and the analysis of the insurance operating expenses, gross of eliminations within sectors, are presented as follows.

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Table 60 - Income statement by sector of activities (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		Life business		Other		Eliminations between sectors		Total	
(€ millions)	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020
1.1 Net premiums	940	936	1,509	1,043	0	0	-3	-2	2,446	1,977
1.1.1 Gross premiums written	1,113	1,089	1,518	1,049	0	0	-55	-47	2,576	2,091
1.1.2 Ceded premiums	-173	-153	-9	-6	0	0	52	45	-130	-114
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	153	-140	0	0	0	0	153	-141
1.4 Income from investments in subsidiaries, associated companies and joint ventures	81	34	9	4	0	0	-86	-35	4	3
1.5 Income from other financial instruments and investment property	68	67	272	287	-1	1	-21	-21	318	334
1.6 Other revenues	138	106	59	54	5	5	-119	-110	83	55
1 TOTAL REVENUES AND INCOME	**1,227**	**1,142**	**2,002**	**1,249**	**4**	**6**	**-229**	**-168**	**3,004**	**2,229**
2.1 Net charges relating to claims	-550	-492	-1,663	-920	0	0	28	32	-2,185	-1,380
2.1.1 Amounts paid and change in technical provisions	-623	-583	-1,667	-923	0	0	54	55	-2,236	-1,451
2.1.2 Reinsurance amount	73	91	4	3	0	0	-26	-23	51	71
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	-1	0	-4	0	0	-4	-13	-4	-18
2.4 Charges from other financial instruments and investment property	-30	-29	-104	-126	-9	-4	5	0	-138	-159
2.5 Operating expenses	-349	-333	-129	-106	-2	-2	75	68	-405	-373
2.6 Other costs	-96	-128	-72	-44	-4	-6	-44	-64	-216	-242
2 TOTAL COSTS AND CHARGES	**-1,025**	**-983**	**-1,969**	**-1,201**	**-15**	**-12**	**60**	**23**	**-2,949**	**-2,173**
PROFIT (LOSS) FOR THE PERIOD BEFORE INCOME TAXES	**202**	**159**	**33**	**48**	**-11**	**-6**	**-169**	**-145**	**55**	**56**

Table 61 - Analysis of technical insurance items (ISVAP Regulation No. 7 dated July 13th, 2007)

(€ millions)		June 30th, 2021	June 30th, 2020
Non-life business			
NET PREMIUMS		**940**	**936**
a	Premiums written	956	950
b	Change in premium provision	-16	-14
NET CHARGES RELATING TO CLAIMS		**-550**	**-492**
a	Claims paid	-632	-627
b	Change in provision for outstanding claims	71	124
c	Change in recoveries	11	12
d	Change in other technical provisions	0	-1
Life business			
NET PREMIUMS		**1,509**	**1,043**
NET CHARGES RELATING TO CLAIMS		**-1,663**	**-920**
a	Claims paid	-1,037	-1,356
b	Change in provision for outstanding claims	30	-137
c	Change in mathematical provisions	-51	304
d	Change in technical provisions for contracts where the investment risk is borne by the policyholders and deriving from the management of pension funds	-638	232
e	Change in other technical provisions	33	37

Table 62 - Analysis of insurance operating expenses (ISVAP Regulation No. 7 dated July 13th, 2007)

	Non-life business		Life business	
(€ millions)	June 30th, 2021	June 30th, 2020	June 30th, 2021	June 30th, 2020
Gross commissions and other acquisition costs, net of commissions and profit-sharing received from re-insurers	-222	-216	-68	-47
Operating expenses relating to investments	-7	-6	-23	-24
Other administrative expenses	-120	-111	-38	-35
Total	**-349**	**-333**	**-129**	**-106**

NOTES TO THE ACCOUNTS

Part D – Other information

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PART D
OTHER INFORMATION

Group headcount

Group employees as at June 30th, 2021 calculated as per FTE, amounted to 1,737 (1,746 as at December 31st, 2020).

Atypical and unusual transactions and non-recurrent significant events and operations

With reference to non-recurrent significant events and transactions and positions or transactions deriving from atypical and/or unusual operations, reference should be made to the section "Other information" in the Interim Management Report.

Earnings for shares in circulation

With reference to earnings per share in circulation, reference should be made to the section "Significant events and other information" in the Interim Management Report.

Information on risks

With regard to the disclosure required by IFRS 13 concerning outstanding risks, reference should be made to the section "Risk management" in the Interim Management Report.

Transactions with related parties

As already disclosed in the Interim Management Report, pursuant to CONSOB Regulation No. 17221 dated March 12th, 2010, and subsequent amendments and additions, as from January 1st, 2011 the "Procedure for the management of transactions with related parties", approved by the Board of Directors and updated by resolution of December 19th, 2019 until June 30th, 2021, was applied to the situations envisaged by the regulation. On April 30th, the Board of Directors of the Parent Company, having received a favourable opinion from the Related Parties Committee, resolved to bring, with effect from July 1st, 2021, the "Procedure for the management of transactions with related parties" into line with the amendments to CONSOB Regulation No. 17221/2010, most recently made by Resolution No. 21624 of December 10th, 2020.

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 June 30th, 2021.

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 finally Aladdin.

As at June 30th, 2021, the Group held securities issued by the Assicurazioni Generali Group and reinsurance transactions were also carried out with this counterparty. In addition, starting from the first months of 2021, the partnership agreement signed in 2020 with Assicurazioni Generali and relating to four strategic areas (asset management, internet of things, health business and reinsurance) entered, for some business areas, the full operational phase. For more information on the partnership agreement with Assicurazioni Generali, please refer to the "The Group in the first half of 2021" section in the Interim Management Report. 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 and statutory auditors as well as the General Managers and the executives with strategic responsibilities of the Parent Company and related parties.

Table 63 - Transactions with related parties

Equity transactions *(€ millions)*	**Joint Ventures, associated companies and their subsidiaries**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total June 30th, 2021**
Assets				
Equity investments and shares	166	2	0	168
Loans granted	0	0	0	0
Subordinated bonds	0	90	0	90
Unsubordinated bonds	0	0	0	0
Provisions	0	38	0	38
Derivatives	0	0	0	0
Other receivables	0	3	0	3
Current account transactions	0	0	0	0
Total	**166**	**133**	**0**	**299**
Liabilities				
Loans received	0	3	0	3
Other payables	4	24	2	30
Total	**4**	**27**	**2**	**33**

Economic transactions *(€ millions)*	**Joint Ventures, associated companies and their subsidiaries**	**Assicurazioni Generali and its subsidiaries**	**Other related parties**	**Total June 30th, 2021**
Revenues and income				
Premiums	-7	-5	0	-12
of which reinsurance items	*-7*	*-6*	*0*	*-13*
Financial income	0	1	0	1
Capital gains for financial disposals	0	0	0	0
Other revenues	0	5	0	5
Total	**-7**	**1**	**0**	**-6**
Costs and charges				
Claims	-3	-4	0	-7
of which reinsurance items	*-3*	*-4*	*0*	*-7*
Financial charges	0	0	0	0
Capital losses for financial disposals	0	0	0	0
Commissions	0	0	0	0
Other costs	2	3	4	9
Total	**-1**	**-1**	**4**	**2**

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ADDITIONAL INFORMATION

Information about the deferred adoption of IFRS 9 "Financial Instruments"

The Cattolica Insurance Group, to meet the requirements of paragraph 20 D of IFRS 4 in terms of predominance of the insurance business, opted for the temporary exemption from IFRS 9.

In particular, in accordance with the aforementioned paragraph, an insurance company or an insurance group performs an activity prevalently connected with the insurance business, if and only if:

a) the book value of the liabilities deriving from agreements covered by IFRS 4 (including deposit components or embedded derivatives separated from insurance agreements), is significant with respect to the total book value of all its liabilities and
b) the percentage of the total book value of its liabilities connected with the insurance business, with respect to the total book value of all its liabilities is:

    i. greater than 90% or
    ii. equal to or lower than 90%, but greater than 80%, and the insurer does not exercise a significant activity lacking any connection with the insurance business.

This assessment is required to be carried out on the basis of the book values on the ending date of the year immediately preceding April 1st, 2016, or on a subsequent ending date if, after that date, a significant change has occurred in the activity of the company.

The standard requires the performance of this test at the level of each individual entity belonging to the insurance group because although some of them can benefit from the temporary exemption at the consolidated level, they shall apply IFRS 9 in their own individual financial statements if they prepare or are required to prepare IAS / IFRS financial statements.

The Cattolica Group does not present the aforementioned case in its own consolidation area.

Please refer to the comments provided in the 2020 consolidated financial statements in relation to the positive results of the checks of the requirements carried out by the Group.

In compliance with paragraph 39E of IFRS 4, the following table shows the fair value as at June 30th, 2021 and the difference in relation to the book value, separately for the following two groups of assets:

a) Group 1: financial assets with contractual terms that prescribe, at determined dates, cash flows represented solely by payments of the principal and interest on the amount of the principal to be repaid;
b) Group 2: financial assets with contractual terms that do not prescribe, at determined dates, cash flows represented solely by payments of principal and interest on the amount of the principal to be repaid.

Table 64 – Change in the fair value of the financial instruments in the scope of IFRS 9

(€ millions)	**Group 1**		**Group 2**	
Categories of financial instruments	**Fair Value**	**Fair value change**	**Fair Value**	**Fair value change**
Held to maturity investments	118	18	0	0
Loans and receivables - Debt securities	983	139	351	68
Available for sale financial assets	15,653	-328	1,499	9
Debt securities	*15,653*	*-328*	*114*	*2*
Equities	*0*	*0*	*44*	*-4*
Units of mutual investment funds	*0*	*0*	*1,342*	*11*
Total	**16,754**	**-171**	**1,850**	**77**

As at June 30th, 2021, the condensed interim consolidated financial statements include financial assets at fair value through profit or loss amounting to € 4,746 million with a negative fair value change of € 122 million.

The following table shows the exposure to the credit risk pertaining to the financial assets with contractual terms that prescribe, at determined dates, cash flows represented solely by payments of the principal and interest on the amount of the principal to be repaid (Group 1):

Table 65 – Book value and fair value by rating class of the debt securities that include Group 1 cash flows

(€ millions)

Rating	Book Value	Fair Value
AAA	1,172	1,172
AA	1,695	1,695
A	1,207	1,206
BBB	11,115	11,131
BB	673	675
B	60	60
CCC	13	13
N.R.	663	802
Total	**16,598**	**16,754**

The following table shows, in relation to the financial assets per the previous table, which do not have a low credit risk at the date of the financial statements, the fair value and the accounting value in application of IAS 39 at the end date of the condensed interim consolidated financial statements as at June 30th, 2021.

Table 66 – Group 1 financial instruments that do not have a low credit risk and have no rating

(€ millions)

Financial instruments	Book value	Fair Value
Loans and receivables	624	763
Held to maturity investments	3	5
Available for sale financial assets	782	782

As at June 30th, 2021, the risk profile of the instruments listed in Group 1 is broken down as follows: financial instruments with a BBB rating account for 66.97% of the group total, those with a rating equal to or lower than BB, or unrated account for approximately 8.49%, those with a rating equal to or higher than A account for 24.55%.

NOTES TO THE ACCOUNTS

Part E - Transfers

PART E TRANSFERS

ADDITIONAL INFORMATION ON BUSINESS TRANSFERS

This section of the Notes to the Accounts includes the information required by IFRS 5 in relation to disposals that took place during the period.

Business transfers

On December 23rd, 2020, the Parent Company signed a binding agreement with UBI Banca concerning the early termination, with respect to the original 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 the Parent Company in Lombarda Vita.

On April 12th, 2021, the transaction was closed through the sale of the equity investment to Intesa Sanpaolo S.p.A., which took over from UBI Banca, originally the Parent Company's banking partner in Lombarda Vita.

As envisaged in the agreements, the purchaser paid Cattolica € 219.8 million. The remaining balance of € 80 million will be paid on the repayment of the subordinated loan of the same amount granted by UBI Banca to the Parent Company in 2010.

Based on the sale price and the relative book value of the subsidiary in the consolidated financial statements, the capital gain from the sale amounted to € 104 million, net of the tax effect.

This amount includes the economic result achieved by Lombarda Vita up to the date of sale, amounting to approximately € 1.5 million, also net of the tax effect.

The consolidated income statement item as at June 30th, 2021 "4 Profit (loss) from discontinued operations" also includes the derecognition of Lombarda Vita's intercompany costs to Group companies up to the date of transfer, amounting to € 4 million.

The final total value of the item relating to the result of discontinued operations therefore amounted to € 108 million.

The contribution of Lombarda Vita to the consolidated income statement for the first half of 2021 and the table showing the breakdown of gross premiums written by line of business are shown below, noting the fact that the figures shown refer to the period in which the company was consolidated.

Table 67 - Income statement of Lombarda Vita

INCOME STATEMENT

(€ millions)		April 12th, 2021	June 30th, 2020
1.1	Net premiums	171	688
1.1.1	*Gross premiums written*	172	692
1.1.2	*Ceded premiums*	-1	-4
1.2	Commissions income	0	0
1.3	Income and charges from financial instruments at fair value through profit or loss	32	-23
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	110
1.5.1	*Interest income*	35	78
1.5.2	*Other income*	2	3
1.5.3	*Realised gains*	12	29
1.5.4	*Valuation gains*	0	0
1.6	Other revenues	7	14
1	**TOTAL REVENUES AND INCOME**	**259**	**789**
2.1	Net charges relating to claims	-231	-696
2.1.1	*Amounts paid and change in technical provisions*	-232	-699
2.1.2	*Reinsurance amount*	1	3
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	-17
2.4.1	*Interest expense*	-2	-2
2.4.2	*Other charges*	0	-1
2.4.3	*Realised losses*	0	-6
2.4.4	*Valuation losses*	-1	-8
2.5	Operating expenses	-4	-12
2.5.1	*Commission and other acquisition costs*	-3	-9
2.5.2	*Operating expenses relating to investments*	-1	-2
2.5.3	*Other administrative expenses*	0	-1
2.6	Other costs	-15	-26
2	**TOTAL COSTS AND CHARGES**	**-253**	**-751**
	PROFIT (LOSS) FOR THE PERIOD BEFORE TAXATION	**6**	**38**
3	Taxation	0	-10
	PROFIT (LOSS) FOR THE PERIOD NET OF TAXATION	**6**	**28**

Lombarda Vita's net premiums represent 6.54% of the total and net charges relating to claims represent 9.56%. With regard to financial management, Lombarda Vita accounts for 17.56% of net income deriving from financial instruments at fair value through profit or loss and 20.53% of net income from other financial instruments and investment property.

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

Table 68 - Lombarda Vita premiums

Classes (€ millions)	April 12th, 2021	June 30th, 2020
Class I	131	490
Class II	0	0
Class III	40	173
Class IV	0	0
Class V	1	29
Class VI	0	0
Total life business	**172**	**692**
Total direct business	**172**	**692**
Indirect business	**0**	**0**
Total insurance premiums	**172**	**692**
Class I	0	0
Class II	0	0
Class III	0	8
Class IV	0	0
Class V	0	0
Class VI	0	0
Total investment contracts	**0**	**8**
TOTAL PREMIUMS WRITTEN	**172**	**700**

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

The legal representatives of the company (*)

The Managing Director CARLO FERRARESI ______________________ (**)

______________________ (**)

______________________ (**)

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

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

Attestation to the condensed interim consolidated financial statements pursuant to Article 154 bis, paragraph 5, of Italian Legislative Decree No. 58 dated February 24th, 1998 and Article 81 ter of Consob Regulation No. 11971 dated May 14th, 1999 and subsequent amendments and additions

1. The undersigned, Carlo Ferraresi, in his capacity as Managing Director, and Atanasio Pantarrotas, in his capacity as Manager in charge of preparing the financial reports of Cattolica Assicurazioni S.p.A., hereby certify, also taking into account the provisions of Article 154 bis, paragraphs 3 and 4 of Italian Legislative Decree No. 58 dated February 24th, 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application

of the administrative and accounting procedures in place for preparing the condensed interim consolidated financial statements as at June 30th, 2021.

2. The adequacy of the administrative and accounting procedures in place for preparing the condensed interim consolidated financial statements as at June 30th, 2021, has been assessed through a process established by Cattolica Assicurazioni S.p.A. on the basis of the COSO Framework (Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission), an internationally-accepted reference framework.

3. It is also certified that:

3.1 The condensed interim consolidated financial statements as at June 30th, 2021:

a) are prepared in accordance with applicable international accounting standards recognized in the European Union under the EC Regulation No. 1606/2002 of the European Parliament and of the Council dated July 19th, 2002, with the provisions of the Italian Civil Code, of Italian Legislative Decree No. 38 dated February 28th, 2005, of Italian Legislative Decree No. 209 dated September 7th, 2005 and subsequent amendments and with applicable provisions, regulations and circular letters issued by IVASS;

b) are consistent with the entries in the accounting books and records;

c) are suitable to provide a true and fair representation of the assets and liabilities, profits and losses and financial position of the issuer and of the consolidated companies.

3.2 The interim management report includes a reliable analysis of the references to the significant events that occurred in the first six months of the financial year and their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim management report also includes a reliable analysis of the disclosure on significant related party transactions.

Verona, August 5th, 2021

Carlo Ferraresi	Atanasio Pantarrotas
Managing Director	Manager in charge of preparing the Company's financial reports
	(signed on the original)

INDEPENDENT AUDITORS' REPORT

Review report on consolidated condensed half-yearly financial statements

To the Shareholders of
Società Cattolica di Assicurazione SpA

Consolidated condensed half-yearly financial statements as of 30 June 2021

Foreword

We have reviewed the accompanying consolidated condensed half-yearly financial statements of Società Cattolica di Assicurazione SpA and its subsidiaries (the Cattolica Assicurazioni Group) as of 30 June 2021, comprising the statement of financial position, the income statement, the statement comprehensive income, the statement of changes in Shareholders' equity, the cash flows statement and the related notes. The Directors of Società Cattolica di Assicurazione SpA are responsible for the preparation of the consolidated condensed half-yearly financial statements in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed half-yearly financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed half-yearly financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope 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 on the consolidated condensed half-yearly financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed half-yearly financial statements of Cattolica Assicurazioni Group as of 30 June 2021 are not prepared, in all material respects, in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other Matters

The consolidated financial statements as of and for the year ended 31 December 2020 and the consolidated condensed half-yearly financial statements for the period ended 30 June 2020 were audited and reviewed, respectively, by other auditors, who on 21 April 2021 expressed an unqualified opinion on the consolidated financial statements, and on 14 September 2020 expressed an unmodified conclusion on the consolidated condensed half-yearly financial statements.

Milan, 11 August 2021

PricewaterhouseCoopers SpA

Signed by

Antonio Dogliotti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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GRUPPO CATTOLICA ASSICURAZIONI

CATTOLICA ASSICURAZIONI DAL 1896

abc ASSICURA

BCC Assicurazioni

CATTRe

TUA ASSICURAZIONI

VERA Assicurazioni

BCC Vita

BERICA VITA

VERA Financial

VERA Protezione

VERA Vita

GRUPPO
CATTOLICA
ASSICURAZIONI