15/11/2024

Group General Manager Introductory Remarks

Our Third Quarter results confirm the continued business and operational improvement achieved throughout the year, and the positive effect of commercial and technical actions implemented since 2023.

At the same time, we have maintained a solid Relationship Net Promoter Score leadership position versus peers. This is thanks to our ability to connect with multi-holding customers, a clear reflection of our Lifetime Partner proposition.

I would like to share 3 key highlights from the third quarter with you.

The first one is in Life. We confirmed robust new production trends, leading to sizeable New Inflows concentrated in our preferred Lines of Business. At the first half 2024 results call we provided a guidance for the New Business Margin, between 4.5% and 5.0%. I am pleased to confirm that in the third quarter we reached a 4.92% New Business Margin. While we confirm our guidance, we expect a lower New Business Margin in the fourth quarter compared to the third quarter, given the decline in interest rates and the impact of product mix on the margin.

The third quarter also enjoyed a 9% growth in New Business volumes, with Protection growing by 11.5%. As presented at our Investor Day in January 2024, we see attractive opportunities for long-term profitable growth in Protection in the coming years. Protection generated again over 40% of our New Business Value in the past quarter.

As we commented previously, lapses in France have basically normalized to the levels seen in 2022; in Italy we have continued to see a decrease in lapses in the second half of the year. We fully expect this trend to continue as the competition from government bonds and bank deposits gradually abates.

Italy returned to positive net collection in the third quarter and we confirm that we expect the Italian business to achieve positive net inflows for the year by the end of 2024. At that point, we will evaluate how to gradually scale back some of the commercial incentives introduced last year to support production.

My second message is about P&C business trends. The numbers we released today confirm the positive jaws effect driven by both rising tariffs and normalizing claims inflation, in a context of overall benign frequency. Going into more detail, the annual average premium for our 10 main markets grew by 6.8% overall. In the Motor line, this increase is equal to 7.5% and translates into an annual earned premium of 6.5% more than compensating the increase of the risk premium of 0.3%.

We continue to implement our pricing and technical excellence strategy and this is increasingly resulting in a positive development in the attritional combined ratio.

The undiscounted Combined Ratio has improved to 96.3%, down by 1.4 percentage points compared to last year. The third quarter improvement in the undiscounted attritional combined ratio was also supported by very benign frequency and a low incidence of severe bodily injuries claims.

While we would not project the rate of improvement of the third quarter linearly into the future, it is certainly very encouraging to see this trend as we enter into a new strategic cycle.

We confirm our confidence to reach our target to end 2024 with an Undiscounted Combined Ratio below 96%. This despite an impact from Natural Catastrophes that at nine months 2024 is about 100bps higher than what we had budgeted. Our confidence is based on the strong improvement of our underlying underwriting result that is becoming increasingly visible in the numbers.

My third message is indeed about Nat Cat. Clearly the third quarter has been an adverse one. It is a development that we will take into account within our new plan, where a higher budget for Natural Catastrophes will be appropriate.

Most likely, these events will lead to a continuation of the hardening cycle in personal lines in Europe. During the last months of the year we usually experience a more benign trend for weather events, in consideration of the footprint of our portfolio. Natural events since the end of September are estimated to lead to around 100 million of additional net Natural Catastrophes losses so far in the fourth quarter. In addition, we booked a 20 million Man-Made loss from the riots in Martinique.

Concerning the tragic events we have all seen in Spain, let me look past the economic impact and express our sorrow for the many people affected. To support these efforts, the Generali Group is actively supporting the Spanish Red Cross with financial aid. To express our solidarity with the affected areas, we have also launched a Global Fundraising campaign to support the Spanish Red Cross on the ground, focusing on helping those displaced from their homes or cut off from essential services. We are also actively providing support through our Human Safety Net Foundation in the areas in which it operates in Spain.

Group CFO Introductory Remarks

Let me provide you some additional colour on our Nine Months 2024 financial performance, to complement what you've just heard on the underlying business trends.

Starting with Life. The Operating Result in the third quarter is up almost 11% compared to the third quarter of 2023. There are 2 points I wanted to flag to you.

Firstly, the CSM grew by almost 500 million in the third quarter despite around 100 million of negative operating variances, mostly related to lapses. I expect that for the full second half of 2024 we may record an amount of operating variances similar to what we had in the first half of the year, within the context of the annual update of assumptions that will be completed by December.

Secondly, the investment result in the quarter at 256m is up over 20% year-on-year. Let me highlight that this growth also reflects non-recurring elements in the comparison between 2024 and 2023.

Moving to P&C, Marco has already commented on the improvement in the Combined Ratio; let me emphasize that this improvement is of a very high quality, entirely driven by the current year component, as we maintained a

Prior Year Development in line with our 2 percentage points guidance. As Marco said, we confirm our undiscounted COR guidance below 96% for 2024, which reflects the improvement in the underlying technical profitability. This confirmation is, of course, subject to the final tally on Natural Catastrophes.

Looking ahead to the fourth quarter, we expect the P&C business to have a minimal amount of current year discounting, at around 50m, reflecting the lower interest rates and the intra-year trend of discounting.

On the current year loss ratio, we will continue to see the benefit of tariff increases but we will also book conservative initial loss picks, in line with the Generali's long-standing approach to prudent reserving.

On the non operating result please consider that in the fourth quarter we expect to have some restructuring costs, which may also be driven by the recent acquisitions. In addition, we are also likely to record some impairments on a selected number of Real Estate exposures, within the context of the end of year appraisals.

Concerning the tax reform currently under discussion in France, we expect to book around minus 40 million Euro in the fourth quarter, in case the final version of the corporate tax measures reflects what has been discussed so far.

Finally on Solvency, please note that by the end of the year we expect to complete the closing of the step-up in the Generali China P&C joint venture which is expected to have a -1 percentage point impact on our full year 2024 Solvency 2 Ratio.

Q&A Session

Andrew Baker, Goldman Sachs: *Thank you for taking my questions. So the first is on on the P&C attritional. So benign frequency, sort of low bodily injury claims in Q3 and you cautioned us from projecting linearly going forward. Can you just able to give us a bit more color on sort of breaking that out in terms of how much of the attritional you would have considered more sort of one-off of the quarterly benefit in 3Q?*

And then secondly, on the Life CSM, can you just help me unpack the variances a little bit? So the expected return in Q3 actually looked like it went up a little bit and that was despite the lower rates. So curious what's going on there? And then I think you mentioned €-100 million of operating variances, that was primarily lapses. And then just directionally, what was the impact from the economic variances? That would be really helpful.

Cristiano Borean, Group CFO: Hi, Andrew. So about the effect of benign frequency and disinflation, which we all seen below the pre-COVID level, which is an important trend still being confirmed quarter-after-quarter. There was more a comment related to the bodily injury part. Notwithstanding that, I would like to point out one thing. As I said, in the introductory speech, you will see a continuation of the improvement of the technical profitability going forward and this is in the numbers. And so, if we just cumulated the first nine months and you get to the year-end number, there will be further improvement on the year-end 2024 number versus the year-end 2023. The

speed of this acceleration will also be mitigated from what I said: we will continue to exercise strict prudence in terms of initial loss picks. These disinflationary forces are becoming increasingly visible in the numbers, so you should continue to project, but at an appropriate level, as I was saying.
On the second question, on the variances we have seen in the quarter, I would say it is of the order of €400 million for the economic variances in the third quarter and the slightly more than €-100 million in the operating variances, the vast majority being clearly related to the fact of the lapses. On the economic variances, the major drivers are the positive equity market performance, all around the world both in Europe and Asia and as well and there is a positive impact of lower market volatilities, which as you know, has a benefit in the time value for option of guarantees. These are the two major drivers with slightly more benefit from the equity performances, more than offsetting the negative interest rate effect, which is about €100 million negative.

***David Barma, Bank of America**: Hello. Thanks for taking my questions. Two small ones on Life, please. Firstly, on the investment results. So clearly another good quarter. You suggest there is some non-recurring items in here. Is the proportion the same as what you suggested in Q2, which I think was half of the annual growth? So if you can give a bit of color on this. And then on the new business margin, so 4.9% in 3Q. Is there still an impact in there from the French protection business that was booked in Q1 this year and from the various marketing actions taken in Italy and maybe if you can quantify those things together? And then lastly on P&C, if you can give us an update on pricing versus claims inflation in your main markets and where you're seeing some pretty strong renewals at the end of the year?*

Cristiano Borean, Group CFO: Hi, David. So what I would deem as a recurring versus non-occurring is more related to what was not recurring in the third quarter 2023, rather than non-recurring in the third quarter 2024. And in third quarter 2023, we had some negative effect of increased hedging costs in Switzerland because as we told you in the past, we were changing the dynamic hedging into a more stable asset liability management, which by the way, helped a lot supporting the solvency of our Life entity, which is the right thing to be done, but had a cost of around €40 million in the last third quarter 2023. And this is the main element I would comment there.
On the second part of the new business margin, we do still have commercial actions in place, but we don't have any impact from the French protection effect, because that was fully booked already. And the effect of commercial actions, mainly concentrated in Italy, are in the order of 30 to 40 basis points, if I add up all of them.

Giulio Terzario, CEO of Insurance: On the question about pricing, I can tell you on the Motor side, we have price increases on average of about 7.5%, and that's well ahead of the risk premium increase that we see is about almost 4 percentage point ahead of that. So that's a big improvement. Also consider that when you look at our numbers, the earned premium increase is a little bit below the average premium increase. So there is an improvement which is almost embedded as we go into also next year. As we think about Non-Motor, there we see an increase, more of 4% of the average premium. But we are improving the attritional loss ratio, excluding the man-made by about 1%. So this means that basically the increase in average premium is almost 3 percentage point ahead of the risk premium. And on the accident and health, we see an improvement almost of very high-single digit. So there is a lot of strength in what we are seeing right now. And as we think about the beginning of 2025, we are still going to go for increases in premium, which are at least matching risk premium increase or ahead of that depending on the case. So from that point of view, we are starting from a strong basis and we still push to make sure that we consolidate what we think is a very, very good position. That's on the pricing.

Michael Huttner, Berenberg: *Hi. Thank you so much. I loved your sentence on the Jaws of the Crocodile. And I suppose my question is, how long is the Jaw? In other words, does it reach - I know it's forward looking - 2026, 2027, 2028? I'll give you a background: I was at the lunch of your Spanish competitor on Monday and they also mentioned the Jaws of crocodile, but they said two years. So I'm hoping you can say, thanks to your pricing action still to come, maybe three years?*
And my second question would be on cash. I know it's very far too early and you probably say again, leave that, but I know there's a lot of one-off cash this year, but maybe you can give a feel given the very strong outlook in both of your core businesses whether how quickly that €700 million might be kind of cash back or earn back or whatever in terms of, getting the cash flow back up to current levels?
And then my final question is in the solvency, your fantastic IR gave me a very detailed split of the solvency movements, which includes 1.5% operating variance negative. I'm sure, it's something you've already mentioned but I'd be curious.

Marco Sesana, Group General Manager: So I want to build on what Giulio has just said. So we are very positive in the sense that we see embedded still price increases coming in the next months and we are pushing for that. And we see an overall risk premium that is going in the right direction. Inflation is still there, so we do still see in some part of the business that there is inflation. Keep in mind that there is a lag effect between what you see on the consumer price inflation and what we see in the claims inflation. So, the decrease is coming a little bit later from what you see in the public market. But this is also compensated by the trend in frequency that so far it's going in the right direction. I would say this trend is something that we’ve seen since many quarters. So I would say: we do see that there is potential for continuing these margin expansion for the next quarters.
On top of these, you correctly mentioned the Nat Cat effect that will have an impact on the rates that we will see both on corporate and commercial and on retail, because clearly all of us will need to deal with a different mindset on Nat Cat, not only on the technical side. So understanding exactly how much do we manage volatility and how do we make sure that we are properly tackling on this risk, but also will have an effect on pricing. So, clearly this will give us some room to additional increase prices in the next quarters.

Cristiano Borean, Group CFO: Hi, Michael. So going to cash: having said that, at the nine months, including the operating cash, we were having something of the order of €3.7 - 3.8 billion, you have to strip out this money the operating part where what matters for you is to know that we have the usual €1 billion of liquidity buffer plus the money to cover the buyback and minor spare €100 million out of that. For sure, we will give you the full detail on the Investor Day about the future evolution. The only thing I would like to highlight to you is that in 2024, we were able to have a gain from a specific capital management operation - excess cash repatriation - for example, the one we were commenting in Austria. And as we highlighted in this year, we presented and completed operational restructuring of participation and composition in our Italian entity, which will bring, as we already commented, further benefit which we will comment at the investor Day.
On the non-economic variances of the Solvency, the -1.5 percentage point, I would say there are mainly a couple of drivers that are evenly split. The first one is slightly higher investment risk took in a portfolio because of the risk bearing capacity and evolution. And you know when it is active management it is accounted in this part of the non-economic variances, because it is actively decided by the management. And the other piece is related to some small non-recurring and non-operating expenses which are being accounted there.

Will Hardcastle, UBS: *Thanks for taking the questions. On the motor side, thanks for the big picture comments on pricing globally. Which countries are you most confident of growing volume gain at the moment? And anyway, where you still feel a little bit of retrenching is necessary? And secondly, it certainly sounds like the Nat Cat budget is being focused on: what do you think here has gone wrong in the budget setting over the last few years? Is it just a higher frequency and severity of events versus the reinsurance shift in the last couple of years? And is there anything you can do on reinsurance or is it simply just write the budget? Thank you.*

Giulio Terzariol, CEO of Insurance: Coming to Motor, I wouldn't highlight it as a market where we see necessarily more potential to grow the business versus others. The focus is not necessarily on Motor. So what we are seeing right now on Motor, we are more or less holding the line or the risk in force and this is going to be also somehow the strategy as we go into 2025, where we see growth is on Non-Motor, on SME, on accident and Health, so that's where we are focusing on and that's also part of our strategy of the so-called multi-holding customer. So from that point of view looking at it holistically there is also the Life side, by the way, as we think about the multi-holding.
So holistically the situation is not about pushing necessarily the production on the Motor side where we are very much focused on making sure that we have a very, very strong combined ratio; so that's on the situation.
On the pruning, we will continue to do pruning. As you know, we have about €200 million pruning that we do every year to such a degree we should expect this to continue. So the combination of a nice rate increases plus all the things that we do on the underwriting should bode well from a profitability point of view, and from a growth point of view, and from a growth point of view, we expect to get a growth not necessarily from auto but from the other

lines of business.

Marco Sesana, Group General Manager: On Nat Cat budget, I don't think there is anything that necessarily went wrong in the last two years in the budgeting phase. It's more I would say we are seeing this trend also coupled with many other trends that we see in the industry. But also let me underline that what we are seeing is also an effect of the increased portfolio level that we have. So we have been growing a lot. So it's clearly, the types of these events that we experience are going up. On the reinsurance side, we have been changing slightly and updating the structure of reinsurance cover over the last couple of years. We will see in these renewal what we can do about these. I don't expect major changes, to be honest, in the structure. What I do see as important is to think about the climate change at 360 degrees in a different way. So it's not only about claims, it's about the type of services that we will provide, the type of coverages that we will provide, how we will be able to manage volatility differently in the future. But also, how can we stay closer to the client when something happens. So overall, we will talk about this in January in our Investor Day. I would say that this is something that we will see more in the future and we'll drive also prices in the future.

***James Shuck, Citigroup**: Good afternoon. I had a question on the restructuring costs to begin with. You mentioned them in your comment. Restructuring costs have been a bit of a feature of Generali for many years, absorbing quite high proportion of the net income. I think last year you came in about around the €300 million level. I'm just wondering where we're going to settle this year and then the kind of outlook as we go into the next plan. So ideally that should be fading away to zero, and then I'm just keen to get your thoughts on that. Secondly, I think, Cristiano, you'd indicated in the past for the Life Insurance Service Result that the full year would see that the sum of the loss component experience variances and other income expenses would be negative low-triple digit millions, which it looks like it will end up being. My question is kind of on the outlook for that, because I am just keen to understand if we see an element of those recurring going forward because that would be a key consideration in earnings growth outlook. And then if I may just quickly just ask about the trajectory for the investment income in P&C. So wherever we land at this year-end, we'll be expecting growth in absolute terms in the investment income? Are you still seeing a positive difference between the running yield and the reinvestment yield?*

Cristiano Borean, Group CFO: Hi, James. So let me remind you that in 2023 there was a very specific restructuring charge large of €200 million in our country Italy, where there was agreed with the unions an operation. We are not foreseeing for 2024 this kind of level. What I‘d just recall is that in 2024 there are also the acquisitions done so far, but the level is absolutely lower, I would say having the level you are seeing there for 2023, if I have to make a guess for the year-end 2024, this is about restructuring. And, with the actual perimeter we are having, they are going forward to decline. And clearly we are continuously looking for efficiency solution and measures and on that, for sure, we will comment more on the Investor Day.
On the second question related to the Insurance Service Result for the Loss Component experience variances and other, the outlook for 2024 is coherent

with the guidance of low-triple digit, between minus €150 million, minus €200 million. Going forward, you need to be aware about this kind of element, especially I'm expecting the experience variance on the component to scale down materially compared to the number we have seen so far and the number I was commenting will be posted also in the cumulated. But don't forget that one of them, which is the Loss Component, is volatile and depending sometimes on the market condition. So clearly we are reducing the ALM risk in the portfolio, but there are assets which can bring up and down. Just take the case of the third quarter where market, the equity market went well and some unit of accounts reversed from negative Loss Component into the positive creating a positive P&L.
Regarding the third question on the trajectory for the investment income in P&C, where we will land in 2024 and the balance between running and reinvestment yield. I would say, first of all, don't forget that in 2023 we had something of the order of €50 million not repeated in 2024 of specific private equity dividend payments on performance fees structures, which has not been repeated this year and is more erratic in nature so you should not project it forward, while we have observed an extension of the perimeter of the asset under management because of the acquisition of Liberty and which in the P&C only is bringing €60 million in the first nine months of this result posted today. The reinvestment yield is still 50 basis points above the current return, so 3.6% versus 3.1%. And don't forget that our asset allocation in P&C is skewed also with 30% of non-fixed income asset which are not following the same pattern on the reinvestment. But over the cycle we are earning a risk premia and this is going to be seen going forward.

William Hawkins, KBW*: Hello. Thank you. Most of the questions have eaten mine up already, so I'm going to stick to one, please. Just back on Michael Huttner's question about the solvency ratio: first of all, just a housekeeping. can you tell me the numerator and the denominator behind the 209%, please? But more importantly, we're now in the third quarter, you're seeing the operating variances being an increase in the SCR, having historically seen that as a tailwind to the solvency. Are we now into a structural pattern where because your business is growing and because of inflation and that kind of things, your SCR from an operating point of view will be rising. Or should we still be assuming that that is a tailwind from reducing SCR, from operating items in the future? Thank you.*

Cristiano Borean, Group CFO: Hi, William. So numerator €48.9 billion, denominator €23.4 billion and in the end 209%. Going to your question on the operating variances effect and SCR, operating variances are affected also, as I was saying before, sometimes from changes also in strategic asset allocation because we consider this kind as managerial actions. So it's more in the operation of the company than only the purely passive economic variances effect of your final choices that you are taking. So, I always call a kind of alpha versus beta component in the investment decision, being the alpha in the operating. So what we should add on top of that is clearly that we are now adopting the hypotheses and our processes that we discussed and decide in the third quarter and we act in the fourth quarter usually to update those assumptions which were - still for modeling reasons - taking a kind of a weighted average and time-weighted average effect on this, which is dragging a little bit some of this effect. But going forward, I think that the thinking about these effects should more be linked to the investment decision and our risk bearing capacity. On the SCR, I would say that all the actions we are doing is to be efficient in the way we are managing the SCR and that our capital management tools, which we are already pulling in the past, and we commented about already, be it through reinsurance, be it through specific hedging of fees in the unit-linked world as we did already, which are allowing to grow with not the larger SCR increase and being effective, because our aim is also to have an improved return on the risk capital employed.

Elena Perini, Intesa Sanpaolo: *Thank you for taking my questions. Actually, I have only one. It is about your outflows from the Saving products still in the third quarter. So I know that you expect to be back to positive flows in Italy by the end of the year. But I would like have a bit more color also on other countries and on the overall picture for the group?*

Giulio Terzariol, CEO of Insurance: So I would say generally, when you look just at the Savings part of the question, we see negative outflows in Italy, on the Savings side. But when you put altogether, you can see that the inflow situation is improving significantly for the standalone quarter. In Italy, we have positive flows. That's very important to highlight. And also we see that there is also an important reduction of the lapses. So on the surrenders – I'm comparing here the third quarter 2024 to the third quarter 2023 - we see a very different dynamic. When you go outside Italy, generally, we saw already a nice improvement in the first six months and we continue to see a good development. So from a flow situation, I would say we see a very good development across the board and starting from the summer of this year also a different trend in Italy. So we would expect at this point in time that on the total flows we are going to be positive also in Italy by year-end.

Marco Sesana, Group General Manager: Maybe I can add one point on the fact that we do expect a new business margin that is going to decrease slightly in the fourth quarter. This is a typical effect of the last quarter of the year where you have a big campaign from the agents side to get the net inflows. And also you have a renewal on some of group business.
So I would say the mix overall will have an effect of decreasing slightly the new business margin. So, I think it's important to say that and also to say that we have discussed the topic of lapses over the last quarters we do feel that our franchise of agents is performing really in a very good way, both in Italy and in France.

Andrea Lisi, Equita: *Yeah, thank you for taking my question. The first one is on the contribution from investment, the one that you said that before, as regards the yield on the front book and on the back book, if you can provide a data also for the Life business. The second question, it is still on Life considering also what you said on the new business margin that should be expected slightly down in the fourth quarter relative to the third one: Should we expect the trend in terms of growth year-on-year of the new business value to continue to accelerate as we have seen starting from the start of the year? And, as regards the last question is on P&C on the combined ratio* *impact of the Nat Cat. Maybe I have not understood well, but just to have confirmation that the impact of additional Nat Cat you have seen so far in the fourth quarter is further €100 million?*

Cristiano Borean, Group CFO: Hi, Andrea. So the first number is the Life reinvestment yield in the total book is between 3.6% and 3.8% depending if you add or not also the private debt part, which is the the highest number, the 3.76% as well as we are observing the effect of having a benefit from this kind of allocation and restored inflow into this projection. The second element on the Life new business margin, on the trajectory, it is the combination of a little bit of - I would say 20 basis point lower interest rate for the repricing itself. Just to make you an example: If I had to measure the third quarter in isolation, the 4.92 bps of the third quarter new business margin would be – with the end of period hypothesis not with the beginning - 6 basis points further of this down, which shows that there is some sensitivity, as we said for the basis points movement. So there is this part together with a very positive improvement of the profitability of our Protection business. Protection businesses going further up and it is going and growing up as Marco was commenting before. So the end trajectory will benefit from a pulling out in the right moment of the commercial actions together with certain clearly mix of the offer. We will be different from the zero-interest rate environment which could have some slightly lower effect. But we confirm that the 4.5% to 5% new business margin range is there. In the new business value full effect, this year we had this drop and we are planning to work on improving it, but on that we will comment more in the Investor Day.

Marco Sesana, Group General Manager: On the last question, Andrea you understood correctly. So far in the fourth quarter, we are at €100 million and we are halfway in the fourth quarter.

Steven Haywood, HSBC: *Thank you very much. Three questions, mostly clarifications here. On the Nat Cat side of things, can you tell me about the reinstatement premiums that you've had? If you can give a nominal amount and whether they were paid in the third quarter or fourth quarter, whether they come in the Nat Cat budget or comeing in attritional, please?*
Secondly, you mentioned about some impairments on real estate investments. Could you give some indication of the geography and the potential percentage sort of amounts that you're seeing? And then thirdly, clarification on the Life CSM roll forward in the nine months, what was the economic variances and operating variances? Thank you.

Marco Sesana, Group General Manager: So regarding the reinstatement premium, at the third quarter, we are at around €15 million and those are already booked in the attritional development. So that's what you have in the account so far.

Cristiano Borean, Group CFO: So Steven going to the expected impairment in real estate, I would say we are in the region of €25 million to €50 million in the last quarter and they are concentrated according to our exposure, which is mainly in Italy and a small effect also in the other countries. But I would say the largest exposure is there. On the CSM roll forward, the economic variances as I was saying before, in the third quarter, from the half year number was €400 million positive economic variances so to be extremely precise, €405 million positive economic variances, and €112 million negative operating variances.

***David Barma, Bank of America**: Thanks for taking my follow up. Just a few small things, please. On taxes first, you gave an amount for France. What is that based on? I would have expected a much higher taxable base for your French business. And for Italy, should we expect anything following the tax and deferred tax asset package that was presented? And then secondly, on Motor what was the undiscounted combined ratio for Motor in the nine months. And then lastly on asset management, revenues were pretty strong in the quarter, but I wanted to ask about the difference between Conning and the rest of Generall, on average you generate about the 20 bps revenue margin. Is there a big difference between the two units? Thank you.*

Cristiano Borean, Group CFO: Yes, David. So the €40 million estimate is based on the existing proposal, as far as we understood how the process should go, which is not a given process; but stating, if this proposal goes up to the end, the €40 million of a more taxable effect comes because basically you increase retrospectively to the full-year 2024 taxable base. And this comes from the fact that the corporate tax rate increase, so the taxable base is not increased per se. By the way, there are some plus and minus coming also on the local GAAP from realized capital losses to turn also the portfolio, in a positive release in taxes which are reducing the potential effect on the full net result. But at the end of this story, it is really coming from the increase of the corporate tax. I would say something in the order of 10 percentage points, which the law is embedding.
On the undiscounted combined ratio in Motor in the nine months with pleasure I tell you it is 99%, the total one including also the natural catastrophes point and just then keeping out the discounting.
On the question related to the trend of revenues, strong Conning versus Generali, what is the the difference in revenue margin, well, I would say that the revenues were split, the €343 million of revenues were splitted between €85 million in Conning and €260 million in the Generali perimeter. Don't forget that in the Generali perimeter we have a higher weight of liability-driven as a base, but we have also other asset capabilities. Conning, the largest contributor apart from the liability-driven division is the CLO business of Octagon. So the average margin is not extremely different to when you make the sum of these two pieces around the 20 bps.

***Michael Huttner, Berenberg**: Thank you so much for this opportunity. Very quickly, it's on the expense ratio. It was lovely to see nine months 2023 at 29.4% and nine months 2024 at 28.5%. Can you talk a little bit about this? And how much more there may be to come through?*

Cristiano Borean, Group CFO: Yes, Michael. So the 0.9 percentage points improvement over the nine months is split basically in two components. The first, 0.6% improvement, is the combination of two effects: first, we consolidated Liberty and by definition, being largely Motor business, it has a lower expense ratio. So, it is a mechanical effect. The other effect, which is the 0.6% is evenly split, 0.3% benefit from consolidating Liberty and other 0.3% is a lower effect from the inflationary component of Argentina which has inflation going down compared to previous year. Then we are left to a more economically actively driven 0.3% which is split half with the mix of commission we are having compared to the previous year and half from an improvement of the base, the ratio between the growth of the insurance revenues and the growth of the cost.

Michael Huttner, Berenberg*: I did have one last question, if I may. Last year around this time you tried to orient us through the nine months results. And this year it feels more like you're happy to orient people to Q3 as a standalone. My feeling is this is because the quarterly is - to kind of exaggerate - a little bit rocket. Is that the right impression to get? I'm just saying that you're focusing on quarterly: so it means that the quarterly trend is set to accelerate. Is that the right vein?*

Cristiano Borean, Group CFO: As I was saying, we are focusing on the quarterly because clearly we are observing in the integrated nine-months a fair representation of what we were saying in the half year 2024, which I personally think was not fully reflecting the good effect that we were already technically seeing. And this was also related to the fact that we wanted to have some more confirmation. I would say that the fourth quarter, as you know, Generali has some one-off effects related to the impairment in the real estate component I was mentioning before, because we have the review of the full book, the last the 20%/17% to be reviewed. Then we have the restructurings to be booked about the Liberty part. But in the end we are also expecting to have less natural catastrophes than the ones observed in this quarter. So in the projection, I would see that what I was telling last time and this quarter is a fair representation of what you could expect further next quarter.

Farquhar Murray, Autonomous*: Good morning, all. Just one question from me. Actually very much just following up on Michael's question there on the expense ratio improvement. I mean, I can understand, obviously, the 0.3% refers to as an economic is probably the only component that's within your control. But just to double check, obviously, Liberty is probably going to persist. I presume the inflationary component in Argentina persists if inflation remains low and presumably the economic component you're identifying is a matter of you continuing your efforts there. So I think broadly, with all of the 0.9% actually persist going forward or I misunderstood something? Thanks.*

Cristiano Borean, Group CFO: Yes Farquhar. So basically I was saying that if I compare year-over-year, it is the embedding of Liberty. Don't forget that Liberty has a PPA - Purchase Price Allocation - which is polluting this effect. Going forward, the effect of having the unearned premium reserve treated as an expense versus another in the release it has some polluting accounting effects. So I would say: don't overweight on the Liberty side. Clearly Liberty has a lower total expense ratio because it has a higher Motor business so the good part of it is explained by the real underlying. On the Argentina side, last year we were experiencing the higher inflationary movement, this first quarter was high but now it is going down. So you should understand that the negative impacting effect of Argentina could be lower going forward and that was my comment on the 0.6% component out of the 0.9% in particular, Argentina has a better 0.3%, which was reflected in the situation and stays like that if continued. Clearly then it is depending on the reduction of further inflation in Argentina. What is important is the 0.3% that is fully in the hands of the control management is going forward. On top of that, we will further comment for guidance in Investor Day.