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Consolidated results as of 30 June 2020

Slide commentary 1H 2020

PHILIPPE DONNET, GROUP CEO

In these first six months of 2020, we all found ourselves dealing with a global pandemic which was hard to foresee and whose consequences will be felt for a long time.

P.1 Key messages

I want to highlight four key messages here.

First. The results we present today confirm that Generali is resilient from a financial and operational standpoint and able to withstand the unprecedented challenge posed by Covid-19.

Second. At Generali, we promptly reacted to the situation, acting like a true Lifetime Partner to our customers and to all our stakeholders. We put in place many initiatives to support them at this critical juncture, and we implemented a number of business actions that helped mitigate the effects of the crisis.

Third, we confirm our outlook for the remainder of the year whilst being conscious of the persisting uncertainty about the socio-economic and financial consequences of the Covid-19 pandemic.

Fourth, we continue to execute our strategy, Generali 2021, in a disciplined way, while adapting to the changing scenario and capturing any opportunities that might arise from it.

P.2 Financial and operating resilience confirmed

Notwithstanding Covid-19, these six months saw Generali performing well across the most important financial indicators, confirming our financial and operating resilience.

Our operating result at 2.7 billion Euro was in line with that of the first half of year 2019, when we achieved a record high figure.

This was thanks to an increase in the P&C and Asset Management businesses, also due to recent acquisitions, and for the Holding and other businesses, which offset a decrease in the Life segment.

Technical excellence was confirmed, with a Combined Ratio at 89.5 percent (91.8 percent 1H19) and a New Business Margin at 3.94 percent (4.40 percent 1H19).

The Adjusted Net Result – which does not take into account the Euro 183 million net impact deriving from the agreement to end the arbitration for the sale of BSI – amounts to Euro 957 Million, down from Euro 1,310 million last year.

Looking at our capital position, our Solvency Ratio stood at 194 percent (196 percent 1Q20).

P.3 Promptly acting as a true Lifetime Partner to all our stakeholders

The ambition of Generali 2021 is to make Generali a Lifetime Partner to its customers. This means being always there for them throughout their lives. The Covid-19 outbreak gave us the chance to prove our commitment, and to apply it to all our other stakeholders as well, demonstrating our immediate and full support.

Right from the beginning of the crisis, we remained close to our customers by extending insurance coverage and assistance, by offering more favourable policy terms and by providing remote medical consultations, emotional support helpline, wellbeing and public health information.

We also focused on protecting the health and safety of our employees, while maintaining business continuation: we activated remote working for over 90 percent of them worldwide and provided assistance and support to them and their families. The same applied to our agents and distributors, whom we equipped with the right digital tools so that they could continue to be there for our customers throughout the crisis, even during lockdown.

Another important action was to confirm our dividend of 0.96 euro per share, which we split into two tranches taking into account regulators' calls for prudence. The first tranche of 0.50 Euro has already been paid, and this is the most tangible sign of support we could give to all our shareholders[1].

Last but not least, our communities. Here, we promptly set up a 100 million Euro international extraordinary fund to tackle the health emergency and help relaunch the economies of the countries where we operate. Many other initiatives were carried out at local level. I am really proud that our employees contributed to our effort by donating their working hours, and so did our top management, voluntarily reducing their fixed compensation by 20 percent. We also made the commitment to support the European economic recovery with 1 billion euro of dedicated green and sustainable investments, and we are engaging with Governments and EU institutions to set up a pandemic fund.

In parallel to all these initiatives, we also proactively implemented several actions to counteract the effects of the crisis. For example, we focused on our budget and on other cost reduction initiatives to offset a potential reduction in our top line. Also, we continued to work on our capital and liquidity management, as well as on the monitoring of our Solvency position.

P.4 Generali 2021: Progressing in the delivery, while adapting to the changing scenario

We know the coming months will continue to be challenging.

At the end of May, when we released our results for the first quarter of the year, we also presented our outlook for 2020. We said we expect our operating result to be resilient this year thanks to a favourable business mix and robust standard policy terms, albeit with a likely decrease compared to 2019. We also anticipated an impact on our top-line evolution,

[1] The second tranche, equal to 0.46 Euro per share, is to be paid by year-end and subject to the Board's verification, *inter alia*, of the compliance with the limits set by the Group's Risk Appetite Framework as of September 30, 2020, as well as the positive confirmation of the compliance with the norms and the regulatory recommendations concerning dividend payments at that time.

particularly in travel insurance.
Today we confirm this outlook whilst being conscious of the persisting uncertainty about the socio-economic and financial consequences of the Covid-19 pandemic.
We continue to work hard to deliver our strategic plan, Generali 2021, which once again proved to be the right one for our Group.
We are satisfied with what we are achieving across its three pillars. Of course, we had to adapt to the changing scenario, which I believe we did successfully, further accelerating on a number of key goals such as financial optimization – with the recent subordinated bonds buyback and the issuance of our second green bond, which again recorded great interest from investors – and digital transformation.
At the same time, some interesting opportunities may arise, and we are ready to capture them.
Last but not least, we are making good progress also on the three enablers of our strategy – empowered people, brand and sustainability. Among the things we have accomplished this year, I want to highlight a further acceleration on sustainable growth, and the launch of the first global advertising campaign in the 189 year-history of Generali.

P.5 Generali 2021: Investor Day to be held in November

In conclusion, the results we present today show that, although the impact of Covid-19 is there and will be still there for some time, we continue to be solid and resilient from a financial and operating standpoint, with a clear strategic direction and a strong commitment to supporting all our stakeholders.
We will be providing a full update on our progress towards Generali 2021 and our targets in a few months from now at our Investor Day, which will be held virtually on November 18.
Thank you very much.

FREDERIC DE COURTOIS, GENERAL MANAGER

Good morning everyone,

And welcome to the presentation of Generali's first half 2020 results. Our Group CEO Philippe has already presented the status of our strategic initiatives and how we performed as part of our Lifetime Partner mission during this unprecedented situation.

I'm now pleased to take you through the main business results before our Group CFO Cristiano provides you with a detailed P&L and balance sheet review.

P.10 Estimated Covid-19 impact on results

Let me start with a brief overview of the estimated financial impacts that the COVID-19 pandemic had on Generali's Profit & Loss during this first semester.

Overall, we estimate a negative impact on our operating result of 84 million Euro. In terms of business lines, the hit has been concentrated mainly in the Life segment, with a 225 million Euro pandemic-related negative impact. This stems largely from lower investment result on the back of the financial market environment. It consists of a combination of reduced current income, increased impairments and a minor part of the acceleration in the strengthening of a guarantee reserve in our Swiss life business. In P&C, conversely, we estimate a net benefit from reduced claims frequency during lockdown on one hand and Covid-related charges and lower income on the other, resulting in an overall 87 million Euro benefit.

The non-operating result has been affected by Covid-19 related costs of 154 million Euro, taking into account the creation of Generali's 100 million Euro International COVID-19 fund mentioned by Philippe, plus further local initiatives aiming at supporting our clients, distributors and communities in this difficult environment for 54 million Euro.

As a reminder, in the first half of 2020 our non-operating result has also been impacted by market volatility via higher impairments.

P.11 Resilient life net inflows, mix improving

Let me now move on to our business performance during this unprecedented semester, starting with life.

Net inflows decreased by almost 5 percent to 7 billion Euro. Given the context, this is a very good achievement. An important contribution came from Italy, partly thanks to a significant group contract, worth 1.5 bn Euro with the pension fund Cometa focused on Unit Linked business. Without this contract, net inflows would have decreased by 25 percent, still remaining at a solid 5.5 billion Euro positive and proof of the effectiveness of our largely proprietary distribution networks even in this environment.

The most negatively affected country has been France, decreasing by 1.7 bn Euro as a result of our proactive actions on the savings portfolio, which translated into lower single premium business and higher surrenders.

We are very satisfied by the quality of our business mix, as the decline in net inflows has been almost entirely concentrated in the savings business, while Unit Linked showed a 70%

increase. This becomes a positive 11% stripping out the group contract in Italy mentioned earlier. The dominant contribution of Unit Linked and Protection sets the current situation apart from previous macro slowdowns and financial turmoil. It is a testament of our strong focus on steering the business mix towards our preferred lines. New business is represented by more than 90 percent of capital light premiums, with the traditional part having very low guarantees. As further evidence of our strict underwriting criteria, over 80 percent of new business premiums can be defined as ultra-light, which means business without guarantees or negative guarantees, protection with zero guarantee and savings / unit linked products with zero maturity guarantees. We constantly review and refine our product suite to adjust to the market environment; as such we are increasingly focusing our new production in Italy on whole life products with guarantee at death only.

In Italy, net inflows increased from 2.7 to 4.1 billion Euro. Without the positive contribution from the group contract with Cometa, net inflows would have decreased by 3.4 percent due to a decline in the savings segment (down 8.3 percent). Unit linked net inflows contribution tripled, recording a growth of almost 4 percent without the Cometa contract. Protection performed very well, up 18 percent. These results show the success of our proprietary networks in pursuing growth in our preferred business lines.

As mentioned previously, France saw strong decline in net inflows, down 1.7 billion Euro, to a negative 0.2 billion Euro. The driver has been almost entirely the savings component, after our decisive in-force and new business actions announced in late September 2019 to respond to lower interest rates. The protection business also suffered in this environment, down 29 percent, while Unit Linked business showed a strong performance, with net inflows up 19%. This strong performance was particularly visible in the affluent clients segment as customers took the opportunity to invest at depressed market levels.

In Germany, there was a 3 percent increase in net inflows, entirely driven by Unit Linked, up 16 percent, which more than compensated a declining savings business. Even in this extremely difficult environment, our partner DVAG was able to guide and service existing and new customers effectively. Protection business also proved its resiliency with over one billion Euro of net inflows.

In Austria, CEE and Russia, net inflows increased by 18 percent, thanks to reduced net outflows in Savings business and increased net inflows in Protection.

The International business experienced an 11 percent decrease, particularly driven by Spain and Switzerland.

As a final remark, it is important to note that we did not observe an increase in surrenders across our life book in this semester.

P.12 Good growth in volumes with sound profitability

Moving on to new business, we saw volumes up by 5.6 percent in PVNBP terms, but with a 46 basis points decline in margin on a like for like basis, to 3.94 percent. The positive volume performance is driven by Italy and by Germany. Without the Italian group contract, new business volumes would have decreased by 6.4 percent, still a good result given the external environment.

The decline in margins was mostly driven by negative economic variances, impacted by lower average reference rates, which during the semester decreased by 46 basis points in the Euro area compared to 1H 2019. The lower marginality of the Cometa group contract underwritten in Italy also had some impact.

Overall, a positive volume development offset by a declining margin, led to a 5.5 percent new business value decrease, on a like-for-like basis, to reach 887 million Euro.

Looking at our main countries.

Italy experienced a 15.4 percent increase in new business premiums, in PVNBP terms, driven by Unit Linked, thanks to the relevant contribution of the group contract with Cometa. The lower marginality of this contract and the less favourable financial assumptions led to a new business margin drop of 115 basis points, but still remained at a very satisfying 4.19 percent. Overall new business value declined by 9.5 percent. I would like to highlight that the contract signed with the pension fund Cometa had an overall 46 million Euro positive contribution in terms of new business value.

In Germany, our strong distribution capabilities have continued to perform even in the current context. This resulted in strong new business sales that increased by more than 16 percent, in terms of PVNBP. Combined with a slightly declining margin, this led to a 5 percent NBV increase.

In France, new business sales declined by 20.1 percent, driven by the savings component, in line with our strategy. It is worth pointing out the strong development in unit linked sales that, in spite of the COVID crisis, increased by 18.3 percent. The increased weight of Unit Linked, led to a margin improvement of 80 basis points, leading to 9 percent increase in new business value.

In the Austria, CEE and Russia region a 6.5 percent PVNBP decline, coupled with a 61 basis points margin contraction, led to a 14 percent new business value decrease.

Finally, in the International region we saw volumes down 5.7 percent, with stable margins, bringing the new business value down by almost 5 percent.

P.13 Growth in P&C volumes coupled with high technical profitability

In P&C, the Group achieved a modest but profitable growth, even in this environment, with premiums up 0.9 percent on a like for like basis. Technical profitability was very strong with a combined ratio at 89.5 percent, down 2.3 percentage points versus 1H 2019. The positive volume trend has been particularly evident in non-motor, with premiums up 1.7 percent, while motor showed a 0.5 percent contraction.

Italy's top line was up 0.7 percent, at 2.7 billion Euro. The driver of this performance was primarily non-motor, which increased by 6.2 percent, thanks to good performances of accident & health, including specific COVID related policies dedicated to corporate employees and corporate & commercial business. Motor had a 7 percent premium decrease, due to the

specific lockdown situation affecting average premiums and the number of contracts on the retail side.
In France, the top line grew significantly, particularly considering the environment, with premiums up 1.9 percent to 1.5 billion Euro. Motor grew 1.8 percent, thanks to the development of new partnerships. Non-Motor also performed well, up 0.6 percent, thanks to new commercial initiatives.
In Germany, volumes were slightly up by 0.2 percent. A positive development of non-motor lines, up 1.3 percent, compensated a 1.2 percent drop in motor.
Austria, CEE and Russia delivered a good performance once again, showing a 2.4 percent premium increase, with similar trends in both Motor and Non-Motor lines.
The International region delivered strong growth at 4.3 percent to 2.4 billion Euro of premiums, mainly thanks to inflationary driven price increases in Argentina and the growth in non-motor predominantly in Spain and Asia.
Group Holding and other experienced a 10.8 percent drop, entirely due to the severe pandemic scenario impacting Europe Assistance, down almost 29 percent, with travel business being the most affected business line.

In terms of profitability, all geographies experienced combined ratio improvements, in part linked to the reduced level of activity during the lockdown period, benefitting in particular the motor business, but also thanks to lower level of nat cats and an improved cost ratio.
The only exception here is Europe Assistance, due to the previously mentioned negative premium development.

P.14 Asset Management Global: KPIs on track

Let me provide you with an update on the development of the three target KPIs, for our ambition in Asset Management Global, that we presented to you in November 2018, which are the contribution to revenues from external clients, the operating margin and the net result after taxes.
On our revenues mix, the contribution from external customers has reached 32%, growing from the 30% registered a year ago, and fully on track to meet the 2021 target of 35%. This improvement has been driven by the growing contribution of the multi-boutiques platform.

The Operating Margin remained healthy at 52 percent, which is above our over-the-cycle target of 45%.

As a result, the net result before minorities reached 164 million Euro for Asset Management, up by 23% compared to the same period of 2019. This growth trajectory is in line with our 2021 target.

P.15 Asset Management Global: revenues contribution and external clients AuM

Our Asset Management revenues are well balanced across the different management styles.

39 percent of the operating revenues are generated by the insurance, Liability-Driven-Investors business, which has proven to be very resilient during the Covid-19 crisis (supported by the Fixed Income investment component).
35 percent of the revenues are generated by high conviction strategies, driven mostly by the external third party retail and institutional clients business.
The Real Assets business, including real estate, private debt and private equity, accounts for the remaining 26 percent of the revenues.

On the right side of the chart, we show the trend of our external customers AUM, which decreased from 105.7 billion Euro at the end of 2019 to 97.5 billion Euro, as a result of the negative outflows in the period for 6.7 billion Euro (the majority of which represented by LDI shifting away from low yield products), and negative1.5 billion Euro coming from the decrease in the value of assets caused by the high volatility of financial markets due to the Covid-19 impact.
To conclude, the results we present today show the resilience of our operating platform, the benefits of our sound technical margins, good business mix and increased diversification. Thank you for your attention. Cristiano will now provide more details on our financials and a capital review.

CRISTIANO BOREAN, GROUP CFO

Good morning to all,

Philippe and Frédéric have already provided you with our key strategic and industrial achievements during this semester characterized by the COVID-19 pandemic environment. I will now present our first half 2020 financial results both from a P&L and capital perspective.

P.17 2020 First Half results: strong technical profitability confirmed

I will begin with an overview of our performance in the first semester of 2020.

Even in this complex environment, our top line has grown by 1.2 percent, year on year. P&C posted a satisfactory 0.9 percent growth, even if the second quarter, more affected by a severe lockdown in most of our countries of activity, resulted in a 3 percent volume contraction. In Life, premiums were up 1.3 percent, with an acceleration in the second quarter, thanks to the group contract signed with the pension fund Cometa, which Frédéric already mentioned. Life net inflows remained very strong at 7 billion Euro, contributing to a 0.7 percent increase in technical reserves.

We are also maintaining our disciplined underwriting approach, with a continued focus on technical results, as demonstrated by our excellent combined ratio at 89.5 percent, benefitting also from the lockdown, and by a fairly resilient life new business margin, notwithstanding unfavorable financial markets.

All of this enabled the Group to maintain a stable operating result, even in this challenging environment, at 2.7 billion Euro.

The net result has been affected by impairments, by the Extraordinary COVID-19 Fund and other pandemic-related initiatives showing Generali's willingness to sustain its communities, and by the agreement reached with BTG Pactual ending the arbitration for the sale of BSI. Net result therefore reached 774 million Euro, down 56.7 percent year on year. We remind you that the comparative reflected one off positive gains of 479 million Euro related to the disposals of Generali Belgium and Generali Leben.

The adjusted net result stood at 957 million Euro, down 27 percent from the previous year. This result is net of the charge related to the agreement with BTG Pactual ending the arbitration for the sale of BSI. The adjusted net profit, also net of allowance for the gross 100 million Euro COVID 19 Fund (75 million Euro net of taxes), would be 1,032 million Euro, down 21.2 percent from 1H 2019.

Despite the challenging framework, at the end of June the Group Solvency ratio remained solid at 194 percent, down 30 percentage points from year end. This drop has been mainly driven by distressed financial markets in this COVID-19 environment, but also by regulatory changes and the impact of M&A. I will explain the drivers in details on the dedicated slide.

As an additional information, we estimate that last Friday, July 24th, our group solvency position was standing at around 197 percent, already taking into account the one-off impact of the recently closed Liability Management transaction.

P.18 Operating result resiliency thanks to mix and diversification

The Operating Result remained resilient at 2.7 billion Euro, thanks to our business mix and diversification with strong performances of most business lines counterbalancing a 15 percent decline in Life, affected by weak financial markets.

P.19 Growth in Life volumes at good technical margin

Let us first look at the performance of the Life segment.

On this slide, I would like to guide you through the development in premiums, which produced a robust 1.3 percent growth overall. Without the group contract in Italy associated to the pension mandate by Cometa, the development would have been 4.8 percent negative, still satisfactory in a pandemic environment characterized by several months of lock-down and a proof of the professionalism and effectiveness of our proprietary distribution networks.

In terms of business mix, Protection remained fairly stable while Savings decreased by 11.1 percent, with a constant focus on capital light products. Unit Linked increased by 35.8 percent, also thanks to the contribution of Cometa (6 percent growth without Cometa)

P.20 Life operating result impacted by negative markets development

The life operating result has been affected by the current environment, posting a 15 percent decrease, to 1.4 billion Euro.

The 107 million Euro increase of the technical margin and the 40 million Euro increase in expenses are both mostly explained by increased volumes in Germany.

What is negatively affecting the life operating result is the investment result which decreased by 310 million Euro, driven by the negative impact from financial markets also linked to the Covid-19 outbreak.

In particular, the life operating result of Switzerland moved from 98 million Euro positive contribution in 1H 2019 to a negative result of 156 million Euro in 1H 2020 following an acceleration in the strengthening of a guarantee reserve. This increase reflects more conservative long-term financial assumptions. Based on current information, we expect this acceleration to impact also the second half of this year leading to a similarly negative amount of life operating result from Switzerland in the second semester. Looking at 2021, the Swiss life operating result should be a double digit millions Euro negative.

P.21 Resilient new business value generation

Moving to Life new business, the overall Present Value of New Business Premiums increased by 5.6 percent to 22.5 billion Euro.

More in details, in terms of business mix, Savings business decreased by 13.8 percent, driven by the pandemic environment and by the business refocusing in France. Almost 82 percent of 1H 2020 Savings new business premiums are considered capital light given their product features and the weight of savings products without guarantee reached 27 percent, mainly thanks to Italy, in line with our Strategy. Protection business grew by 4.6 percent, driven by a strong performance of Germany. Unit Linked new business had a 46.1 percent growth, mainly thanks to the aforementioned positive contribution of the contract signed in Italy. Excluding this, the business line would have grown by 1 percent, proving the effectiveness of our proprietary networks in this difficult environment.

The new business margin stood at a still solid 3.94 percent, albeit experiencing a 46 basis points drop year on year, on a like for like basis. As already explained by Frédéric, lower reference rates were the main driver of this drop, impacting negatively by 58 basis points. In addition, a lower then average marginality of the group contract signed with Cometa had a further 27 basis points negative impact. The contract had nevertheless a 46 million Euro positive contribution in terms of New Business Value. Improved product features and the launch of new profitable products partially compensated the drop, reducing the overall margin decline.

In terms of business lines, savings had a 41 basis points margin drop to 2.38 percent, mainly due to the above mentioned worsened financial conditions. Protection experienced a 107 basis points margin decline like for like to 9.52 percent, still at exceptionally high levels. The margin on Unit Linked new business experienced a 35 basis points decline to 3.06 percent, affected by the previously mentioned group contract.

Overall, New Business Value, declined by 5.5 percent, year on year, to 887 million Euro.

P.22 Life technical reserves growth thanks to net inflows

Driven by our strong positive net inflows, Life technical reserves increased by 0.7 percent to 372 billion Euro, notwithstanding a negative impact from financial markets development. Unit Linked reserves decreased by 3.1 percent, driven by unfavourable mark to market movements of underlying assets. The share of capital light business has marginally increased to 60.7 percent.

P.23 Life investment return reflecting lower dividends

Let us now look at the Life investment portfolio: General account investments remained stable at 338 billion Euro.

In terms of asset mix, there has been a slight reduction in the weight of corporate bonds and equity. This was counterbalanced by a temporary increase of cash instruments.

Current income in absolute terms decreased by 122 million Euro, gross of policyholder share, mainly driven by lower equity dividends. Current investment returns decreased coherently by 12 basis points to 1.35 percent, on a not annualised basis.

The new money reinvestment rate in the Life fixed income portfolio amounted to 1.4 percent in this semester.

P.24 Growth in P&C volumes, excellent technical profitability

Let us now turn to P&C. On this slide, I would like to focus on gross written premiums, which

increased by 0.9 percent to 11.8 billion Euro. Performances were resilient in Motor, marginally down by 0.5 percent and positive in Non-Motor insurance, up 1.7 percent. These numbers have been positively influenced by a good start of the year, before the pandemic crisis started in Europe. Looking at the second quarter standalone, with a more widespread lockdown situation, overall P&C premiums have decreased by 3 percent, with similar trends in Motor and Non-Motor lines.
Even in this environment, we have continued to pursue profitable growth.

P.25 Strongly improved technical profitability drives operating result

The P&C operating result showed a 16.2 percent increase, to 1.3 billion Euro.
This was driven by an improving technical result, up by 33 percent to over 1 billion Euro, as a moderate top-line growth was associated with better underwriting margins, benefitting also from the lockdown, and by the positive contribution of the newly acquired Portuguese operations which added c5 percentage point to the growth in P&C operating result.
The investment result registered a 33 million decrease, due to lower current income from bonds and equity investments.
Lastly, the result from "Other" decreased by 37 million Euro, mainly due to increased costs in Germany linked to the reorganised footprint.

P. 26 Excellent P&C CoR driven by both loss and expense ratio

The combined ratio improved by 2.3 percentage points, reaching a remarkable level of 89.5 percent.
Looking at the components, we can see that this reduction derived primarily from an improving loss ratio, down 1.6 percentage points to 61.5 percent. The driver of this reduction was a 3 percentage points lower current year loss ratio excluding nat cat. The impact from man-made losses was fairly stable at 1 percent, versus 0.9 percent last year. The attritional current year loss ratio, excluding man-made losses, has improved by 3.1 percentage points.
The nat cat burden decreased by 0.3 percentage points to 1.1 percent. The positive contribution from prior years' development decreased to 2.5 percent, compared to 4.1 percent last year. This drop does not reflect a change in the strength of our reserving position, but rather it is contingent on prudency in liquidation and claims management processes in the current COVID-19 environment.

The expense ratio improved by 0.7 percentage points, thanks to the positive development of both acquisition and administrative costs.

P.27 P&C investment return reflecting lower dividends

P&C investments increased 2.4 percent to 40.6 billion Euro, compared to full year 2019 thanks to the consolidation of the newly acquired Portuguese business.
In terms of asset mix, there has been a slight reduction in the weight of corporate bonds, equity and real estate investments. This was counterbalanced by a temporary increase of

cash instruments also linked to de-risking activities.

Total P&C current investment income decreased by 61 million Euro, implying a 16 basis points contraction of current returns to 1.39 percent, on a non-annualised basis.

The average reinvestment rate on fixed income instruments in P&C was 1.3 percent during the first half of the year.

P.28 Asset Management Global: growth is on track

Moving to Asset Management, we are presenting to you a disclosure based on a reclassified P&L. As you can see, during 1H 2020 operating revenues increased by 17 percent to 421 million Euro, driven mainly by growing management fees and performance fees.

Operating expenses have increased by 16 percent, driven by the investments into the start-up boutiques, the strengthening of the central and business functions, and the amortisation of some relevant IT projects. As a result, the cost / income ratio stands at a healthy 48 percent.

Consequently, the operating result grew by 18 percent, to 219 million Euro.

The net result, after non-operating items and taxes, increased by 23 percent on a year-on-year basis.

In terms of geographical breakdown of the net result, Europe has grown from 123 million to 149 million Euro, which is in line with the ambition of reaching 300 million Euro of net result by the end of 2020, as per our goals communicated in May 2017.

The Rest of the World is showing also increasing profits, driven by the good performance of our Chinese JVs.

Assets under management increased by 1.5 percent, reaching 527 billion Euro.

As Frederic mentioned before, it was a positive semester for our asset management Business Unit.

P.29 Improved contribution from Financial and Other Businesses

Let me now turn to our Holding & Other businesses segment.

The overall contribution to the Group operating result improved from 21 million Euro last year to 38 million Euro.

This positive development came firstly from the good operating performance of Banca Generali, up 11.3 percent. This was thanks to higher fees and commission income. Secondly, there was a moderate improvement from “Other businesses”, up 4.1 percent.

Operating holding expenses increased slightly, by 2.2 percent mainly due to costs related to Group strategic initiatives. These included costs related to the global advertising campaign, the implementations of IFRS 17 and costs related to IT infrastructure and security.

P.30 From operating to net result

To move from operating result to net result, we start with the Non-operating investment income, which made a 361 million Euro negative contribution, including 431 million Euro impairments only partially mitigated by realised gains worth 103 million Euro. The impairments include 93 million Euro goodwill write-offs relating to our Swiss life subsidiary.

Non-operating holding expenses decreased by 69 million to 302 million Euro, mainly driven by 61 million Euro lower interest expenses on our financial debt, in line with our strategic goal and actions to reduce both the amount and cost of our debt. Interest expenses will continue their decreasing trajectory during the second half of 2020 and during 2021, based on the transactions performed in 2019 and 2020. As a reminder we did not refinance 1.25 billion Euro of senior debt which matured in January 2020. In addition, this month we successfully concluded the buyback of 600 million Euro of subordinated bonds callable in 2022, issuing a corresponding amount of green bond, at a significantly lower coupon. This transaction that will be accounted in 3Q2020 entails a pre-tax one-off loss of 94 million Euro. Thanks to all these actions, in 2020 gross interest expenses will decrease overall by around 117 million Euro versus FY2019. In 2021 the gross interest expense will be almost 200 million Euro lower, compared to the 2017 baseline, well above our target.

Net Other non-operating expenses increased by 126 million to 278 million Euro. The main components are: the recurrent amortisation of VOBA, equal to 52 million Euro; 42 million Euro of restructuring costs linked to simplification projects in Italy, Germany, Latin America and Portugal; and the contribution to the COVID-19 Fund worth 100 million Euro and other pandemic-related initiatives worth 54 million Euro.

The overall effective tax rate of the Group was 38.5 percent, exceptionally high due to the increased weight of non-tax deductible cost items, as was the case for some of the impairments that hit our P&L.

In the discontinued operations line, we had a 183 million loss related to the agreement Generali reached with BTG Pactual, thereby ending the arbitration related to the disposal of BSI.

Minority interests were fairly stable at 135 million Euro.

This takes us to a net result for the half year of 774 million Euro, down 56.7 percent year on year.

The adjusted net profit, not including the impact of gains and losses related to disposals, stood at 957 million Euro, down 27 percent from the previous year.

The adjusted net profit, also netted of the allowance for the Extraordinary International fund for COVID-19, would be 1,032 million Euro, down 21.2 percent from 1H 2019.

P.31 Shareholders' equity negatively impacted by change in AFS reserve

Let us now turn our attention to the balance sheet. Shareholders' equity decreased by 7.8 percent, to 26.1 billion Euro compared to year end 2019. The positive contribution was the result of the period. This has been more than offset by the 1.1 billion Euro negative development of the available for sale reserve. In addition, we accounted in the balance sheet for the whole 2019 dividend, worth 1.5 billion Euro, including the second tranche expected to be paid in November subject to the Board verification inter alia of compliance with the limits set by the Group Risk Appetite Framework as of 30 September 2020 as well as a positive assessment of compliance with the supervisory provisions in force at that time. Finally, "Other" had a 0.3 billion Euro negative impact mainly linked to the development of the exchange rates reserve.

P.32 Strong positive contribution from normalized capital generation

Despite the challenging environment, at the end of June 2020 the Group Solvency remained strong at 194 percent, even after experiencing a significant 30 percentage points reduction, compared to year end 2019.

This reduction has been largely driven by negative market variances during the period and linked to the Covid-19 outbreak: progressive decrease of interest rates, fall of equity markets that only partially recovered in the last months and widening of Italian government spreads. These had an overall negative impact of 26 percentage points.

Other extraordinary operating variances, including the transaction with BTG Pactual, the 100 million Euro COVID-19 Fund, the buy-back linked to our employee share ownership program and other non-recurrent costs, led to a further 3 points decline.

Regulatory changes occurred in the first quarter of the year (the reduction of the Ultimate Forward Rate used in the valuation of liabilities and a further haircut on IORP pension business unrealized gains), also negatively affected the solvency ratio by 3.5 percentage points.

The closing of our acquisitions in Portugal, in January, and the accrual of the dividend, each had a 4 points negative impact.

Importantly on the positive side, we maintained a very strong capital generation, even in this environment. This contributed 10 percentage points to the solvency ratio pre-dividend accrual, reflecting the strength of our leading technical profitability.

P.33 Final remarks

Let me conclude

We entered this period of financial, economic and social pressure from a position of strength. Our operating model is proving to be resilient and capital and liquidity positions are strong, as confirmed by this set of results.

In such a complex environment, Generali achieved excellent technical performances leading to a resilient operating result.

Our solvency is solid, supported by strong capital generation and Group central liquidity.

The strategy we launched at the end of 2018 is proving to be the right one, even more so in the current period, and we will continue its disciplined execution.

Thank you for your attention and we now look forward to your questions.