

Extraordinary and Ordinary Shareholders' Meeting 26/27 June 2020

Note further supplementing the Report of the Board of Directors on agenda items of the Extraordinary and Ordinary part

pursuant to Article 125-ter, paragraph 1, of Legislative Decree
No. 58 of 24 January 1998).

Dear Shareholders,

This document constitutes an update and supplement to the Explanatory Reports of the Board of Directors for the Extraordinary and Ordinary Shareholders' Meeting of 26/27 June 2020, prepared pursuant to Article 125-ter, paragraph 1, of Legislative Decree No. 58 of 24 January 1998, published on 25 May 2020, by Società Cattolica di Assicurazione Società Cooperativa ("Cattolica" or the "Company").

This supplementary document (the "Supplementary Document") is published to take account of instructions received from the Supervisory Authority subsequent to the call of the Cattolica Shareholders' Meeting for 26/27/6/2020 and also, for to provide relevant updates following events that occurred after the aforementioned meeting was called, set out in the press release previously issued by the Company on 1 June 2020.

The relevant supplementary information is set out below with reference to the specific items on the agenda, as indicated by Consob in a special request pursuant to Article 114 of the Consolidated Law on Finance, without prejudice to all other provisions in the aforementioned previously published Explanatory Reports and the accompanying notes, published on 8 June 2020.

Verona, 22 June 2020

EXTRAORDINARY PART

Regarding the matter in point 1 of the Extraordinary part – “Articles of Association: amendments to Articles 23, 29, 30, 32, 33, 37, 38, 39, 40, 41, 42, 46 and 59. Related and consequent resolutions.” - clarification is set out below on the coordination of the provisions in Articles 38 and 42 of the Articles of Association, the subject of amendments. In this regard, it should be noted that the provisions regarding the new wording of Article 42 on the duty of information of the Managing Director refer to the provisions of current legislation, including self-regulation, specifying the frequency of reporting to the Board and broadening the scope of information provided for the entire Group. In this case, the Articles of Association confirm the autonomous capacity and responsibility for provision of information and reporting to the Board of the Managing Director, possibly also on the initiative of the Chairman, on specific questions and situations.

This duty of information is distinct from the ordinary duty which requires Directors to provide full information on operations, referenced in Article 38 and which is incumbent on the Chairman. This requirement is fulfilled through reports prepared periodically, or expressly and promptly given the arising of extraordinary circumstances or events, by the Managing Director and/or by the General Manager.

Therefore, the coordination of the two rules does not give rise to inconsistencies, but rather an emphasis on the information requirements for the benefit of the Board of Directors.

With regard to the subject in point 2 of the Extraordinary Part – “Proposal to grant the Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital on one or more occasions by 26 June 2025, for a maximum total amount of €500 million, including any share premium, by issuing ordinary shares without nominal value and having the same characteristics as those in circulation, including with limitation of the option rights and reserved to financing bodies and/or institutional investors, pursuant to and in compliance with the legal conditions, with all more extensive rights to establish, for each tranche, subject to the aforementioned limits, the methods, terms and conditions of the transaction, including the issue price and any share premium, to be determined for the first tranche, on the basis of the value of the shareholders' equity and the average listed price of the shares during the period from 1 May 2019 - 30 April 202, and for the second tranche, based on the value of the shareholders' equity and considering the trend of listed prices for the shares over the last six months, and the dividend entitlement. The consequent amendment of Article 6 of the Articles of Association: Related and consequent resolutions” – additional information is provided below:

1. *With regard to the updated estimated solvency position of the Cattolica Assicurazioni Group, the Parent Company and the main subsidiaries, with an indication of the solvency ratio and the MCR, indicate the factors underlying the deterioration of the solvency situation of the entities of the group under stress or in breach of the solvency capital requirement, as well as of the initiatives already launched or planned, including at the request of the competent prudential Authority.*

The Cattolica Group continues its weekly monitoring of the solvency position, considering the performance of the financial variables that contribute to the performance of this indicator. The solvency ratio remains impacted by the constraints associated with the limited effectiveness of countercyclical measures and is exposed to short-term dynamics that do not fully reflect the industrial soundness of the insurance business. The most recent monitoring exercise, reported

on 12 June 2020, does not indicate any breach of regulatory thresholds. The Cattolica Group presents a solvency ratio of 133%, while the Parent Company achieves 141%. With regard to the main subsidiaries, the following represents the solvency ratio as estimated on the same date.

Company	Solvency ratio
BCC Vita	111%
Vera Vita	110%
Lombarda Vita	259%
TUA Assicurazioni	157%

The ratio relating to the Group MCR is estimated to be 157%. All subsidiaries have values in excess of 200%, with the exception of ABC Assicura, whose MCR is the same as the absolute floor established by law and with a ratio of 119%.

The Group has launched a number of major initiatives to address the situation generated by the Covid-19 pandemic and its impact on the solvency position.

With regard to the Group's financial soundness, the Board of Directors, as stated above, duly acknowledged the IVASS recommendations and instructed management to prepare a plan within the agreed time-scales. The first and most fundamental stage of this initiative is the Shareholders' Meeting, called to approve the delegation of powers to the Board of Directors to implement a capital increase for a maximum total amount of €500 million. The Group is aware of the expectations imposed by the Institution and intends to promote a plan that satisfies both the latter and its own Partners and Shareholders.

With reference to the main Subsidiaries, action plans were launched to restore the solidity of the companies most affected by the current situation. BCC Vita and Vera Vita will benefit from a capital contribution, associated with a reduction in exposure to Italian government bonds, in order to limit exposure to a possible increase in spreads. This decision is a continuation of the diversification measures already under way and will be pursued in accordance with the interests of policyholders. The subsidiary ABC Assicura will also be the subject of a capital intervention of limited amount, in order to protect the ratio on the MCR.

2. *Concerning the methods used to quantify the capital increase the subject of the delegation of powers, the Directors' considerations regarding the appropriateness of the capital increase in relation to the Group's capital requirement and the indication of the methods of allocation and use of the proceedings of €500 million for the Parent Company and the subsidiaries.*

In light of the situation caused by the pandemic and the management and Directors' awareness of the importance of having the tools to preserve financial solidity, the ability to take prompt action and to finance projected growth, including through strategic transactions such as the possible extension of the distribution agreement with Banco BPM, it was decided to request the Shareholders' Meeting to delegate powers for an overall maximum amount of €500 million. This figure reflects the need for flexibility and was deemed appropriate for the cited purposes.

With regard to deployment of the initiative for the purposes of strengthening the capital, it should be noted that, in accordance with the provisions of the Solvency II law, the entire amount will primarily service the Parent Company. Capital expenditures for subsidiaries, calibrated to ensure their current and future solidity,

constitute choices based on the optimum allocation of capital within the Group and are not alternatives to the strengthening of the Group as a whole.

3. *With regard to the estimate of the impact on the consolidated solvency ratio of the Parent Company and the main subsidiaries arising from the capital increase of the Company and the planned capital increases of the subsidiaries compared with the regulatory minimums and thresholds defined by the Board of Directors as part of the definition of the risk appetite.*

Compared to the estimate of 12 June 2020, a capital contribution of 500 million would generate a solvency ratio of the Cattolica Group of around 172%, well above the thresholds of the Risk Appetite System and within the target values projected during presentation of the 2018-2020 Business Plan (160%-180%). It is also noted that the range was defined on the basis of a macroeconomic and financial scenario different from that achieved in the light of the progressive decline of risk-free rates and the Covid-19 pandemic.

The definition of financial interventions for subsidiaries is being finalised. However, on the same date of 12 June, the measures will restore risk appetite thresholds, which have been revised upwards to protect the companies from any new adverse movements in the financial markets. Measures are provided to attain a solvency ratio estimated on the same date of a value of 150% for all Group companies.

4. *On the precise indication of the deadline required by IVASS to implement the capital increase.*

In its letter dated 27 May, the Supervisory Authority expects the capital strengthening to be completed by 30 September 2020.

5. *With regard to the information available on the structure of the capital increase operation, with information on the extent of the various implementation tranches, the relevant timing, the targets of the operation and the expected dilution effects for current shareholders.*

At the present date, no concrete and precise information is available regarding the foreseeable implementation of the capital increase. Reference is made to the proposal submitted to the Extraordinary Shareholders' Meeting on 26/27 June, at which shareholders are asked to delegate powers to the Board of Directors so that they may carry out transactions in this regard. It should be recalled that the delegation of powers provides for the increase, if approved, to be implemented in one or two tranches. If implemented, the dilutive effects will derive from the issue conditions and also from any placement and guarantee agreements, which cannot currently be predicted.

As described in the press release of 1 June, the Issuer will submit to the Supervisory Authority, a Plan to strengthen the Group's Solvency position (and that of certain subsidiaries) by 25 July. Once the Plan is approved, it will be communicated to the market.

6. *Indications regarding any negotiations in progress for the search for potential subscribers to the capital increase, specifying whether any pre-underwriting agreements have been signed and/or any expressions of interest for the operation have been received.*

On 15 May, Società Cattolica mandated KPMG to provide support, as financial advisers, in dialogue with potential counterparties interested in proposing possible market solutions aimed at achieving a successful outcome for the capital increase and preserving value for the Catholic shareholders. If the meeting between the adviser and the counterparty indicates the feasibility of options that will be appropriately assessed, the adviser will provide the technical and contractual support necessary to implement the preferred option, which will in any case be brought to the attention of the Company's decision-making bodies. Various hypotheses are made in the study but it is not possible to foresee the time-scales and methods for a more precise or improved definition.

In the context of the aforementioned capital increase, not yet implemented, no pre-underwriting agreements have been signed, although numerous expressions of interest have been received from various Italian and foreign business banks.

7. *Information on the current and future consolidated liquidity situation, specifying the actions taken to monitor it.*

The Cattolica Group is developing for each individual Company, a three-year forecast financial plan derived from the business plan objectives.

The plan reviews on a monthly basis the cash flows linked to the technical insurance balance (premiums and settlements) and those related to costs, taxes, salaries, finance (dividends, capital transactions) thus determining the net flow, according to which treasury movements on the investment portfolio are estimated in terms of contributions and withdrawals.

On a monthly basis, the Group areas/business units concerned and coordinated by the Group's treasury verify the consistency of the budget trend with respect to what is planned for the following quarter.

In case of significant deviations from the initial budget, an escalation process is activated for the Strategic Planning and Treasury functions to determine the corrective actions to be taken.

The situation created with the health emergency following the spread of the Covid-19 virus therefore led to the following interventions:

- Creation of a new budget, in which various assumptions were made related to the effects of an assets freeze on projected cash flows;
- portfolio management with cash flow matching policies that would guarantee the necessary liquidity to cover monthly maturities;
- Increased frequency of Treasury monitoring, from weekly to daily, and in consequence the frequency of meetings with the areas increased from monthly to weekly;
- the frequency of monitoring the liquidity of the Group portfolio being increased from monthly to weekly;
- Increase in average cash balances on ordinary current accounts;
- Preparation of new reports on a fortnightly basis summarising monthly performance, annual forecasts of withdrawals and contributions and the level of portfolio liquidity.

The service is provided for all Italian companies, except for the Bcc Vita Company, which performs its activity internally by adopting the same procedures.

The Group's current liquidity situation is currently not critical, with the securities portfolio accounting for 70.1% of liquid and transferable securities with capital gains. Of these, 46.3% are recorded in the current business sector.

Going forward, due to the crisis, more withdrawals than in the initial budgets are estimated for about €878 million overall, of which €190 million in non-life companies and the rest in the life companies.

8. *Updates concerning guidance on the 2020 operating profit, estimated to be between €350 million and €375 million, taking account of recent operating performance and financial markets.*

The guidance on operating income, was initially provided to the market on 6 February following the approval of the Group's rolling 2020-22 plan. It predicted that the indicator will be between 350 and 375 million for the 2020 financial year. On 15 May, alongside approval of the results for the first quarter of 2020, a forecast was supplied that confirmed the guidance. This information was communicated to the markets along with the publication of the results. At the current date, there are no material deviations from the performance forecast. Therefore, without prejudice to factors that are currently unforeseeable, the next developments planned for the current year will be provided with the results for the first half year.

9. *With regard to the presentation of risk profiles for the Group's solvency situation, with an indication of the further initiatives that the Company intends to undertake to strengthen the Group's capital in the event of a failure to achieve the capital increase or if it is implemented by a deadline other than that required by IVASS.*

The Cattolica Group intends to pursue its capital strengthening plan, taking all the necessary measures to meet the challenges of the economic and financial environment in which it operates. IVASS' expectation of capital strengthening thus constitutes the correct route to consolidating the solvency position. With the most appropriate analysis including of time-scales, the Group has duly acknowledged and taken steps to achieve this goal.

ORDINARY PART

As regards the matter at point 3 of the Ordinary Section – “Decisions regarding remuneration policies and Report on Remuneration pursuant to Article 123-ter of the Consolidated Law on Finance and IVASS Regulation No. 38/2018” – it should be noted that the payment of the variable remuneration during the year, accrued following the results of the 2019 financial year, has been suspended for all and solely for executives of the Cattolica Group. The variable remuneration accrued in fiscal year 2020 will be assessed on the results of fiscal year 2020, and thus quantified during 2021. No variable remuneration is provided for members of the Board of Directors.