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Consolidated results as of 31 December 2019

Slides commentary

PHILIPPE DONNET, GROUP CEO

2019 was a very important year for our Group, as it marked the beginning of the execution of Generali 2021, our three-year growth and transformation plan.

Before focusing on our results, I would like to take a moment to address an issue that is weighing on everyone's mind.

The outbreak of COVID-19 and the uncertainty affecting the communities we operate in around the world, as well as the market environment, make this a particularly challenging situation for everyone.

Our number one priority was to take action as soon as the crisis started emerging, with the main focus on the health of our people, whether they are employees, agents or business partners, and on our service continuity.

Within this context, the work already done to transform Generali into a more resilient and digitally savvy company puts us in good standing, both on a financial level as well as an operational level.

Generali is a sound and solid Group, and our 2019 results are a further proof of it.

P.4 Key messages

With regards to our 2019 results, I want to highlight four key messages.

First. We achieved a record operating result of 5.2 billion Euro, and strong growth in terms of our normalized net result at 2.4 billion Euro, 6.6 percent higher than in 2018.

Second. Despite the persistent low interest rate environment, we strengthened our capital position with a Solvency Ratio of 224 percent.

Third. As a result of these achievements, we will propose to our shareholders a dividend per share of 96 euro cents, up by 6.7 percent from last year.

Finally, these results allow us to move closer to the delivery of Generali 2021 and to be on track to meet its three key financial targets.

P.5 2019: Significant growth across key indicators

Going into a bit more detail on our performance, Generali did very well across our most important financial indicators.

The operating result, the highest in the history of our Group, increased by 6.9 percent to 5.2 billion euro compared to 2018.

This was made possible by the positive contribution from all business lines, allowing us to further diversify our sources of profitability.

The operating result grew by 2 percent in the Life business and by 3.3 percent in the P&C business, which continues to stand out in the sector for its technical excellence.

Also, the Asset Management business, which plays a very important role both in our current strategy and for the future, recorded an operating result of 425 million Euro, up by 27 percent

from last year.
The Group net result came in at 2.7 billion Euro, a 15.7 percent increase from 2018.
Excluding the impact of gains and losses related to disposals and the one-off expense for the liability management transaction, the normalized net result was nearly 2.4 billion, up by 6.6 percent.
We achieved all of this against the backdrop of a challenging environment marked by low interest rates.
Despite it, and also thanks to the fact that we have been preparing for this scenario in advance, we succeeded in making our capital position even more solid: our Regulatory Solvency Ratio, equal to 224 percent in 2019, is up by 8 percentage points from 2018.
The dividend per share of 96 euro cents that we will propose to our shareholders, up by 6.7 percent, further demonstrates the smooth execution of our plan.

P.6 Generali 2021 ambition

The ambition of Generali 2021 is to make Generali a life-time partner to its customers, offering them innovative, personalized solutions thanks to an unmatched distribution network.
In November 2018, when we presented the strategic plan, we said we would lead the European insurance market for individuals, professionals and SMEs while building a focused, global asset management platform and pursuing opportunities in high potential markets.
Nearly one year and a half later, we are fully reaffirming these commitments.

P.7 Generali 2021: significant results already achieved for each pillar of the strategy

In 2019, we already achieved significant results for each of the three pillars of Generali 2021.
In terms of profitable growth, we further strengthened our leadership in Europe.
We became the 2nd largest non-life player in Portugal with the acquisition of Seguradoras Unidas and, with AdvanceCare, we acquired a robust and scalable platform in third-party health services.
We also sealed a number of acquisitions in Central & Eastern Europe.
We broadened our offer across all businesses and areas. In Asset Management, we continued to develop our multi-boutique platform, which currently comprises 16 different entities covering a growing range of asset classes.
We launched a new insurance offer to art collectors, Arte Generali, and we strengthened our value proposition to SMEs.
For the second pillar, we already overachieved our financial optimization targets for 2021, reducing our outstanding financial debt by 1.75 billion Euro and our gross cost of debt by 164 million euro. We are also performing in line with our objectives in terms of capital generation and cash remittance.
Lastly, we continued to work towards our digital transformation and to develop innovative solutions.
We are deploying eight customer and distributor hallmarks, as well as five digital enablers, across all Business Units to drive transformation.
We are launching innovative projects such as the pan-European platform for mobility, and in Argentina we signed an important partnership with Mercado Libre, the largest e-commerce

player in South America.
As a result, our Relationship Net Promoter Score is +3 points, narrowing the gap with our international European peers.

P.8 Generali 2021: strong commitment to sustainable growth as one of the three key enablers of the strategy

Generali 2021 relies on three enablers: empowered people, strong brand and sustainability commitment. Let me give you an update on the last point.
In 2019, we confirmed we want to pursue sustainable growth that can work to the benefit of our stakeholders and society as a whole, and we made significant progress towards our ambitious sustainability targets.
We increased by 20 percent the gross written premiums linked to green and social products, which currently account for over 15 billion euro, and since February 2018 we have invested 2.7 billion euro in green and sustainable investments.
We also made progress with regards to additional initiatives with a strong sustainability footprint:
• The Human Safety Net, our project for the communities, now active in 21 countries
• EnterPrize, the international award which aims to reward the most sustainable SMEs
• Lastly, the development of a distinctive and customized product offering for responsible consumers.
Furthermore, we became the first European insurer to issue a green bond; we continued to implement our Climate Change Strategy and we recently committed to decarbonize our portfolio to net-zero emissions by 2050.
Generali has also developed its first Green Insurance Linked Securities Framework. Insurance Linked Securities are alternative financial instruments allowing for the transfer of insurance risk to institutional investors. The issuance will be characterized by the investment of the collateral in assets with a positive environmental impact, and by the allocation of the transferred solvency capital to sustainable initiatives.
Thanks to all these efforts, we are part of the Dow Jones Sustainability World and Europe Indexes.
We are proud of these achievements, as they truly testify our commitment to sustainability at all levels, in line with our long-term Purpose.

P.9 Generali 2021: 2019 results in line with financial targets

In conclusion, the results we present today allow us to be proud of what we have achieved so far and we are fully on track to meet the three key financial targets of Generali 2021.
First, we aim to increase earnings per share by 6 to 8 percent per year on average, and in our first year into the plan we grew at 6.3 percent.
Second, we announced a dividend increase while preserving a 55 to 65 percent pay-out ratio, and the proposed dividend implies a 63.6 percent pay-out.
Third, we committed to ensuring higher returns for our shareholders thanks to a Return on Equity above 11.5 percent on average, and the figure for 2019 was 12.4 percent.
We will be providing a further update on our progress towards Generali 2021 at our Investor

Day in November in London, thank you very much.

FREDERIC DE COURTOIS, GENERAL MANAGER

Good morning everyone,

And welcome to the presentation of Generali's full year 2019 results. Our Group CEO Philippe has already presented the main strategic goals that Generali achieved during last year. I'm now pleased to take you through the main business results before our CFO Cristiano provides you with a detailed P&L and balance sheet review.

P.11 Key messages

Our 2019 results mark a good start to the successful implementation of our Generali 2021 strategy, with the group making strong progress on all its 3 key pillars of profitable growth, capital management and financial optimization and innovation and digital transformation.

Our technical excellence is strongly reaffirmed by this set of results with a Property & Casualty combined ratio at best-in-class levels and life new business margin just under 4 percent in spite of less favorable financial assumptions. Our effort on cost reductions has been effective and we are on track with our efficiency targets.

We are making good progress on our first strategic pillar of Profitable Growth, with our insurance business delivering a growing top line at strong technical margins, coupled with the expansion of our asset management footprint as well as growth in other businesses. Our earnings are progressing and benefitting from greater diversification. All of this is resulting in a normalized net results growth of 6.6%, on track with our plan targets.

Our capital position remains very strong and sits at industry leading levels with a Solvency 2 regulatory ratio at 224 percent at year-end 2019. This is mainly thanks to a solid operating capital generation, with some one-off favorable regulatory changes supporting the final quarter.

P.12 Profitable growth driven by resilient technical performance

During 2019, Generali posted further improvements across most financial indicators. I would like to focus on a few high-level KPIs that highlight the Group's profitability. Cristiano will then give you a more detailed overview of our financials.

The operating result increased by 6.9 percent to 5.2 billion Euro, a new record level for the Group. All business segments contributed to the annual increase in operating result.

The Group's normalised net result, adjusted for the impact of gains and losses from disposals as well as the loss associated with the liability management exercise, came at 2.38 billion Euro. This produced a 6.6 percent increase compared to one year earlier, on track with our plan targets.

Our technical performance remains excellent. Our Property & Casualty Combined Ratio improved by 0.4 percentage points to 92.6 percent, with strong progress on the current year attritional loss ratio and a very satisfactory top-line growth of nearly 4 percent. In the Life segment, our New Business Margin remained relatively stable at just under 4 percent.

P.13 Strong growth of life net inflows, mix impacted by risk appetite

Let me now explain to you how our businesses performed in 2019, starting with life.

But before doing this, I would like to remind you that within our life premiums, net inflows and new business figures, a restatement between lines of business has been applied, to provide a more accurate representation of some products sold in Germany and Asia. Comparative figures have been reclassified accordingly. The overall picture nevertheless remains unchanged.

Net inflows grew strongly during 2019, totalling 13.6 billion Euro, up 19.6 percent year-on-year and driving a solid growth in technical reserves. This performance has been mainly driven by France, Italy and by our Asian businesses.

In terms of business mix, the dominant contribution of capital-light products such as Unit Linked and Protection has been confirmed. This is in spite of an increased weight of the Savings component that increased from 16 to 34 percent and a decreased weight of Unit Linked, down from 49 percent to 34 percent. But the quality of our net inflows remains at satisfactory levels. New business is represented by almost 91 percent of capital light premiums, with the traditional part having very low guarantees, largely at 0 percent or even lower in some European countries. As a further evidence of our strict underwriting criteria, 78 percent of new business premiums can be defined as ultra-light, which means business without guarantees and savings products with 0 at maturity or negative guarantees. We constantly review and refine our product suite to adjust to the environment; we are increasingly focusing our new production in Italy on whole life products with guarantee at death only. Finally, a large part of the Italian traditional new business has a guarantee at maturity only.

In Italy, net inflows increased from 4.8 to 6.1 billion Euro, driven by a growing capital light Savings contribution. This more than compensated for the contraction of Unit Linked production, mainly caused by increased client risk aversion after financial markets volatility experienced at the end of 2018. We have nevertheless recorded a partial recovery of this business line in the last quarter of 2019, compared to previous quarters of the year.

France saw strong growth of net inflows, up by 34 percent, reaching 2.1 billion Euro. Also, here the main driver of this increase was the change in capital light traditional Savings business net inflows, that went from a strong net outflow position in 2018 to marginally positive net inflows in 2019. However, after our decisive in-force and new business actions announced in late September 2019 to respond to lower interest rates, the fourth quarter on a standalone basis experienced strong net outflows of the savings business partially mitigated by positive contributions of Unit Linked and Protection businesses.

In Germany, there was a 4.6 percent increase in net inflows, with a mix that continues to be almost entirely based on Protection and Unit Linked.

In Austria, CEE and Russia, lower net inflows were mainly due to higher net outflows in Savings business, not fully compensated by increases of Unit Linked and Protection net inflows.

The International business experienced a 25% growth in net inflows, driven by Asia, but with good performances in most other geographies.

P.14 Good growth in volumes, profitability relatively resilient

Moving on to new business, we saw strongly increasing volumes, up by 10.1 percent in PVNBP terms, but with a 49 basis points declining margin on a like for like basis, to 3.89 percent. This decline in margins was mainly driven by negative economic variances, impacted by lower average reference rates that, during the year, decreased by 60 basis points in the Euro area. The negative impact also stemmed from a slightly changed country mix, with a lower weight of Italy, and increased weight of Germany and France. Better product features, such as lower minimum guarantees, had a positive counterbalancing effect.

Overall, a positive volume development offset by a declining margin, led to a 2.2 percent new business value decrease, on a like-for-like basis, which comes to 1 billion 777 million Euro.

In Germany, the fully implemented transformation continues to bear fruit, resulting in strong new business sales that increased by more than 27 percent, in terms of PVNBP. This, combined with a stable margin, led to a 27 percent NBV increase.

In the Austria, CEE and Russia region an 18 basis points margin expansion explained by a higher weight of protection products, coupled with 2.1 percent growing new business volumes led to 4.8 percent growth in new business value.

Italy experienced 5.8 percent increasing new business premiums, in PVNBP terms, driven by savings and protection, while the contribution of unit linked remained negative but with a recovering trend throughout the year. Because of the interest rate reduction, the new business margin dropped by 59 basis points, but was still at a very solid 4.7 percent. The combination of these two trends produced a 6 percent decline in new business value.

In France, new business sales grew by 10.1 percent, driven by all business lines, including capital light savings products. It is worth mentioning the strong recovery in unit linked sales that, in the fourth quarter increased by over 27 percent. In spite of good volumes, the NBV declined by 14 percent, due to a 51 basis points contraction of the margin. This margin movement is mainly explained by worsened economic assumptions as well as by a lower weight of Unit Linked products.

Finally, in the International region we saw volumes up 1.6 percent, coupled with a 41-basis points margin contraction thus driving a 4.3 percent NBV decline. The margin contraction was mainly caused by reduced profitability of the saving business sold in China in the first part of the year, linked to a worsened financial framework.

P.15 Strong growth in P&C volumes coupled with high technical profitability

In P&C, the Group confirms robust profitable growth, with premiums up 3.9 percent and a reduced combined ratio below 93%. The positive trend was seen in both motor and non-motor.

Italy's top line was up 1.5 percent, at 5.5 billion Euro. The driver of this performance was primary non-motor, which increased by 2.9 percent, thanks to a positive development of most business lines and in particular of Small & Medium Enterprises, Employee Benefits and Corporate & Commercial. Motor had a 1.3 percent premium decrease, due to decreasing average premium and number of contracts.

In terms of profitability, Italy experienced a 1 percentage points combined ratio deterioration, mainly due to a higher incidence of Nat-cats that more than offset an improving current year

loss ratio. The combined ratio still reached a comfortable 91.9 percent level.
In France, the top line grew significantly, with premiums up 3.9 percent to 2.8 billion Euro. Motor grew 4.1 percent, thanks to the development of new commercial initiatives combined with tariff optimisations. Non-Motor performed positively as well with premiums up 3.2 percent. The overall combined ratio improved by 3.0 percentage points, reaching 96.8 percent. The result was mainly driven by a better current year loss ratio.
In Germany, premiums increased by 0.4 percent. This development was the result of a growth in non-motor, up 1.7 percent, while motor was down 1.5 percent, impacted by pruning activity of some non-profitable segments and selective underwriting of new clients. The combined ratio experienced a 3.1 percentage points improvement, reaching an excellent 89.6 percent, thanks to a better current year loss ratio and to lower Nat-Cats. The expense ratio increased due to higher acquisition costs following the integration of the Generali network into DVAG.
Austria, CEE and Russia delivered a very strong performance once again, showing around 6 percent premium increase both in Motor and Non-Motor lines, with a particularly strong performance of retail lines. The combined ratio was once again outstanding at 87.2 percent, 0.9 percentage points lower than the previous year.
The International region delivered strong growth at 7.3 percent to 3.5 billion Euro of premiums, mainly thanks to inflationary driven prices increases in Argentina and the growth in non-motor predominantly in Spain and Asia. The overall combined ratio stood at 96.9 percent, up 1.1 percentage points.
Group Holding and other grew strongly at 8.8 percent to 1.5 billion Euro, thanks to good performances of Europe Assistance and of General's Group Health business.

P.16 Asset Management Global: KPIs on track

In November 2018, we presented three goals for our global ambition in Asset Management: contribution to revenues from external clients, operating margin and net result after taxes.
Let me provide an update on these three KPIs and on our revenue mix and 3rd party AUM development. Cristiano will add more details later when focusing on our enhanced disclosure based on a reclassified P&L.
The Asset Management net result before minorities reached 280 million Euro, up by 45 million compared with the same period of 2018. This growth trajectory is in line with our 400 million Euro target at the end of 2021, 350 million Euro of which is organic.
The share of external clients' revenues increased from 13 percent to 33 percent, year on year. This strong improvement has been driven by the recapturing, via external mandates, of the asset management of the technical reserves sold with our Belgian activities and with Generali Leben, as well as the acquisitions carried out , namely Lumyna, KDSladi, Union Poland and Sycomore. I take this opportunity to remind you that the 2021 target is to reach 35 percent of revenues from external clients.
The Operating Margin remained healthy at 52 percent, down 3 percentage points year on year, which is above our 45 percent target for 2021.

P.17 Asset Management Global: focus on revenues contribution and external clients AuM

Our Asset Management revenues are fairly balanced across the different management areas. 34.3 percent of the operating revenues are generated by the insurance, liability driven business, while 37.4 percent are generated by high conviction strategies, both for insurance clients and third party retail and institutional clients. Real Assets business, including real estate, private debt and private equity, accounts for the remaining 28.2 percent of the revenues.

On the right side of the chart, we show the development of our third-party AUM business, that increased from 27.2 billion Euro at the end of 2018 to 105.7 billion Euro.

The main contributors have been 20.5 billion Euro of new assets coming from acquisitions and 49.6 billion Euro coming from our partnership after the sale of Generali Belgium and Generali Leben.

Finally, net inflows during 2019 totalled about 3.0 billion Euro, and market effects had a positive 5.4 billion Euro impact.

We are in line with our strategy of building the top 5 Multi-boutique asset management platform and on achieving our 2021 targets on external clients revenues, operating margin and net result.

P.18 Generali 2021 execution: on track

Let me now provide you with a quick update on the status of the implementation of Generali 2021. As promised we are focused on a number of industrial KPIs. On this slide you can see that we are on track with almost all of them.

Starting with our first pillar, Profitable Growth, Insurance Markets Europe earnings and service-based revenue streams have both performed very strongly in 2019 and our Asset Management earnings are well on track. A temporary deviation from the expected earnings growth path occurred within the high potential insurance markets cluster, negatively impacted by the impairments on our Argentinian operation. We nevertheless expect a recovery during the plan period.

Moving on to Capital Management, a detailed review of these KPIs will be provided later on by Cristiano. I would just like to highlight that 2 of the 4 KPIs have already been achieved and even over achieved, thanks to an effective liability management exercise of our financial debt.

Our third strategic pillar is Innovation and Digital Transformation. We made the commitment to invest an additional 1 billion Euro in strategic initiatives over the plan period. Also here, we are on track. Some examples are the launch of Generali's pan-European platform for mobility and the new digital strategy. In 2019 we have subscribed to an agreement with FCA in Italy, Germany, France and Poland aimed at the development of traditional and connected insurance business.

We are also relentlessly continuing to streamline our organisation and further enhancing efficiencies in all business lines. This enabled us to be on track on the expense reduction target for Insurance Europe as well.

Finally, we are tracking achievements for our enablers, People, Brand and Sustainability. Again we are on track for all our KPIs. I would just like to comment briefly on our specific commitment on Climate Change, which is one of the most impactful ESG trend. Our goal here is to increase our commitment towards sustainable and green sectors by investing at least 4.5 billion Euro in green and sustainable investments. We are already at more than half of the target we have committed to reach.

To conclude, we are making strong progress on the execution of our plan.
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,

Frédéric has already provided you with our key industrial achievements. I will now present our 2019 financial results both from a P&L and capital perspective.

P.20 2019 results: successful start in Generali 2021 plan implementation

I will begin with an overview of our performance in 2019.

Consistent with what we observed in previous quarters, our top line continues to grow at a very satisfactory pace. P&C posted a strong 3.9 percent growth. In Life, premiums are up 4.5 percent and the life growth would have been 7.3 percent if we remove a positive 2018 one-off, stemming from an in-force management exercise executed in Italy last year. More importantly, life net inflows developed very positively, growing 19.6 percent and strongly contributed to the 7.6 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 and life new business margin notwithstanding unfavourable financial markets.

All of this led to the Group achieving its highest ever operating result, that increased by 6.9 percent to 5.2 billion Euro. I would like to remind you that the redeployment of the proceeds from the disposals into higher-yielding investments will contribute to the growth in the Group's results going forward.

The net result of 2.7 billion Euro was up 15.7 percent on the previous year, reflecting the continuous enhancement of our operating machine, the gains from the disposals of Belgium and Generali Leben and the one-off expense of 188 million Euro associated with the liability management transaction. This translated also into a 12.4 percent Return on Equity.

The adjusted net result stood at 2.4 billion Euro, up 6.6 percent from the previous year. This result is net of the gains related to the disposals and excludes the one-off charge associated with the liability management transaction.

Our regulatory solvency ratio ended the year at a very strong level, reaching 224%. This was up by 8 percentage points versus last year and benefitted from a solid operating capital generation.

The proposed dividend is increasing to 0.96 Euro cent per share, up from 0.90 Euro per share in 2018.

P.21 Operating Result growth across all business lines

The Operating Result was 5.2 billion Euro, with a 6.9 percent increase thanks to positive performances across all business lines as you can see in the chart. We will now look at divisional performance in greater detail.

P.22 Growth in both Life volumes and earnings

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 4.5 percent growth overall. In terms of business mix, Protection performed very well in all regions, posting a 7.6 percent growth. Savings increased by 5.5 percent, with a constant focus on capital light products. Unit Linked decreased by 2.8 percent year on year, but with a recovering trend in the second half of the year. This reduction in Unit-Linked volumes has been mainly driven by the development of our Italian business. The last quarter of 2019 nevertheless saw this business line turning to growth.

The growth rate on overall life premiums was affected, as I mentioned earlier, by in-force management actions on group business in Italy that inflated the 2018 comparative base. The underlying trend would have been a 7.3 percent increase, primarily driven by Italy, France and Germany.

P.23 Improved technical profitability and investment result

Our life operating result increased by 2 percent to over 3.1 billion Euro.

This was mostly driven by a good technical result performance, up by 349 million Euro. This increase can be primarily explained by a good development of hybrid products in Germany and Italy, as well as by solid growth in protection businesses in Austria, CEE and Russia.

The investment result increased by 150 million Euro, thanks primarily to lower impairments and due to higher realised gains, both net of policyholder participation.

The expense result worsened by 436 million Euro, mainly due to increased acquisition costs primarily in Italy, Germany and France to support our new production.

P.24 Healthy new business value generation

Moving to Life new business, let me first remind you that reported new business figures include the contributions of entities disposed off until the moment of their sale in 2019. Year on year changes have, however, been normalised thereby neutralising the impacts from the disposed entities.

Please also note that, as we did for life premiums and net inflows, a restatement between lines of business has also been applied for new business. This is in order to provide a more accurate representation of some products in Germany and in Asia consistent with their characteristics.

Within this framework, the overall Present Value of New Business Premiums increased by 10.1 percent to 45.7 billion Euro.

In terms of business mix, Savings business increased by 15.2 percent, driven by Italy, Germany, and France. In line with our strategy almost 85 percent of 2019 Savings new business premiums are considered capital light, compared with 77 percent in 2018. Protection had an excellent performance, growing 17.3 percent, with good momentum in all regions. Unit Linked new business declined by 3.7 percent with a recovery trend in the last part of the year. This was thanks to a good performance in the fourth quarter, up almost 14 percent, year on year, and with positive trends in all regions.

The new business margin stood at a robust 3.89 percent, albeit experiencing a 49 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, to which was added a different country weighting in PVNBP. However, our proactive approach to product features and strong growth in profitable

protection business, helped us mitigate the headwind from less favourable financial assumptions.
In terms of business lines, savings had a 58 basis points margin drop to 2.25 percent, due to the above mentioned worsened financial assumptions. This was only partially mitigated by continuous product enhancements, such as lower minimum guarantees, that decreased by 10 basis points, year on year. The margin on unit linked new business experienced a 68 basis points decline to 3.58 percent. This was mainly due to a different country mix, as well as to greater weight of products with lower loadings.
Protection experienced fairly stable margins.
Overall, solid new business premiums growth, combined with a relatively contained margin decline, led to a 1.8 billion Euro new business value, down 2.2 percent, year on year.

P.25 Net inflows drive strong growth in reserves

Thanks to a combination of strong positive net inflows and financial markets development, our Life technical reserves increased by 7.6 percent to over 369 billion Euro.
We continue to steer the mix of liabilities in line with our strategy: capital light business has increased its proportion of total reserves by almost 4 percentage points since the end of 2018, reaching 60.5 percent, also thanks to a tight control over our proprietary distribution networks. Please note that the 2018 comparative number has been marginally restated due to a methodology refinement on guarantees.

P.26 Resilient life investment return

Let's now look at the Life investment portfolio: General account investments reached 337 billion Euro, up 11.8 percent from year end 2018.
In terms of asset mix, the allocation remained substantially in line with year-end 2018, with a slight decrease of corporate bonds, balanced by an increased weight in other fixed income, mainly in funds with liquid and illiquid investment strategies.
Our exposure to Italian government bonds amounted to 63 billion Euro at year end 2019, 4 billion Euro above year end 2018, entirely due to market value movements. The nominal exposure slightly decreased. I remind you that almost our entire exposure is based in Italy and mostly within our Life books.
Current income in absolute terms increased by 18 million Euro gross of policyholder share although current investment returns decreased by 20 basis points to 2.9 percent. Please note that current returns are calculated on investments at IFRS book value. Part of this decrease is therefore explained by market movements of underlying assets.
The new money reinvestment rate in the Life fixed income portfolio amounted to 2.0 percent, on a 12 months basis, almost stable compared to last year.

P.27 Further decrease in in-force guarantees

I would like to highlight once more that we are strongly focused on our liabilities. In order to provide a more accurate representation of the relation between asset returns and minimum guarantees, coherently with our asset liability management framework, we decided to calculate in this context our life current investment returns on investments at amortised cost.

As you can see, the modest decline in asset returns goes in tandem with a drop in average guarantees on reserves thus implying a relatively stable corridor.

If we think about flows of new money, we can see that the average guarantee on new business policies is down to just 2 basis points from 12 basis points at the end of last year. The spread on new production increased, up 6 basis points, at 195 basis points over the fixed income reinvestment rate, and therefore still wider than the spread on our existing portfolio.
As per previous reference, the 2018 comparative figure has been marginally restated to reflect a methodological refinement.

P.28 Strong 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 3.9 percent to 21.5 billion Euro. Trends were positive in both Motor and Non-Motor insurance, with the main drivers being Austria, CEE & Russia, International, France and Europe Assistance.
We have continued to achieve profitable growth, without sacrificing sound underwriting.

P.29 Improved technical profitability coupled with stable investment result
The operating result showed a 3.3 percent increase, to over 2 billion Euro. This was entirely driven by an improving technical result, up by 135 million Euro, as top-line growth was associated with better underwriting margins.
The investment result registered a slight decrease of 14 million Euro, due to lower current income from bonds and equity.
Lastly, the result from “Other” decreased by 55 million Euro, mainly due to costs in 2019 and a one-off benefit in 2018, both linked to the reorganisation of our German operations.

P.30 Excellent P&C technical profitability in spite of higher Nat Cat
The combined ratio improved by 0.4 percentage points, reaching a very satisfying 92.6 percent.
Looking at the components, we can see that this reduction derived from an improving loss ratio, down 0.9 percentage points to 64.2 percent. The driver of this reduction was a 1.2 percentage points lower current year loss ratio excluding nat cat. One contribution to this reduction was a 0.4 percentage points lower impact from man-made losses. Excluding this reduction, the attritional current year loss ratio would have improved by 0.8 percentage points.
The nat cat burden increased by 0.3 percentage points to 2.0 percent. The positive contribution from prior years’ development remained broadly stable at 5.7 percent. I would like to highlight once more our particularly strong reserve adequacy.
The expense ratio worsened by 0.5 percentage points, mainly linked to higher acquisition costs supporting the profitable growth of our Non-Motor business.

P.31 Stable P&C investment return
P&C investments increased 4.9 percent to 39.6 billion Euro, compared to 2018.

In terms of asset mix, there has been a slight reduction in the weight of corporate bonds and government bonds. This was counterbalanced by the increased weight of other fixed income together with a higher weight of equity and cash instruments.
Total P&C current investment returns decreased marginally, by 10 basis points, to 3.0 percent, on investments at IFRS book value.
The average reinvestment rate in P&C was 1.7 percent during 2019, stable compared to previous year.

P.32 Asset Management Global: growth is on track

As Frederic mentioned earlier, 2019 was overall a good year for our asset management.
Please note that we are presenting a disclosure based on a reclassified P&L. As you can see, during 2019 operating revenues increased by 34 percent to 813 million Euro, driven by growing management fees. Around 65% of revenues growth comes from the consolidation of boutiques and newly acquired companies. Please note that revenues also benefitted from a one-off effect contributing for about 20 million Euro. Operating expenses increased by 43 percent. This was driven by M&A activities and investments into start-up boutiques, including Aperture, Generali Global Infrastructure and Axis Retail Partners. An additional contribution to the increased costs came from the strengthening of central control functions.
Consequently, the operating result grew by 27 percent to 425 million Euro.
The net result, after non-operating items and taxes, increased by 19 percent, also thanks to a one-off effect lowering the effective tax rate.
In terms of geographical breakdown of the net result, Europe has grown from 212 million to 260 million Euro, which is in line with the European Strategy presented in May 2017. The Rest of the World, which includes China and United States, shows decreasing profits, driven by lower results achieved by our Chinese JVs and the set up cost of Aperture, our first boutique in the US.
The cost / income ratio stands at a healthy 48 percent, even if this is 3 percentage points higher, year on year.
Assets under management increased by 15 percent, reaching 531 billion Euro. This was caused approximately one third by boutiques and the remaining two thirds by market movements and net inflows.

P.33 Improved contribution from Financial and Other Businesses

Let me now turn to our Holding & other businesses segment, which, from the end of last year, no longer includes the asset management business.
The overall contribution to the Group operating result improved, from an operating loss of 70 million Euro last year, to a positive contribution of 8 million Euro.
This positive development came firstly from the strong operating performance of Banca Generali, up 40.7 percent. This was thanks to increased assets under management, higher recurring management fees and higher performance fees. Secondly, the improvement from "Other businesses" was the result of good growth of our private equity business and also of our pension fund business in Chile.
Operating holding expenses increased by 13.3 percent mainly due to costs related to Group

strategic initiatives. These included implementations of IFRS 17, IFRS 9 and Generali's Employee Stock Ownership Plan as well as initiatives within the Investments, Asset & Wealth Management unit and within our Asian region.

P.34 From operating to net result

To move from operating result to net result, we start with the Non-operating investment income, which made a 354 million Euro negative contribution, worsening by almost 200 million euro compared to the previous year. This was due to a couple of reasons. There were lower realised gains, as 2018, included a 113 million Euro gain on the disposal of the stake in Italo – Nuovo Trasporto Viaggiatori. In 2019, we had also one-off losses of 245 million Euro related to the liability management transaction executed during the year. This contributed also to meet our strategic debt targets. In addition, we booked an about 70 m Euro impairment linked to our Argentinian operations in the last quarter of the year.

Non-operating holding expenses decreased by 88 million to 707 million Euro, mainly driven by 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. The interest expenses will continue their decreasing trajectory during 2020, based on the transactions performed in 2019 and the one in 2020, when we did not refinance 1.25 billion Euro of senior debt maturing in January 2020. I would like to remind that, thanks to these actions, in 2020 interest expenses will further decrease by around 100 million Euro. In 2018 there were also some non-recurring expenses related to the restructuring of our Generali Employee Benefit operation and the closure of our branch in Japan.

Net Other non-operating expenses increased by 108 million to 520 million Euro. Lower restructuring costs have been more than offset by increased recurring and non-recurring negative items. There is the recurrent amortisation of intangible assets, equal to 137 million Euro, higher compared to last year, due to the recent acquisitions of Sycomore, Lumyna and Adriatic Slovenica. Within Other net non operating items in 2019, there are included one-off expenses such as those linked to the disposal of Generali Leben in Germany and local IT investments. In addition, there are costs related to the application of IAS 29 hyperinflationary accounting to our Argentinian businesses. Let me remind you that the comparative 2018 amount included a 77 million Euro realised gain from the disposal of our Panama operations.

The overall effective tax rate of the Group was 31.3 percent, slightly below the previous year on the back of higher deductible costs in China and some tax refunds in Italy and Germany.

In the discontinued operations line, we had a 475 million profit, which included a 352 million Euro gain from the sale of Generali Leben in Germany and a 128 million gain on the disposal of our operations in Belgium.

Minority interests increased by 80 million Euro, thanks to the good performances of Banca Generali and of our Asian operations.

This takes us to a net result for the year of 2 billion 670 million Euro, up 15.7 percent year on year.

P.35 Increased and more diversified remittances

Let me turn to cash generation.

On the left-hand side of the slide, you can see the remittances paid by the main business units of the group in 2019 and the total remittance, which represents the total net cash entering the Parent company.

There was an increase in remittance of 15 percent year on year, to 2.9 billion Euro. You can see that remittances are more diversified across countries than last year, in line with the Group's strategy. All business units contributed to the increase.

The remittance ratio on distributable business units' IFRS net result grew to 105 percent, also thanks to a contribution between 10 and 15 percent of Capital Management initiatives, some of which are considered recurring given natural disalignments between local GAAP distributable profits and underlying remittance capacity. Our subsidiaries are strongly capitalised. In accordance with our target to maximize cash and capital centralization, we aim at subsidiaries keeping an appropriate solvency level commensurate to their risk profile and profitable growth targets and transferring excess capital to the Parent Company. You will see greater evidence of that throughout the rest of the plan.

"International" includes both mature markets like Spain and growing markets like Asia, which explains the lower contribution of the area compared to the others.

Finally, let me point out that the item "Other" includes remittance from the Business Unit Investment, Assets and Wealth Management and the consolidation effects on dividends reflecting our Group structure.

P.36 Growing Net Holding Cash Flow in line with targets

In the following slide, I move to the Net Holding Cash Flow metric.

Let me remind you, as explained in detail during Exploring Generali, that this metric is reported on a cash basis, instead of an accrual basis, in line with our focus on the cash flow generated throughout the Generali 2021 plan. Hence it is not yet reflecting the earnings generated in 2019, nor the benefit of our deleveraging, both of which will emerge in 2020.

We start with the Remittance from operations presented in the previous slide, adding up the Result of Reinsurance on cash basis and, finally, Interests and Holding expenses and, if any, free cash upstream, as for example was the case in 2018.

The proposed dividend is increasing to 0.96 Euro cent per share, up from 0.90 Euro per share in 2018, well underpinned by the growth in net holding cash flows.

P.37 Shareholders' equity up thanks to net results and AFS reserve

Let us now turn our attention to the balance sheet. Shareholders' equity increased by 20.2 percent, to 28.4 billion Euro compared to year end 2018. The main positive drivers were the mark to market of fixed income investments reflecting lower interest rates and narrower spreads and the contribution from the net result. Negative drivers were the 1.4 billion Euro dividend paid in May 2019 and 502 million Euro of "Other", mainly represented by a negative effect on defined benefit plans in Germany, linked to reduced interest rates used to discount these liabilities.

P.38 Solvency II regulatory ratio up by 8 p.p. vs. 2018

Our group S2 ratio improved by 8 percentage points during the year to end at 224 percent, in spite of the challenging interest rate environment, as our strong net capital generation after dividends well exceeded market effects. As you can see from the chart, our Eligible own funds increased by 1.3 billion Euro, whilst our SCR declined benefitting from disposals.

On the right-hand side of the slide, you can see our updated sensitivities. As you can see with reference rates having dropped to new lows convexity is naturally increasing and hence the solvency shows higher sensitivity to market stress. This is the truthful output of a market consistent based framework reflecting how fixed guarantees interact with variable reference rates and has been evident during 2019 across the industry.

However, it is important to put these higher sensitivities in the right context, hence taking into account that our organic capital generation stood at 18 points in 2019 and also that our actual market impacts in 2019 were contained in absolute and even more so in a sector relative context. Finally let me also remind you that we are still waiting approval for the operational risk under internal model.

As an additional information, we estimate that last Friday, March 6th, our group solvency position was standing at around 200%. Starting from year-end position of 224%, we need to take into account between 7 and 8 points hit to opening adjustments, almost equally split between regulatory (UFR and IORP) and M&A (closing of Portugal) items.

P.39 Strong positive contribution from normalized capital generation

Let me now explain the movement of our solvency ratio during 2019.

I remind you that the implementation of regulatory changes at the beginning of 2019, namely the EIOPA changes on the Ultimate Forward Rate and reference portfolio, as well as the treatment of the IORP business in France accounted for around 7 negative percentage points.

During the last quarter of the year, the ratio benefitted from the recognition of the French PPE as free surplus capital and from the regulatory approval of the Spanish internal model, respectively for about 4 percentage points each. This, together with some model changes led to an overall neutral impact on the solvency ratio.

Normalised capital generation was once again strong at 3.5 billion Euro, equivalent to 18 percentage points positive contribution.

We also had a 3 percentage points negative impact from variances. Economic variances were the main cause, largely driven by the major drop in reference rates, partially compensated by equity markets and narrowing spreads on Italian government bonds.

M&A activity had an overall 3 percentage points positive impact. This is the result of the positive effect from the disposals of our activities in Belgium, Guernsey and of Generali Leben and of the negative impact of our acquisitions in CEE and of multi-boutiques.

The redemption of subordinated bonds at the beginning of the year, coupled with the liability management exercise executed in September had an overall 3 percentage points negative impact on our solvency.

Lastly to arrive to 224 percent, we deduct the proposed dividend of 1.5 billion Euro, worth 7 percentage points of solvency.

P.40 2019 capital generation totaling €3.5bn

Let me come back to the normalised capital generation of 3.5 billion, and on this slide, we show this broken down by business segment, as well as by Own Funds and Solvency Capital Requirements.

Starting with Life, we had normalised capital generation of 3.2 billion Euro, mainly reflecting the own funds generating 3 billion Euro, with the usual significant contribution of the value of new business at 1.4 billion Euro.

The in-force generation, worth 1.6 billion Euro, is then simply the release of risk margin, time value of guarantees and the prudence in financial assumptions embedded in the market consistent approach, plus the unwinding.

For the Solvency Capital Requirement, you can see that writing new business consumed 1.3 billion Euro of Solvency II capital, but this was more than offset by 1.5 billion Euro released from the run off of the in-force portfolio, leading to a net benefit of 0.2 billion Euro.

In P&C, own funds generation was 0.9 billion Euro, mainly stemming from the technical result of the current year generation, based on a best estimate rather than an IFRS view regarding reserving. The SCR basically does not vary for P&C.

Holding and Other contributed with a negative amount of 0.6 billion Euro, which reflects the interest costs paid and holding expenses, offset partially by the result of financial and asset management entities which follow their sectoral regulatory regimes.

P.41 High quality capital mix: Tier 1 capital 87% of total

Lastly before my final remarks, I would like to highlight the tiering of capital under Solvency II. The picture of Generali's capital structure remained of absolute excellence. Notwithstanding adverse economic variances, a growing dividend and the retirement of subordinated debt, Generali continued to have an 87 percent weight of Tier 1 capital over total own funds. Consequently, our Solvency II capital requirement is covered 1.8 times by unrestricted tier one capital alone, staying far away from any binding limits in terms of capital quality according to the Solvency II regulations.

P.42 Final remarks

In conclusion, these good 2019 numbers show the satisfactory pace of our top line growth in both Life and P&C. And our best in class margins show that this is profitable growth.

All this resulted in a growing net result, Return on Equity, dividend and net holding cash flow in line with targets.

Moreover, our Solvency II capital is strong, supported by a strong capital generation.

Generali is implementing successfully and in a disciplined way its new strategic plan, with focus on all key financial targets, even in a volatile and risky environment as we live today due to the combination of a mix of factors like, coronavirus, low interest rates and market volatility.

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