

Capital management

Generali Group aims at maintaining both a level of capital adequacy consistent to the current requirements of the regulatory frameworks of each operating segment and the capacity to develop its activity. The use of the Group Internal Model, along with Embedded Value metrics, supports the capital management process. The main Group's objectives in capital management are the following:

- to grant that solvency requirements defined by the regulatory frameworks of each operating segment and the capacity to develop its activity;
- to ensure business continuity and the capacity to develop its activity;
- to continue guaranteeing an adequate remuneration of shareholders' capital;
- to pursue the optimal ratio between equity and debt, by ensuring adequate remuneration of all capital providers;
- to determine adequate pricing policies which are consistent with risk levels of each activity sector.

In this context, the main evidences related to current capital requirements are then described. In each country the Group operates, local laws and/or local supervisor authorities require a minimum capital. The Group is a financial conglomerate and it is subject to a supplementary supervision about adequacy capital.

With reference to the Solvency I cover ratio the following sensitivity analysis to market risks which do not consist in the credit risk is provided:

- equity -30%: a 30% reduction of the value of all the equity investments in the portfolio at the balance date;
- yield curve +1%: an upward parallel shift of 100 basis points in the underlying market risk free rates at the balance date;
- yield curve -1%: a downward parallel shift of 100 basis points in the underlying market risk free rates at the balance date.
