

# ANNUAL GENERAL MEETING 2023 GROUP CFO SPEECH

Trieste, 28 April 2023

Thank you Philippe, thank you Chairman. Good morning everybody.

As usual, in this speech I'm presenting you the main performance of the Group and of Parent Company Assicurazioni Generali, whose Financial Statements we are submitting for your approval today. As already anticipated by Philippe, although 2022 was a year of great complexity, the Group achieved a very positive financial performance.

### **Key Group Indicators: Volumes**

The Group's gross written premiums reached 81.5 billion EUR, up by 1.5 percent, thanks to the positive performance of the P&C segment, led by the non-motor line.

The gross written premiums in the Life Segment reached 52.9 billion EUR (-2.4%). The protection line increased (+3.8%), while a contraction in the unit-linked line is observed (-3.3%), attributable to the negative performance in Italy, which was partly offset by the positive performance in Germany, Spain and Asia. In line with the Group's strategy to reposition its Life portfolio, the savings line contracted (-5.5%), mainly in France, Italy and, to a minor extent, Germany.

The gross written premiums in the P&C segment grew to 28.6 billion EUR (+9.8%), thanks to the performance of both business lines. The non-motor line grew by 11.4% with a positive performance across most markets in which the Group operates. The motor line increased by 6.5%, particularly in Argentina (mainly as a result of inflationary adjustments), ACEE and Spain. The premiums of Europ Assistance grew strongly (+73.0%), thanks to the contribution from new partnerships and the recovery in the travel business.

Net Life inflows were at 8.7 billion EUR (-36.1%). The performance was mainly due to the savings line, consistent with the Group's strategy to reposition its Life business portfolio, as well as specific in-force management actions and also reflecting the specific dynamics of some distribution agreements in the banking channel. The decrease of the unit-linked inflows (-7.4%) reflects the greater uncertainty in the macroeconomic context and the very strong performance in 2021. The protection line inflows grew (+2.9%), demonstrating the Group's ability to respond with innovative products to the growing demand of customers for protection solutions.

Life technical provisions amounted to 414.7 billion EUR (-2.3%), mainly reflecting the contraction in the unit-linked line, due to volatility in financial markets.

The Group's Total Assets Under Management were 618 billion EUR (-12.9%).

### **Key Group Indicators: Profitability**

The Group achieved its best ever operating result, reaching 6 billion 509 million EUR, up by 11.2 percent, thanks to positive growth in the Life, P&C, which benefitted also from recent acquisitions, and Holding and other businesses segment.

The New Business Margin on present value of new business premiums further increased, reaching 5.35% (+0.86 p.p.), thanks to the significant increase in interest rates, the

rebalancing of the production mix towards the more profitable unit-linked and protection lines, and the rollout of new products with improved protection features.

The Combined Ratio was 93.2% (+2.4 p.p.). It results mainly from the higher loss ratio (+2.0 p.p.). The current year loss ratio reflects the performance of the motor line, the higher impact of large man-made claims and of natural catastrophe. The expense ratio increased to 28.7% (+0.4 p.p.), due to an increase in administration costs that reflected the consolidation of Cattolica group, India and Malaysia acquisitions.

It should be noted that the Combined Ratio also reflects the impact of hyperinflation in Argentina. Excluding the latter country, the Group Combined Ratio would be 92.6%.

The operating result of the Asset & Wealth Management segment was 972 million EUR (-9.6%). In particular, the operating result of Asset Management activities was 638 million EUR (-5.0%) and the net result 457 million EUR (-2.6%) mainly due to the performance of financial markets during 2022, translating into a lower AUM base. The operating result of Banca Generali group was € 334 million (-17.4%), reflecting the performance of financial markets during 2022, which resulted in a reduction in performance fees.

Excluding the effect of the latter, the operating result of Banca Generali would have reported a strong increase.

The operating result of the Holding and other businesses segment reached 202 million EUR (157 million EUR FY2021). The higher contribution from Other businesses was mainly thanks to the improvement in the real estate result, which also benefitted from some positive non-recurring effects in 2022.

The non-operating result was -1 billion 710 million EUR (-1 billion 306 million EUR in 2021) which reflected, in particular, higher impairments on investments classified as available for sale (including Russian investments) and lower net realised gains compared to FY2021, when the Group recorded high realised profits in particular thanks to two real estate transactions.

The net result grew to 2 billion 912 million EUR (+2.3%), mainly thanks to the abovementioned positive performance of the operating result, which more than compensated for the worsening of the non-operating result and the greater impact of taxation. Excluding the impact of Russian impairments, the net result would have been 3,066 million EUR (+7.7%).

Net Holding cash flows stood at 2.9 billion EUR (2.6 billion EUR FY2021), led primarily by higher recurring cash remittances.

### **Key Group Indicators: capital and assets**

The Group confirmed an extremely solid capital position, with the Solvency Ratio at 221% (227% FY2021). The strong contribution of the normalised capital generation and the positive economic variances have only partially offset the impacts of regulatory changes, M&A and capital movements (including the completed buyback and foreseeable dividend).

At the end of 2023 first quarter, despite the turbulence recorded on the financial market following in particular the pressure on the banking sector, our capital position is expected to improve compared to year-end level, settling at the same level at the end of February, hence around 230%.

The Group's shareholders' equity stood at 16.2 billion EUR (-44.7%).

### **Summary of Parent Company results**

In the second part of the speech I'm going to illustrate the main economic and financial indicators of the Parent Company.

Gross written premiums went up by 11.9 percent, amounting to 4 billion and 26 million EUR. In particular, in the Life segment, the increase by 4.5% percent mostly regards the Employee Benefits segment of Luxembourg Branch new business. The increase in the P&C segment by 17.6 percent concerns the New York Branch as a result of further development of new insurance programs. In addition, the Global Corporate & Commercial segment in the United Kingdom and Hong Kong Branches reported a significant increase.

The net result of the period amounted to 2 billion 821 million EUR, increased by 999 million EUR compared to 2021. This result benefits from the effect of higher net investment income driven by dividends collected from subsidiaries (including of 233 million of dividend in-kind from Cattolica di Assicurazioni S.p.A.) and of higher underwriting result, both in Life and Non-Life.

### **Parent Company: main balance sheet indicators**

The shareholders' equity stood at 18 billion 588 million EUR, up by 3.7 percent as a result of the profit for the year, partially offset mainly by the payment of the dividend on the 2021 result and by execution of the own shares buyback plan.

Total assets rose by 1.3 percent to 50.5 billion EUR consistently with the increase of Shareholders' funds.

External debt decreased by 4.8% at 9.4 billion EUR.

Finally, the solvency position is once again solid at 280 percent, growing compared to the previous year.

As Philippe already mentioned, the dividend we propose to your approval is equal to 1 Euro and 16 Cents per share, up by 8.4 percent, resulting in a total maximum pay-out of 1 billion 790 million Euro.

### **Conclusion**

Ultimately, in a challenging geopolitical and economic context, Generali achieved a very positive full-year 2022 performance with:

- its best ever operating result;

- continued growth in premium, with strong P&C increase;
- a growing cash generation and an extremely solid capital position;
- a dividend proposal confirming the Group's focus on shareholder returns.

These results summarise the first year of the 'Lifetime Partner 24: Driving Growth' strategy, focused on sustainable growth, an enhanced earnings profile and the creation of value for all stakeholders, and confirm its excellent start.

Finally, I also want to address all our employees, the sales network and the partners for the resilience, commitment, dedication and love shown in 2022. To them and their families who are the true strength of our Lion, I express my most sincere thanks.

Thanks for your attention, I will now hand the floor back to the Chairman to perform the assembly procedures.