Full year 2024 results as of 31 December 2024 – Conference Call Transcript
(Please carefully read the disclaimer on page 13 of this document)

13/03/2025

Group CEO Introductory Remarks

Good morning and thank you for attending our Full-Year 2024 results call, for which I am joined by Cristiano, Giulio and Marco. Before we open the Q&A, let me share a few key remarks with you.

These results mark the conclusion of our “Lifetime Partner 24: Driving Growth” plan, and we are proud to have over-delivered against ALL financial targets. It is the third consecutive strategic plan we have successfully completed, and our 2024 results further confirm that our Group is the strongest it has ever been.

The Operating result at 7.3 billion and the Adjusted net result at 3.8 billion for the full year are new record highs, and they have been achieved thanks to the very positive contribution from ALL business segments. When we presented our Full-Year 2023 results, I stressed that the return to positive net collection would be one of our priorities.

In Life, net inflows at year-end 2024 were close to 10 billion Euro. This great achievement, which is unparalleled in the industry, was made possible by our powerful distribution force. Therefore, let me thank our agents and advisors for their excellent work. These net inflows were entirely driven by protection and unit-linked lines.

Our continued focus on underwriting discipline and in-force management has resulted in a further increase in the share of Life reserves related to capital light products, reaching 71 percent at year-end.

In Property & Casualty, the 7.7 percent increase in Gross Written Premiums was driven by the positive performance of both Motor and Non-motor lines, which grew in all the main markets where we operate. Our tariff strengthening measures also continued to be effective throughout the year. This is also reflected in our improved Undiscounted Combined Ratio, below 96 percent in line with our guidance, even when considering the 1.2 billion effect of Natural Catastrophes. The underlying trend showcases the ability of the team to successfully deliver. Our undiscounted Loss Ratio, excluding Nat Cat and Prior Year, shows a 1.4 percentage point improvement. This is by far the best in the industry, and it would be close to 2 points with the same perimeter as 2023, excluding Liberty Seguros.

As Giulio told you at our Investor Day, we are strongly focused on continued improvement in technical excellence and this performance shows we are starting the new Plan with a very positive momentum also on this front. Looking ahead, we are convinced that the key trends we shared on that occasion will create significant profitable growth opportunities for Generali.

In line with the increasing demand from customers, premiums related to Protection, Health & Accident continued to accelerate and now account for around 22 percent of the Group's overall Gross Written Premiums. This segment is highly profitable, and it is central to our plan to increase the number of multi-holding customers. We have 3 key strengths that will ensure we achieve this: first, the best Relationship-Net Promoter Score among our main peers; second, a modular product offering to respond to customer needs and third, a highly effective distribution platform boosted by enhanced usage of Data and Artificial Intelligence.

Proprietary distribution is an important cornerstone of our offering. We distribute over half of the policies through agents, almost double the average in the industry. When interest rates declined, our agents enabled us to transform our Life book. When lapses increased, they enabled us to perform better than the market. As Marco highlighted in his presentation in Venice, our agents are fundamental in capturing growth across our preferred lines of business.

Moving to Asset & Wealth Management, the Group's Total Assets under Management reached 863 billion Euro, growing by 32 percent thanks to positive net inflows and the consolidation of Conning Holdings Limited. The operating result of this segment grew by almost 23 percent to 1.2 billion Euro. At the Investor Day, Woody explained the importance of having an integrated offering between our large Life insurance book and our strengthened Asset Management platform. Fully leveraging this relationship is key for us. When this management team took over the helm of the Group, remittances from subsidiaries were around 2.4 billion Euro. In 2024, they reached 4.5 billion, contributing to the highest net holding cash flow we have ever reported, at 3.8 billion.

The relentless focus on cash and capital optimization has been one of Cristiano's priorities in the past 6 years as Group CFO and it will continue to be an essential part of our focus on growing shareholder remuneration. Thanks to this healthy cash flow generation, a solid capital position with a 210 percent Solvency 2 ratio and the underlying growth of the business, we will propose at the next Annual General Meeting a dividend per share of 1.43 Euro, up by 12 percent year on year as well as a 500 million Euro share buyback to be launched this year, subject to regulatory approval.

Finally, I would like to mention the further significant progress we made as a responsible investor, insurer, employer and corporate citizen. This will continue with "Lifetime Partner 27: Driving Excellence", which has sustainability as one of its three key foundations.

In conclusion, our 2024 financial performance is the result of our hard work across the last three strategic cycles and we are now already focusing on the delivery of our new plan. We have committed once more to very ambitious targets, and we have everything it takes to succeed and to keep creating sustainable value for all stakeholders while driving excellence in everything we do. Before we open our Q&A, let me just remind you that we will be hosting our Annual General Meeting on April 24 in Trieste. I look forward to seeing you there, and I thank you very much for your attention.

Q&A Session

David Barma, Bank of America*: Good morning. Thank you for taking my questions. The first one is on the very good performance in P&C in Q4. So, you've improved your undiscounted current year loss ratio by around 1.6% in Q4 compared to the nine months, which was the starting point of the new cycle. And actually, we're even closer to 2.5% if we account for the fact that man-made losses were higher in Q4. So, that's better than your target for the next three years. I realize it's only one quarter, but I would expect the underlying profitability to further improve given the good trajectory of pricing for at least for 2025. So, can you talk a little bit about this and the Q4 performance versus the improvement expected over the next three years? And then secondly, staying on P&C and motor line specifically, would you say most of the pruning is now behind, especially in Italy, and we can now start seeing a bit more volume growth in 2025. And then lastly on cash. At the CMD, I think you suggested you'd get around 400 million of remittances from management actions in 2025, but I would have thought the Liberty Seguros excess capital and the measures you've taken with Alleanza and Genertel would give you more than that already. So, can you please come back on the management actions that are expected to come through in 2025, please? Thank you.*

Giulio Terzariol, CEO of insurance: Thank you, David, for the questions. On the four-quarter development, I would never read too much into a slice, besides the fact that this gives you clearly the idea of the confidence that we have as we go also into 2025. Why am I saying you shouldn't read too much into a slice on a quarter? Because at the end of the year, you have always the validation of all the assumptions and so in that sense, you get a little bit of a catch-up effect from an accounting point of view in the quarter. But clearly, when you see a strong ending, this means that we have a lot of quality in our numbers.
And if you look at where we are standing right now in Motor, the undiscounted combined ratio is 98%. So, that's a very strong base. And as we think about also 2025, we still expect to see rate increases on top of the inflation. So, from that point of view, there is room to do even better.
To your specific question about pruning, I would say we have a limited situation where we really need a pruning. And a situation like that might be Genertel in Italy. In some geographies, in Motor and pruning, we still need to get some additional pricing. I'm thinking about Spain and Portugal.

But fundamentally, we have a strong performance already now. And we expect also to see some further improvement from a very good level in 2025 and beyond. Also, on Motor, we are running at a good combined ratio, especially if we adjust for the Nat Cat impact and we normalize for that. Clearly, on Non Motor, we need to be always a little bit cautious because assuming that the Nat Cat's budget is going to be lower is an assumption. But I think we are well positioned also if we are going to see more elevated Nat Cat compared to our assumption.

Cristiano Borean, Group CFO: So, hi, David. So, going to the 2025 expectation, I think that what is important to keep in mind is what I was telling you at the Investor Day, where basically 2024 has been a special year with the 400 million coming from Italy and 200 million coming from Austria. In 2025, you should expect something more like capital management actions of the order of 400 million to 450 million Euro, including all of the actions, which will entail again Italy as we were highlighting.

Andrew Baker, Goldman Sachs: *Hi. Thank you for taking my questions. The first one is on just the CSM operating variances. Are you able to give just a little bit more color on the model refinements that you did in France, Germany, and Asia? And then also related to that, what should we think - or how should we think about the 2025 operating variance coming through on the lapse side from your methodology change? Any guidance there would be helpful. And then secondly, your fourth quarter Life New Business margin was sequentially higher than Q3, which is more positive than you guided at the time. So, just curious what drove this sequential development versus what you had expected. And then also, are you able to give the new business value for 2024, what it would have been under your new definition going forward?*

Cristiano Borean, Group CFO: Hello, Andrew. So, on top of what are the lapses effect, which accounts for the 1.1 billion over the total 1.4 billion, the 0.3 billion effect of the last quarter, which are not related to the lapses on refinement, are mainly model changes in France related to the way it has treated the movement between unit-linked payment and multi-hybrid product, while [there are] some changes in assumption of expense review on Germany and more negative development of morbidity assumptions in China. These are the main three drivers, which all of them, the three of them summed up to around 0.3 billion.

Marco Sesana, Group General Manager: I think the development that we are seeing on the new business margin overall is in line with what we pointed out as a guidance into the beginning of the year. So, we said we were seeing an improvement of the new business margin across the different quarters. So, we are coming to the level where we expected to be in particular. You know that we have always said that we would have done trade-offs on volume versus margins and scaling back gradually over the next month the commercial incentive that we had to improve our collection. And that's what we did. So, we are at the level where we expect it to be. And again, going -- maybe I think it's useful also to look forward, so, what we expect for the next few months, we do expect this level of new business margin going forward.

Clearly, we will need to be also tactical in gradually understanding the macro situation on the interest rate to understand when to cut back more on the commercial action and and having a good creation of value. Because I just want to remind that everything is done to create more value overall, such that new business margin and new business volume are in that line.

Cristiano Borean, Group CFO: Yes. Andrew, just to complete on the 2025 guidance, which on the CSM, I did mention before, after having made all these changes in the lapses hypothesis, we expect a much more stable development of the operating variances next year, which will be materially decreasing down to very minor effects. On the third question on what would be the new business value, new business margin and the new definition, which we discussed also during the Investor Day, you should read the new business value as 3 billion, so basically 0.7 billion more with the new definition, and the new business margin would increase by 80 bps to 5.4%, hinting into an improvement of 15 to 20 basis points moving into 2025.

***Michael Huttner, Berenberg**: Fantastic. Thank you. Just congratulations, three cycles in a row, it's amazing. Three really light questions. The first is a bit continuation of one of the previous questions, the cash outlook. I noticed that in 2024 you had quite a big number from "others", so I just wondered what is that and how much more we could get. And also, I think you had the question that there was at Liberty, there's 300 million left there, whether that's included in the management actions you cited. Then the second is also on cash Switzerland. I remember you said "mama takes back" and I wondered, is this already starting in 2025? And then the third question is something I think you said, Philippe Donnet, in an interview that you're going to be buying more Italy government bonds. And I just wondered if you can maybe explain your thinking there. Thanks a lot.*

Cristiano Borean, Group CFO: Hi, Michael. So, the increase in the "other" remittance of 2024 should be considered also with some effect of example of one-off contribution from M&A initiatives like some dividends we received from Malaysia. If I take the example in 2024 on the "other", don't forget that also we had in 2023 some high dividends coming from the asset management because of the preparation for the Corning deal. Concerning Liberty: is it included in the management action of the CFO? Yes, they are there. We are already starting to get the cash back in the first quarter 2025 from Liberty as a first piece and the second one is throughout the year. On Switzerland, is it already starting in 2025 the remittance? The answer is we are not. We are completing a final step because the very healthy situation of the Life company. Be aware that we are slightly above 250% of Swiss Solvency Test for the year 2024. So, everything is set in line to prepare but we agreed to have a 2025 year of stabilization and understanding on the full sensitivities with all the numbers to get starting from 2026. As you mentioned, "what mama gives, mama will start to ask"

Philippe Donnet, Group CEO: Hello, Michael. As you know, our BTP portfolio is linked to our insurance liabilities in Italy and it will always be the case. As of December 31st, 2024, the Group exposure to government bonds

was 35.6 billion compared to 38.5 billion by the end of 2023 and almost entirely in support to our Italian Life business.
This also includes 5.6 billion Euro held by Banca Generali. As an Italian Group with a significant and profitable Life insurance business in Italy, BTPs naturally are an important part of our investment allocation. As a result of the development in the market and the very positive net inflows for 2024, we are looking into increasing our purchases of BTPs, obviously in line with our investment policy and with our risk tolerance.

Farooq Hanif, JP Morgan: *Hi, everybody. Thank you so much. Could you please talk about the jump in the Life Investment margin? Any one-offs that were in 2024 that we need to take out? And also, you had a very good investment income too in P&C, so just comment, I guess, around the sustainability of that given current macro.*
Second question on margins. When you adjust for your new approach, you're already quite close to your 6% new business margin target in Life. I was wondering what the path to get there looks like. I mean, is it quite an easy jump from now, for example, in 2025 or 2026 to get there more quickly? And in that context, I noticed there's a big jump in the margin in CEE. You comment on it in your slides, but if you could give some more details about what's going on there, that would be really helpful. Thank you.

Cristiano Borean, Group CFO: Hello, Farooq. So, I think you're referring to the Life Investment result. So, the effect, actually, if I just check versus the 2023 number in the last quarter, there has been a slow reduction versus the 2023, as you've seen, because we had lower rates. And there is an effect which is related to the fact that we are locally adopting in China IFRS 17 locally, which entails to have a single rate to be applied, which has slightly higher interest rates, which are unwinded then in the IFIE, which has some more negative impact going forward, which are clearly counterbalanced element of the value on the other side.
There has been also an effect which is a shift from the excess capital from the Life shareholder equity to P&C shareholder equity in Argentina, and that shift weighs 30 million. So, all in all, let me tell you that the investment result for 2024 should be read for a guidance of 2025 of around 900 million Euro, including this effect of what I was mentioning, higher IFIE stemming from this changing curve also in China. So, this is what I would mention on that.
On the P&C side, I think that we should consider the shift I was mentioning from Life to P&C will be recurring for the P&C extra return from Argentina. But I mentioned before already at Investor Day, that we should not take into account this volatility stemming around from the Argentina side, in a world which last year was quite positive, the contribution -- So, I think that a run rate to be projected for 2025, around the 950 million, is a good conservative estimation you should plug in with this level of also lower interest rates, also in the cash return.

Giulio Terzariol, CEO of Insurance: We can go into the Life side. First I will answer your question about the jump in the new business margin in Eastern Europe. First of all, keep in mind that in Eastern Europe about three quarters of our premium are Protection. So, that's a very profitable business, and

when rates are going down, the new business margin Protection goes up.
Then we had also some change in operating assumptions that was a positive. And also we have less inflation in the Spain side. And that's also contributed to a better new business margin.
So, we are very pleased with the level. We are pleased with this improvement. And also it's very important we think we can keep this level moving forward. And clearly we're going to push especially on the Protection element in Eastern Europe. Now, on your question and broader scope, I would say that going from the 5.4% that Cristiano was referring before to the 6% that we put into our strategic plan: it's not super easy. So, we need to work on that. And you need to keep in mind that our new business margin is already at a high level. So, we are starting generally from a high level point of view. It's one of the best new business margins you can see clearly in the industry. So, from that point of view, there is some work that we need to do in order to go from the 5.4% to the 6%.
One element is going to be the mix. Because over the plain horizon, we expect to see more Protection compared, for example, to savings. And automatically, this should push the new business margin up.
So, fundamentally, we have a plan on how to get there. But if you ask me, it's a given? I would say it's not a given. So, we need clearly to work over the next three years on that. The good part of the story is that we have a strong distribution. So, from that point of view we can really control our destiny. But there is some work to do on this one.

Iain Pearce, BNP Paribas: *Hi. Thanks for taking my questions. Two just around the motor business. The first one is on the 98% full year combined ratio, which is a bit better than what I thought you spoke about at the Investor Day. Just trying to understand if there's anything sort of one-off or some favourable experience, favourable PYD in there, or if you think the 98% is a true sort of underlying level and a good starting point for the 2027 plan. And then the second one is just on the motor businesses in France and Italy. So, it looks like they're growing below the level of rate increase or average premium increase you would have been achieving in 2024. You flagged some challenges around Genertel in Italy. I wonder if you could firstly just elaborate on why that's so challenging in the direct segment and if you expect those businesses to return to above premium increased growth in 2025 in France and Italy. If you could elaborate on that, that'd be great.*

Giulio Terzariol, CEO of Insurance: Okay. So, starting from motor, I would say the 98% is a good proxy for the starting point. So, from that point of view, there are no special one-offs justified in 98%. So, from that point of view, you can take this as a reference.
And next year, considering the rate increases that we have, which are on top of inflation, we should expect the 98% to be even lower. So, we feel very good about the work that we have done on the motor side. Just maybe two question marks are Spain and Portugal and not because we are not taking actions, but because in Spain and Portugal, we have seen inflation to be more persistent compared to other geographies.
A positive thing that we are seeing on the motor side is inflation is coming down a bit, but especially we see lower frequency basically across the board. And from that point of view, we might expect also to see lower frequency

continue into the next year. So, fundamentally, it's a strong business right now with a good performance and also with potential for further improvement. On France and Italy: I would say in Italy, the situation has been especially driven by Genertel. But also aside from Genertel, we are not necessarily increasing in motor the number of policies. This happens more in non-motor. But think about Italy, Genertel is clearly taking down, if you want, the number of risks. And on the non-Genertel side, there is a slight negative. But this is a clear reflection of the effort that we are putting to get to the good combined ratio in motor that you're seeing.
On France, there was more of a pruning in motor, especially at the beginning of the year. Now we are taking some corrective actions also because the performance is very good. So, I would expect that as we go into 2025, you're going to see a higher growth, if you want, less of a pruning effect in motor compared to what you saw in the course of 2024.

William Hawkins, KBW*: Hi, guys. Thank you very much. I'm just coming back on some of your answers you've already given. So, forgive me, please. Your Life Investment results, on the outlook: did outlook say 900 million for 2025? Because that feels very low relative to the 943 for a business that should be growing. So, just could you repeat what you said about the outlook for the Life Investment result, please? And then secondly, you've already been very kind on the detail of the new business margin, but the specific impact of the commercial initiatives, they dragged 50 basis points last year. What are you expecting the drag is going to be in 2025? And do we keep that sort of pari-passu with the new methodology or is there some reason why it might change in the methodology? And then lastly, please, I'm sorry to begin because I was trying to type while you were talking. The higher exposure to BTPs, are you simply saying that your business will be bigger, so, of course, you're going to own more BTPs? Or is there actually a suggestion that your economic weighting towards BTPs could be rising?*

Cristiano Borean, Group CFO: Hi, William. So, let me remind you when we talk about Life Investment results, we are talking about the non-VFA business. Non-VFA business is clearly related to some specific business we are having, but there are also running off pieces of our portfolio. I'm thinking about the Czech Republic portfolio, which has a runoff nature out of that, on top of what I told you before. So, we stick to this number. I said always when these estimations are given, we try to make a conservative estimation out of that. But I think the 900 million is a reflection also of due to the fact that the shift from the excess capital in Argentina from Life to P&C itself is only 30 million as a weight on a yearly basis. So, this is the outlook. And don't forget that what I was mentioning about you, about the non-VFA other part of the growth with the Asian change in China, which is having a higher unwinding of the embedded cost and guarantees out of that.

Marco Sesana, Group General Manager: Yes. So, hi, William. So, just to maybe go back to what we intend to do in 2025. Clearly, as you know, we expect all the external environment to be a little bit volatile. So, we are planning to reduce those commercial incentives but we will look into quarter by quarter how much it's possible to do. We want to make sure that we are stronger on the value creation. Therefore, we will see how that can be reduced. So, we do expect to reduce it. And by the way, these will stay broadly unchanged with the new methodology. But we are going to be tactical, understanding how much is the environment changing and how much we can do.

Philippe Donnet, Group CEO: Yes. Hello, William. On the BTPs, I said that the exposure has been decreasing significantly between the end of 2023 and the end of 2024 from 38.5 billion down to 35.6 billion. And then I said that we are looking into increasing our purchases of BTP. I didn't mention anything about the exposure on BTP, which is a matter of strategic asset allocation. Maybe, Marco, you want to say something about this?

Marco Sesana, Group General Manager: Yes, exactly. So, I think, William, you remember in the plan presentation, we defined what are the main directions of our strategic asset allocation. You remember that we said we would rethink the allocation of the govies. But generally speaking, we would like to reduce our exposure to govies into the medium term.
We would like to slightly tactically increase, but over time, our exposure to private markets, so private equity, private credit in particular. So, that direction is unchanged. Clearly, we have defined a plan horizon direction. Clearly, this is going to change as long as in line with the external conditions, this might be fine-tuned or tweaked a little bit over the different quarters. So, we just said to expose the general direction to our medium term strategic asset allocation.

***Gianluca Ferrari, Mediobanca**:Good afternoon, everyone. Three for me, please. The first one is credit spread sensitivities. I noticed they went up quite materially, particularly on the CSM. I was wondering if there is anything related to the average rating of the credit book or if there is any other explanation for that. Second is on the CSM of Switzerland. If you can give us a bit of color on the 30% decline in this line. And last, on a direct insurance company up for sale in Italy. I think in Venice, you have been very clear in saying that M&A is not top priority of the new plan. I was wondering if you are looking at the file or this file is not of interest for you. Thank you.*

Cristiano Borean, Group CFO: Hi, Gianluca. So, credit spread sensitivities, I think what matters most is no specific topic, honestly, about the rating of the book. I think what is also important to keep in mind is more the government spread sensitivities, which we experience in the CSM, which I think you have seen brought down a material 0.3 billion to 0.4 billion CSM effect only in the quarter. So, I would more highlight that there are really no particular specific topics or issues related to the non-government credit distribution.

For what regards the Switzerland CSM, I think there is a specific topic, again, to be mentioned. There is a joint effect of a reduction of base interest rates and opening of the spread of the government versus the swap rate, which is the baseline rate used for evaluating liabilities under both IFRS 17 and Solvency. This creates a kind of leverage effect onto this movement, which was, by the way, for your info, we were at the highest level of bifurcation between the government and the swap spread rate observed there, and had also some effect also on the local GAAP, because it is linked the way you are making the reserving, reminding you that our Swiss business was left there, notwithstanding a good ALM, as also a long-standing nation. So, the nature of the government sensitivity to swap spread is extremely high due to the dependency on the matching, which is a peculiar feature, if you allow me, both of the IFRS-17 and as well as of the Solvency that we are all experiencing in this period, when there is the full decoupling between the government bond movement in the rates versus the swap rate, which is a collateralized baseline rate, where we are observing the deviation. I think these are the main explanations also going there.

Philippe Donnet, Group CEO: Hello, Gianluca. So, on your third question, let me remind you first that in our new plan, we have been very clear on our very strict approach and discipline on M&A, as we will benchmark any opportunity against share buybacks. Then, we do not comment on specific speculations and, as you can imagine, we are very happy with our footprint and our distribution in Italy.

***Hadley Cohen, Morgan Stanley**: Good morning, everyone. Thanks very much. Two questions, please. Firstly, thank you for giving the extra color around the average coupon on redemptions for 2024. I think it was 1.3%, you said, versus the 3.6% reinvestment rate. Is it possible to give us a flavor of how you are thinking, or how we should think about the average coupon on redemptions for 2025, please? Presumably, we should still be expecting investment income to be pushing higher from here.*
Then, second question, slightly linked to Will's question earlier. Useful to see the 2 billion of net flows in the fourth quarter in Italy, I think roughly split between unit linked and savings business. Is it possible to give us an update on how you are seeing flows so far in the early parts of this year? I guess I'm thinking in the context of bond yields pushing higher, not quite as high as they were in '22-'23, but how we should think about the risk and uptake in lapses again. Thank you.

Giulio Terzariol, CEO of Insurance: So, from a flow situation in general, we see clearly positive flows into the beginning of the year. When we are focusing on Italy, we are basically a breakeven, but we are much better compared to the beginning of last year. So, from that point of view, it's normal that after a strong finish into 2024, you're going to have less of a momentum at this moment in Italy, but we are very confident that we're going to pick up also during the course of the year.
So, we expect 2025 to have a number of flows in Italy, assuming the situation stays like it is, which is consistent with the 2024 level. So, we have a good start to the year, because we see clearly that the headwinds that we had at the beginning of 2024 are basically behind us.

Cristiano Borean, Group CFO: Hi, Hadley. So, regarding redemption for Life, we are expecting something around 3.2% in 2025 as an average, for the Group, which is split between 3.5% in Life and 2.2% in P&C. So, these are the two main drivers you should focus on more rather than the average per se.

Fahad Changazi, Kepler Chevreaux: *Two questions, please. It sounds promising on the underlying loss ratio, but could you comment on the expense ratio for 2025? I think, given a change in mix in non-motor versus motor, there's going to be an impact on acquisition costs, but is this still the case for 2025, given we're expecting some growth in motor premiums? A second question on -- as obviously to Life in-force returns. Could you give some indication on how that will develop in 2025, given the lower swap rates?*

Cristiano Borean, Group CFO: Yes. So, first of all, when we look at the expense ratio development in the year, don't forget that this year was specifically affected by the so-called "Liberty effect". You know that there is this purchase price starting point where there is this mix between what is Loss Ratio and what is the Expense Ratio. If I just take out the Liberty effect, then the Expense Ratio of the year would be reducing by 0.1%, so 10 bps versus the 30 bps we are showing. So, that is a better starting point to project, starting from next year, which would keep, in any case, a double effect, which we were highlighting already in the Investor Day.
Don't forget that in the '25-'27 plan, we are driving through a higher amount of non-motor component growth in high growth countries like Asian countries, like India, where there is a higher acquisition cost, together with higher acquisition cost of non-motor per se, which in the mix is not bringing a material change to what you should expect in 2025 versus what we had in 2024, adjusted for Liberty. On the second question on the Life in-force in light of the movement of the rate, we should have lower unwinding, which would mean something in the order of 0.2 billion less effect out of this unwinding. Clearly, the growth of the business, the improvement of the profitability out of that will be a counterbalancing element.

Rhea Shah, Deutsche Bank*: Thank you. Two questions for me. The first one, just going back to P&C and the Loss Ratio improvement that you saw in 2024, you said that this was split between tariff strengthening and other technical measures. If you could just give the split between those two numbers, and then how we should be thinking about that into 2025. And then the second question is in holding and other, what's a good normalized guide for other businesses? It was 252 million in 2023, 157 million in 2024. How should we be thinking about that going forward?*

Giulio Terzariol, CEO of Insurance: So, the first question is always challenging to give you an exact split. I would say anyway, the majority of the improvement is coming from clearly the tariff increases that we're pushing through. But for example, when we speak about frequency, which is reducing, this might be a consequence of the general trend, but also the underwriting actions that we are taking.

So, doing the split is always a little bit of a complex exercise. But for the time being, I would say the majority of the improvement is coming from the rate environment. I would expect this to be the case also as we go into 2025. And then clearly, as we think about the last part of improvement we want to get, this is coming most likely not from rate increases over inflation, but more from the pruning, the claims initiative that we have put in place. So, as I think about the timeline, think about pricing strength is right now the major driver of improvement. And when we think about the planning at the back end of the plan, clearly the initiative that we have put in place are going to help us to get to our targets.

Cristiano Borean, Group CFO: Hi, Rhea. So, for the second question. So, first of all, "holding and other": when we comment within the "other business", it is right, because in that element you should always take into account that you should add the consolidation adjustment effect of the infra-group dividend, the one which this year created 60 million more consolidation adjustment because there were 60 million less infra-group dividends, which were tackling down and projecting that the 2024 is a good run rate number more than the 2023, which was positively impacted by some excess capital repatriation on, for example, the asset management component I was mentioning before, to prepare for the Conning deal. So, I would say 2024 is a much more representative number also because we have minor businesses inside which are interest rate-dependent and 2024 interest rate environment is much more in line with the one observed in 2025 versus the one in 2023, which was much, much higher and was potentially having a small benefit out of that.

***Michael Huttner, Berenberg**: I'm very lucky, so I'll keep it really brief. Just one question. The capital generation, an amazing number, 4.8 billion, 21% for a Group growing as fast as you, that's an extraordinary number. You're well ahead of the target for to get to 14 billion in the next three-year plan. Can you explain a little bit what's driving this huge beat? Thank you.*

Cristiano Borean, Group CFO: Yes. Hi, Michael. So, as we were already discussing during the Investor Day, we confirm that our view on the capital generation takes also into account some margin of prudence because of the adverse potential scenario we can always face. So, by the way, I think the 4.5 billion is a good starting point on to which project, but clearly the improvement that we can expect if we stabilize the environment also on the interest rate for the collection, as well as the expected direction where we are going with the contribution of the P&C.
Don't forget that this year we were, in any case, having bad natural catastrophe year, and we do put in the capital generation only the current year, contrary to - I know, the norm, and maybe in the market we are quite more conservative. I think that the 4.5 billion is really a lower-end level onto which projecting going forward. And the beat was also given by good financial segment result where we have different topics, including our financial holdings of the asset management, wealth management, but including also a positive development in some business treated under Solvency 1, which is our pension business in France.

***Steven Haywood, HSBC**: Thank you very much. Two questions from me. One is just to clarify on your Solvency 2 position at the start of the year, has there been any major moves since then, and the 500 million share buyback is not in that ratio? And then secondly, can you give us an indication on what is going on with the Italian government's review of the Natixis deal? Could there be any implications from this as well? Thank you.*

Cristiano Borean, Group CFO: Hi, Steven. So, on 7th March, we published in our slide commentary 214% Solvency 2 ratio expected. By the way, if I look at the sensitivity between 7th March and these recent days, there are no material changes because there are ups and downs in various pieces. Here, we are embedding already some regulatory changes like the EIOPA curves and the effect of the Intermonte deal on Banca Generali. We are not embedding the 500 million buyback which we are going to propose to the General Shareholder Meeting because there are two steps first to be achieved before accounting or deducting already for it. Number one, General Shareholder Meeting approving it. Number two, Regulator approving it. Only in that moment, we have the authorization to deduct from their own funds as a rule.

Philippe Donnet, Group CEO: Hi, Steven. There are no specific updates regarding Natixis. Actually, we are in the middle of the consultations of the unions as required by the law as agreed in our Memorandum of Understanding. This consultation will probably take another two months and no other update on this.