

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

Shareholders,

Welcome to our Shareholders' Meeting here in Trieste. I have the pleasure of welcoming you also on behalf of the Mayor, Mr Roberto Cosolini, and the President of the Friuli-Venezia Giulia Region, Ms Deborah Serracchiani.

In a challenging economic background, in 2014, the Group achieved its strategic objectives well in advance and it will soon launch its new and ambitious strategic plan for the next three years. The global economic outlook has improved and in Italy signs of recovery have become apparent with a growth in the GDP.

In my opening speech today, I will briefly comment on three areas: the economic outlook, including risks and opportunities; the relevance of the insurance sector and the Group, as a complement of what the Managing Director will say to you; and finally, innovation, governance and corporate social responsibility.

1) **Economic outlook.** Recovery has gained some pace in the U.S., but also in a number of European countries, including Italy. In 2015, tapering, i.e. the progressive increase of interest rates, will occur in the U.S. with a more restrictive monetary policy, as a result of macro-economic progress. In Europe, the European Central Bank has launched Quantitative Easing (expansionary monetary policy to ease credit at country level), Greece remains the most sensitive factor. The EU has launched the Juncker Plan, a major investment support plan, to set up a new European Fund on Strategic Investments (EFSI) also involving the European Investment Bank (BEI) for a total amount of 315 billion Euro. The insurance sector could and should play an important role in the provision of long-term funds for the economy that will be promoted with this plan, provided that solvency rules will not make it infeasible and that practical financing projects are presented.

Italy is growing again and, as I have already mentioned, an increase of about 1% is expected in 2016. Major external factors are driving this reversal of a trend: just the announcement of the ECB expansionary monetary policy has resulted into a further decrease in the spread between BTP and Bund. In 2015, benefits on public finance have been estimated as a decrease of 3 billion Euro in interests on debts. The ECB decision also had an impact on the Euro-dollar exchange rate: the Euro devaluation (virtually a balance) has resulted into an immediate increase in exports of 15 billion Euro. Finally, a recovery of the credit market both for households and companies is expected with positive effect on consumption and investments. On the other hand, the decrease in the oil and gas prices has resulted in an increased spending power for households (increase of 13 billion Euro in the available revenue, as pointed out by Prometeia), contributing to the recovery of

aggregated demand by resuming consumption.

Household and business confidence has been increasing, with positive expectations on the economy. Improved credit conditions The new government has enhanced its action, in an improved context for businesses, with the Jobs Act and fiscal relieve measures on long-term employment contracts.

2) The insurance sector and Generali. What is the impact on our industry and the Group? In our markets, the crisis is over in the insurance sector which has proved to be sound. Growth and new challenges are expected. In a context of high uncertainty and low performance rates, managed saving products are very successful and premiums have increased substantially. In the meantime, new solutions have been explored in line with market trends and demands from consumer, who are increasingly attentive in their decisions. Generali Group, thanks to the professional skills and the involvement of its management, led by Mario Greco, has constantly increased its turnover, its soundness and its financial profitability, achieving and even exceeding its strategic targets.

Overall, in the macroeconomic background I have just described, the insurance sectors has still a significant growth potential, not just in countries with a low insurance cover for households and businesses (see emerging countries), but also in the so-called industrialised countries challenged by new risks, such as healthcare, population ageing, professional and environmental risks. Generali has always been at the forefront as security and protection provider and as a major institutional investor in bonds of the government, financial institutions and companies. We are also actively committed to a dialogue, at national and European level, on the role that the sector can play in promoting the financing of infrastructures, SMEs, and, in general, long-term investment projects which are critical to re-launch economic growth.

3) Innovation, governance and sustainability. Finally, I wish to point out three issues that I consider fundamental. Innovation, governance and sustainability. Starting from innovation - that has a direct impact on me as IIT President - the need to innovate in this sector is not just an "if", a marginal factor, it's a concrete reality. Innovation has become a pre-requisite for survival and growth in a world where finance no longer offers easy gains and customers are very careful in their decisions. I'm particularly satisfied for the high number of innovation projects, both in terms of products and process, that have been launched in 2014 and 2015 in a variety of areas, as IT, healthcare prevention, insured virtuous behaviours, and a customer-focused project involving the sales force but also the management as a whole.

With a view to achieving its objectives and work properly, the Group also needs a governance in line with international best practices. And we have it thanks the efforts we've been making year by year. Last year too, actions have been implemented to improve the management and the organisation system of the Company, restructuring and streamlining the geographic areas and business units and enhancing the role of the Head Office in the direction, coordination and control of the Group. The Board of Director has

been reviewed and reduced. Women representation has increased to 36%, i.e. higher than the current legal requirement. The new Board of Auditors was appointed for the term from 2014 to 2016 and it is well balanced in the representation of minority lists and gender. Overall, the Board of Directors works in harmony and, also when opposing opinions are expressed, the attitude is always very constructive. Directors have also been extremely proactive in view of Solvency 2.

The Board of Directors and its Committees also met in foreign offices of the Group (Madrid and Paris) to foster closer relations between Directors and the local management and as a sign of full integration of foreign companies.

I believe that only as a result of this transparency and authority, the Group, which is increasingly in the spotlight of media and a variety of stakeholders, will be managed with success in this global and volatile context.

Finally, I remind you that the Group has further strengthened its action on sustainability and social corporate responsibility. I will always stress that a fundamental factor for success lies in the respect for the community and consideration for the impact on all stakeholders. The quality and the insights of the Sustainability Report have improved over the time and new actions to the benefit of the local community and with a significant social impact have been implemented. The corporate social responsibility is now a major reference for customers and investors and socially responsible companies with a good track in this area obtain practical advantages also in terms of overall rating and investment attractiveness. Investing in sustainable behaviours does not only impact on the reputation, it generates concrete value.

Finally, I wish to thank all our employees for their work and you for the trust you have as shareholders and investors in this great Group. Thank you.