GENERALI

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Consolidated results as of 30 June 2023 – Slide commentary
(These notes represent a commentary to 1H 2023 results presentation and should be read jointly with it)

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STRATEGY OVERVIEW

Slide 4 – Key messages

The first six months of 2023 confirmed once again that Generali is an increasingly profitable, diversified and resilient Group enjoying a strong financial position.

The results released today are being presented under the new IFRS 17 and IFRS 9 accounting standards.

Generali's Gross Written Premiums increased to 42.2 billion Euro, driven by significant P&C growth (+10.6 percent). Life Net Inflows were entirely focused on Unit-Linked and Protection, consistent with the Group's strategy.

The Group recorded an excellent growth both in terms of Operating Result, which rose to 3.7 billion Euro (+28 percent) led by the strong contribution from the P&C segment, and Adjusted Net Result, which reached 2.3 billion Euro, up by almost 61 percent.

The Solvency Ratio at 228 percent (221 percent at FY 2022) confirms Generali's extremely solid capital position.

Furthermore, the two important acquisitions recently announced - Liberty Seguros and Conning Holdings and its affiliates - will allow the Group to further reinforce its leadership in the European insurance sector and enhance its global asset management platform.

Finally, Generali is fully on track to reach all the key financial targets announced in December 2021.

Slide 5 – Strong growth in Operating Result and earnings, with extremely solid capital position

Focusing on the key performance indicators, the Group's Operating Result increased to 3.7 billion Euro (+28 percent versus 1H 2022). This was driven by the strong contribution from the P&C segment, whose Operating Result at 1.85 billion Euro recorded an 85.7 percent increase. On the technical front, the Combined Ratio improved by 5.4 percentage points to 91.6 percent driven by a lower loss ratio. The P&C Operating Investment Income increased by 26.2 percent, also benefitting from the acquisitions closed during 2022. The Life segment was solid at 1.8 billion Euro and the New Business Margin was excellent at 5.81 percent (+0.31 percentage points). Furthermore, the Operating Result of the Asset & Wealth Management segment stood at 498 million Euro (+1.3 percent) supported by the excellent contribution of Banca Generali.

The Adjusted Net Result saw a substantial increase to 2.3 billion Euro (+60.9 percent versus

1H 2022), translating into a 64.6 percent increase in the adjusted EPS. This was driven by the improved Operating Result, which benefitted from diversified profit sources, together with a non-recurring capital gain related to the disposal of a London real estate development (193 million Euro net of taxes). It also reflects the impact from 97 million Euro in impairments on Russian fixed income instruments recorded during 1H 2022. Moreover, the Net Result soared to 2.2 billion Euro (864 million Euro at 1H 2022).

Gross Written Premiums rose to 42.2 billion Euro (+3.6 percent versus 1H 2022), thanks to the significant growth in the P&C segment (+10.6 percent), while premiums in the Life segment remained stable.

Focusing on the P&C segment, Non-Motor improved by 10.7 percent, achieving widespread growth across all main areas in which the Group operates. It is worth highlighting that Europ Assistance premiums grew by an impressive 44 percent, thanks to the continued increase in the travel business.

The Motor line rose by 11 percent across all the main geographies, thanks to the tariff strengthening measures implemented, selective volume growth as well as hyperinflation in Argentina.

Life Net Inflows were -877 million Euro, albeit with positive Net Inflows in both Unit-Linked and Protection, which were achieved thanks to the Group's outstanding proprietary agent distribution network, partially compensating the net outflows from Savings. It is important to remember that this is in line with the strategy to reposition the Life business portfolio towards more profitable, capital-light products. It also reflects the industry trends observed in the banking channels in Italy and France. Over 40 percent of the New Business Value is generated in the Protection segment, which continues to show healthy growth rates.

Finally, the Group confirmed its extremely solid capital position, with the Solvency Ratio at 228 percent (221 percent at FY 2022). The 7 percentage points increase mainly reflected the robust contribution of the normalised capital generation at 2.7 billion Euro

Slide 6 – Key strategic acquisitions both in insurance and asset management

Since the presentation of the strategic plan, in December 2021, Generali has consistently pursued its objective of external growth opportunities that fully met the Group's strategic, financial and cultural requirements.

Case in point are the two key transactions recently announced. These acquisitions will allow Generali to accelerate the achievement of its key objectives both in insurance and asset management.

Starting with insurance, mid-June saw the announcement of an agreement with Liberty Mutual to acquire Liberty Seguros, a Spanish insurer focused on P&C and operating in Spain, Portugal, Ireland and Northern Ireland.

This transaction, with a total consideration of 2.3 billion Euro including all excess capital, and the closing of which is expected in the first half of 2024, will enhance Generali's growth profile, further develop the P&C business and strengthen its leadership position in Europe. It also

underlines the Group’s commitment to Spain, where, as a result, it will reach the 4th position in the P&C market, and to Portugal, where it will consolidate the #2 position. In addition to strengthening the Group’s presence in these two key markets, Generali will also enter the Irish P&C retail market for the first time.
The transaction will generate additional economies of scale thanks to cost reductions, IT optimisation and the cross-selling of Generali products. Generali’s strong track record in integrating businesses gives the Group confidence that it will achieve these objectives. Furthermore, Liberty Seguros’ well-established direct business, with customised product capabilities deployed in all three countries, will add specialist digital expertise supporting Generali’s strategic initiative to develop a new digital multi-channel platform for direct sales in retail P&C.
On the asset management side, the Group recently announced the acquisition of Conning Holdings Limited and its affiliates from Cathay Life.
Conning is a leading global asset manager with a strong customer base in the U.S. and Asia. It has longstanding expertise in serving insurance and other institutional clients, which makes it a great fit with Generali’s asset management culture.
The integration of Conning and its affiliates into Generali’s asset management ecosystem will create a combined platform with 650 billion Euro in assets under management and high-quality, diversified capabilities across many asset classes such as Fixed Income, Structured and Corporate Credit, Emerging Market Debt and Private Real Estate.
Conning and its affiliates will continue to be led by the current management to ensure stability and continuity of teams, client service levels and investment strategy while facilitating close collaboration and synergies in areas such as distribution, operations and risk management.
The deal, which is expected to close in 1H 2024, is structured as an exchange of assets without a cash consideration. As a result of the contribution of Conning Holdings Limited into Generali Investments Holding S.p.A. (GIH), Cathay Life will become a minority shareholder of GIH and will enter into a wider long-term partnership, supporting Generali’s strategic growth ambitions in the asset management business.

Slide 7 – Save the date

Further updates on these two key acquisitions will be provided at an Investor Day that will be held on January 30, 2024.
This will also be the occasion to take a closer look at the successful progress towards the targets of the strategic plan “Lifetime Partner 24: Driving Growth”.

GROUP FINANCIALS

Slide 9 – 2023 First Half results

The Group's top line grew by 3.6 percent vs. 1H 2022 and like-for-like basis, thanks to the positive development of the P&C segment.

The P&C top-line was up 10.6 percent on a like-for-like basis with an 11 percent increase in the second quarter vs. 2Q 2022. The growth was driven by the Non-Motor business, up 10.7 percent, with the Motor business up 11 percent. Excluding Argentina's contribution to premiums, which was impacted by the hyperinflationary environment, the P&C top line growth would have been 8.3 percent.

In Life, premiums remained broadly flat. Life Net Inflows were -877 million Euro. The Protection and Unit-Linked lines recorded positive Net Inflows, with Protection inflows growing to 2.6 bn Euro, led by Italy, France and CEE, and with the Unit-Linked line at 2.8 bn Euro.

The Operating Result exceeded 3.7 billion Euro, up 28 percent, mainly thanks to the strong contribution from the P&C segment.

The Adjusted Net Result rose to 2.3 billion Euro, increasing by 60.9 percent. As a reminder, the Adjusted Net Result neutralies these 4 elements:

- the volatility stemming from the Mark to Market of assets at Fair Value Through Profit and Loss (FVTPL) held in non participating business and shareholder funds.
- The P&L impact of the application of hyperinflation accounting.
- The amortization of intangibles related to M&A transactions. On this specific point, it should be highlighted that there would be no adjustment of any impairment on goodwill.
- The gains and losses on business acquisitions or disposals, including restructuring costs incurred in the related M&A year.

The capital position remains extremely solid. The Group Solvency Ratio is at 228 percent, up by 7 percentage points compared to FY 2022. The increase mainly reflected the robust contribution of the normalized capital generation. Coupled with the positive impacts stemming from market variances and regulatory changes, this had more than offset the dividend provision for the period and the negative non-economic variances. Market variances were driven by the narrowing of spreads on Italian government bonds and the favorable development of equity markets.

Slide 10 – Double-digit growth in Operating Result

The Operating Result exceeded 3.7 billion Euro, mainly thanks to the strong contribution from the P&C segment, increasing by 85.7 percent. This primarily reflected the improvement in the Combined Ratio. Asset & Wealth Management also contributed positively to the growth in the Operating Result. This more than offset a decline in Life (-3.5 percent), which was mostly attributable to a negative one-off item in the Global Business Activities.

Slide 11 – Solid Life Performance

Life premiums remained flat at 1H 2023 compared to the same period of last year.
In terms of business mix, Protection grew 5.3 percent, reflecting healthy growth mainly in Italy, France and International. Savings and Pension increased by 6.3 percent, mainly driven by France and Asia. Unit-Linked decreased by 14.9 percent, driven mainly by Italy and France.

Slide 12 – Life Operating Result impacted by a one-off item

At 1H 2023, Life Operating Result amounted to 1.8 billion Euro, -3.5 percent vs. 1H 2022. It was impacted by a negative one-off experienced by the Global Business Activities. Without this one-off item, the Life Operating Result would have been broadly stable compared to the same period of last year.
The breakdown of the Life Operating Result shows that 1.5 billion Euro came from the CSM release, in addition 75 million Euro came from Risk Adjustment release. The Life Operating Investment Result was also a relevant contributor during the 1H 2023: the 422 million Euro Investment Result mainly stems from assets that are not under VFA, in particular the Protection and Shareholders' funds portfolios, partially offset by higher Insurance Finance Expenses.
The CSM release, the release of Risk Adjustment and the Operating Investment Result - all fairly stable and predictable Operating Results items – were the key drivers of the Life performance.

Slide 13 – Normalized CSM growth of 3% at 1H23

At the 1H 2023, the CSM rose to 31.3 billion Euro, thanks to 1.5 billion Euro of New Business CSM and reflecting the high quality of the new business production, which counter-balanced the contraction of volumes registered mainly in Italy (due to competition from government bonds) and France (due to a specific effect of IFRS 17 contract recognition requirements related to Group Protection business).
The 1.5 billion Euro New Business CSM can be linked to the 1.25 billion Euro of Life New Business Value considering the additional value of the new business measured with the Premium Allocation Approach and the contribution of lookthrough profits, net of taxes and minorities. During 1H 2023, the expected return on the CSM was 852 million Euro, which is around two times the 1Q 2023 number. This confirmed the fact that the expected return is fairly predictable and unfolds in a relatively even manner during the year. It is however subject to the changes in the interest rates year-by-year, as far as the unwinding of the discount is concerned. For the VFA business, the unwinding of the discount is performed using the beginning of period discount curves. The increase in interest rates seen during 2022 therefore implies that the unwinding of the discount is higher in 2023 than in 2022.

During 1H 2023 economic variances were a positive contributor to the CSM growth for about 1.35 billion Euro. This was, in particular, thanks to the positive impact of equity performance, the decrease of government spreads and the contraction of market volatilities, partially offset by the negative contribution of lower interest rates. Operating variances were negative at -0.7 billion Euro, mainly driven by experience variance on surrenders, mostly in France and Italy, also reflected in updated lapse assumptions. Focusing on the CSM release, the 1H 2023 overall release ratio amounts to 4.5 percent, broadly in the middle of the annual 8-10 percent range previously communicated.

In order to get a sense of its underlying and recurring growth, it is worth focusing on the normalized CSM growth which is calculated as the sum of New Business CSM, Expected Return and CSM Release, divided by Opening CSM. During 1H 2023 the normalized CSM growth was 3 percent, which implies that the normalized annual CSM growth is likely to exceed the 4 percent growth expectation that was previously communicated.

Slide 14 – Continued inflows in preferred lines of business

Life Net Inflows stood at -0.9 billion Euro, vs. 5.9 billion Euro last year.

The Unit-Linked business continued to record positive Net Inflows, reaching 2.8 billion Euro at 1H 2023, although showing a 38.3 percent decrease vs. 1H 2022.

The Protection business grew by 1.7 percent driven by Italy, France and CEE, confirming its resilient performance, with positive Net Inflows of 2.6 billion Euro at 1H 2023

Savings and Pension business was affected by higher outflows mainly in Italy. This trend was to some extent mitigated by the positive development in Asia.

Capital light premiums represented 89 percent of new business, with the remaining traditional business having very low guarantees. As further evidence of the Group's strict underwriting criteria, around 83 percent of new business premiums can be defined as ultra-light (i.e. business without guarantees or with negative guarantees).

In Italy, Net Inflows decreased from 1.1 to -2.6 billion Euro, mainly due to the decline in the Savings segment (-2.8 billion Euro vs. 1H 2022) and in Unit-Linked (-0.9 billion Euro vs. 1H 2022). Protection performed very well, up 35.8 percent. It is worth noting that, during 2Q 2023, GenertelLife recorded an improvement in Life Net Inflows, thanks to both higher inflows and lower outflows, compared to 1Q 2023.

France saw Net Inflows decreasing from 1.1 billion Euro to -0.9 billion Euro, driven mainly by products sold via private and regional banks: the 2 billion Euro decline was driven by Savings, reducing by 1.5 billion Euro, and Unit-Linked, down by 0.7 billion Euro. Inflows in both lines of business however improved in 2Q vs. 1Q 2023. Protection increased by 34.7 percent primarily driven by strong volume growth.

In DACH region, Net Inflows decreased by 59 percent vs. 1H 2022.

In Germany there was a 58.7 percent decrease in Net Inflows, mainly attributable to the Savings business (reflecting the closure of a specific Pension product during 2022) and higher outflows (entirely concentrated in short-term and low-value liquidity products), and to a minor

extent the Protection business (-18 percent), partially compensated by positive developments in the Unit-Linked business (+7.5 percent).
In Austria, Net Inflows decreased by -112 million Euro, due to both lower premiums and higher outflows, mainly in unit-linked maturities coming from the closed book of an index linked product.
Net inflows in the International region increased by 6.2 percent, with positive developments in Asia more than compensating the decrease in CEE and Mediterranean & Latin America regions, where around 0.1 billion Euro of outflows was related to a one-off cancellation of an investment contract.

Slide 15 – Further increase in New Business Margin
With regards to new business, volumes were down by 14 percent in terms of Present Value of New Business Premiums (PVNBP), impacted by the economic context, coupled with the interest rates evolution. The drop is amplified by the higher discounting effect. In fact, the decrease of the new business production measured in terms of Annual Premium Equivalent (APE) is milder, amounting to -3.6 percent. Neutralizing the discounting effect, PVNBP would have decreased only by 6.1 percent.
The margin was up 31 basis points to 5.81 percent, confirming best in class levels. This increase was mostly driven by the good performance of Italy and France, also due to the significant increase in interest rates. In France, a positive contribution also came from the comparison with 1H 2022, which was penalized in terms of profitability by the early recognition of onerous Group Protection business, following a specific IFRS 17 requirement in terms of contract recognition.
The combination of the opposite trends recorded in terms of PVNBP volumes and profitability resulted in a New Business Value of 1.25 billion Euro (-9.2 percent vs. 1H 2022).
In terms of the business mix, Savings business volumes measured in PVNBP terms decreased by 5.1 percent, driven by Italy, France and Germany. In line with the Group's strategy, 89 percent of 1H 2023 new business premiums are considered capital light given their product features. The weight of Savings new business premiums with no guarantees has increased to 51.6 percent, mainly driven by Italy. In this country, the weight of Savings products with guarantees only in case of death moved to a 86.5 percent, up from 74 percent at 1H 2022.
Protection business volumes recorded a general slowdown (-13 percent), mainly attributable to France (due to the IFRS 17 specific requirement mentioned before) and Germany (due to reduction of the riders linked to Pension products). Unit-Linked new business had a 23.2 percent contraction, mainly driven by Italy, France and Germany.
In terms of margins, Savings improved, thanks to a significant increase of interest rates, mainly in Italy and France. Protection margins increased thanks to France (in particular, to the positive comparison vs. 1H 2022, impacted by mentioned early recognition of onerous Group Protection business). The margin on Unit-Linked new business experienced a decrease, also

due to the new commercial offering in Italy.

Slide 16 – PVNBP decline magnified by rising interest rates

The New Business Margin in Italy increased by 39 basis points mainly thanks to the significant rise of interest rates. In terms of product mix, there were both a higher weight of Savings business and stable Protection component, with the margin increasing for both lines. The decrease of the new business production in Italy, measured in terms of Annual Premium Equivalent (APE), was -9.2 percent, mainly reflecting the macro-economic environment and the competition from government bonds. New business Value decreased by 10 percent vs 1H 2022.

In France, the margin strongly improved by 139 basis points mainly thanks to the rise of interest rates, that positively impacted Savings, and to Protection, with the mentioned positive comparison vs. 1H 2022 due to the early recognition of Group Protection business. The decrease of the new business production in France, measured in APE terms, was -18.1 percent. The strong improvement in margins led to a 4.2 percent increase in the New Business Value vs. 1H 2022.

In the DACH region, volumes measured in APE terms decreased by 0.9 percent vs. 1H 2022. Margins decreased by 43 basis points, leading to a New Business Value down by 22.6 percent vs. 1H 2022.

Germany was the main driver of the region: the margin decreased by 24 basis points due to higher single premiums and lower hybrid production within the Savings lineL and impact of interest rates, partially compensated by, specifically for the Unit-Linked business, the profits emerging at Group level in the Asset Management companies driven by further funds internalization. Volumes, measured in APE terms, increased by 0.6 percent. Overall this led to a lower New Business Value (-19.9 per cent) vs. 1H 2022.

In the International region volumes, measured in APE terms, increased by 23 percent, driven by the Savings business. Margins decreased by 129 basis points, due to the changed business mix and the impact of higher interest rates on long-dated Protection products. As a result, the New business Value decreased by 6 percent.

Slide 17 – Life current return increasing

Life general account investments amounted to 293 billion Euro, down 1.4 percent from FY 2022. In terms of the asset mix vs. FY 2022, the weight of government bonds decreased whilst it increased for corporate bonds and equity. The exposure to real estate remained almost flat. The exposure to Italian government bonds in the Life segment was 33 billion Euro at 1H 2023 vs 35 billion Euro at FY 2022, reflecting both market effect and a reduction of the nominal amount held. Our Group total exposure to Italian government bonds amounted to 41 billion Euro at 1H 2023, vs. 43 billion Euro at FY 2022. It is important to remind that almost the entire exposure is based in Italy. The vast majority of the Group exposure is within our Life books, where it serves an asset/liability matching purpose; around 5.5 billion Euro of Italian government bonds sit in Banca Generali treasury portfolio with a short duration, and the remainder is mostly held by the Italian P&C portfolios.

As mentioned earlier, the Life Operating Investment Result mainly stems from assets that are not under VFA, in particular the Protection and shareholders' funds portfolios. Current investment returns from non-VFA assets increased to 1.5 percent vs. 1.4 percent at 1H 2022. This increase is explained by higher returns from fixed income instruments, thanks to reinvestments performed at higher yields. Please note that current returns are calculated on investments at IFRS book value.

Slide 18 – Strong increase in P&C Operating Result

Gross Written Premiums increased by 10.6 percent on a like-for-like basis. Without considering the contribution of Argentina, the total premiums for the segment would have increased by 8.3 percent.

- Motor premiums grew 11 percent, thanks to Italy, France, CEE, and Argentina (also following adjustments for inflation). Without Argentina, Motor premiums would have grown by 5.1 percent.
- Non-Motor continues to grow at a very sound pace, achieving widespread growth across all main areas. The 10.7 percent increase recorded in 1H 2023 was enabled by our distribution network, the cross selling to existing P&C customers and the growing contribution of Europ Assistance (+44 percent).

The P&C Operating Result grew substantially to 1,853 million Euro (+85.7 percent) and it was for the first time higher than the Life Operating Result. This was thanks to the substantial improvement in the Operating Insurance Service Result and the increase in the Operating Investment Income, also reflecting the positive contribution from the acquisitions performed in previous years.

Slide 19 – Continued strong growth in P&C volumes

Italy's P&C top line was up 5.3 percent, at 4.3 billion Euro. The driver of this performance was primarily Non-Motor, which increased by 6.2 percent, thanks to retail and corporate businesses while Motor increased by 5 percent supported by individual and fleet lines.

In France, the top line grew by 4.8 percent. Motor increased by 2.7 percent and Non-Motor performed very well, up 6 percent: both lines were driven mainly by tariff increases.

In the DACH region, premiums grew by 4.1 percent. In particular, in Germany, premiums were up by 4.6 percent, thanks mainly to Non-Motor business, up 7.4 percent, while Motor was stable. In Austria, premiums increased by 7.4 percent, thanks to both Motor (+5.2 percent) and Non-Motor (+9 percent), mainly driven by price index adjustment and an increase in the numbers of contracts.

The International region delivered a growth of 18.4 percent, more significant in Motor, also reflecting hyperinflationary price increases in Argentina. In particular:

- in the CEE region, premiums grew by 9.7 percent, driven by almost all lines and countries.
- in the Mediterranean & Latin America region, premiums grew by 24.7 percent, thanks to the contribution of Motor (+48.1 percent) boosted by the development in Argentina, which reflected the above mentioned inflation-related tariff adjustment. Non-Motor business increased (+10.2 percent), mainly thanks to Portugal and Spain. Without the contribution of Argentina, the P&C premiums growth of Mediterranean & Latin America area would have been +8 percent.
- in Asia, premiums grew by 27.1 percent almost entirely thanks to India. The growth in absolute terms was driven also by the consolidation of Malaysia and India, not present for the full period of 1H 2022.

Group Holding and Other experienced a strong 34.6 percent increase due to the development of Europ Assistance.

Slide 20 – Significant improvement in the Combined Ratio

The combined ratio was 91.6 percent, which is 5.4 percentage points lower than 1H 2022, benefiting from:

- the inflation-related reserve strengthening performed mostly in 1H 2022;
- the more material benefit of discounting following the rise in interest rates during 2022;
- the ongoing rebalancing towards the more profitable Non-Motor line of business;
- lower Nat Cat events, whose impact moved from 1.9 percent in 1H 2022 to 1.2 percent in 1H 2023 (from 249 million Euro to 179 million Euro).

The undiscounted combined ratio in the 1H 2023 was 95.2 percent compared to 98.7 percent in the same period last year. Under the assumption of keeping stable volumes, constant interest rates and business profile, the discount benefit is expected to gradually decline quarter-on-quarter, but in a nonlinear way, which also would mean that the discount impact on combined ratio will reduce during the year. Following the increase in business volumes and the change in term structure of interest rates recorded during 1H 2023, the updated guidance for current year discount benefit for FY 2023 increases to 750 - 800 million Euro, assuming that business volumes, mix and interest rates remain stable.

Man-Made losses in 1H 2023 were 269 million Euro compared to 103 million Euro in 1H 2022, with an impact of 1.8 percentage points of combined ratio vs. 0.8 percentage points a year ago.

The positive contribution from prior years' development was 2.8 percentage points. It also benefitted from one-off positive result in the segment Holding and Other businesses, stemming from reinsurance recoveries from COVID-19 claims. In 1H 2022 prior years' development was a drag on the combined ratio of 0.5 percentage points, reflecting the mentioned specific inflation strengthening.

The expense ratio increased by 0.9 p.p., primarily driven by higher acquisition costs.

Slide 21 – Resilient Non-Motor underwriting performance

In Italy the undiscounted combined ratio decreased by 0.9 p.p. mainly thanks to an improved attritional current year loss ratio in Non-Motor business. This more than compensated Motor, which felt the impact of inflation on current year loss ratio, as well as of acquisition costs related to partnerships and fleet businesses growth.

In France the undiscounted combined ratio strongly improved (-11.1 percentage points) thanks to both Motor and Non-Motor businesses with lower Nat Cat impacts and the favourable comparison with 1H 2022, when Motor reserves were strengthened for inflation.

Within the DACH region, the German undiscounted combined ratio improved by 5.6 percentage points, thanks to both Motor (positive comparison with 1H 2022 impacted by reserve strengthening for inflation) and Non-Motor lines (lower Nat Cat claims). In Austria the undiscounted combined ratio improved by 2 percentage points, with Motor, negatively affected by the increase on both attritional current year loss ratio and expense ratio also considering the lockdown experienced in 1H 2022, more than offset by Non-Motor improvement.

Within the International region:

- in the CEE region, the undiscounted combined ratio improved by 8.4 percentage points, thanks primarily to Non-Motor, benefitting from lower impact from attritional and Nat Cat events.
- in the Mediterranean & Latin America region, the undiscounted combined ratio increased by 1.1 percentage points, due to the development observed in Portugal, worsening both in Motor and Non-Motor, and Argentina, mainly for the hyperinflation impact.
- in Asia, the undiscounted combined ratio increased by 9.4 percentage points, mainly due to the consolidation of Malaysia and India.

Group Holding and Other undiscounted combined ratio remained almost flat.

Slide 22 – Tariff strengthening measures in P&C: impact becoming more evident

The table on the right report the managerial view of the effect of price increases in progress in terms of variation vs. 1H 2022.

Positive impacts from pricing measures are becoming more evident. In all geographies pricing-related measures planned for 1H 2023 have been implemented.

This determined the overall average annual premium increasing faster than observed at 1Q 2023 and almost doubling FY 2022 for Retail and SME business. In particular:

- In Motor, average annual premium increase has accelerated.
- In Non-Motor and AHD (Accident, Health and Disability), prices have materially increased thanks to both inflation indexation, as well as tariff strengthening measures further intensified at Group level since 2H 2022.

For Corporate & Commercial, the increase – on top of inflation – has been mostly driven by

Property and General Liability lines of business.

Other tariff increases are scheduled in 2H 2023 since some additional strengthening actions have been recently decided, which will lead to a further increase of average premium.

The price effect showed in the tables has been measured, as follows:

- for Retail and SME business, as the year-on-year variation of the average annual premium for the policies in force (both New Business and Renewals), covering around 80 percent of the relevant perimeter (excluding Europ Assistance), consisting of the 10 major European geographies in which the Group operates.
- For Corporate & Commercial business, as the effective rate change on Renewals on top of inflation (i.e. change in Actual Price / Technical Price of Renewals vs FY 2022) on the Renewals of the period. The analysis covers the large majority of the business subject to Renewal which represents about 70 percent of the Global Corporate & Commercial portfolio, mainly focused on the major European geographies.

Concerning the Europ Assistance business, the pricing dynamics are fully linked to the inflation recorded in the travel business since the premium is directly a function of travel costs.

Slide 23 – Strong P&C Operating Result

The P&C Operating Result grew to 1.85 billion Euro, with an 85.7 percent increase.

The Undiscounted Operating Insurance Service Result increased from 169 million Euro to 711 million Euro, thanks to widespread growth in all main countries. The discounting element amounted to 528 million Euro, increasing by over 300 million Euro compared to last year. The 2Q 2023 discount benefit was 306 million Euro, increasing from 223 million Euro in 1Q 2023 following the growth in volumes and the rise in interest rates.

The increase in interest rates in 2022 translated in higher Insurance Finance Expenses, increasing by 154 million Euro to 173 million Euro. This P&L item contains certain elements which might be subject to fluctuations (e.g. FX effect on foreign currencies such as Argentina).

The Operating Investment Income showed a 26.2 percent increase on historical basis thanks to both a higher reinvestment yield for debt securities vs. 1H 2022 and higher dividends recorded in 2Q 2023. The Operating Investment Income also benefitted from the contribution of the P&C activities acquired during 2022 for about 60 million Euro.

Slide 24 – P&C current return increasing

P&C investments increased to 47 billion Euro (+2 percent vs. FY 2022).

In terms of asset mix, compared to FY 2022, there was an increase in the weight of government and corporate bonds, as well as equity. The weight of other fixed income and real estate decreased.

Total P&C current income return increased to 1.9 percent, on investments at IFRS book value. This increase is mainly explained by higher returns from fixed income instruments, thanks to reinvestments performed at higher yields.
The new money yield on direct investments in the P&C fixed income portfolio increased to around 3.7 percent compared to 2 percent during the same period of last year.

Slide 25 – A&WM supported by Banca Generali

The Operating Result of the Asset & Wealth Management segment was 498 million Euro in 1H 2023, up 1.3 percent vs. 1H 2022. Banca Generali increased by 41.2 percent, more than compensating the decrease in Asset Management (-18.9 percent).
Asset Management operating revenues decreased by 5.1 percent to 517 million Euro due to lower average AUM during the period compared to last year and lower non-recurring fees. Operating expenses were up 15.4 percent, with compensation costs and non-compensation costs increasing, reflecting the strategy implementation and specific costs due to regulatory requirements and to strengthen the operating machine. As a result, the cost / income ratio increased to 48.8 percent, up 8.7 percentage points versus 1H 2022.
At the end of 1H 2023, the AUM decreased by 0.5 percent to 502 billion Euro versus FY 2022, driven mainly by net outflows from the General Account. The development in external client assets during 1H 2023 showed positive Net Inflows close to 1 billion Euro, while market effects were neutral. Third Party AUM increased by around 1 billion Euro to 103 billion Euro vs. FY 2022.
The increase in Operating Result of the Banca Generali group was driven by recurring revenues and was also supported by the improvement in the interest margin and disciplined cost control.
Total Net Inflows at Banca Generali in 1H 2023 were 3.3 billion Euro, confirming the positive development of volumes despite the challenging market developments.

Slide 26 – Strong contribution from Other Businesses

The overall contribution from the Holding and Other segment to the Group Operating Result moved from -149 million Euro to -125 million Euro.
Other businesses increased by 40.2 percent to 154 million Euro thanks to the improved results of France due to higher infragroup dividends and the strong performance of Planvital, the Pension Fund business in Chile. Operating Holding Expenses were up 7.5 percent, primarily reflecting higher personnel expenses and the costs related to the implementation of strategic initiatives.

Slide 27 – From Operating to Net Result

The Non-Operating Investment Result moved from negative 578 million Euro in 1H 2022 to positive 272 million Euro. The et Non-Operating Investment Result from FVTPL and gains and losses on foreign currency moved from -524 million Euro to -48 million Euro, thanks to positive financial market trends. The vast majority of the volatility in the Non-Operating Investment Result stems from assets in non-VFA business.

Net realized gains were 371 million Euro vs 77 million Euro in 1H 2022, including one-off gains from a London real estate disposal executed in 1Q 2023 and increased gains from fixed income instruments in 2Q 2023. Expected Credit Losses decreased from 130 million Euro to 51 million Euro thanks to the improved financial and macro economic scenario vs. 1H 2022.

Non-Operating Holding Expenses improved from -304 million Euro to -294 million Euro, mainly driven by savings on interest costs on financial debt, partially compensated by higher costs from M&A activities.

Net Other Non-Operating expenses remained almost flat vs. 1H 2022 at 220 million Euro.

The overall effective tax rate for the Group moved from 40 percent in 1H 2022 to 29.2 percent, mainly due to the absence, in 2023, of some non deductible impairments and non deductible charges booked in 2022, and the non taxable step up of participation in Saxon Land in 1Q 2023.

The developments described above led to a Net Result for 1H 2023 of 2.2 billion Euro compared to 864 million Euro in 1H 2022. Adjusting for the P&L impact of assets at FVTPL and hyperinflationary effects, the Adjusted Net Result was 2.3 billion Euro, up 60.9 percent vs. 1H 2022.

Slide 28 – Shareholders' equity rollforward

Shareholders equity remained flat at 26.7 billion Euro compared to FY 2022. The main components were:

- the positive contribution from the Net Result for 2.2 billion Euro.
- The deduction of the 1.8 billion Euro dividend paid in May 2023.
- The Other Comprehensive Income reserve impacted negatively for 141 million Euro.
- The movement in the Other item, mainly explained by the deduction of share buy-back for Long-Term Incentive plan executed in 1H 2023.

Such limited impact confirms the strong reduction of unnecessary volatility under the new accounting standards.

Slide 29 – Extremely strong solvency supported by capital generation

At 1H 2023 the Group Solvency 2 ratio was 228 percent, up 7 percentage points vs. FY 2022. This increase mainly reflected the robust contribution of normalized capital generation. The 13 percentage points contribution from normalized capital generation was driven by the contribution of Life and P&C businesses, and sustained by the higher unwinding of the period following the increased level of interest rates. The positive impact of market variances was driven by spread narrowing on Italian government bonds and positive equity markets.

Regulatory changes also provided a small positive contribution. These effects have more than offset the dividend provision for the period, calculated on prior year number on pro rata basis, and the negative non-economic variances (mainly linked to the trend in surrenders recorded in specific Life portfolios in Italy and France, as well as to the share buy-back supporting the Group's Long-Term Incentive plan).

The Group Solvency position is estimated at around 226 percent as of 31st July, embedding about -2 percentage points impact due to the reduced eligibility of part of Cattolica subordinated debt following the merger between Genertel and Cattolica.

Looking ahead it is worth reminding that:

- during 2H 2023, there will be the positive effect on the Solvency ratio for estimated 3 percentage points from the exit of the Cattolica JVs.
- During 1H 2024, upon the closing of the Liberty Seguros transaction, the Solvency ratio is expected to decline by approximately 9.7 percentage points.
- During 1H 2024, the closing of the Conning transaction is expected to have a negligible negative impact on the Solvency ratio.