Investor Day

Company Participants

- Bruno Servant, Head of Group Investment Management Solutions
- Cristiano Borean, Group Chief Financial Officer
- Frederic Marie De Courtois D'Arcollieres, Chief Executive Officer Global Business Lines and International
- Lucia Silva, Head of Sustainability and Social Responsibility
- Luciano Cirina, Head of Sustainability
- Philippe Donnet, Group Chief Executive Officer
- Tim Ryan, Group Chief Investment Officer & Chief Executive Officer Asset & Wealth Management

Other Participants

- Alberto Villa, Analyst
- Andrew Ritchie, Analyst
- Andrew Sinclair, Analyst
- Farooq Hanif, Analyst
- Michael Huttner, Analyst
- Peter Eliot, Analyst
- William Hawkins, Analyst

Presentation

Operator

Good morning, everybody. It is my privilege to welcome you to our 2020 Investor Day on behalf of the Generali Group management team. Please note that today's presentation have been pre-recorded. In the first part of the day, we'll start with Generali 2021 strategic update from our Group CEO, Philippe Donnet; then our General Manager, Frederic De Courtois, will take you through our strategic transformation. Finally, our Head of Sustainability, Lucia Silva; and our Group Head of Investment Management Solution, Bruno Servant, will present our Integrated ESG approach. After that, we will take a short break of 15 minutes. Let's get started.

Let me now hand over to our Group CEO, Philippe Donnet.

Philippe Donnet {BIO 4657671 <GO>}

Ladies and gentlemen, welcome to our 2020 Investor Day. We are here to give you an update on our Generali 2021 strategy and targets. I wish, I were able to speak to you directly in person, as I did when we presented the plan in November 2018. Given the current environment, we have leverage technology to make our Virtual Meeting as effective, as informative and as interactive as possible. When we launched Generali 2021, few would have predicted the global economic and social challenges created by the COVID-19 pandemic.

However, thanks both to our hard work in previous strategic cycles and the successful execution of Generali 2021. We've been able to effectively navigate the current context from a position of strength. Our strategy has proven to be the right one and I'm therefore pleased to reconfirm our financial targets for 2021. We are able to do this, thanks to three key factors.

First, our resilient financial performance based on the key strength we identified at the launch of Generali 2021 a clear strategy, a focus on technical excellence, a strong distribution network and a diversified business model. Second, the proactive in decisive actions taken since the start of the crisis to protect shareholder value as well as our customers and our people. Servicing customers with continuity and care will always be our number one priority in line with our life-time partner ambition. Third, our commitment to the core convictions underpinning Generali 2021, which are today more relevant than ever and in many cases allow us to capitalize on emerging opportunities.

Let me talk about each of these three elements in a bit more detail. Generali has delivered a robust financial performance as demonstrated across a range of key financial metrics also during the third quarter of this year. Our diversified business model and optimized risk selection have minimized the COVID-19 claims impact on our business, we've estimated property-casualty direct claims of around EUR100 million. We have maintained our top line resilience and excellent technical performance both in property-casualty and life.

Gross written premiums in property-casualty were up by 3% year-on-year, while life net in-flow stood at EUR9.3 billion, thus annualizing at over 3% of reserves with a favorable business mix. Thanks to the strong alignment of our distribution. Our Property-Casualty combine ratio at 89.7% is among the best in the industry and the same is true for our life new business margin, which stands at 4.1%. Our asset management strategy is delivering greater revenues and earnings, diversification and it is instrumental part of our life business strategy.

Our goal is to become one of the five most profitable multi boutique asset management platforms in the world and you will hear more on this from our Chief Investment Officer, Tim Ryan a bit later.

I also want to underline our strong balance sheet with the highest Solvency II ratio among our peers at 203% and strong net holding cash flows. The disciplined execution of our Generali 2021 strategy as well as the actions we implemented in light of the COVID-19 crisis, allow us to fully commit to our financial targets for 2021. This serves us credible evidence of the strength of our organization in meeting our objectives. For earnings per share, we confirm a compound annual growth rate increase between 6% and 8%, our

Chief Financial Officer, Cristiano Borean will take you through the key drivers in more detail. We remain committed to distributing cumulative cash dividends of EUR4.5 billion to EUR5 billion between 2019 and 2021 subject to regulatory approval.

We also confirm our normal dividend payout range of 55% to 65%, which is a guidance and not a constraint as our General Manager, Frederic de Courtois will discuss later. Furthermore, we remain committed to an average return on equity of more than 11.5% clearly, excluding the impact of COVID-19 and other one-offs in 2020.

As you have already seen, we have not been permitted by regulators to distribute the second tranche of our dividend for full year 2019 at this time. To be clear, in our view, the full-year 2019 dividend belongs to the shareholders. For this reason, we are already accounting for its full distribution in our solvency margin. We will continue in any case, our active dialog with regulators and for sizing the strength of Generali's financial position and our intent to resume dividend payments as soon as we are allowed.

That being said, in the face of wider economic uncertainty, we took decisive actions to ensure the delivery of our Generali 2021 strategy. We conducted an extensive review of our portfolio both to identify and to minimize direct business impact. In addition, we took effective capital and liquidity management actions to optimize remittances and cash utilization to ensure we are ahead of plan.

Cristiano and team will tell you more about our outperformance versus the plans 2021 debt prediction target and our asset liability management actions to strengthen further the balance sheet. We also accelerated our expense reduction plans for 2021 and we will deliver a further EUR100 million on top of our original target of EUR200 million for major insurance markets.

I also want to stress again that right from the beginning of the pandemic, we put the health and safety of our people as our number one priority, while ensuring continued support for our customers and communities. We remain fully committed to the core convictions underpinning Generali 2021, which are strengthened in the current environment and could even create further opportunities.

European market will remain attractive and here we will strengthen our leadership. The strong ECB response in fiscal stimulus framework cement our view and we expect further opportunities for consolidation and M&A. The retail and SME market segments will drive profitable growth. The pandemic has triggered a greater awareness of insurance needs, particular when it comes to health and protection. We are also seeing increased demand for integrated protection and investment solutions, as a result of the lower for longer interest rate scenario. We will therefore capitalize on these two opportunities by effectively combining our traditional expertise in insurance with our growing asset management proposition.

Finally, our strong physical distribution network will be further empowered by digital platforms. This is one of our distinguishing competitive advantages with over 155,000 agents and distributors. Customers are looking for a combination of those words. And this has been evident during the lockdown, the phase of the pandemic. We are accelerating the pace of digital transformation to provide a true omni-channel experience for our customers.

Generali's objective for almost two centuries has been and will continue to be earning and maintaining the trust of our customers in every phase of their lives. This is why our lifetime partner ambition is another vital component of 2021. Two years later, delivering on this ambition is more important than ever. The COVID-19 pandemic has shown once again that the human touch is key and that it is fundamental to have a deeper relationship with customers. This means knowing their needs and expectations and assisting them in making important informed decisions. We are working hard to deliver on our lifetime partner ambition in three key areas.

First, using the latest digital and data analytics capabilities to ensure our offer is best in class. Second, strengthening the connection among us, our agents and our customers. And third, making the Generali brand, the first choice in our key markets. We are making good progress on these strategic priorities and you will hear more about this from Frederic shortly.

Generali 2021 would not be possible without three key enablers. And then powered work first is key to our current and future success. We continue to invest in our people, with 1/3 of employees already involved in upskilling and reskilling programs. We are establishing a consistent and distinctive brand experience, leveraging the strength and the values that make Generali unique. In July, we launched the first global advertising campaign in the 190 years of our group's history. The feedback we received so far has been incredible across all markets.

We have integrated system ability throughout our group and are fully committed to acting as a responsible business partner and investor. It is not just the right thing to do, but makes real business sense. We are committed to leading the way and have established clear system ability targets, including a detailed climate strategy. And you will hear more about our system ability strategy and commitments in the dedicated presentation by Lucia Silva and Bruno Servant.

Generali has provided coordinated support to our stakeholders throughout the COVID-19 crisis, in partnership with our business units across more than 25 different countries. At the very start of the crisis in March, we committed a total of EUR100 million to an extraordinary international fund to address the emergency. Generali's business units also activated additional resources in their own areas of competency, while our employees and top management also directly contributed.

We provided our agents and distributors, not only with financial support, but also with digital tools to help them continue the great job they do for our customers. We extended insurance coverage and assistance for our customers and we promoted more favorable terms for existing policies. Further in our communities, we provided free life insurance for those operating in the healthcare care sector.

In 2018, we define rigorous and disciplined criteria for M&A transactions, taking place over the course of Generali 2021 and identified three key strategic areas were acquisitions and partnerships could boost our existing offer. We have been consistent with our strategic priorities and effective in our integration. We have reinforced our leadership in Europe, thanks to the acquisitions of Adriatic Slovenica in Slovenia, Concordia in Poland and Seguradoras Unidas in Portugal, all of which we successfully integrated.

In June, we announced a strategic investment in Cattolica that will allow us to reinforce further our leadership position in our domestic market across four key areas, Asset Management, Internet of Things, Health and reinsurance. We also enhance our asset management capabilities in areas like alternative usages and ESG and integrated successfully KD Skladi and Union Poland.

In conclusion. Today, Generali is a sound and resilient Group from a financial and operating standpoint. Our third quarter result which we published last week, are a proof of this. We have a clear set of priorities that will guide our delivery throughout the rest of this plan and beyond. We will continue to manage our cash and capital consistently and with discipline. We will carry on delivering strong results in Life and P&C, leveraging our agility and best-in-class technical expertise. We will further develop our multi-boutique platform in Asset Management.

And last but not least, we will continue with our relentless focus on efficiency of paramount importance in an even lower interest rate environment. You are now going to hear more about them from our team in their presentations and I will then return for some concluding remarks, before we answer your questions.

I now give the floor to Frederic. Thank you so much.

Frederic Marie De Courtois D'Arcollieres

Thank you, Philippe. Good morning, everyone. I'm pleased to update you on our strategic transformation from both an industrial and operational perspective. Here we have highlighted the key drivers of our strategic transformation, our strong technical profitability underlines the increasing positive gap versus our peers and the reliability of our earnings. I will outline how we see the future of the life business in a lower for longer environment.

Our focus on the compelling boutique asset management is bearing fruit. I will provide some details on this before you hear more from Tim. Our customer lifetime partner ambition powered by improved digital capabilities is driving higher loyalty. While a powerful combination of agent and direct distribution channels remain a key growth driver.

Our transformation drives increased productivity and reduced costs. I will outline how we are going further than our current expense reduction targets for 2021. And finally, our strong and sustainable cash generation is delivering a material increase in net holding cash flows and I will explain how we intend to use these cash.

Implementing a strategy is all about execution. We are showing once again that we have the right capabilities and we are focused on the right priorities. Looking first at life and pensions. The Life business includes savings, protection, health and unit-linked and is complemented by in-house asset management solutions. The challenge remains lower for longer interest rates. But they are still underestimated opportunities in this environment.

Customers worldwide are saving more, thanks to a growing middle class, increased available liquidity due to accommodating monetary policies and more recently, greater uncertainty. Savings rate in the Euro area peaked and at all-time high of 24.7% in Q2 2020. Consumers also want to be more protected all our analysis tell us that clients wants to buy more insurance, especially life protection products.

Consumers chiefly sourcing Western Europe, are also investing more in unit-linked products, because competing products have become less attractive, but also because clients, especially younger clients have a higher risk appetite. Finally, Retirement Solutions is the big topic of the years to come, as consumers will need to save more for their old age.

Generali has all the assets to leverage these opportunities. Excellent own or exclusive distribution networks, best in class technical know-how and a complete product range, including our unit-linked offer with in-house asset management capabilities, also leveraging our multi-boutique platform. Our client appreciate the strong ESG focus embedded in our offer.

So how do we guarantee the sustainability of our savings insurance business in a lower for longer environment? Generali has been a first mover in derisking and we are proud of this. On this slide, we have outlined the strategic actions taken to achieve this. First it is about achieving a high proportion of unit linked and protection in our business mix.

We have accomplished this in all our main countries. Thanks to our distribution channels. As you can see in Germany, where we are number one in unit-linked asset under management. This is not only about reducing guarantee to zero percent. We have transformed guarantees, as you have seen in Italy. Where we were the first company moving to maturity guarantees. We have also reduced the crediting rates, as seen in France, where Generali has been a market leader on this. We have been proactive in our ALM approach, lengthening portfolio duration in order to reduce interest rate risk. We improved our risk-adjusted asset allocation, reallocating capital, while sustaining portfolio yields.

Finally, we have disposed in force blocks or company's, when we believe we are not the best owner and if you see what we have done in Germany, Holland and Belgium. We will remain the first mover on all these matters. Relentlessly seeking new product features and solutions, while always optimizing capital allocation.

In France the new Euro-Croissance products will be a cornerstone of our strategy, granting 80% of principal guarantee. In Italy, we are moving from maturity guarantees to guarantees only in case of death, which allows us to keep our margins under all market scenarios. We have successfully tested this approach through our subsidiary, Alleanza and we will extend it to Generali Italia. On the asset side, we are increasing diversification, both between asset classes and at a geographical level, with a focus on real asset and full ESG integration.

And we have several in force projects in the pipeline, some smaller and some more significant.

Our P&C business remains extremely profitable, achieving the best and the most stable combined ratio compared to our peers. This is due to our positioning top three in the majority of our markets as well as our retail and SME focus. To our proprietary or exclusive distribution channels and to our underwriting and pressing sophistication and discipline. It is also due to prudent reinsurance strategy and hence that analytics approach.

Our corporate and commercial business, which represents around 10% of our business has recently delivered better results than our peers. This is due to a focus on high quality and diversified mid-sized accounts and to discipline in underwriting. COVID-19 was another test of our discipline and underwriting excellence with negligible exposure to even cancellation and limited impact from business interruption. Europ Assistance will deliver a much better result than initially expected and a much better result than competition. Europ Assistance is a large travel player, but mostly position on vacation rental and hence it has been less impacted by this crisis, especially on the claims side.

Finally, we often hear that retail and SME market may be impacted by lower average premiums. May be too early to say. But we believe that the way we manage motor discounts over the past month, granting individual and segmented discounts rather than blanket ones, was the right approach to keep clients satisfied and manage profitability.

Our asset management strategy is contributing strongly to the growth and diversification of our cash flows. It is complementary to our Life business in terms of commercial offering and product definition and is instrumental in supporting our shift to unit-linked. Our asset management business is delivering strong revenue growth and fees in turn is translating into high earnings growth, thanks to best-in-class operating margins.

In 2020, our asset management business contribute to north of EUR250 million in cash remittances, with the payout in excess of 90%. It is a very light -- a very capital-light business with the capital absorption of just over two basis point of asset under management. I will leave Tim to take you through the business in more detail.

Our goal is to be the lifetime partner of our clients and we have defined four customer hallmarks or characteristics, as well as four distributor hallmarks to drive an enhanced customer relationship. Each hallmark is managed as a global project, demonstrating our commitment to progress. Positive customer experience is essential for the success of Generali 2021. We measure our success with a number of KPIs, but the two main ones are NPS, both transactional and relationship and customer retention. On relationship NPAs in particular, we aim to become the best amongst our international European peers by the end of 2021.

This was intentionally challenging objective, but we have made significant progress over the first 18 months, growing faster than our competitors. The results of our constant focus on customers is increasing satisfaction and loyalty. The increase in retention also has a meaningful impact on profitability. Embracing and delivering new technologies is a key component of customer satisfaction.

Generali is a leader in motor telematics. Thanks to our experience in Italy. We now want to leverage this experience in combining insurance and IoT in other business lines, like home and health insurance and in other markets. Germany and Spain, have already adopted this solution, using our own Jeniot platform. This example illustrates how we work as a group. Our mantra is convergence. As a Group, we incentivize our business units to develop tools, such as the Jeniot platform that can be reused by others.

We also drive co-development projects involving various business units through co-financing and support. The scale and diversity of our Group is an asset that we leverage. This is also the purpose of our international innovation fund, launched one year ago, which selects and co-finances promising solutions to be shared across the Group. It has already built powerful momentum, financing 60 ideas in 2020 alone. Sticking with convergence, mobile hub is our digital interface with clients. It has been co-developed with a different companies with coordination and co-financing provided at the Group level. It is now used by 3.8 million clients in 10 countries growing fast. Our focus is to promote active adoption and we are doing well.

Last year, we also launched the Agent Hub. It has been launched in Spain and Austria and will soon be adopted in Italy. Our revamped website is like the Jeniot platform, a tool initially launched in Italy that is now being exported to other countries, in order to facilitate lead management. We now also have competency centers and CRM and smart automation and an ambitious data analytics initiative led by our group team. Our transformation is driven by client needs and these needs drive the transformation of our distribution, our operating machine and our product offer.

Let's move to distribution. Generali is and will remain an agent company. We believe that clients need expert advice and want to speak to a trusted partner about the protection of their family or their pension. The same applies to business owners that want to protect what they have built. But Generali is also a direct company and is either number one or two in direct business in Italy, Germany, Central Europe, Portugal, Argentina, Turkey and France where the business is focused on life.

Our distribution strategy is about focusing on sales channels through which we can own the customer relationship. In France, we are also growing our non-intermediated life direct business through the targeted acquisition of fintechs. We believe that well managed agent have a great future, if given the right tools.

The COVID crisis has highlighted the strength of our agents, who have continued to support their clients throughout the lockdown, resulting in increased sales and higher market share in most markets. What everybody had underestimated is our agents' ability to interact with clients and sell without physical contact. 82% of our agents are now digitally enabled to operate remotely. We will leverage these earning to drive productivity improvement in our agent channel. These investments, part of the EUR1 billion defined at the beginning of the plan are measured by their impact on technical results, on costs and/or on customer satisfaction.

On costs, we now target a 300 million reduction, up 100 million on our Generali 2021 target for mature markets. Thanks to increased discipline and savings from our new way of working initiative. On this point, we do expect our teams to go back to the office at the end of the pandemic. But remote work is now fully in grain in how we operate. So we do expect to achieve long-term cost savings.

At the launch of Generali 2021, two years ago, we indicated the cumulative target on the available cash at the holding company level of more than EUR10 billion for the duration of the plan. Our delivery on remittances and the successful implementation of our new cash and capital framework, enabled us to exceed the targeted the EUR10 billion cumulative available cash at the holding by around EUR1 billion. This is due to strong capital generation. Thanks to the underwriting of capital-light business, a sound capacity to upstream cash from our business units and improved interest and holding expenses.

Let's look at how we intend to use these cash. As mentioned by Phillip, subject to regulatory environment, we confirm our dividend target for this plan. This is equivalent to a payout range of EUR4.5 billion to EUR5 billion over 3 years. We confirm our long-term policy of a payout ratio between 55% and 65%, which is a guidance and not to constrained. And should be seen in tandem with the objective to deliver steadily growing dividends.

We have reduced our debt by EUR1.9 billion, 2 years ahead of plan. First entering the COVID-19 crisis with an even stronger balance sheet and a better quality of capital. You will hear more about this from Cristiano. The over delivery of on-network cash flows enabled us to fulfill some internal deployment for growth in Asia, as well as the capital injection required in Switzerland, which Cristiano will explain in more detail, while leaving a slightly higher buffer for capital redeployment via M&A.

We have up to EUR2.5 billion, not accounting for potential divestitures. But after accounting for the recent investment in Cattolica, to dedicate to further acquisitions that are fully aligned to our clear strategic priorities. And as Philippe said, we will continue to be disciplined.

In conclusion, Generali has been extremely resilient. This is thanks to our business focus on retail and SMEs, our geographical focus, our proprietary channels and our technical discipline. Our strategy has been validated and our transformation remains on track. Many aspects of Generali 2021 ensure and Generali entered the COVID-19 crisis well prepared.

We have also learned that two experiences made during this crisis will bring further permanent benefits.

First, the new way of working will bring structural cost savings, while increasing employee satisfaction. And second, our agents' ability to interact remotely will bring strong productivity gains and customer satisfaction. I am convinced that Generali will exit these health and economic crisis stronger.

I will now hand over to Lucia to guide you through our sustainability journey. Thank you.

Lucia Silva {BIO 20229471 <GO>}

Thank you, Frederic and good morning, everyone. My name is Lucia Silva, I am the Head of sustainability and social responsibility within Generali. At Generali, we strongly believe that sustainability is the key to our future success. A growing number of stakeholders, investors, regulators, customers, current and potential employees are paying more and more attention to ESG factors and the COVID-19 pandemic has only amplified this focus.

Today with my colleague Bruno Servant, we will present Generali's sustainable business transformation journey. We have a clear pathway, purpose and ambition built on strong foundations. Our ESG strategy is rooted in our solid governance, integrated across all levels of the business and align to clear targets and metrics. We are making great progress across a range of strategic areas and playing inactive role in all the communities where we operate. I will now take you through our ESG priorities and then my colleague Bruno Servant will outline how Generali is fully integrating ESG in our investment activities.

Generali's path to sustainable business transformation is about putting our purpose into practice, based on a clear ambition to pursue long-term growth and the integration of sustainability in our core business. We have already built on solid foundations, our governance, remuneration, control functions and reporting, guarantee that our day-to-day decision-making is aligned with ESG, while we engage and listen to our stakeholders.

In terms of achievement, let me mention that we are proud to be sustainable innovator and in fact we are the first European insurer to have issued a green bond and we have accelerated on concrete and measurable actions tracked by our D&I index, in particular on gender, disability and eligibility both with global and local initiatives. We are also part of powerful sustainability platforms, which enhance both our visibility and our influence in the international arena and we have gained recognition as a sustainable player, not only from key external indices, such as DGSI and MSCI, but also our own people who are embracing the transformation.

Our integrity governance is essential to driving sustainability at all level of the organization. At Board level, we have a highly independent, gender balanced board and have also establish a dedicated committee, focus on sustainability Chaired by the Chairman of the Board of Directors. Our senior management team is highly committed to the strategic integration of sustainability, our Group CEO is driving this process, supported by a sustainability committee made up of executive members, including the Heads of group functions and our country CEOs.

This integrated approach is reflected at the operational level, where we have a number of committees and working groups with cross-functional composition and expertise, known as our task forces. And as the proof is in the pudding, ESG performance is part of executive remuneration at Generali. We have a clear sustainability strategy as part of Generali 2021, with the fine goals and firm climate priorities. We are delivering on our commitments.

First, allocating EUR4.5 billion to green and sustainable investment. And second, increasing the premiums deriving from Green and social products, while also developing dedicated solution for responsible consumers. Then launching enterprise and as an initiative to acknowledge the most sustainable small and medium enterprises. And finally, expanding the human safety net, our flagship initiative in the community.

We have also publicly committed to fighting the climate crisis through our climate strategy. It defines measures taken all across our core business to ensure a fair and socially just transition to NetZero economy. Climate change has a pervasive impacts across our entire organization, as well as society at large. Our action focus on the activities of investment, insurance, underwriting and customer and stakeholder engagement, where we believe we can have the biggest impact. We are also continuously improving our non-financial reporting and have started to report on tax force on climate related financial disclosures recommendations. We continue to learn and to improve.

Here, you can find some of the key metrics that we monitor and publish every year in our audited annual integrated report. A structured process for ESG metrics is an essential part of our approach. These are the key metrics that represent how the group is integrating sustainability in all main areas of our business, investment, customers, our people, the community and our operations. These specific metrics ensure that Generali creates value now and also in the future. Prioritizing diversity and inclusion, engaging with our people, involving NGO in our communities and focusing on small and medium companies, allows us to increase our understanding of the context in which we operate. These increases the resilience of the business model and ensure that our capability to deliver results is future proof.

Let me now briefly focus on our innovative responsible consumer ecosystem. Generali is developing a differentiating value proposition for customers looking to have a positive impact on both the society and on the environment. This distinctive offer will connect green and social products and Sustainable Investment Solutions. Together with technical function, we developed an internal classification of green and social products. This definition of flexible and dynamic and take into account input from relevant sources. Above all regulators, who are starting to look at what can be defined as sustainable. Our agreement social product definitions follow the three main drivers.

The first, product with a positive impact on the environment. For example, sustainable mobility products such as pay as you drive. Second, products promoting responsible behavior such as connected insurance products that incentivized health and well-being. Third, product protecting specific demographics such as the elderly and young families. Let me give you some examples on how we are applying this approach in our key markets. In Italy GeneraSviluppo Sostenibile is the first investment insurance solution based on UN Sustainable Development Goals,, through Banca Generali's innovative approach..

In France, the Aderne-Base Carbone initiative aims to make the Generali agents network the first low carbon agency network in France. And in Germany, Austria and France vitality encourages customer to adopt an healthier lifestyle benefiting themselves and the welfare system around them.

Now I will hand over to my colleague, Bruno Servant to talk about the integration of ESG into our investment strategies. Thank you.

Bruno Servant {BIO 17533817 <GO>}

Thank you, Lucia. Generali is delivering on its firm commitments to proactively integrate ESG consideration and to the investment process across all asset classes, supporting the Group to deliver long-term financial returns, while reinforcing its risk management approach. As conviction is underpinned, our commitment to 3 key global initiative, which inform our responsible investment strategies.

Generali Group signed the UN principles of responsible investing in 2011, sustainability and transition risk management are among its key goals. The Group is also part of the investor leadership network, which primarily focuses on climate change, sustainable infrastructure, diversity and inclusion. And this year, the Group joined the United Nations convened NetZero asset owner alliance, thus committing to decarbonize its portfolio to reach net zero emissions by 2015.

As a major asset owner, which delegates management responsibilities to Group asset managers, our investments create a significant opportunity to deliver on these commitments. Generali Group as asset owner, is responsible for integrating sustainability into its long-term investment strategy. And our asset management businesses, our implementing group policies on responsible investments, while at the same time, offering sustainable solutions for our growing third-party client business, leveraging on our multi-boutique model and dedicated group as managers like Sycomore. This approach is supported by more than 50 dedicated ESG specialist across the group.

Generali is also ensuring, it meets all upcoming this quarter requirements set by the European Union as well as local regulators, demonstrating how sustainability factors impact the business model and the investment result, as well as the delivery against key sustainability targets. Generali applies an integrated ESG approach to its investments. The exclusions are the baseline of the permit, because they apply to all our direct listed as well as real estate investments.

We believe that some behaviors and activities have no future and must be completely excluded from our investments, this includes companies that reached the UN Global Compact, regarding unethical behaviors as well as those companies with an important part of the revenues coming from polluting activities such as coal and tar sands.

Moving up the pyramid, 80% of our direct listed investments are covered by an integrated ESG assessments. This number includes EUR35 million of ESG driven mandates managed by Group asset managers, according to clear ESG integration criteria. The third level of the pyramid is Thematic Investing, whereby companies are selected according to their ability to contribute to a specific theme such as green infrastructure, renewables and energy efficiency solutions.

In the current context, sustainable investments are playing a vital role and we're launching the economy in the sustainable way, making it more resilient in the future. To that end, we committed to invest EUR1 billion and sustainable investments to contribute to the new plan for a sustainable recovery from COVID-19 based on three key pillars. Fair and inclusive recovery, green economy and digitalization. In addition, as mentioned earlier, we have a target of investing at least EUR4.5 billion in new green and sustainable investments between 2019 and 2021. As at the end of Q2, we had invested EUR4 billion in the key areas mentioned already. The target of 4.5 has been reached at the end of Q3.

We are also a strong believer in the role of active ownership as a contributor to long-term risk mitigation and value creation. In many cases, initiating a dialog with companies on their ESG journey is more effective than simply excluding them from the portfolio. And through our expertise can contribute to positive results both of these companies and for us as investors.

To summarize, Generali is very committed to ESG integration and also cautious to avoid green washing or exposure to controversies. Finally, I would like to point out that data quality will be crucial going forward, given the increasing number of variables and indicators to monitor.

Lucia Silva {BIO 20229471 <GO>}

Thank you, Bruno. Today, like never before, insurance has a huge responsibility in shaping the world for future generations. And more sustainable economy is no longer a nice to have was simply an opportunity, but the must have if you want to guarantee a future for shareholders, all stakeholders and ultimately our planet. We understand what this means today, we appreciate the expectations of clients, regulators and investors. We have the final clear framework and we are fully satisfied with the results achieved. The path we are on will further and continuously improve our positioning.

Thank you very much.

Operator

Welcome back, we can now start the second part of the event with an update on our investment and asset management delivery by Tim Ryan, Group Chief Investment Officer and CEO of Asset and Wealth management. Last but not least, our Group Chief Financial Officer, Cristiano Borean will unveil the financials underpinning our strategic delivery. Over to you, Tim.

Tim Ryan {BIO 21076682 <GO>}

Thank you again for joining us today. Before I take you through Generali investment asset management activities, I would like to start by giving the highlights of our investment, assets and wealth management business on Slide 38. Our business unit covers the three pillars we presented in November 2018. Starting from the left hand side, our 300 insurance investment professional have been able to secure and maintain a profitable spread between the asset yield and the cost of liabilities despite difficult headwinds.

For asset management in the center, the key measures is that we are on track for our 2021 targets on the three fronts. Earnings, margins and third-party clients. Finally and but importantly, our Wealth Management business of Banco Generali is again beating the odds. We have a record level of inflow with more than 4 billions of net flows, which propel our asset under management to 70 billion for the first time, despite market fluctuations. With an improvement of our recurring earnings.

As Gian Maria Mossa, our CEO for Banca Generali, has already presented to the market last week, I will focus my presentation on our progress in investment and asset management. Let's start on the investment side, where I will share with you how far we've come during the last three years, highlighting in particular a strong performance over the last nine month.

Moving to Slide 39, I would like to highlight our asset allocation evolution sees 2016, made possibly by our transform investment framework, which delivers a greater flexibility while preserving risk discipline. During the last three years, we have strengthened our asset and liability discipline and risk management approach from a strong fixed income base with 85% of our asset exposure.

We have effectively diversify into real assets with real estate, private equity, private debt and infrastructure. On the other hand, we have reduced our exposure to corporate bonds by 7 percentage point, as it became more challenging to source good assets and yield against the embedded risk. Our investment framework is not fully linked or owing a 360 degree review of all asset opportunities. Thanks to the investment of substantial time, money into system and people to better connect the different part of our business unit. We now use the same ALM tools across the group, while our asset manager are fully integrated insurance constrained and the evolution, including Solvency II constraints into their review. We have also strengthened our credit review and liquidity discipline.

Slide 40 highlights the tangible result of the change I just mentioned. Our ability to increase and maintain attractive spread between the yield of the asset and the cost of the guarantees as shown on the first row is linked to two main factors in addition to the already mentioned. First, the increase of our asset duration by 1.5 years for Life and 0.5 years for P&C since 2016. And second, the methodical deployment of real asset by 10.4 billion, increasing our exposure from 7.5% in 2016 to 10% in 2020. The recent increase in financial market volatility as naturally being a test for asset liability management and this slide shows the action taken and the result achieved so far. Asset management team has done to fantastic job in defending and protecting our credit portfolio, as shown in the upper left-hand side of the slide.

During the last nine months, the percentage of corporate bond downgrades in our portfolio from investment grade to high yield has been 0.9%, while the same metric for Europe & indices was 2.3% downgrade. If we look at the on tower portfolio, our corporate bond face 9% downgrade versus 15% for indices. I would like to thank our credit analyst, our portfolio manager for the significant achievement. The lower left chart illustrates the significant de-risking we carried out on equities. We took the opportunity to lower our equity exposure and diversify it out of Europe during the rebalance experience in the late spring and the summer of 2020. With a reduction of more than 30% of our listed exposure, which translated into EUR4.4 billion in sales.

Now moving to the right side of the screen, my colleagues from Generali real state have also worked to reposition our real estate exposure over the last three years, well ahead of the emergence of the current sector challenges. For instance, we decided to reduce non-core assets, such as logistics as well as exit from non-prime location both on commercial and residential properties. We have also worked tirelessly with our tenants during the current crisis to strike a difficult balance of maintaining financial discipline while also supporting them. Thanks to this effort, the overall impact is a decrease of just 3% on our rent, the decrease which we expect to be temporary. And last point, our real estate on the lower-hand side of the slide, our impact between negative, positive price evolution is neutral for 2020.

As we received several question on our private equity during the result call last week, we want you to take the opportunity to highlight the quality of our program on Slide 42. It is important to understand that this activity is a fund of fund activity. Our dedicated PE team is selecting and monitoring highly qualified specialties to source, manage and rotate the assets.

When I joined in January 2017, I made two key decisions on private equity. First, we extended our private equity program to life portfolios to provide additional return for both our policyholder and our shareholders. The second decision was to start to invest in secondary transactions to diversify our vintages, our managers and capture attractive discount from sellers.

This transformation is shown on the upper right-hand side of the screen. Today we have EUR13.6 billion committed with EUR6.3 billion net asset value that is well diversified across developed region of the world. Finally, over the last four years, we have been able to distribute EUR757 million of dividend to our insurance company and register a multiple of 1.37 on our capital invested, net of fees. From this strong base, how are we going to address the challenge of financial market going forward.

Slide 43 provides our key condition on markets. In broad terms, we expect interest rate and credit spread to remain low in and outside of Europe. We expect that equity markets will continue to face substantial dislocation by sectors and geographies as seen in 2020. Real estate will face challenges outside of prime location and it will take time for the economies to heal, while the need to finance them, will continue to skyrocket.

On the right side, I'm sharing with you how we plan to navigate this environment. We have 6 main levers to use in addition to our strong ALM discipline. We will use a strong base in real asset to further source attractive risk-adjusted return. I will come back to this, we'll be more opportunistic by investing also outside of Europe as more than 85% of our exposure is in euro denominated assets. ESG and SRI are a key element to capture sustainable returns and strengthened our resilience, while we have invested in and are using innovation to make better investment decision and lower cost of sourcing and managing assets.

We will realize further on the scale of our asset managers, a further driver behind our effort to build a world-class multi boutique asset management business, at last, but not least, we will continue to work on the -- of ALM to reduce our liability costs. Over the course of the next three years. We will deploy at least EUR15 billion into real asset increasing our asset exposure to 13% from 10% by 2023, we will focus on expanding real estate investment both geographically and in terms of sectors. We will leverage specialist including our boutique in areas such as infrastructure debt and equity, private credit and private equity.

It is important to understand that we are realistic in our deployment program, the pie chart on the right hand side shows that wise we have and we would invest a sizable amount into real asset it will represent 20% of our reinvestment program in the next three years. Slide 45 illustrate the importance of free aspect of our levers for our General Account Investments, the quality of our private equity fund-of-funds business to increase investment in Real Assets the importance of our alpha generating capabilities from our multi-boutique.

And the relevance of ESG investments, if you look back at the premium that our private equity team was able to deliver versus public market equities, we have a plus 3.3% performance after fees, which translated into more than EUR200 million value creation before tax and policy all the participation on our insurance assets.

On general account investment into our boutiques accelerated plus 8.6% Alpha which is equivalent to EUR250 million of value. Our ESG investment is much more than just nice to have. As you've heard from Lucia and Bruno, Generali. As a strong conviction that this is the best way to invest for long-term and our recent outperformance of 7.6% support this belief in a nutshell to navigate the markets. We will use non-traditional instrument for insurance companies more asset invest outside of our home market, combined, financial and non-financial data to make investment decision with ESG. US innovation to extract greater yields and new skill asset manager to deliver performance to our policyholders and shareholder however, one thing that we not change is our ALM discipline across the different part of our group.

And this is the same discipline, we used to implement our asset management strategy. Now, I will share with you, starting on slide 46. In May 2017, we launched a new strategy to broaden our investment capabilities and product offering and accelerate the transformation of Group liabilities through a multi-boutique platform approach. Since then, we have grown our revenue substantially from just under EUR500 million in 2016 up to EUR900 million this year. About 25% of the increase is through the alignment of group not account mandate fees to the market standards and another 25% of this growth has been achieved, thanks to the contribution of acquired companies.

The bulk of the growth more than EUR230 million has been achieved by organic growth executed through our Generali and boutique distribution channels. This growth of revenues as translated into a substantial growth in profit as our revenue per assets under management have increased from 10 basis point in 2016, to 17 basis points in 2020. Our profit have gone from EUR115 million for financial year 2016 to more than EUR350 million forecast this year. The key contributing factor for the success. I've been our increased product offering and strong performance achieve as seen on Slide 47. In the last three years, we have added five new fixed income strategies, five new multi-asset equity offers and a remarkable 17 new real asset alternative strategies to our product portfolio.

This increase of quantity is also combined by an increase of quality as illustrated by our performance numbers. Over the past year, active management firm overperform their benchmark 80% of our cases and rank in the top Morningstar quartile in 67% of cases far above where we were in 2016.

This contributed to much improved asset management brand recognition generally has now reached number 11 in terms of preferred asset management firm among the top 40 players by Europe and funds electors for the very first time in the latest Generali report. As a result, our base of customers external customer to our group company has significantly grown to 32% of revenues. The result we have been able to achieving such a short period of time. I think to our multi-boutique strategy, which will cover on Slide 48. It is worth reminding you of the underlying characteristic that each party brings to our collaborative platform. At Generali we want to create value by blending our partner expertise in Generali's strategic capital scale and distribution capabilities.

This is why we seek out and protect the entrepreneurial spirit of our partners complementing it with direct support in terms of product structuring day-to-day business control and access to our powerful global distribution network to reach both Generali and external clients. Generali global infrastructure opportunity investors axis are three great examples of our smart up boutique offer inaction.

Reaching breakeven point this year and already delivering very profitable return on investment. Another way, we have created value and strengthen our capabilities is through targeted acquisition such as liquid alternative specialist LUMYNA which cover on slide 49. LUMYNA management has done a fantastic job in terms of increasing asset under management from external clients. From $7 billion in 2016 up to more than $16 billion today, this has been rewarded by important market recognition while delivering a significant return on the investment for Generali above 20% since acquisition from Bank of

America Merrill Lynch. Our strong operating margin is an additional driver of our performance as seen on slide 50.

We achieve an operating margin of 52% in 2019, which is higher than the median of our insurance asset manager peers as well as other measure multi boutique platforms. We have achieved this result. Thanks to a strong control of our costs. The key drivers are economies of scale, achieved, thanks to the size of the Group.

Implementation of a zero base cost discipline in the entire business unit, including wealth management, centralized procurement services in Prague for middle back office provided to our boutique and the access to the powerful generic insurance sales network, which is scales we skills our overall distribution costs.

From day one, we have applied tight control other side to our boutiques maintaining an autonomous approach to investment management while ensuring close supervision by Generali with regard to governance, risk management, compliance, finance and audit. Generali has a majority position on each company Board of Directors and our local Board representative are well and highly qualified professional with an average experience of more than 26 years in the industry.

In addition, Generali extending this policy to all of its boutique from day one and I appointed local heads for compliance, risk and finance with the dotted reporting line to the corresponding Business Unit functions. In conclusion, let me remind you that three years ago Generali started a long-term growth path with the aim of enlarging and strengthening the Group fee-based business.

At that time, we identified two key priorities to broaden and deepen our capabilities and product offering and to accelerate our growth through focus distribution. I'm pleased to say that. Since then, we have made substantial progress in spite of adverse financial markets. This has translated into a strong growth of our profits. Today we reconfirm all our target for asset management in 2021, despite the current context, we are increasing our total net result, as well as the share of our net revenue from external clients and we are achieving, best-in-class industry margins through an efficient cost control and by scaling our business. We also confirm that we will meet 2020 European Asset Management financial target by reaching a net result higher than the EUR300 million we set as a target three years ago.

I would like to take the opportunity to thank all of those people who work and contributed to this remarkable success our journey towards becoming a strong player in asset management market has started well. But we still have much more to do and much more to give. With this, I'd like to the hand over to Cristiano. Thank you.

Cristiano Borean {BIO 15246531 <GO>}

Good morning, everyone. And great to talk to you all again I'm pleased to have this opportunity to follow up on what I presented to you at our Investor Day in November

2018, as well as during exploring Generali in May, 2019 and in recent results presentation. Let's get started.

Today you heard from Philippe on our strategic progress to date and from Frederic on how we are accelerating the delivery of our transformation journey. You have also heard from Lucia, Bruno and Tim and some fundamental elements of our strategy that our sustainability investment and asset management. I am going to speak about Generali's financial strength and resilience illustrating how our operational, capital and liquidity strengths remain the foundation of our consistent delivery of the Generali 2021 plan. I'm going to focus on five key areas today. One, we are fully committed to delivering Generali 2021 financial targets. I will outline the key components that underpin the achievement of our earnings per share growth. I will explain how higher contributions from expense reductions and depth optimization has passed to remain on track, even considering the challenging context of the COVID-19 related macro slowdown and the ultra-low interest rate environment.

Two, our commitment to technical excellence is reaffirmed both in life and P&C. Furthermore we are accelerating product rebalancing, we continue to proactively manage our life business for liabilities, both new business and in-force business. Our unmatched propriety or exclusive distribution networks allow us to continuously adjust our products depending on market conditions and client needs. In life, we are shifting towards more profitable and less capital-intensive business, by steering net inflows to our preferred protection and unit linked lines and increasing the weight of non-guaranteed business in savings and in P&C, our commitment to further improve technical excellence also leveraging on our strong competencies in risk selection and reinsurance and our geographical footprint will continue to drive strong results free.

Three, we outperformed our debt optimization targets and we have further potential opportunities to improve our cost of debt. We reduced the gross cost of debt by EUR200 million and our outstanding financial debt by EUR1.9 billion. Our proactive approach to debt optimization is a proof of our commitment to rebalancing our debt maturity profile, while considering always our Solvency II position will maintain an opportunistic and flexible approach to debt management, depending on market conditions and the investment opportunities. And favor where possible sustainability options has seen by our Green Bond framework. Four, we have a very strong and resilient capital position at both group and major business units level, even under stress scenarios. The expected impact of the extension of our internal model to include operational risk, as well as the implemented capital management actions and our strong capital generation contribute positively to our solvency position.

And five, the successful implementation of our cash and capital management framework is fundamental to achieve our targets and also delivers our net holding cash flow ahead of the Generali 2021 plan.

I will share some additional details on remittance, normalized capital generation and cost centralization strategy. As Philippe said we have committed to our Generali 2021 financial targets, even considering the challenging context, we are facing. We are on track to deliver the 6% to 8% earnings per share compound annual growth rate for the 2018, 2021 period.

In the next slide, I will illustrate in more detail the trend of the different growth drivers. We remain fully committed to our dividend policy and meet all the requirements in terms of solvency and liquidity for the distribution of our cumulative 2019-2021 dividend of between EUR4.5 billion and EUR5 billion.

To remind you, our target is the distribution of our cumulative 2019-2021 dividend of between EUR4.5 billion and EUR5 billion with a payout ratio of 55% to 65%. These pay out ratio range is the mid-term guidance. But it is not a constraint particularly in a year like 2020 we're results I've been hit by various one-off effects and by COVID-19. Of course, we are always depending on regulatory environment for the actual payment. As you know, we met the return-on-equity target of more than 11.5% in 2019. And we expect in 2021 to be also above 11.5% sustained by the growth in net result. I remind you, but due to the negative impact from some non-recurring items in the first nine months of the year as well as the impact of COVID-19 on financial markets. The net result for 2020 is expected to be lower than that of 2019. Therefore both the 2020 return-on-equity and the 2019-2021 average return-on-equity are expected to be below 11.5%.

On this slide, we show the drivers, but make up our earnings per share growth presented at Investor Day in 2018, and provide an update for each of them.

Starting from the left with growth and profitability from our insurance business. In property and casualty, we are delivering sound and disciplined growth driven by technical excellence and portfolio steering towards non-motor. In life, we benefit from the shift in business mix and the proactive management of the in-force even in a challenging environment, characterized by interest rates headwinds and COVID-19. The growth trajectory is negatively affected mainly by Switzerland with an impact of around 2.5% 2018, 2021 EPS compound annual growth rate. There will be a dedicated slide about the management of the Swiss unit linked run off portfolio.

On the efficiency side, as already presented by Frederic, we have improved our expense reduction targeting Insurance Europe by EUR100 million, leveraging on the new way of working and accelerated digitalization. This will lead us to reach in Insurance Europe about EUR300 million savings versus the 2018 baseline. We are on track to deliver on our growth targets for investments and asset management. As already covered by team.

On the debt side. The successful delivery of our debt management strategy brings an increased contribution. We have achieved EUR200 million of gross interest expense savings versus 2017 baseline compared to our target of EUR70 million to EUR140 million. The cumulative effect of all those four levers add up to a 4% to 5% EPS compound annual growth rate. The increased weight of efficiency in that management in the earnings mix also implies even higher quality and lower volatility compared to the past.

In addition, the contribution from selective and disciplined capital redeployment is on track. Among the key growth contributors, I would like to highlight Seguradoras Unidas in

Portugal, the Eastern European acquisitions, the growth of our multi-boutique portfolio and the expected contribution from our investment in Cattolica that will be accounted with the equity method.

I would also like to point out, but we still have up to EUR2.5 billion available for disciplined and selective capital redeployment. Adding all the levers together, we are on track to reach our 6% to 8% range of EPS compound annual growth rate over 2018 to 2021. Let me continue by presenting some more details on building blocks which will contribute not only to the Generali 2021 earnings per share target, but also to the future earnings per share growth.

Looking first at the insurance business component. We will provide some additional detail on top of what Frederic already shared starting with Life. Please take a moment to have a look at this slide, before I guide you through it. Starting from the top of the page. As you can see we are managing our business by making the liabilities, our primary focus and continuing the shift towards more profitable and less capital-intensive business. Our goal is to achieve sound growth in a lower for longer interest rate environment.

Our proprietary or exclusive distribution network, allow us to actively rebalance and diversify our portfolios. Concentrating net inflows in preferred protection and unit linked lines, supporting and reshaping reserves growth shifting the weights between investments and technical results. Protection and unit linked diversify well with marginal capital consumption. Unit linked capital consumption can be further reduce, thanks to our management fees hedging strategy.

Moving now to the bottom part and focusing on saving business as you can see we are selectively reducing our exposure and are continuing to reshape our traditional savings business with the goal to progressively decrease its capital intensity. How, one, reducing net inflows and extensively bundling, the traditional savings components of our new products, with unit linked and protection components. And therefore decreasing the weight of traditional savings In the portfolio. Two, progressively reducing minimum guarantees as demonstrated by our capability to bring new business average guarantee is below zero in the Eurozone. When this is not enough we are going to zero or negative net inflows. And three, reshaping guarantees as an example, in Italy, we have the traditional savings business is almost entirely fee-based, the weight of non-guaranteed business, i.e, business, where the guarantees granted only in case of death is expected to increase from 2% in 2018% to 14% in our 2023 projections.

As of our nine months 2020 results, Italian saving new business premiums were almost entirely with zero guarantee at maturity or with guarantee only in case of death. We fund an even split between the two. These features implicitly reduce the average level of guarantee. If we for illustrative purposes, associate a conservative zero guarantee to the 14% business. We filed guarantee then the average guarantee in 2023 in Italy would be 0.7%. This is a sharp decrease compared with 1.2% in 2018.

All these actions allow us to sustain investment result even in the current low interest rate environment and highlight our continuous focus on the capital intensity of our savings business. I would like to provide more details regarding the management of the Swiss unit linked regular premium run off portfolio, that has as of year-end '19 almost 8 billion Swiss francs reserves and 2.4% average guaranteed benefit at maturity.

This portfolio is partially hedged and has high loadings and fees attached. And profit stemming from the associated profitable risk coverages. In order to strengthen the company's SSD ratio and decrease, its volatility, we are continuously implementing capital management and ALM actions, including lengthening of the total asset duration, derisking investment and extending the hedging through dynamic hedging on interest rate and equity risk.

Moreover, in the last quarter of 2020 we will execute our capital increase of CHF400 million to provide an additional cushion for the SSD ratio to absorb stress scenarios as of nine months 2020, the SSD ratio was in the region of 130%, also due to the measures already implemented to date and the capital increase will bring this figure to around 150%, you should expect further improvement in the future considering the implementation of the additional measures to describe above, moreover fully sourcing of the management of the unit link in France has been completed in the third quarter of 2020, when our topic, but I would like to address is the guarantee reserve, the purpose of the guarantee reserve is to progressively finance in advance cost of guarantees, but are due far into the future.

It is therefore dependent on methodology assumptions and financial market development, I would like to point out that the mutualization between swiss portfolio is not allowed due to declining interest rates Generali started the contribution to guarantee reserving 2010 with a methodology agreed with the local regulator.

We remind you but the guarantee reserves as of year-end 2019 amounts to CHF1.3 billion. In the top right chart we illustrate the two key drivers of the discontinuity in early guarantee reserve contribution experiencing 2020, the Black arrow represents the increased amount of the total cumulative contribution to fulfill the future cost of guarantees, and the Red Arrow represents the acceleration effect of 2020.

I remind you that the financing of the cumulative contribution to IFRS guarantee reserve is mostly covered by technical profits and fees, as a proof of these the Solvency II present value of future profit of this portfolio is negative and amounts to minus CHF0.6 billion at half year 2020, in the chart underneath, you can see the historical pattern of the contribution to the guarantee reserve under group IFRS accounting and the expectation until 2021. In 2017 and 2018 around CHF0.2 billion per year were allocated to the guarantee reserves, in 2019 taking into consideration the scenario of negative swap rates, a higher amount of around CHF0.4 billion was allocated, to reflect even lower interest rates, long-term expectations and COVID-19 impact on equity markets in 2020, we use more prudent assumptions to calculate the cumulative contribution and adopted also in line with the agreement with the local regulator and accelerated reserving partner this translates into an expected contribution of around CHF0.6 billion in 2020 according to the projection based on the actual financial and demographics scenario for 2021 our contribution of around CHF0.3 billion is expected positive or negative variances will be allocated to the guarantee reserves linearly in the next seven years.

Moving away from accounting. We would like to remind you that Solvency II already and beds the full economic view of the portfolio. Solvency II present value of future profits of the unit linked to run off portfolio moved from breakeven at year-end 2018 to minus CHF0.6 billion at half year 2020 mainly due to the deteriorated market conditions not considering the guarantee reserves contribution, but increase the present value future profit.

The decrease is around CHF1.1 billion. Which is reflected also by the increased contribution to, the guarantee reserves from 2019 onwards. However, I would like to highlight, but the Solvency II presence that your future profit for the whole Swiss life company he is a slightly positive as of healthier year 2020 we remind you that this is the only portfolio this nature in the entire group. Let us now move to P&C segment where I would like to highlight how we have delivered and are able to sustain the growth of results. The first message I want to stress is our leadership position in retail and SMEs with a high quality and diversified portfolio, both in terms of geography and product offerings the geographical footprint and business lines are the outcome of strategic choices and drive our robust top line growth. Higher-growth business, units like Austria, Central, Eastern Europe and Russia continued to increase their weight in terms of premiums. Moreover, acquisitions like Adriatic Slovenica and Seguradoras Unidas confirm our potential on high margin markets and support the growth in terms of business mix. We are growing our portfolio, we find increasing share of profitable non-motor products. Please consider that excluding Europe systems whose travel business was materially affected by COVID-19, we would have registered a growth at nine months, 2020 versus the same period in 2019 of 1.6% on a like-for-like basis. As you can see on this slide, we have progressively reduced our combined ratio over the last few years, both at Group and business unit level. The sustainability of our combined ratio demonstrated by our solid track record is also confirmed by the reduced COVID-19 impact compared to our peers.

This is due to our portfolio composition and disciplined underwriting approach with prudent insurance and with relatively limited exposure to business interruption and large GC&C account and hardly any exposure to event cancellation. To drive farther technical excellence, we will continue to implement claims management actions aimed at reducing fraud and streamlining claims centers. This will be added to continuous portfolio management and technical pricing refinement. Finally, what I want to stress is that the performance of our combined ratio has been achieved while preserving our historically high level of prudency in reserving.

Let's move to debt management. In our Generali 2021 strategic plan, we announced an active debt management approach. Targeting a gross interest expense reduction of between EUR70 million and EUR140 million with a year end 2017 as the baseline. And financial debt reduction of between EUR1.5 billion and EUR2 billion compared to the end of 2018 level. We materially over-achieved the gross interest expense reduction target one year in advance as we expect to land with EUR200 million lower interest charge in 2021 compared to 2017. Financial debt reduction stands at EUR1.9 billion and is a secured in the high end of the target range announced. Again one year ahead of plan. We have been quite active in the last two years and death management gave us also the opportunity to focus on our sustainability commitment through the issuance of two Green Bonds. We were the first insurance company in Europe to issue such an instrument a testament of how sustainability is at the heart of our strategy. We took a proactive approach aimed at the rebalancing the debt maturity profile while optimizing our Solvency II position in terms of quality of capital.

We achieved this through four transaction in these two years. At the beginning of 2019, we announced the reimbursement of EUR750 million of subordinated debt replacing it by issuing only EUR500 million of subordinated debt. This led to a reduction of our external financial debt by EUR250 million in September 2019, we launched the first liability management transaction followed by a second one in July 2020 to smoothen the 2022 maturity peak resulting in a more balanced debt profile giving ourselves the flexibility on timing and solutions for refinancing the first liability management in September 2019 led to a deleveraging of EUR250 million, while the second one was neutral in terms of outstanding debt, but help to far reduce the refinancing risk and led to additional savings in interest expenses.

In January 2020 we repaid our EUR1.25 billion senior debt with internal resources. The maturity profile is now significantly reshaped avoiding peaks in specific years and with a longer average maturity. Looking at the coming maturities in the next three years, for a total amount of around EUR2.7 billion they entail both subordinated and senior bonds with an average interest cost of 6.4% providing further opportunities for interest cost reduction in coming years.

Proactive that management is in fact lever where we benefit from the low interest rate environment. We will continue to manage our total debt in a proactive flexible and opportunistic way, considering market conditions and the trade-off decisions versus other investment opportunities.

Let's now move to discuss about solvency position. I would like to present you the resilience of our Solvency position at both group and major company level even even in far risk threat scenarios we have carried out scenario based on the nine months 2020 position which already reflects the financial impact of COVID-19. We call this the stress on top of stress approach. We have considered a farther 125 basis points widening in the Italian BTP spread against euros swap. This corresponds to around 240 basis points on the Italian BTP spread against the euro swaps. I would like to highlight, but under such a scenario there would be no activation of the country specific Italian volatility adjustment. We added a further drop in interest rates of minus 25 basis points compared to nine months 2020. I would like to highlight that between year-end 2019 in nine months 2020 there was already a minus 45 bps drop in interest rates on the 10-year euros swap rate.

Additionally, we have more the 20% fall in equity markets and 125 basis points widening of corporate spreads. Despite the additional stress you can see on this slide, but our solvency remains at healthy levels well above 150% both at Group and the major company level. Their resiliency of our solvency is supported by the capital management actions including asset duration lengthening and equity derisking performed in the last months. The year-end solvency position will be further supported by the expected impact of internal model extension to operational risk, accounting for upto 10 percentage points on a pro forma basis and by our strong and consistent capital generation driven by life new business resiliency and the excellent Non-life current year best estimate result. This will also support the local companies to solvency position.

For France, I would like to remind you, but the movement between year-end '19 and nine months '20 is also impacted by the regulatory change for the IORP business where our unrealized gains and losses recognition was decreased from 25% in 2019 to 15% from 2020 onwards. The impact on the Group's solvency ratio was around 2% I would like to highlight that the Group's solvency ratio presented is the net of the second tranche of the 2019 dividend and the 2020 pro rata dividend both to be paid in 2021. We will continue to deduct the 2019 second tranche and the 2020 -- dividend as we consider when due to our shareholders. In conclusion, we have a solid solvency position that can cope with farther stress both at Group and major company level. These also sustains remittances as we will see on the next slide. I would like to remind you, but remittances from subsidiaries are reported on a cash basis instead of on accrual basis. These graph shows but we derive the biggest part of the remittance from subsidiaries with a very strong solvency position. As you can see almost all the remittance in 2019 and those expected in 2020 and 2021 derived from subsidiaries with a solvency above 170%.

In 2021, the decrease of the weight of remittances coming from subsidiaries we've solvency above 250% is also due to the successful implementation of our capital management framework, but foresees excess capital repatriation from the subsidiaries with a capitalization and tangible capital in excess of our preferred range. As of today 100% of expected group remittance for 2020 has been secured. Despite the challenging COVID-19 context, but created both market volatility and regulatory uncertainty.

Despite the impact of lower interest rates, we expect remittances to remain resilient next year with over 90% originated from subsidiaries with a Solvency II ratio of over 170%. In this complex environment. We also believe that such strongly capitalized entities, reduce risk off the regulatory intervention. On this slide, I recap where we stand today. In relation to the main targets connected with the successful implementation of the capital management and cash management strategy.

As I have already said 100% of the expected group remittances for 2020 have been already secured. This puts us in a very good position on our remittance target to upstream at least EUR9.5 billion from business units. As of today, we are on track and thanks to the strong local solvency position described in the previous slide future remittances are based on solid foundations looking at the 2019, 2021 cumulative net holding cash flow target of over EUR7 billion. We are currently ahead of the Generali 2021 plan. Thanks mainly to the decrease in gross interest expenses on that tax and cost. In term of normalized capital generation, we are on track for the EUR10.5 billion target driven by life new business and non-life current year best estimate results. We have been very consistent in our cash centralization strategy by extending the participation to the cash internalization platform to newly acquired entities and by enabling new centralization levers to complete the treasury model this has translated into a greater discipline in cash management across the group, as reflected in a higher and more stable cash position at the parent company level.

All of these contributes to the strong cash position, even after deduction of dividend and of the capital increase in Switzerland. To summarize, we are fully committed to Generali 2021 financial targets, even in this challenging context. Generali is commitment to technical excellence is reaffirm both in live and P&C and we are accelerating product rebalancing. In Life, we are managing our business with our primary focus on our liabilities shifting towards more profitable, less capital-intensive products and are reshaping our traditional saving business our goal is to achieve sound growth in a lower for longer interest rate environment. In P&C, we maintain our commitment to drive technical excellence and position ourselves in terms of business mix and geographical footprint to capture profitable growth opportunities.

We outperformed our debt optimization targets and have Farber potential opportunities to improve that cost Generali, as a very strong and resilient capital position at group and major company level, even in far risk stress scenarios and these secures our commitment towards dividend distribution. Our effective cash and capital management framework is fundamental for the achievement of our targets and to enhance financial flexibility. For example, we were among the first to implement the hedging of our unit linked fees with benefits in terms of decrease of capital intensity and reduction of volatility of both P&L and own funds. With all this in mind, I am confident, but we will deliver on our Generali 2021 strategic plan commitments. Thank you for your attention.

Operator

Thank you, Cristiano. Before opening the live Q&A. Our Group CEO, Philippe Donnet, will provide us with some closing remarks. And after that we will show you a short video of our recently launched advertisement campaign. Over to you, Philippe.

Philippe Donnet {BIO 4657671 <GO>}

You should now, have a clear picture of our strategic and financial progress against our generally 2021 plan. While the context has changed significantly since we first presented this strategy. I am extremely proud of the proactive and this is actions taken by our teams to face these challenges head on. In the last 10 months we stayed true to our strategy by seeking out of the box solutions to ensure business continuity anticipating change in order to innovate our business and pushing forward with our system ability goals and always acting in the best interest of all our stakeholders.

The current context has made us more mindful that we must always be ready to adapt to the situation we find ourselves in it has also allowed us to accelerate our digital transformation at all levels and reminded us that the human touch so deeply grounded in Generali's DNA is all the more important we have always been close to our customers and now more than ever, we see the true value of what we offer to them security and peace of mind in the most challenging moments.

Our ambitions go far beyond the conclusion of the current strategic plan, we want to be a group that our stakeholders can truly rely upon investors customers employees families distributors and our communities. None of this could be possible, without our people. Our 72,000 colleagues and our 155,000 agents in 50 markets across the world who contribute to the same purpose to enable people to shape a set of future by caring for the lives and dreams.

It is, thanks to them that we are able to come to you, quarter-after-quarter, year after year to present you with the fruits of our efforts. Results that are the hallmark of the trust the people placing us and there are the manifestation of our Group's credibility. We have proven to be a reliable and resilient time and time again with almost 200 years of experience in technical expertise. We have the know-how to face the challenges of the pandemic in the current low interest rate environment. At the heart of everything we do is and will be our ambition to be the lifetime partner, building trust and allowing our customers to achieve their dreams caring for them and being but their side in every phase of their life.

I sincerely expect that our next meeting will be in person. So I can shake your hand. And thank you personally for your continued support for Generali, because as I have always said, insurance is a people business, it's about trust, it's about providing security and protection in a world of growing uncertainty. It's about being a source of hope for the future. Thank you so much.

Questions And Answers

Operator

We can now start the Q&A section. We will start by taking question coming through the phone. (Operator Instructions) Your first question, Michael Huttner from Berenberg. Please go ahead.

Q - Michael Huttner {BIO 21454754 <GO>}

Well, thank you. Thank you so much. What a great, great invest and it's really nice. I have really two questions, the first one is on the cash, what free cash position, you alluded many times, it was bigger and I just wondered what's the figure is, and then you have this, -- the life spreads, you know the 186 bids in 2019, up from 156 bids and the asset liability management, you spoke a lot about the investment side and you kind of alluded to the liability management.

That actually mean transforming it's back book and how much has been done and how much can still be done. Thank you.

A - Luciano Cirina {BIO 16706180 <GO>}

Thank you. I'm going to ask our Group CFO. Cristiano Borean to answer the first question.

A - Cristiano Borean {BIO 15246531 <GO>}

Hi, Michael. So, let me remind you at 920 the -- position was a higher of EUR4.1 billion cash and by year-end 2020, we expect to be above the EUR4 billion. Please take this into account also after the announcement of the second tranche delays.

A - Luciano Cirina {BIO 16706180 <GO>}

Thank you. Okay. And then on the second question, I will ask our General Manager to talk about the mix and the back book transformation. And then, I will ask Tim to give some comments on the investment margin.

A - Frederic Marie De Courtois D'Arcollieres

Thank you, Michael. We've done over the past two years, 5G, which I would call inforce deals of course Generali Leben. But also Belgium, Holland and the disposal of two smaller portfolio in the UK. And -- still has a few remains the same. I mean, we are extremely opportunistic and disciplined on fees and we are permanent at least creating our portfolios.

And that's why I can tell you that we have other projects in the pipeline. Of course, I cannot mention specific lease projects, but we have other projects in the pipeline on the in-force -- there is appetite on the market as you know, but of course, you never know before closing the deals. So we will close these deals only if the makes sense for our shareholders.

A - Tim Ryan {BIO 21076682 <GO>}

On the investment margin as you look as asset and liabilities we have done as Fredrik mentioned as well as what Cristiano mentioned a tremendous work on the cost of liabilities under the exchange of product mix. If I look forward on 2023, we see that our margins are going to comprise by roughly 20 basis point, we are going to have said that by a substantial a different into real assets as you have seen, we have no ambition to be able to deploy EUR15 billion in real assets by the time we get to 2023. We have said we represent roughly 50 basis point on the total yield of our portfolio. So it's quite an important initiative. But we are also very careful on the way we deploy. We're using our boutique as well as a very thorough risk management framework compliance and liquidity.

Q - Michael Huttner {BIO 21454754 <GO>}

20 bip that you mentioned is this before or after the extra investment in real assets

A - Tim Ryan {BIO 21076682 <GO>}

It is after the use of real asset because we need time to be able to deploy those real assets as you know, the most important part is to source the asset to be able to control the quality of those asset. And of course to reshuffled if need be, those real assets. So it is after

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you very much. Thank you.

Operator

And your next question comes from Peter Eliot from Kepler Cheuvreux. Please go ahead.

Q - Peter Eliot {BIO 7556214 <GO>}

Okay, thank you very much. Three questions if I may. It's great that you're still confident on the EPS cargo targets. Such as very well. I mean if I compare your waterfall on Slide 56. My numbers, then I guess the main difference is the benefit from the deployment of excess cash. And from the EUR100 million of expense savings. I guess if I'm honest, I'm surprised that you can get the full run rate of those that quickly. By the end of next year. I mean, especially given the bulk of the firepower is still waiting to be deployed as I understand it. So I'm just wondering if you can help me understand those dynamics there.

And then the second question was on Switzerland if I look at the operating profit, then in 2017. This was EUR200 million 2018. It was above that 2019, it would have been above EUR200 without the reserving actions but you mentioned that you expected negative in 2021. So I guess my question is if the reserving requirement is only EUR100 million up in 2021 then why are we expecting such a big swing in the operating profit. And maybe if you could give some comments about what you sort of think the long-term run rate might be once you have sort sort of back to a normal level.

And sorry if I can cheekily cut in the third question, you mentioned 100% of the expected 2020 remittance was secured could you trying to fly if that means you've got all the cash from all the entities, you're expecting or whether some entities was subsidizing others. Thank you very much.

A - Luciano Cirina {BIO 16706180 <GO>}

Thank you. Cristiano, over to you.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes. Peter. So first, first question related to EPS target the deployment part. Please note that as I correctly mentioned during the speech the deployment and there is also the effect of all the investment done so far, including the catalog apart which immediately start with an equity accounting method. So, you have to imagine that there is a pro rata benefit also on this one. And going forward, you will see progressively also all the benefits coming from the synergies progressively even getting higher. In the second question related to the Switzerland operating profit, I would like to hand over to Frederic.

A - Frederic Marie De Courtois D'Arcollieres

Thank you. Yes, Peter. I'll start explaining to you what we are doing in Switzerland, and then I give back the word to Christiano. So, in Switzerland first, I think this is important to remind that they are three different pieces in the business. The first one is the P&C 1, which is a good business. The second one is the Life New business, which is also a good one. And then we have an in-force book, which needs attention. We have especially EUR8 billion unit linked with guarantee at maturity and let me just tell you that this is the only unit link with guarantee that we have -- that we have in the Group.

I think this is also important to remind you that PVFP of our Live business in Switzerland is slightly positive. So yes, we have high guarantees on some products and you know that we have a 2.4% average guarantee. But we have also extremely high fees and we have extremely profitable riders, protection riders attached to the business and attached to the savings business. So, what we've done over the past year, is that we've taken decisive actions to de-risk portfolio and to lower the volatility.

So, one, we have and we are extending the dynamic hedging. Second action is that we have lengthened the duration of the assets, so that we have a better matching and all of these allow us to have solid solvency margin in SST. So, according to the Swiss standards, we are around EUR130 million at the end of September, and we will be around EUR150 million over the EUR400 million capital increase that we are implementing at year-end. So, our conviction is that we have implemented the right action to de-risk the portfolio in Switzerland. Now to Christian on the result.

A - Cristiano Borean {BIO 15246531 <GO>}

Yes, and to complete the point exactly in line what Frederic was explaining you, Peter, that is the effect of a kind of stop loss risk management decision in order to increase the hedging. And the dynamic hedging as you know as a cost and pass through P&L on one side and the lengthening of duration clearly has an effect also of a lower recurring income. So you need to put all these things adding up and taking into account the variances of the reserving for the 2021 as an effect, which explains this going forward as a lower -- a lower contribution. Relating to...

Q - Peter Eliot {BIO 7556214 <GO>}

Yeah. Could I just follow-up very quickly on that. I mean, so if I just sort of then take 2021 as the base where we're expecting EUR300 million of reserving and an operating profit of double-digit negative, then beyond that presumably, we're going to be back to a run rate of sort of EUR200 million. So that may be means that the operating profit we should expect from Switzerland is maybe double digit positives on an annual basis past 2021. Is that the right sort of thinking or am I, I mean as a result of the de-risking we sort of low at the baseline a little bit?

A - Cristiano Borean {BIO 15246531 <GO>}

You should lower the base. It is not going back to that level, exactly for the reason I was telling you. So, the run rate goes below because of less recurring income, more cost on the hedging, and in general, broader lower risk management income coming from the investment strategy even going forward. So, you should expect a decrease and not such a level of run rate.

Q - Peter Eliot {BIO 7556214 <GO>}

That's very clear. Thank you very much.

A - Cristiano Borean {BIO 15246531 <GO>}

Okay, third question related to cash remittances are some entities subsidizing the hours. As I showed you in the stress on stress scenario, all the major entities are well capitalized to bear very large stress scenario and this is allowing us to allow the full remittance plan of what we were expecting, especially has a highlighted, I can confirm you that 100% of the remittance 2020 has been secured, which means that in the number I gave you as cash at year-end. We will have the full 2020 remittance plan expected in our bank accounts interested by year-end.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. Next question please.

Operator

This question comes from Andrew Sinclair from Bank of America. Please go ahead.

Q - Andrew Sinclair {BIO 17749036 <GO>}

Good morning and thanks, everyone. Three from me. Firstly, as you speak of a good update on progress, reiterate there a lot of targets today. One, I didn't didn't spot apologies if I said there was the operating profit target, which I think is 4% to 6% compounded over the time period. I just wondered if you could give us thoughts on that, so we'll be able to have that that and just really get any idea of the operating and non-operating split?

Secondly was on the cash for M&A, the EUR2.5 billion that you've got remaining really to starts or how you're looking splitting up between smaller acquisitions or would you prefer for one larger acquisition? And just thirdly was, you mentioned strong reserving levels maintained -- historically strong reserving levels on P&C, I just wondered if you could give us any numbers or details and any increased expectation for reserve releases? Thanks.

A - Lucia Silva {BIO 20229471 <GO>}

Andy, sorry your line wasn't perfect. Can you confirm your first question is about our operating profit target? Your second question is about how are we planning to deploy the EUR2.5 billion M&A correct?

Q - Andrew Sinclair {BIO 17749036 <GO>}

Correct, yeah, could it be a smaller acquisitions or one larger?

A - Lucia Silva {BIO 20229471 <GO>}

Major one, yes, thank you. And finally, I didn't catch the third question. Do you mind to repeat it again?

Q - Andrew Sinclair {BIO 17749036 <GO>}

Sure. It's probably my accent as much as the M&A -- or as much as the line. But the third question was on, you mentioned historically strong reserving levels for P&C. Just wondered if you could put any numbers or details around that, just for that had been an increased expectation for reserve releases? Thanks.

A - Lucia Silva {BIO 20229471 <GO>}

Perfect. Cristiano, if you can start with the first question and then I'm going to -- we can move to Philippe for the M&A and the reserving for Frederic. Thank you very much.

A - Cristiano Borean {BIO 15246531 <GO>}

So, Andrew. The operating target, we did not give in this plan -- an operating result target. Anyhow, it is a very important component as you can see and very resilient component of our result -- total result. What I can confirm you is that the projection of our operating result stay strong because of the resilience of the book. Also thanks to the contribution of Non-Life business, which is strong and less impacted than COVID than average in the market. And this is again a factor of stabilization of the operating results going forward. So, you should expect a sufficiently resilient and growing operating result for the 2021 part.

A - Lucia Silva {BIO 20229471 <GO>}

Over to you, Philippe.

A - Philippe Donnet {BIO 4657671 <GO>}

Yes. On M&A, the framework we described a couple of years ago is still accurate both on the strategic standpoint and on the financial standpoint. As you said, we still have EUR2.5 billion to allocate to acquisitions. The difference compared to two years ago is that obviously due to the the COVID-19 crisis, new opportunities may be available. And definitely, we would look at them as well. Talking about the size of the acquisition, I would say doesn't really matter what matters most in the quality of the acquisition. So obviously, the price, our ability to integrate successfully the business we acquired, this is very important to us.

So far, we've been very proactive on small and medium acquisition, which is a good strategy. I would say all the options are on the table. We are open to all options remaining in our strategic and financial discipline and being opportunistic. So, the quality matters more than the size.

A - Lucia Silva {BIO 20229471 <GO>}

Over to you, Frederic.

A - Frederic Marie De Courtois D'Arcollieres

Andrew, on your question on P&C reserves. First, you know that over the past years, we had about 4 points positive impact due to reserve release on prior years. And if you look at our Solvency II disclosures, despite this reserve release, you've seen that our reserve buffer, if I may say has been pretty stable over the past years, which means that we are reserving in a cautious way.

Clearly, this year the release will be lower, which means that the buffer will increase. What the buffer on our reserves? What do I expect in the coming years? I expect that we come back to -- I would say, normal rate, which is last year rate, so reserve release of about 4 points a year.

A - Lucia Silva {BIO 20229471 <GO>}

Next question, please.

Q - Andrew Sinclair {BIO 17749036 <GO>}

Okay. Thanks.

Operator

And this question comes from William Hawkins from KBW. Please go ahead.

Q - William Hawkins {BIO 1822411 <GO>}

Hello, thank you very much. First, a question for Tim, please. On slide 39, you showed your asset mix is actually shifted towards government bonds over the past four years and that's superficially counterintuitive, but I can imagine there is a number of potential explanations regarding market movements and asset allocation in the rest of it. So, I just want to -- could you help me understand why your government bond exposure has increased on that period in the slide?

Secondly, please. I'm not sure if this is Tim or Philippe, but you frequently make reference to this ambition of becoming a top five most profitable asset manager in the boutique area. Forgive me, but can you just remind me how you're actually measuring that, where you are today and what you actually need to do to get into the top five?

And then lastly, sorry, if I can sneak in a third question. Your retail orientation at the moment is serving you very well through the COVID crisis in Non-Life that's clear. And I think many people still have a question about whether being so materially underweight commercial lines, leaves you had a long-term competitive disadvantage when we think about the disruption from technology and the Internet of Things and automated cars and all that kind of stuff. So, even though you're doing well this year from being underweight retail, are you strategically thinking about the opportunities of expanding more into commercial lines over time? Thank you.

A - Lucia Silva {BIO 20229471 <GO>}

Tim, I suggest you take the first two questions. I think you...

A - Tim Ryan {BIO 21076682 <GO>}

Yeah, we can take the first two questions. So, thank you William for this. The first aspect on your question on exposure is part of what I presented, which is the extension of duration. I believe that interest rate risk is better managed by government bonds and we have extended the duration of our portfolio by 1.5 year in Life and 0.5 years in P&C because we also have obviously the willingness to reduce the risk of the downside in interest rate risk.

The second part of this reason why you see this is, as we go into real asset, many of the real asset have especially on private debt have a low duration, floating most of the time and for us to be able to counterbalance this affect or having very good yield and spread as long as you are very good at sourcing and managing the risk. You need to also counterbalance this aspect of short duration with longer duration and we use government bond to do this.

So, this is to address your first question. At the end, it's a 1.0 increase but this is important to notice and we are very, very deliberate in the way we do it and we are looking at the 360 degrees of old implication. This is also an expansion of our increase of cash, I can come back to this if you want.

The other topic on multi-boutique. Multi-boutique is for us merger and in terms of success around our net profit. Today, as you ask directly to the question on where we stand, we are number 6, if we compare that to all the different multi-boutique in the world that define themselves as a multi-boutique and operate as multi-boutique that is to have majority stake from a Company like Generali and give autonomy in investment decision outside, I can give you many names, but the point is we're number 6 in terms of profit. To be on a number 5, we will probably need to have a EUR75 million to EUR80 million additional net profit to be at that level.

This goal of being number 5, on the top 5, is a long-term goal. It's not 2021, we know it takes time. The consolidation in this market is pretty active. As you know, this year, we had a couple of multi-boutique that have been through transformation, but on our side, we are convinced this is the right model to be able to align interest of clients, interest of obviously Group in terms of diversifying our fee business, business and obviously for our shareholders. So, this is to address your two questions. I will leave now the floor to the question around the third one to Philippe

A - Lucia Silva {BIO 20229471 <GO>}

Philippe will start and maybe Frederic can add. Thank you.

A - Philippe Donnet {BIO 4657671 <GO>}

Thank you. Yes, our portfolio, which is mostly a retail portfolio, as you said, has been predicting us this year definitely, but I would say not only this year, because this year, our combined ratio was under 90%. But in the previous years, we had combined ratio around slightly above 90% than anyway the best of the of the industry.

So, we are definitely happy with the quality of our portfolio. You remember that when we presented our strategic plan Generali 2021 two years ago, we said that one of our strong convictions was that we would be able to get growth and profitable growth remaining in our core market, which is individuals, families, professionals and SMEs and this is even more true today.

We've seen that people are not protected enough. SMEs are not predicted enough. So, we just can't confirm this conviction and this will remain our core business. Having said that, we are not out of the large corporation, the insurance business, we have a dedicated business unit, corporate and commercial with around EUR2 billion premium and we are quite happy with this business. The quality of this business is good. This is strong. We are confident that in the next few years price will will increase and will be able to further increase the profitability of this business. But we will not shift our core business from retail in SMEs to corporate and commercial.

A - Cristiano Borean {BIO 15246531 <GO>}

And if I -- William, if I can add a comment on the last question. So, first to say clearly, we do not plan to increase our weight to corporate clients. We are extremely happy on the retail and SME. And we are happy for two reasons, I mean, the first one as I've mentioned in my presentation, is that not only we have the best combined ratio amongst our peers, but we have also the more stable combined ratio. And we want to be a stable. We want to be a Company with a stable and predictable result. But there is a second reason which is interesting, which we've seen during this lockdown. Many people may have thought that the lockdown.

Many people may have thought that the lockdown would have favored digital business models, new business models, but we've seen -- what we've seen is the contrary. What we've seen is that in our retail and SME lines, the winners have been the agents and we've gained market share during this crisis.

So, we believe that also for retail and SME, people need the right advice and we believe that we have the right business model to achieve strong and stable results and fees.

A - Lucia Silva {BIO 20229471 <GO>}

Next question, please.

Q - William Hawkins {BIO 1822411 <GO>}

Excellent. Thank you very much.

Operator

And this question comes from Andrew Ritchie from Autonomous. Please go ahead.

Q - Andrew Ritchie {BIO 18731996 <GO>}

First question is for Tim. Some multi-boutiques in the past have run into problems with retention because this is a model that is quite dependent often on key personalities in each of the asset managers. I'm a bit confused what is the weighted as a minority stake in the asset management business and is there accreting phantom equity four key personalities. I guess I'm just interested, what is the retention strategy beyond pay and you've told us your operating costs are lows. I'm assuming there must be some other form of remuneration going on below the line.

Second question. It's sort of question about value for money. Is there any evidence yet of price sensitivity for life and savings customers on how much they're paying annually? If I look at your product literature for Italy, I can see an average annual reduction in yield based on the suggested holding period for the products of about 250 to 280 basis points. Some of your competitors are launching life products with passive components to lower that weight. It still looks quite high, but they have them for some time and it never really has mattered. Do you detect any sensitivity at all around the annual running charge for Life products. Is there any more discussion around that?

The final question, I still have little problems translating your operating profits into bottom line because of nonoperating noise, does the sale of equities significantly reduce that for 2021, and what is the expected impact of restructuring charges in 2021?

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. Tim, if you can start. And then we are going to move to other questions.

A - Tim Ryan {BIO 21076682 <GO>}

Andrew, you're absolutely right. In terms of the aspect of alignment and compensation on the multi-boutique side and asset management overall. We have in common a couple of key points, one each owner and key personnel have access and have incentive on the equity of the business, even if we own a 100% of the business. So, this is the first element.

The second one we want those partners to also put money into the Company, not only as an element of the capital, but also in the fund they manage and they are incentivized to distribute. This is a key element for us. And we also have a very clear element is, we don't have the same model, boutique by boutique. It's actually different, if we engaging real assets such as infrastructure like GGI versus aperture that we have with Mr. Peter Kraus in the US. So, our model is very specific depending on this type of asset, depending on the geographies. But at the end, we want to make sure there is an alignment of interest between the client Success and their individual success.

This is a key element for us and this is from an experience and I was working in a company that works with you now. This is for me key to have this alignment. The alignment between value creation and value sharing. Now, I leave the floor to the second question on the sensitivities. Is that Frederic?

A - Frederic Marie De Courtois D'Arcollieres

I will take it, Andrew. This is the question we have often on the how much should client pay or ready to pay, is there some pressure on the margins and so on. But you should remember that we are a retail company, we are not dealing with high net worth or private type of clients, generally speaking. So, the fact is that the margins are what clients are paying is quite different from one market to the other, but is extremely stable if I look over the past years.

And we have absolutely no pressure on margins and we do not expect to have pressure on margins from our retail clients. Then at the end, the proof is that our surrender rates remain low and the even thing to decrease and our Net Promoter Score on these products is increasing. So at the end, I think the secret on fees is that the clients value the brand, they value advice and the value to whom they speak to and they trust our agents and they trust the brand.

A - Lucia Silva {BIO 20229471 <GO>}

Cristiano, for the last question, please.

A - Cristiano Borean {BIO 15246531 <GO>}

For what regards to the translation, I do agree with you. This year, it was a higher volatility. The equity de-risking, which has been mentioned both by team and myself during the speech, is bringing down the volatility. Don't forget that there is also some accounting driven volatility because of our rules, we have the so-called rule of the -- so-called once impair those impaired. So, when you held an equity, and this is trigger to be impaired and if this stays in the book, you are exposed to that, but the portfolio restructuring and in total the sum of reduction between direct equity and funds of more than EUR4.1 billion of reduction of equity having done so far, will reduce this volatility.

Second part is expected restructuring charges will decrease and they will be low-double digit, they would be low to mid-double digit in that region compared to the 2020.

Q - Andrew Ritchie {BIO 18731996 <GO>}

Okay, thank you.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. We are now just going to stop for a second, taking questions from the phone. And we are going to move to the question coming from the webcast. We have one question coming from Elena Perini. She is asking what's our strategic view is on Banca Generali? I will handover to Tim.

A - Tim Ryan {BIO 21076682 <GO>}

Yes. As I mentioned during my introduction, we are very happy about the Banca Generali and the management team is doing a fantastic job. We don't comment on rumors.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. There seems to be no other questions from the webcast, so we can move back to the phone line. Thank you very much

Operator

Thank you. Your next question comes from Alberto Villa from Intermonte. Please go ahead.

Q - Alberto Villa {BIO 16005221 <GO>}

Yes, good morning. A couple of questions. The first one is on the technical profitability at P&C. I was wondering taking out the noise of the COVID this year. How do you see the mid-term profitability in terms of combined ratio for the main jurisdictions and moving from what we have seen recently? So, do you think there are further room for improvement or the pressure or do you think this level is expected to be stable? So what is your view on the mid-term combined ratio for the Group and then eventually for the main jurisdictions which you are operating?

And the second question is on the ESG update you gave us. Thank you for that. I was wondering if you can maybe give us an idea of how do you think your position compared to main tier on this and what is your expectation in terms of, let's say margins or client's retention of being able to be present and let's say the state-of-art in ESG? Thank you.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you. Frederic, if you can take the first question and then (multiple speakers) ESG.

A - Frederic Marie De Courtois D'Arcollieres

Thank you. Alberto. This is good and tricky question because this is always difficult to, as you said, exclude the noise, but let me -- let me tell you our view. I think there are two elements. The first one is that thanks to the excellent work done by the team in Generali Corporate and Commercial. We are strongly improving our profitability in General Corporate and Commercial. By the way, and I see it in the video you've seen the result of this business unit over the past years has been better than the result from our peers, but still there is room for improvement. We had a combined ratio of 101 in this business unit. We expect this year to have a combined ratio of about 95, which is a mix of pruning and price increase. Knowing that the business unit is about 10% of our P&C business, it has let's say 0.5 impact -- positive impact on our global combined ratio.

The second element that you should have in mind is that even before COVID, our combined ratio had the trend to improve. This is due to all the initiatives we're implementing on claims on data analytics and so on. And my guess on fees, but this is a guess is that we could see improvement or of around 0.5 points. So again, take it as a guess. But I will not be surprised if we see a potential for improvement of our combined ratio from already extremely low levels of about 1 points

Operator

Thank you very much. Over to you, Lucia

A - Lucia Silva {BIO 20229471 <GO>}

Thank you, Alberto. And while you give me the possibility to highlight some key concept that you already touched during my presentation. While the first of all, in terms of the benchmark with our peers, as you may know, a couple of days ago, where the results of the Dow Jones Sustainability Index and you know we are in the world index in the European index or at the top of the, let's say, list of competitors. And as you know, ESG has now golden standard. So, there are many different ranking and ratings. And we are always on the top, let's say positions. Let me also remind you that we are one of the Most sustainable companies, according to corporate nights. So, this gives you the sense of, we are not just telling our story about. We are proud to be also evaluated by external sources.

In terms of the competition and how ESG can have the competition. From some internal surveys, we found that clients are really impacted in terms of preference in understanding the level of sustainability of companies. So -- and we have seen that when they know the Generali is sustainable, the preference is multiplied by 7. So, you know, of course we are deep diving on these results our internal surveys, but this means that definitely ESG will be a lever for the future competition.

Let me also add that according to some external surveys, again the ESG filters within investments, so asset manager and asset owner will pay more and more attention to ESG. So, we really think that also in terms of access to capital markets, definitely ESG will be a key differentiator. Last but not least, also we must consider all the new let's say regulations coming sooner. So, it is really likely that ESG will be other than a differentiator sooner or later kind of condictious and sinequanon to be on the market.

A - Luciano Cirina {BIO 16706180 <GO>}

Thank you very much. Fredric will just add the point on the first question.

A - Frederic Marie De Courtois D'Arcollieres

I will add a point on your first question, Alberto, because Phillippe reminds me that I have commented only on the claims ratio and not on the combined ratio. But it is true that we have also an expense component that we should take into account and you know that our P&C business up to the COVID used to grow at about 3% a year. This year, it is flat at constant scope, so year-on-year, but let's say that the trend is about 3% per year. And our costs in mature markets are decreasing as you know and we've increased our target and fees. So, you should factor denotes factor in also positive impact on the expense ratio.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much.

Q - Alberto Villa {BIO 16005221 <GO>}

Okay, thank you very much.

A - Lucia Silva {BIO 20229471 <GO>}

Next question please.

Operator

And do you have another question from Michael Huttner from Berenberg. Please go ahead.

Q - Michael Huttner {BIO 21454754 <GO>}

Well, thank you so much. hree questions. The first one is Frdric gave this lovely answer on the life back books, but I just wondered if you can also give a figure in terms of the life liabilities which have been affected so far? The second is really kind of applauds how quick and how good you are at integrating your acquisitions, and that really is remarkable and you highlighted the success with Cattolica as well. And I just wondered if you can maybe mention if there's a kind of secret recipe. Is there kind of secret Zoom team, which descend on these companies or something? Just to appreciate that when the next deal comes, we then we'll be able to say how quickly the profits will come out. And then the last one, which is probably very boring. You gave full answer last week on the regulatory risk on dividends, which was lovely. And I just wonder if there's any update and particularly if your regulators have seen your lovely stress on stress charts and is now -- we can be a bit more confident about the 2019 and 2020 dividends. Thank you

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. My suggest you start Frederic with the first question, Michael sorry, we didn't hear the second part of the first question, you asked about the life back book...

Q - Michael Huttner {BIO 21454754 <GO>}

(Multiple Speakers) amount.

A - Lucia Silva {BIO 20229471 <GO>}

Yes, but what you want? You would like the figure or...?

Q - Michael Huttner {BIO 21454754 <GO>}

Yeah, just the total figure of liabilities, which have been sold. So, Banca Generali and the total ago with five deals. I just wondered how much that is in terms of total Life funds?

A - Lucia Silva {BIO 20229471 <GO>}

I suggest maybe I'll get back to you after the call. Philippe, over to you for the second question or the secret of our integration track record?

A - Philippe Donnet {BIO 4657671 <GO>}

I start with -- I start with this one, okay. So, we start with the second. No, if there were a secret, I obviously would not delete. I think it's quite simple. First of all, it's personal experience. Personally, I had to -- many times, I had to work on the integration of companies, I did it more than 20 years ago in Italy, when our integrated five companies, it was in another Group, I did it seven years ago when I joined Generali to integrate in Generali Italy. All the companies that were -- that had not been integrated before, we did it again recently in Germany and then it has been done very successfully.

For example in Portugal, much less than one year to fully integrate the companies. So, I agree with you, it's quite a remarkable. I think that if there is a secret, it's speed. You have to be very aggressive in the timetable, and to setup a very ambitious planning for the integration because the longer you wait the more difficult it become to integrate because you crystallize some difficult situation including human situation. So, you have to put everybody on board to work on a very fast and quick execution of the integration. And when you do that, you create enthusiasm and it works and it works. So, there is one secret being ambitious in the speed of the of the execution.

A - Lucia Silva {BIO 20229471 <GO>}

And the final question about the regulator and the dividend?

A - Frederic Marie De Courtois D'Arcollieres

On the on the dividend. First of all, this year, we were -- as you know we were allowed to pay the first half, which is slightly -- a bit slightly more than the half of the dividend that has been decided by our shareholders meeting. We expect to hit the second tranche as soon as we are allowed by the regulators.

The decision of the Italian regulators, it has been explained was macroeconomic decision. I think to to do with the specific situation of Generali, which is extremely good, even including stress -- stress test. So, I hope that for the next few -- for the next years for 2021 and 2022, both European regulators, and local regulators will be more relaxed about dividends in the insurance industry.

The problem with the current situation is that there is no more level playing field in Europe because in some countries you are -- insurance companies are allowed to pay dividends in some countries. We are not allowed to pay dividends in Europe and I think that this absence of level playing field is not really sustainable in the longer term.

Q - Michael Huttner {BIO 21454754 <GO>}

Thank you very much.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you.

A - Cristiano Borean {BIO 15246531 <GO>}

(Multiple Speakers) just one point I think it is important. If the regulator has seen distress chart for sure the one off today, yes, but regulatory constantly in contact and seen the stress test, for example. Having secured the 2020 remittance this year means that there is an ongoing discussion on projected, solvency projected liquidity of the regulator, which are the one which accepted and then allowed us to secure. So that was my answer, clearly integrating the framework described by Philippe.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you. I suggest we now close the call from the phone and we move back to the webcast. We have two questions coming from Emanuele Musio at Morgan Stanley. The first question is about P&C pricing. Emanuele is asking which country we have seen the most pronounced improvement and what are our combined ratio expectation in those? And the second question is asking about the hurdle ROI that we have in mind for M&A. Frederic, if you can take the first one and then over to Philippe?

A - Frederic Marie De Courtois D'Arcollieres

So, on the P&C prices. First, we should distinguish commercial lines and retail. And you know that we have commercial and business. What we see in the commercial end prices is consistent with the market and we are mainly position on Europe. So, we see single-digit increases on prices. So, let's say around 8% to 9%. And we see, let's say overall also in in Europe. But on retail, the situation is different usually. But I would like to make it very clear because we have questions on the fact that prices on retail may decrease because of the lockdown and so on.

So what we see today is that retail price, retail P&C prices in Europe are absolutely stable. Also on motor, so we may see some slight increase increase in some countries, some slight decreases in some other countries, but globally retail prices are stable in Europe. This is also the opportunity for me to remind that I think the way we managed the discounts during the lockdown I think has been the right way. So, we have not given blanket discounts to our clients. But we've given extremely segmented and focus discounts, where we believe it was useful and I think it was good for the client. It was also good for our technical profitability.

A - Lucia Silva {BIO 20229471 <GO>}

Philippe, over to you on the M&A.

A - Philippe Donnet {BIO 4657671 <GO>}

On the second question, I would say that there is not that much to add to the framework that has been disclosed two years ago about the strategic criteria and the financial discipline. Obviously, we are targeting return on investment higher than our cost of equity. This is the reason the why we were talking about the insurance business. We are very much targeting countries where we already are in order to not only to strengthen -- to further strengthen our market position but also to get significant benefits from synergies which obviously boost the return on investment.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you. We can now move to the next question comes from Michael Haid at Commerzbank. He is asking us the reason behind our equity de-risking and asking whether this was driven by Solvency II ratio by the desire to reduce the IFRS accounting volatility, so he is asking what was the main reason? Suggest for Tim to take the question? Thank you.

A - Tim Ryan {BIO 21076682 <GO>}

We always base our decision on economics and fundamentals. We're entering this crisis by being cautious and actually even negative, as I mentioned in my speech, about the huge dislocation we are facing. Just to remind everyone, we have a spread between the

NASDAQ and the S&P of 22 points and there is a huge dislocation and our portfolio had to actually to be repositioned to have a better sector allocation, star allocation and we took the benefit of the rebound during the spring and the summer to actually diversify in better that portfolio.

And as well for us to keep an upside on the equity market, because we also believe that on a long run is a good to be an investor in equity, but we also believe that there is some sign of tension and I'm actually cautious for the end of the year-end 2021, as we can see the volatility spike again in the market. And I think we always look at not only the expected return, but also the risk that we have and not just volatility, but also the overall evolution of geopolitical risk as well as financial risk and economic risk, which we are facing with the unpredictable action sometime of government. So, we are cautious. It's being driven only, but economic decision.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you. We can now move to the next question. We have two questions coming from Claudia Gaspari at Barclays. The first question is with regard to dividend. Claudia is asking if the EIOPA was to extend the dividend ban into next year whether we expect IVASS to take a case-by-case approach or? Or if we think there is a chance that they my follow and extend the blanket ban? And the second question is on the slide 46 of the Asset Management Presentation. she's asking out that EUR230 million in the waterfall, how much of that is driven by in-sourcing of unit link funds? And she's asking whether there is much more to do from here. So, I suggest Philippe, if you can start and then for team to take the question on the asset management slide? Thank you.

A - Philippe Donnet {BIO 4657671 <GO>}

Well, definitely, I don't know the answer to this question, because I don't know what your price is going to decide for next year. I don't know what would be the position of IVASS regarding the EIOPA's recommendation, so I cannot say. Once again, I hope that this will stop next year. And there are many reasons for these. I already said that the fact that there is no longer a level playing field in Europe in the insurances is not sustainable and this is in this is very important. I also want to make the point on the difference with the banking industry situation because first of all, as you know during this crisis and everybody understand that. Banks got the benefit from some capital relief from regulators. They could distribute loans with the guarantees -- with the guarantees of states. So, they were asked in exchange not to pay dividend this year, but the ECB was able to guarantee the level playing field in Europe for all banks and all of these didn't happen with the insurance industry. We didn't benefit from any kind of capital relief.

The policies, the insurance policies we continued selling during the crisis don't benefit from any kind of state guarantee. And once again, EIOPA was not able to guarantee the level playing field in Europe. So, it's a very different situation, which makes me hope reasonably that it will be a different situation next year.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. Tim, over to you.

A - Tim Ryan {BIO 21076682 <GO>}

Thank you. On the second question, the increase we have of EUR230 million plus for 2020 is clearly linked to the growth that we have, thanks to Generali. Two-third of that growth is coming from Generali including unit link and one-third is coming from the distribution and the boutique that we have externally and with our external clients.

So, this is very important to notice. The expansion we have, as you know, we want to keep and Fredric has mentioned that several times, we want to have an open architecture platform for our unit linked and we want to ensure that we always have the best offer for our customer. That means that we still have room to grow to answer directly to your question. We are growing. Lucia mentioned ESG, we are doing a fantastic job to integrate our ESG capability in the platform because there is a substantial demand of these products. We are doing also real asset into the platform of unit link including our infrastructure that team of GGI. So, there is room to grow, to answer your question.

And we are actually planning for this. As you know, we want to continue to expand our range of product. Over the last three years, we've been able to massively shift the offer from a very low base to now more than 27 different products. And when I say products is strategies and we want to continue to develop in the thematic approach. In the coming days, you will see some news on this topic that will attract also and help us to provide better upside for our clients in this environment of lower for longer.

A - Lucia Silva {BIO 20229471 <GO>}

Thank you very much. As we have no more questions from the webcast, I understand there is one more question in the phone queue. So, I suggest we open the queue for the last question. Thank you very much.

Operator

Thank you. This question comes from Farooq Hanif from Credit Suisse. Please go ahead.

Q - Farooq Hanif {BIO 4780978 <GO>}

Hi, everybody. Thank you so much. Firstly on Cattolica, you haven't really given any guidance on the extra revenues that you may get from asset management from reassurance from Internet of Things and it seems to me that it could be quite a major component to the next few years. So, I'm just wondering if -- what you can say about that. Secondly, on cash flow, you're ahead of your run rate and it sounds like even if you inject capital back into Switzerland, you're going to be ahead. So, can you give us some quantitative feel for where you are and are we now looking at a convergence between cash and capital generation for the next few years?

And then lastly, very quickly, if I may, could you just explain the EUR13.5 billion of social and green products that you have in a pie chart in your presentation, what does that refer to? Thank you.

A - Philippe Donnet {BIO 4657671 <GO>}

Thank you. Cristiano suggest, if you can start with the question and then we'll hand over to Lucia

A - Cristiano Borean {BIO 15246531 <GO>}

Hi, Farooq. So, the guidance of the extra revenues we said that it is in the range of the low double-digit million euro on top of the equity method accounting of the result of the company, which drives us for our return on investment above our threshold. And the second question related to cash flow and capital generation. You need to be aware of the fact that we were able to overperform, especially in the components of lower cost of debt, lower cost in the Assicurazioni Generali and also better tax consolidation effects.

On top of this, there is also the effect of the cash remittance to be secured and has been secured and going also forward, which is allowing us to be better and even after the capital contribution to Switzerland you mentioned. So the guidance, in my opinion is that on the net holding cash flow, you should see some hundreds million more on cash and we will see in the next year, the full deployment.

So, it is not an immaterial over performance, which is exactly linked also to the amount that Frederic was mentioning of more than EUR10 billion cash. And the convergence between cash and capital generation, we are still in a region of differences between this effect and the effect of the capital generation because I can't confirm you that we are in line with the EUR3.5 billion run rate capital generation even slightly above this year, thanks to the run rate capital generation even slightly above this year, thanks to the non-life current year best estimate. And this is still different from the net holding cash flow as our run rate because this is coming from the fact that the amount of cash generated by the business still is not fully deployed because of our big bucket of life, which has to still a roll on. I think we need some more years to get to that level. Hope, I answered you.

A - Philippe Donnet {BIO 4657671 <GO>}

Thank you very much. Now we can hand over to Lucia for the question on green and social products.

A - Luciano Cirina {BIO 16706180 <GO>}

Thank you very much. And as I mentioned, green and social products refer to let's say three main concept. The first one is really about those products that can have positive impact on the environment. And think about pay as you drive, for example. Second let's say, big piece of this products are about those products that can incentivize responsible behaviors and I think about vitality, for example. So, with the positive impact on the health of the people, but also on the health system of the states. And finally, we focus on vulnerable people, the elderly, the young family's children, women. So, you know is really, let me also add that is kind of the core of what we call the responsible consumer ecosystem. So, we have definitely a strategic approach on the way we do business when think about also on a sustainability. So, this goal that we have on green and social products is really about integrating sustainability in our core business and the green and social product refers to the lifetime partner when applied to those customers that want to have a positive impact to the environment and to the society.

A - Philippe Donnet {BIO 4657671 <GO>}

Thank you very much.

Q - Farooq Hanif {BIO 4780978 <GO>}

That's great, thank you so much.

A - Philippe Donnet {BIO 4657671 <GO>}

Thank you very much.

Operator

That was the final a question. So, it concludes our question-and-answer session. We are really grateful for your interest. We look forward to meet with you virtually for the time being over the coming months. And we thank you all for all the attention. Thank you very much.