Consolidated results as of 31 December 2021 – Slide commentary

(The notes represent a commentary to FY 2021 results presentation and need to be read jointly with it)

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STRATEGY OVERVIEW

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Slide 4 – Key messages

In 2021, Generali demonstrated once more the solidity of its business model, achieving record operating and adjusted net results thanks to a solid growth across all business lines.

We were able to maintain our excellent capital position whilst funding important M&A and we will propose a dividend per share of 1.07 Euro to our shareholders.

With these results, our strategic plan "Generali 2021" officially reached its conclusion. Even with the unprecedented challenges posed by the pandemic, we were able to execute it successfully.

Finally, we are now focused on our new strategic plan "Lifetime Partner 24: Driving Growth", whose execution is fully underway.

Slide 5 – 2021: Strong growth across all key performance indicators

Looking at our key performance indicators, for the third year in a row the Group posted a record operating result of 5.9 billion Euro (+12.4 percent vs FY 2020) thanks to positive growth across all business segments. The adjusted net result of 2.8 billion Euro - excluding 52 million Euro relating to the acquisition of control of the Cattolica Group and extraordinary costs related to its integration - increased by 45.1% compared to 2020 and is the Group's highest to date, too.

The Life and P&C segments confirmed their excellent technical profitability, with the Life New Business Margin at 4.52% (+0.57 p.p. vs FY 2020) and best-in-class Comb ined Ratio at 90.8% (+1.7 p.p.).

Also, the operating result of the Asset Management segment rose to 672 million Euro (546 million Euro at FY 2020), boosted, particularly by the overall increase of assets under management and the continued expansion of the real assets strategy.

Lastly, Generali further demonstrated its extremely solid capital position, with the Solvency Ratio at 227% (224% at FY 2020) also thanks to capital generation of 3.8 billion Euro.

Following these achievements, we will propose to our shareholders a dividend per share of 1.07 Euro.

Slide 6 – Generali 2021: Targets delivered in an unprecedented global scenario

These results bring our strategic plan "Generali 2021" to its conclusion. Even in an unprecedented global scenario due to the Covid-19 pandemic, we were able to execute the plan successfully, as demonstrated by the delivery of the three key financial targets we committed to.

First of all, we promised an Earnings per Share Compound Annual Growth Rate (CAGR) of 6-8% between 2018 and 2021, and we delivered 7.6% at the upper end of the target range. We also distributed 4.52 billion Euro of cumulated dividends to our shareholders, which is consistent with the 4.5-5 billion Euro range we had announced. Lastly, we aimed for an average Return on Equity greater than 11.5% between 2019 and 2021: this was over-achieved both in 2019 and 2021, when our RoE was of 12.4% and 12.1% respectively, while the result in 2020 was negatively impacted by Covid-19 and some one-offs and stood at 7.7%.

Slide 7 - Generali 2021: Industrial KPIs achieved in all strategic areas

"Generali 2021" was a plan built on three strategic pillars: Profitable Growth; Capital Management & Financial Optimization; Innovation & Digital Transformation. In addition to these, it had People, Brand and Sustainability as its three key enablers.

In terms of industrial key performance indicators, we delivered or over-delivered on all the goals we defined for each pillar, with the sole exception of earnings CAGR from service-based revenue streams due to the negative impact that the pandemic scenario had on Europ Assistance business.

These very significant achievements were made possible by the outstanding commitment and hard work of all the Generali colleagues and agents. As a result, Generali is stronger today and well positioned to successfully face any future challenges.

Slide 8 – 2021 Group Sustainability Highlights

This is also thanks to the Group's strong and ever-increasing commitment to sustainability.

Today, sustainability is deeply embedded into everything we do: from our core activities as an insurer and asset manager to the way we engage with our employees, our communities and our customers - as evidenced by Generali's taking the number one position in the Relationship Net Promoter Score overcoming its peers. As a result of this, we have been able to make sound progress on all our sustainability-related targets and activities in each domain, while increasing our overall ambition.

This is well demonstrated, for example, by our updated strategy on climate change, through which we aim to achieve important targets related to our core activities of investment and underwriting, thus playing our part in building a low-climate impact future.

In addition, we continued to proactively engage with the most important organizations and initiatives that promote sustainability and climate protection at a global level. As part of this effort, together with seven other leading insurance and reinsurance groups, in July we announced the establishment of the ambitious UN-convened Net-Zero Insurance Alliance.

It is our belief that the insurance industry has a key role to play in the transition to a net-zero

economy, and the NZIA will allow us to bring on board many other institutions and peers that share our same vision and commitment.
Also, we continued to strengthen the reach and impact of The Human Safety Net, our Group initiative for the communities, which is today active in 23 countries and has 61 partners actively working on its initiatives.

Slide 9 – M&A as an accelerator of growth and diversification

Another important element in the successful delivery of “Generali 2021” has been the activity related to capital redeployment, namely M&A, as well as the partnerships that were established both in the insurance and in the asset management area as well as capital return. Since the beginning of the execution of the plan in 2019, we redeployed over 3 billion Euro of capital to value-added transactions that have allowed Generali to reinforce its European leadership while further strengthening its presence in some of the world’s fast-growing insurance markets. And in-line with our commitment to sound and disciplined capital management for shareholders, we announced a 500 million Euro share buy-back that we are proposing for approval at the AGM in April.
Looking at M&A, we achieved several important milestones in 2021. In Italy, we successfully completed the voluntary public tender offer on all ordinary shares of Cattolica Assicurazioni. This acquisition will enable us to further strengthen our leadership in our domestic market while delivering significant value creation for all stakeholders. In Greece, we completed the acquisition of AXA’s operations and signed a 20-year exclusive distribution agreement with Alpha Bank, a leading bank in the country. As a result, Generali is now the #2 P&C player and #3 Health player in the Greek market.
More recently, we signed an agreement to acquire La Médicale, a leading player in the French insurance market for healthcare professionals, from Crédit Agricole Assurances. The transaction will allow us to strengthen our Health and Protection lines and the overall P&C business in France, while expanding our local distribution capacity with the addition of a dedicated and highly specialized agent network.
Looking beyond Europe, we made further progress on our commitment to strengthen our presence in high-potential insurance markets, particularly in Asia.
In June we announced two important transactions that will allow us to become the second largest P&C insurer in the Malaysian market and one of the largest players in the country. As a result of these transactions, Generali will operate in the local market through two companies, one in the P&C segment and the other in the Life segment, with a 70% stake in both entities.
More recently, in February we signed in India an agreement to become the majority shareholder in both our Life and P&C joint ventures, subject to the approval of relevant regulators. The two companies have been posting a strong volume growth in recent years, both recording a Gross Written Premiums CAGR above 15% between 2017 and 2021, and the majority stake will allow us to better support their further growth trajectories in the years to come.

Slide 10 – Lifetime Partner 24: Driving Growth

After the successful conclusion of “Generali 2021”, we are now focused on our new strategic plan “Lifetime Partner 24: Driving Growth”, whose execution is fully underway.

This plan, which we presented to the financial community on December 15, has sustainability as its true originator and is built around an even stronger commitment to be a Lifetime Partner to our 67 million customers worldwide. We will pursue further sustainable growth, earnings profile enhancement and value creation for all our stakeholders. To achieve this, we will leverage our disciplined approach to capital management, the full integration of sustainability into our business and significant investments in our digital and technological transformation.

As we do it, we will continue to be guided by our Purpose: to enable people to shape a safer and more sustainable future by caring for their lives and dreams. In conclusion, our Lifetime Partner 24 plan will drive sustainable growth, enhance our earnings profile and confirm our place as an innovative leader and deliver ambitious financial targets.

These targets include: Earnings per share growth with a target CAGR of 6-8% between 2021 and 2024, increased cash generation with a target of cumulative Net Holding cash Flows in excess of 8.5 billion Euro and higher dividends with a target of cumulative dividends of between 5.2 and 5.6 billion Euro to be paid over 2022-2024 with a ratchet policy on DPS.

Finally, it is impossible not to mention the crisis in Ukraine. As with the Covid-19 pandemic, Generali and its employees have taken immediate action. Our Group has historic ties with Central and Eastern Europe and will continue to be close to the communities that have been impacted by the conflict.

In line with Generali’s purpose and commitment, we have decided to create an emergency fund as well as a donation to the UNHCR to support the refugee programs at the forefront of the response efforts.

Further, by leveraging the network of “The Human Safety Net”, we also launched a global employee fundraising campaign to support UNICEF in their work in the coming weeks and months to assist impacted families. All of the funds collected through the campaign will be matched by Generali.

To show our solidarity and in line with actions taken worldwide, Generali has decided to close its Moscow representative office. Further, the Group will resign from positions held on the board of the Russian insurer Ingosstrakh, in which it holds a minority investment stake of 38.5% and therefore will have no influence on its operations. And finally, Europ Assistance will wind down its business in Russia.

GROUP FINANCIALS

Slide 12 - 2021 results at a glance

First of all, a reminder on the accounting treatment of Cattolica in these FY 2021 results: for the first ten months of the year it was accounted with the equity method and allocated to the P&C investment result, whilst it was fully consolidated line by line for the last two months. Hence FY 2021 balance sheet representation includes full consolidation of its assets and liabilities. Please note that a comprehensive disclosure about the impacts from the acquisition of Cattolica on our results is available in a dedicated slide in the backup of this presentation and in the notes to our financial statements.

Overall the Group's top line recorded solid growth of 6.4 percent, year on year on a like-for-like basis, demonstrating strong business momentum. In Life, premiums were up 6 percent, with a consistent positive development throughout the year, and 4.8 percent in the fourth quarter. Life net inflows remained very strong at 12.7 billion Euro. The 4.4 percent increase in Life net inflows compared to 2020 was entirely driven by the Group's strategic mix steering, with double-digit growth in both Unit Linked and Protection lines of business and negative inflows in Savings. The P&C top-line recorded a strong 7 percent growth on a like-for-like basis with an excellent 9.4 percent in the fourth quarter.

The combined ratio was up 1.7 p.p. to 90.8 percent, due mainly to higher impact from nat cat events and increased claims in Motor business reflecting reduced Covid-19 restrictions on mobility. Life new business margin improved further to reach 4.52 percent, reflecting both the mix shift towards our preferred lines of business and higher margins in these lines.

The operating result was up an impressive 12.4 percent, reaching 5.9 billion Euro and marking a new record. It benefitted from the Group's business diversification and operational momentum.

The net result grew a remarkable 63.3 percent to 2.85 billion Euro reflecting the operating result progress and the absence of several one-off charges that impacted the 2020 non-operating result. The 2021 adjusted net result, which is net of gains and losses on acquisitions and disposals in line with the target EPS of our plan 2021-24, stood at 2.8 billion Euro, also up a remarkable 45.1 percent from the previous year. Excluding the 2020 expenses for the Extraordinary Covid-19 Fund and the impact of our Liability Management transaction, the adjusted net profit was up 34.7 percent year on year.

The Group Solvency Ratio reached the excellent level of 227 percent, up 3 percentage points versus year-end 2020 whilst absorbing the impact of M&A redeployment. The increase has been mainly driven by a strong operating capital generation and to a lesser extent by the positive development of financial markets.

As additional information, at March 11th we estimate our Group Solvency position at a level above 230 percent after dividend accrual.

As said earlier, we will propose to our shareholders a 1.07 Euro dividend per share, subject to Shareholders' approval at our Annual General Meeting in April.

Slide 13 – Exposure to Russia & Ukraine

In order to provide a useful update on Generali's exposure to Russia and Ukraine at FY 2021 and as of March 7th 2022, a few details are here reported: the main exposure on the asset side is represented by the 38.5 percent minority stake in Ingosstrakh, the fourth insurer in the Russian P&C market by premiums, accounted as Available For Sale investment and included in the "once impaired always impaired" category.

In the previous years the stake was impaired to the value of 231 million Euro. This amortized cost of 231 million Euro represents the level below which any fair value change is accounted as impairment through P&L. Just as a reference, in the worst case scenario of full write down, the net result impact would be around 166 million Euro.

Looking at the rest of the general account portfolio, there are some other direct and indirect (look through view on investment funds) listed investment exposure, mostly in fixed income securities, for a total value of around 300 million Euro at FY 2021 (78 million Euro as of March 7th 2022).

In relation to Unit-Linked assets, we estimate 117 million Euro exposure at FY21, representing 0.1% of Unit-Linked Assets. Looking at our 3rd-party AUM in Asset Management the exposure stood at around 530 million Euro at FY21.

In terms of insurance business, the total exposure including Europ Assistance is negligible.

Slide 14 - Operating result growth driven by all business lines

The Operating Result was up 12.4 percent reaching 5.9 billion Euro, thanks to our business mix and diversification. We saw strong performances across all business lines, with increases in Life (7.2 percent), P&C (7.9 percent), Asset Management (22.9 percent) and Holding and Other businesses.

Slide 15 - Successful steering of life growth

The development in Life premiums produced a strong 6 percent growth overall. The growth would have been 9.5 percent, without the group contract in Italy associated with the pension mandate by Cometa in 2020. This production is evidence of the high professionalism and effectiveness of Generali's proprietary distribution networks.

In terms of business mix, Protection grew 6 percent, reflecting widespread growth in the main countries where the Group operates, in particular Italy, ACEER and Asia. Unit Linked increased by 19.8 percent, or 36.1 percent without the contribution of Cometa in 2020. Savings decreased by 0.4 percent, evidencing our constant focus on capital light products.

Slide 16 - Growth in technical result driving life operating result

The life operating result posted a 7.2 percent increase to 2.8 billion Euro.

The 595 million Euro increase of the technical margin is mostly explained by the continuing shift in our mix towards Protection and Unit Linked businesses. Please note that Covid-19 related claims impacted technical results by 119 million Euro in 2021 compared to 63 million Euro in 2020.

The investment result increased by Euro 96 million vs. previous year, which was heavily impacted by negative financial markets developments and a higher allocation to guarantee reserve in Switzerland. Please note that in a managerial look-through representation (available in the back up to FY 2021 presentation), Private Equity earnings are allocated directly to participating companies segments and show an important and growing contribution to the life investment result.

Expenses were up by Euro 502 million, due to higher acquisition costs in Italy, France and Germany to support the strong new production already mentioned.

Slide 17 - Accelerated growth in preferred lines of business

Life net inflows stood at 12.7 billion Euro, up 4.4 percent year on year, with a very satisfactory outcome in terms of our strategic business mix as more than 100% of net inflows were concentrated in Protection and Unit Linked businesses.

Group net inflows increased an impressive 19.4 percent, ignoring the aforementioned 2020 Cometa Unit Linked contract (worth 1.5 billion Euro).

As mentioned, the quality of our business mix was very good. Unit Linked showed a 22.7 percent increase, and would have recorded a remarkable strong 55.6 percent growth if ignoring the Italian group contract. The dominant contribution of Unit Linked and Protection is the evidence of our strong focus and progress on steering the business mix towards the preferred lines.

New business is now made up of more than 90 percent of capital light premiums, with the remaining traditional business having no or very low guarantees. As further evidence of the Group's strict underwriting criteria, over 80 percent of new business premiums can be defined as ultra-light. This means business without guarantees or negative guarantees, being Protection with zero guarantee and Savings / Unit Linked products with zero guarantees at maturity. It also includes our focus for new production in Italy on whole life products with death guarantee only.

In Italy, net inflows decreased from 6.8 to 4.3 billion Euro or 37 percent. Net inflows would have decreased by 19 percent without the Cometa group contract. In-line with Group's strategic steering there was a strong decline in the Savings segment of 2.7 billion Euro (-80.3 percent), mainly due to higher surrenders and lower new sales in-line with Group's strategic steering. Unit Linked net inflows contribution almost doubled, ignoring the Cometa contract.

Protection performed very well, up 13.1 percent. These results show the success of Generali Italia's proprietary networks in pursuing growth in our preferred business lines.
France saw a very strong reversal in net inflows, from negative 0.1 to positive 2.4 billion Euro. All business lines contributed: The Protection business grew at a remarkable 86.6 percent, the Unit Linked business showed a very strong performance, up 62.8 percent and the Savings component net flows improved by 825 million Euro or 32 percent whilst remaining negative in-line with our strategic goals.
In Germany, there was a 2.4 percent increase in net inflows, driven by Protection, up 4 percent, which more than compensated for Unit-Linked business down 4.8 percent. Savings business improved by over 60 million Euro or 38.3 percent. Even in this challenging environment, Generali Deutschland's partner DVAG was able to guide and service existing and new customers effectively.
In Austria and CEE, net inflows almost doubled to 340 million Euro. This was driven by higher volumes, lower maturities, coupled with decreased Unit Linked surrenders.
The International business experienced a solid 11.7 percent increase, thanks mainly to Asia, in particular driven by growth in Savings & Pension and Protection businesses in China.

Slide 18 - Strong and capital efficient growth in life reserves

Thanks to a combination of strong positive net inflows and financial markets developments and benefitting also from the consolidation of Cattolica, Life technical reserves increased by 10.3 percent to 424 billion Euro (with a growth of 6.4 percent on a constant perimeter basis).
We continue to steer the mix of liabilities in line with our strategy. Capital light business has increased its proportion of total reserves by 5 p.p. since the end of 2020, reaching 67.7 percent, due to the increase of unit-linked reserves, thanks to new production and positive market effects, and to In-force actions on the Italian portfolio.

Slide 19 - Excellent new business value generation

With regards to new business, we saw volumes up by 8.6 percent in terms of present value of new business premiums, with the margin up a very healthy 57 basis points, on a like-for-like basis, to 4.52 percent, despite slightly less favorable financial assumptions. New business volumes would have increased by 15 percent and margins would have been up 43 basis points without the aforementioned Italian group contract,
The margin increased, despite lower average reference rates, thanks to the rebalancing of the business mix towards the most profitable lines of business, improved product features and the ongoing recalibration of financial guarantees for Savings products.
A positive volume development coupled with an improved margin led to a very satisfactory 24.2 percent new business value increase, on a like-for-like basis, to reach 2,313 million Euro (of which 318 million Euro mainly coming from the fees paid by Operating Companies to the Group Asset Management Companies for the Traditional & Unit-linked fund management).

Without Cometa, the increase would have been 27.3 percent.

In terms of business mix, Savings business volumes remained flat. In line with our strategy, almost 85 percent of FY 2021 Savings new business premiums are considered capital light given their product features and the weight of products offering guarantees only in case of death. The latter increased from 33% to 38%, mainly thanks to Italy. Protection grew 10.4 percent, with a positive development in all regions. Unit Linked increased 19.4 percent, mainly thanks to France. Unit Linked new business grew a remarkable 45.6 percent excluding Cometa.

In terms of margins, Savings remained resilient at 2.32 percent, thanks to Asia, which offset the decrease related to an unfavorable country mix in Continental Europe. Protection experienced a margin increase, like-for-like, to 7.82 percent thanks to the higher weight of more profitable Italian products and the solid performance of health business in Germany. The margin on Unit Linked new business experienced a strong increase to 4.75 percent, mainly driven by Italy and France.

Slide 20 - Strong growth in volumes coupled with higher profitability

Italy experienced a 6.8 percent decrease in new business premiums, in PVNBP terms, driven by Savings and Unit Linked. Volumes would have increased by 6.8 percent without Cometa,. Better product mix and product features enhancement led to a new business margin increase of 104 basis points to a very satisfactory 5.51 percent (without Cometa, 64 basis points margin increase). New business value increased by 14.9 percent (20.8 percent without Cometa).

In Germany, effective distribution capabilities continued to deliver, resulting in strong new business sales in all lines of business (especially Unit Linked), that increased by 14.6 percent in terms of PVNBP. Combined with an improved margin, this led to a 21.4 percent new business value increase.

In France, new business sales increased by 32.9 percent, driven by all lines of business. It is worth pointing out the strong development in Unit Linked sales, that increased by 60.6 percent. The increased weight of Unit Linked drove a margin improvement of 81 basis points and generated a 84.8 percent increase in new business value.

In Austria and the CEE region a 10.6 percent PVNBP increase was recorded. Margin decreased by 17 basis points but remained high and led to a 7.9 percent new business value increase.

Finally, in the International region we saw volumes up a strong 13.7 percent. Margins improved by 67 basis points mainly thanks to a high margin Protection business as well as higher share of Unit Linked business. New business value was up by 23.9 percent.

Slide 21 - Resilient life investment return

General account investments reached 360 billion Euro, up 0.5 percent from year-end 2020.

In terms of asset mix, there was a rates-driven decrease of government and corporate bonds, partially compensated by an increase of equities and real estate.

Our exposure to Italian government bonds in the life segment remained broadly unchanged at 55 billion Euro at year-end 2021. Please note that on a stand-alone basis the acquisition of Cattolica increased this exposure in the life segment by around 6 billion Euro. At Group level (life, P&C and other segments combined) our exposure to Italian government bonds totaled 63 Euro billion, 2 billion higher than at year-end 2020 with an impact of almost 8 billion Euro coming from the Cattolica consolidation. It is important to remind that almost the entire exposure is based in Italy and mostly within our Life books.

Current income in absolute terms increased by 117 million Euro gross of policyholder share, with current investment returns decreasing by 3 basis points to 2.6 percent. This decrease is explained by lower return from bonds, mainly on corporates, affected by reinvestments performed in a persisting lower yields environment, partially counterbalanced by higher return on equity instruments and the relevant contribution in terms of dividends coming from Lion River and Banca Generali. As you can see from the managerial look through representation of the private equity contribution on slide 45, on an underlying basis the investment margin is even marginally growing. Please note that current returns are calculated on investments at IFRS book value.

The new money reinvestment rate in the Life fixed income portfolio increased to around 1.5 percent, on a 12 months basis, compared to 1.3 percent during the same period of last year.

Slide 22 - Driving further sustainability in our life business

In order to provide a more accurate representation of the relationship between asset returns and minimum guarantees, the life current investment returns on investments is calculated at amortized cost. The modest 4 basis points decline in asset returns goes in tandem with a 10 basis points drop in average guarantees on reserves, thus implying a slightly wider corridor. Please note that guaranteed-linked reserves weighed 66 percent on total in 2021, down 4 percentage points versus previous year.

Looking at the flows of new money, we can see that the average guarantee on new business products was up from a negative 12 basis points to a positive 6 basis points at the end of 2021, strongly impacted by the Cometa deal in Italy in 2020 (the average guarantee on new business without Cometa in 2020 was 8 basis points). Reinvestment returns more than compensated for this increase. Please note that, in line with our life business mix strategy, the weight of guaranteed-linked new business on total continued to decrease during 2021 and Savings death only guaranteed products, weighting for more than one third of total Savings new business, are not included in this calculation.

Slide 23 - Strong growth in P&C volumes with excellent technical profitability

Gross written premiums saw a strong 7 percent growth to 24.1 billion Euro on a like-for-like basis. Primary motor premiums grew 4.9 percent thanks to Italy, ACEER, France and Argentina. Primary Non-Motor premiums were up 7.5 percent reflecting widespread growth in various countries, in particular Italy, France and ACEER.

Slide 24 - Record level P&C operating result

The P&C operating result improvement was primarily driven by the investment result, due to Banca Generali's dividend for Euro 101 million (postponed from 2020), Cattolica's contribution of Euro 83 million and higher Private Equity dividends for Euro 88 million.

The technical result registered a 5.8 percent decrease, due to both higher impact from nat cat events and increased claims in Motor business reflecting relaxed Covid-19 restrictions.

Lastly, the result from "Other" improved mainly due to the non-recurrence of costs in Germany linked to the re-organized footprint.

Slide 25 – Strong volume growth at sound technical profitability

Italy's top line was up 7.3 percent, at 6 billion Euro thanks to both Motor and Non-Motor businesses. Non-Motor increased by 6.6 percent, as a result of good performances of Accident & Health and Corporate business. Motor saw a 4.5 percent premium increase, due to Fleet business benefitting from existing Partnerships. Combined ratio increased by 3.2 p.p. mainly due to higher claims in Motor business linked to increased traffic as restrictions eased and higher acquisition costs related mostly to Motor.

In France, the top line grew significantly, with premiums up 9.1 percent to 3.1 billion Euro. Motor grew 4.4 percent, thanks to Fleet business and Partnerships in White label. Non-Motor also performed very well, up 12 percent, due to SMEs and Health business lines. Combined ratio increased by 5.1 p.p. caused by nat cat events and higher claims in Motor business linked to increased traffic post pandemic, partially compensated by better expense ratio.

In Germany, volumes were up 2.2 percent due to a positive development of Non-Motor lines, up 3.3 percent thanks to solid growth in Corporate & Commercial lines and retail Property. Motor was stable. The combined ratio increased by 1 p.p., caused by nat cat events, partially compensated by better attritional loss ratio on both Motor and Non-Motor business lines.

Austria and CEE delivered a good performance once again, showing a 6.1 percent premium increase, with Motor up 6 percent driven by Romania, Austria and Poland, and Non-Motor up 6.7 percent, driven by Poland, Hungary and Austria. Combined ratio increased by 0.3 p.p., due to impacts from nat cat and man-made events, partially compensated by better attritional loss ratio on both Motor and Non-Motor business lines.

The International region delivered strong growth at 8.2 percent, mainly thanks to inflationary-driven price increases in Argentina, more significant in Motor, and the growth in Non-Motor, predominantly in Spain and Portugal. The combined ratio remained stable, with the negative impact from an increased attritional loss ratio compensated by lower acquisition costs.

Group Holding and other entities experienced a 13.7 percent growth. This reflected the positive development in Europ Assistance, which was up 31.1 percent and benefitting from new partnerships, having previously been strongly impacted by the pandemic. Combined ratio increased by 0.8 p.p. due to higher claims for Europ Assistance following the progressive reduction of lockdown restrictions compared to 2020 and partially compensated by benefit related to Group's reinsurance aggregate cover.

Slide 26 - Strong P&C technical profitability notwithstanding higher nat cat

The combined ratio increased by 1.7 p.p. to 90.8 percent.

This increase derived primarily from a higher loss ratio, up 1.6 p.p. and driven by a 0.9 p.p. higher current year loss ratio excluding nat cat, with the progressive reduction of lockdown restrictions leading to an increased claims frequency in motor business. The impact from man-made losses was 1.1 p.p., versus 1.3 p.p. last year.

As we explained at 9 months results, our reinsurance cover protects us effectively in relation to both frequency and severity of nat cat events. Despite a year strongly impacted by several natural events, our reinsurance cover meant that the nat cat burden was limited to 2.2 percentage points on the combined ratio. The positive contribution from prior years' development remained flat at 3.7 percent. The underlying strength of Generali's reserving position remains unchanged, as did the prudency in claims management processes.

The expense ratio increased by 0.1 p.p., due to the higher incidence of acquisition costs of the Motor segment, partially compensated by a lower administration expense ratio.

We estimate the 2021 combined ratio excluding Covid-19 impacts to be at 92.3%.

Slide 27 - Higher current return thanks to Banca Generali, Cattolica and private equity

P&C investments increased 8.1 percent to 43.6 billion Euro.

In terms of asset mix, there has been a slight increase in the weight of corporate bonds and government bonds. Moreover, there was an increase also in the weight of equity and real estate investments as we re-aligned with our medium term strategic asset allocation after the de-risking implemented in 2020.

Total P&C current investment returns increased by 50 basis points, to almost 3.05 percent, on investments at IFRS book value. This increase is explained by the relevant contribution in terms of dividends coming from Banca Generali, equity accounting of Cattolica (as already said, for the first ten months) and dividends from Lion River, partially counterbalanced by lower return from bonds. As mentioned previously for the life investment result, please note that in a managerial look-through representation (available in the back up to FY 2021 presentation), Private Equity earnings are allocated directly to participating companies segments and show an important and growing contribution to the P&C investment result.

The average reinvestment rate in P&C was 1.5 percent during 2021, versus 1.2 percent recorded last year.

Slide 28 - Asset Management: main KPIs

The Operating Margin stood at a strong 59 percent, up from 55 percent a year ago, and well above our over-the-cycle target of 45%. This result stemmed from the strong revenues growth, supported by the increase in management fees, more than offsetting higher non-compensation costs, thus resulting in positive operating leverage.

Consequently, the net result before minorities reached 504 million Euro for Asset Management, up 30 percent compared to the same period of 2020 and more than achieving our 2021 target of 400 million Euro.

On the revenue mix, the contribution from external customers stood at 30 percent, in line with the level registered a year ago and, as already anticipated, not in line with the 35% external revenues target.

Slide 29 - Asset Management: growth supported by positive market trends

2021 operating revenues increased by 14 percent to 1,136 million Euro due to:

- Higher average AUM, thanks to positive market performance.
- Repricing of internal mandates at the end of 2020 and a growing allocation to Boutiques from the General Account.
- The integration of mandates from Cattolica.
- Some one-off elements on real assets for around 30 million Euro
- The rising contribution from our Chinese Asset Managers, in particular Guotai, which is accounted for with the Equity Method.

This amount is better than what presented at our recent Investor Day, mainly because of the last two drivers listed here above together with higher performance fees.

Operating expenses increased by 4 percent, largely driven by non-compensation costs related to digitalization and IT projects to strengthen distribution capability.

Overall, the operating result grew by 23 percent to 672 million Euro.

The net result, after non-operating items and taxes and before minorities, increased by 30 percent on a year-on-year basis to 504 million Euro, as already mentioned.

In terms of geographical breakdown, Europe has grown to 423 million Euro. The Rest of the World is showing an even higher increase in profits, driven by the aforementioned good performance of our Chinese Asset Managers.

Assets Under Management of the segment increased by 2.5 percent, reaching 575 billion Euro. This was due to good market performance and positive net flows from 3rd party business.

Slide 30 - Solid growth in external client AUM

Starting from the chart on the left-hand side: 36.2 percent of the operating revenues are generated by the insurance, LDI business. This has proven highly resilient during these challenging times, supported by the Fixed Income investment component.

38.4 percent of the revenues are generated by active management strategies, driven mostly by the external Third-Party Retail and Institutional Client business.

The Real Assets business, including real estate, private debt and private equity, accounts for the remaining 25.4 percent of the revenues.

Moving to the chart on the right hand side, we look at the development in external client assets. Flows were positive by 8.5 billion Euro, while market effects had a positive impact of 0.4 billion Euro.

Slide 31 - Strong contribution from Banca Generali and private equity

The overall contribution from the Holding and Other segment to the Group operating result strongly improved from 130 million Euro last year to 561 million Euro in 2021.

This positive development was boosted by the strong improvement from “Other businesses”, up from 305 to 672 million Euro, supported by the excellent performance of our Private Equity business, and, additionally, by the good operating performance of Banca Generali, up 14.6 percent. This was thanks to higher fees and commission income. As mentioned before, please note that in a managerial look-through representation (available in the back up to FY 2021 presentation), Private Equity earnings are allocated directly to participating companies segments.

Operating holding expenses were down 2.4 percent, due to lower costs and higher brand royalties.

Slide 32 - Pro-forma of the New Asset & Wealth Management segment reporting

From 1Q22 Banca Generali will be included in the new Asset & Wealth Management reporting segment, moving from Holding & Other Businesses: we report the related impact on this slide.

Slide 33 - From operating to net result

Non-operating investment income made a 115 million Euro positive contribution, strongly improving from 595 million Euro negative in 2020. A significant contribution came from lower impairments, decreasing by 280 million Euro, which were particularly affected in 2020 by the impact of the pandemic on financial markets and goodwill write-offs related to our Swiss life subsidiary. Moreover, realized gains increased by around 340 million Euro, driven mainly by real estate (especially 67 million Euro for the Libeskind Tower transaction in CityLife, Milan and 80 million Euro for the Saint Gobain’s Tower transaction in Paris) and equities, offsetting lower realized gains from bonds.

Non-operating holding expenses increased by 11 million Euro to 590 million Euro. Interest expenses on financial debt decreased by 15 million Euro due to our debt optimization strategy, partially offsetting higher costs related to M&A transactions and long-term incentive plans.

Net Other non-operating expenses increased to 832 million Euro. The components are: the VOBA amortization, equal to 91 million Euro; restructuring costs of 387 million Euro, of which 333 million Euro linked to projects in Italy (212 million Euro were related specifically to Cattolica integration). Other Net Non-operating Expenses amounted to 353 million Euro, with main items being the positive impact stemming from the acquisition of Cattolica for 198 million Euro (including the badwill impact), more than compensated by the negative impact from IAS29 hyperinflationary accounting in Argentina, costs for strategic initiatives in France and Switzerland, a provision in France in anticipation of a potential reform of the pension system, and other one-offs including some initiatives in Italy linked to Covid-19. In 2020, Net Other Non-operating Expenses mainly included the contribution to the Covid-19 Fund, other local pandemic-related initiatives, the compulsory contribution to the public health system requested from health insurers in France and CTAs related to local projects.

The overall effective tax rate for the Group reduced to 30.2 percent from 34.7 percent in 2020, due to the absence of non tax-deductible cost items impacting last year's results (namely a large portion of the impairments and the accelerated strengthening in the Swiss guarantee reserve), the reduction of nominal tax rate in France during 2021 and some one-off effects related to the positive impact stemming from Cattolica's badwill.

In 2021 there was no impact from the discontinued operations line.

Minority interests were up to 348 million Euro, due to the good performance of Banca Generali and China.

All the above took us to a net result for 2021 of 2,847 million Euro, up a very satisfactory 63.3 percent year on year.

The adjusted net result, net of gains and losses on disposals and acquisitions, stood at 2,795 million Euro, up 45.1 percent from the previous year. The adjusted net profit would have been up 34.7 percent, excluding from 2020 net result the expenses for the Extraordinary Covid-19 Fund and the impact of our Liability Management transaction.

Slide 34 - Strong underlying cash remittance

On the left-hand side of the slide we show the remittances paid by the main business units of the Group in 2021 and the total remittance, which represents the total net cash upstreamed to the Parent company.

Remittances moved to 3.2 billion Euro at FY 2021 from 4.0 billion Euro at FY 2020 (the latter included strong Capital Management initiatives mainly in Italy and ACEER). Remittances remain well diversified across countries, with a reduced contribution from Italy in relative terms, in line with the Group's diversification strategy. "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, the item "Other" includes remittance from the Business

Unit Investments, Assets and Wealth Management and the consolidation effects on dividends reflecting our Group structure.

Please note that the strong earnings growth achieved in 2021 will be reflected in 2022 remittances as this is a cash based indicator.

The remittance ratio on distributable business units' IFRS net result moved from around 135 to 105 percent. As mentioned, in 2020 there was a strong contribution from Capital Management initiatives mainly in ACEER and Italy of around 40 p.p., whilst in 2021 such impact reduced significantly to around 10 p.p. and mainly driven by Italy and Spain. In accordance with the target to maximize cash and capital centralization, the aim for subsidiaries is to keep an appropriate solvency level commensurate to their risk profile and profitable growth targets and transferring excess capital to the Parent Company.

Slide 35 - Net holding cash supporting dividend growth

We derive Net Holding Cash Flows from the Remittance from subsidiaries presented in the previous slide and then add the Result of Reinsurance on a cash basis and Interests and Holding Expenses. The cumulative amount over the plan period 2019-21 was 8.4 billion Euro, overachieving our target of more than 7 billion Euro. As discussed in the previous slide, remittances decreased year on year, with 2020 numbers strongly impacted by some one-off effective capital management actions in ACEER and Italy. The recurring component of remittances kept growing. Interest & Holding Expenses increased year on year, as the absence of a favorable fiscal one-off effect that impacted 2020 more than compensated lower recurring interest expenses. The proposed cash dividend of 1.7 billion Euro, deriving from a Dividend per Share proposal of 1.07 Euro for 2021 is covered 1.5 times by Net Holding Cash Flow.

Slide 36 - Shareholders’ equity impacted by rate moves on fixed income

Shareholders’ equity decreased by 2.4 percent, compared to year-end 2020, to 29.3 billion Euro.

The main positive drivers were the contribution from the net result and 669 million Euro of “Other”, mainly linked to defined benefit pension plans. Main negative drivers were the mark to market of fixed income investments reflecting higher interest rates, as well as the deduction of 2,315 million Euro dividend paid in 2021.

Slide 37 - Excellent Solvency II ratio with reduced sensitivities

The preliminary Solvency Ratio reached the excellent level of 227 percent, up 3 percentage points versus previous year. The aforementioned dividend proposal for 1.7 billion Euro is deducted as usual from the ratio as well as the prerefinanced 500 million Euro subordinated debt issued in summer 2021.

The decrease in 4Q21 was mainly due to the impact of the acquisition of Cattolica (-7 p.p.), the negative impact of financial risk modelling and minor actuarial model changes in Germany and France, partially compensated by strong capital generation net of dividend accrual.

On the right-hand side of the slide, you can see our updated sensitivities. As you can observe, the sensitivities to lower interest rates reduced versus previous year thanks to the further actions carried out in terms of asset-liability matching, the continuous work on reshaping and decreasing of guarantees in our Life portfolio, and improved market conditions. In particular, the sensitivity to BTP-swap spread narrowed thanks to the successful management actions taken both on the asset side (with the overall exposure to BTPs increasing only modestly despite the increased exposure following the acquisition of Cattolica, and with a reduced duration) and on the liability side (with in-force management actions and the natural run-off of the old portfolio leading to lower and reshaped guarantees, and hence to a higher loss absorption capacity).

As additional information, please note that we estimate our Solvency Ratio at March 11th to be above 230% after dividend accrual: the negative impacts stemming from the Russian/Ukraine crisis (especially in terms of equity market performance) and from beginning of year regulatory changes have been more than offset by the higher interest rates and by the contribution of our capital generation.

Slide 38 - Strong positive contribution from normalized capital generation

Coming back to the yearly development of our Solvency Ratio, here you see the very positive contribution of normalised capital generation (strongly supported by the further growth of the Life new business value and by the robust Non-Life technical result) amounting to 20 p.p. and reflecting the strength of our leading technical profitability.

The good development in financial markets (due to higher interest rates, the positive performance in equity markets and the spread narrowing of non-domestic government bonds) led to positive market variances impacting for overall 10 p.p..

These positive drivers were partially offset by the impacts of:

- Our acquisitions in Italy and in Greece.
- The capital movements, namely 2021 proposed dividend and the redemption of the subordinated debt owned by our Slovenian company.
- Regulatory changes at the beginning of the year, linked to EIOPA change on the Ultimate Forward Rate and the reference portfolio.
- The aforementioned changes on financial risk modelling and minor actuarial modelling refinements in Germany and France.

Slide 39 - 2021 capital generation totaling € 3.8 bn

On this slide, capital generation is broken down by business segment, as well as by Own Funds and Solvency Capital Requirements.

Starting with Life, we had normalized capital generation of 2.8 billion Euro, mainly reflecting the own funds generating 2.7 billion Euro, with the usual significant contribution of the value of new business at 1.7 billion Euro.

The in-force generation, worth 1 billion Euro, is basically the expected release of risk margin 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 1.5 billion Euro of Solvency II capital, but this was more than offset by 1.6 billion Euro released from the run off of the in-force portfolio, leading to a net benefit of 0.1 billion Euro.

In P&C, own funds generation was 1.3 billion Euro, mainly stemming from current year technical profitability at best estimate.

Holding and Other contributed with a negative amount of 0.3 billion Euro, which reflects the lower interest costs paid and holding expenses, partially compensated by the strong result of financial and asset management entities which follow their sectorial regulatory regimes.

Slide 40 - High quality capital mix: Tier 1 capital 86% of total

In terms of tiering of capital under Solvency II, Generali’s capital structure remains very strong and appropriate. Generali continued to have an 86 percent weight of Tier 1 capital over total own funds. Consequently, our Solvency II capital requirement is covered 1.9 times by unrestricted Tier 1 capital alone, considerably above any binding limits in terms of capital quality according to the Solvency II regulations.

Slide 41 - 2021 baseline for Generali 2024 strategy

In order to track the progress of Generali 2024 strategy, two 2021 baseline numbers are provided.

2021 Adjusted Net Result, net of gains and losses related to disposals and acquisitions, amounted to 2 billion 795 million Euro. This translates into a 1.78 Euro Adjusted EPS.

In addition, the starting point of our cost to income ratio is 63.7 percent.