

**Speech of the CHAIRMAN  
Gabriele Galateri di Genola**

Shareholders,

welcome to the Shareholders' Meeting in Trieste. As in the past, I wish to start by welcoming you also on behalf of the Major. I also welcome the new Managing Director, Philippe Donnet, and the new General Manager, Alberto Minali, who are here with me. I congratulate them and I'm satisfied that both the Appointment Committee and the Board of Directors selected two exceptional leaders in a very short time and effectively. They will successfully lead the Group in the current challenging and competitive scenario, confirming and enhancing the industrial plan that has already been adopted as a further drive to growth and profits for Generali.

The global economic outlook, after some improvement last year, has been showing signs of volatility and recovery is still struggling. The Group must keep up and continue to grow, innovate, and improve its competitiveness. I fully trust the new leadership and the staff who will surely achieve outstanding results.

In this opening session, I will make some short remarks on three topics: the economic outlook, the relevant risks and opportunities; the relevance of our sector and the Group; and finally some topics that are central and that I always point out: innovation, social corporate responsibility and governance.

**1) Economic outlook.** 2015 was supposed to be the year of recovery at global level, but it has been refrained. The slowdown in the Chinese economy has jeopardised energy and raw material suppliers. This has also been a major constraint for growth in developing countries and in the raw material sectors. In the light of the Chinese Exchange crash and the mismanaged devaluation of the Renminbi, last Summer, as well as internal US events, the Federal Reserve has postponed the increase in interest rates, that was expected in September, and the completion of the so-called "tapering", i.e. the phasing out of the monetary expansion phase.

In Europe, the Quantitative Easing, i.e. the purchase of government bonds that the ECB launched on 9 March 2015, achieved some results, which, however, are still far from their goal, i.e. 2% of the inflation rate in the Euro zone. In December 2015, the ECB promoted an extension of the QE and later it further cut the interest rates and increased the purchasing capacity for government bonds to 80 billion euro.

On the other hand, the European Commission launched ambitious initiatives to create jobs, support growth, enhancing economic convergence and social welfare. In the framework of the Juncker Plan, the new European Fund for Strategic Investments has now been fully deployed, but public and private investments are still limited.

In Italy, growth is back with a rate of 1.2% for 2016. This growth should be driven by a major contribution of household consumption, as a result of the increase in the income, supported by the sharp cut in oil prices and the improved labour market (the unemployment rate has gone down by 0.8% in 2015).

**2) Insurance Sector and Generali.** In 2015, conditions in the insurance sector have been quite difficult, as a result of increased competition and reduced margins.

However, the dominating features of our main markets are solidity and growth. Asset management products have performed well and they support growth in premiums. At the same time, new solutions have been explored in line with market trends and consumer demand, as consumers have been increasingly careful in their decisions. On the other hand, performance rates have been very low, and this is going to be long term. Therefore, a new business model is needed. Technology solutions and investments in cloud computing and data analytics processes must be used to enhance market segmentation strategies, reduce frauds, support underwriting and risk management and optimise processes. The keyword for insurers in 2015 is "technology". Digital platforms enhance customer relations, increasing transparency of products and supporting insights and understanding.

Generali Group, thanks to the skills and the commitment of its high-quality management, has been renovating, based on the customer central role, simplification and transparency in insurance products.

Overall, in the current macroeconomic scenario, the insurance sector still has major growth opportunities in view of the role of private insurance in the provision of benefits that government agencies are phasing out: pensions, healthcare, natural catastrophe risks, asset management and long-term investments, contributions to infrastructure financing.

Hopefully, new rules, under the competition decree, will be drafted soon, preventing legal uncertainty, as when the tables on macro-lesions was not published.

**3) Innovation, sustainability, good governance.** Finally, I wish to emphasize three fundamental points: innovation, as I have already mentioned, sustainability and good governance.

They all have to do with our responsibility to look at the future, listen to our stakeholders and work on practical issues with projects and actions to exploit the resources and know-how of the Generali Group.

In 2015, the Group has launched many innovation initiatives and it has been included in MIT (Massachusetts Institute of Technology) top 50 smarter companies.

For instance, Generali Smart Insurance was launched in Germany. Through its subsidiary, Cosmos Direkt, and in cooperation with Devolo, a company specialised in smart domestic networks, Generali Deutschland developed an innovative household product. Customers receive an innovative security package providing a double protection for their homes: insurance cover plus Devolo "Home Control", a kit of IT domestic tools.

As for sustainability and corporate social responsibility, as every year, all Group companies have focussed on this area in 2015.

Thanks to Generali France, the Group has been an active participant at the Conference on climate that took place in Paris at the beginning of December 2015. Heads of State of over 190 countries attended (including Italy, United States, China and India). Generali France has been among the founders of Solutions COP21, an initiative aimed at providing major visibility to the fight against climate change, confirming our will to be part of the solution.

Finally, let me mention a recent major initiative by Generali Italia which developed the Welfare Index PMI, the first index to measure the employee satisfaction in Italian small and medium-sized companies in cooperation with Confindustria and Confagricoltura. The index covers 10 areas on welfare areas, including equal opportunities and parent support, complementary pensions, financial support to employees and their families, training. The objective is to support this new approach at national level with the SME support.

To achieve its objectives and work properly, the Group needs a governance in line with international best practices. This is what we have now and we are very proud, thanks to the efforts we have made over the years. Recently, some actions have been implemented to improve the management and organisation governance, restructuring and simplifying the geographic areas and business units, enhancing the role of the Head Office in leading, coordinating and monitoring the Group. Recently, the selection process for the new top management has been implemented very efficiently. The Appointment Committee and the Board of Directors have assessed many candidates, both inside and outside the Group, and finally two internal managers were selected, i.e. Philippe Donnet as CEO and Alberto Minali as General Manager.

Finally, I wish to thank all our staff for their work and I wish to thank the Shareholders and the investors for the trust in our great Group.

Thank you.