Consolidated results as of 30 June 2022 – Slide commentary
(These notes represent a commentary to 1H 2022 results presentation and should be read jointly with it)

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STRATEGY OVERVIEW

Slide 4 – Key messages

In 1H 2022, Generali was able to post a solid performance with continued growth in the Operating result.

We achieved this in a challenging scenario, characterized by the war in Ukraine and its dramatic consequences, rising inflation, higher interest rates and recession concerns.

Our Life net inflows were resilient, led by increases in Protection and Unit Linked, which reflected our proactive steering of new production towards our preferred business lines.

Our Gross written premiums rose compared to 1H 2021. We posted particularly strong growth in the Non Motor segment, a key focus of our strategic plan 'Lifetime Partner 24: Driving Growth'.

We also made sound progress with our M&A strategy, further strengthening our presence in two of our key European markets, Italy and France, as well as in India, one of the fastest growing insurance markets in the world.

Furthermore, our capital position remained extremely solid, with the Solvency Ratio at 233 percent, already reflecting the impact of the announced 500 million Euro share buyback program that will be implemented starting from August 3rd.

Slide 5 – Solid performance with continued growth in the operating result and a strong capital position

Looking at our key performance indicators, the Group's Operating result rose to over 3.1 billion Euro, up by 4.8 percent from 1H 2021, thanks to the underlying positive performance across all our business lines. The Life New Business Margin grew to an impressive 5.23 percent while the Combined Ratio at 92.5 percent was solid as well.

Our Gross written premiums grew to 41.9 billion Euro, a 2.4 percent increase compared to 1H 2021 on a like-for-like basis. In particular, Property & Casualty premiums posted strong growth of 8.5 percent, driven by a noteworthy 10.7 percent increase in the Non Motor line.

Our Net result stood at 1.40 billion Euro. Without the impairments related to Russian investments, we would have posted a Net result of 1.54 billion Euro, stable vs 1H 2021.

And finally, we confirmed our extremely solid capital position, with the Solvency Ratio at 233 percent compared to 227 percent at FY 2021, underlining the resilience of our business. As already commented above, the 233 percent Solvency Ratio already reflects the impact of the 500 million Euro share buyback program that will be implemented starting from August 3rd.

Slide 6 – Sound progress on M&A with integration of acquisitions fully on track

The year 2022 also marked the beginning of our new strategic plan ‘Lifetime Partner 24: Driving Growth’. Our M&A strategy is an important element of it and we made sound progress in this area during the first half of this year.

In Italy, our home market, we reached the threshold of 95 percent of the share capital of Cattolica Assicurazioni. Its outstanding ordinary shares will be now purchased through a squeeze-out process and delisted from the market, accelerating the integration of the company within our Group. This important acquisition allows us to further increase our leadership in Italy to enhance our product offering, distribution network and digital capabilities.

In France, with the acquisition of La Médicale now completed, we can strengthen our leadership in the local Health & Protection market and, more broadly, our overall P&C business. Moreover, this adds to our abilities to rebalance our portfolio mix and boost our distribution capabilities through the addition of a complementary agent network.

Looking beyond Europe, we are reinforcing our presence in India, one of the fastest-growing insurance markets in the world, as we completed the transactions allowing us to become majority shareholder in both our P&C and Life joint ventures.

Slide 7 – Save the Date

Looking forward, we will continue to focus on the successful execution of our three-year strategic plan with the ultimate goal of achieving all its targets and making Generali an even stronger and more sustainable global insurance and asset management group.

Finally, we would like to remind you that on December 13 we will host a virtual Investor Update with a focus on the new accounting standards that will be applied throughout our industry.

We hope you will be able to join us.

GROUP FINANCIALS

Slide 9 – 2022 First Half results at a glance

Overall the Group's top line grew by 2.4 percent, year on year and on a like-for-like basis, thanks to the positive development of the P&C segment.

In Life, premiums were almost flat (-0.5 percent), with Life net inflows decreasing by 7.9 percent to 6.2 billion Euro. This reflected proactive In Force management actions, changes in the product offering aligned with the strategy, and, in the second quarter, a slowdown due to the macroeconomic uncertainty.

The P&C top-line was up 8.5 percent on a like-for-like basis with a significant 11.1 percent increase in the second quarter standalone. The growth was driven by both the Non Motor segment, growing at 10.7 percent, and the Motor segment, which grew at 4.6 percent. Excluding Argentina's premium growth, which was impacted by the hyperinflationary environment, the P&C top line growth would have been 7.4 percent.

The operating result was up 4.8 percent exceeding 3.1 billion Euro, benefitting from the Group's business diversification and operational excellence.

The net result decreased by 9 percent, amounting to 1.4 billion Euro. The decline is entirely attributable to the 138 million Euro impairments on Russian investments. Without these impairments the net result would have been in line with 1H 2021.

The capital position is extremely solid. The Group Solvency Ratio at 233 percent was up by 6 percentage points compared to FY 2021. The increase has been mainly driven by a very solid normalized capital generation - net of the dividend for the period, calculated pro rata from the previous year's dividend - and positive market variances. These positive factors more than offset the impacts from regulatory changes, non-economic variances, M&A transactions and the share buyback program.

As an additional information, the Group Solvency position is estimated at 223 percent as of July 29th. Main drivers of the change vs. 1H 2022 were negative economic variances, namely lower interest rates and higher BTP spreads, as well as the impact from our recently closed acquisition in France of La Medicale, with a negative impact slightly in excess of 4 percentage points. These factors more than offset the capital generation of the period.

Slide 10 - Operating result growing thanks to business diversification

The Operating Result exceeded 3.1 billion Euro, thanks to our business mix and diversification as well as the contribution from Cattolica for 138 million Euro vs. 32 million Euro in 1H 2021 when Cattolica was accounted for using the equity method.

There was a resilient performance across most business lines, with increases in Life (17.1 percent), P&C (3 percent) and Holding and Other businesses, more than offsetting a 3.3 percent decline in Asset & Wealth Management. The latter was entirely due to lower performance fees at Banca Generali, reflecting volatile financial markets.

Slide 11 – Successful steering of Life profitability

Life premiums were almost flat (-0.5 percent) in 1H 2022.

In terms of business mix, Protection grew 4.9 percent, reflecting healthy growth rates across the Group's main areas of activity. Savings decreased by 5.1 percent, mainly driven by Italy, France and Germany, and partially offset by Asia. The decline in Savings reflects changes in product offering coherently with the strategy across the main countries. Unit Linked increased by 3.3 percent, mainly thanks to France and Germany.

Slide 12 – Strong increase in Life operating result

The life operating result posted a 17.1 percent increase to almost 1.7 billion Euro.

The technical margin increased by 11.6 percent, driven by the ongoing shift of our mix towards Protection and Unit Linked business.

The investment result was up 15.8 percent vs. 1H 2021, mainly benefitting from higher current income and intragroup dividends.

Expenses increased by 9.9 percent, with higher acquisition costs supporting new production in our preferred business lines, resulting in a growth of technical margin net of expenses.

Slide 13 – Continued inflows in preferred lines of business

Life net inflows stood at 6.2 billion Euro, down 7.9 percent year on year, with a positive outcome in terms of business mix, since the entirety of net inflows were concentrated in Protection and Unit Linked business, whilst Savings recorded outflows.

The quality of our business mix was therefore excellent, as the decline has been entirely concentrated in the Savings business. Protection increased by 7 percent. Unit Linked showed a 2.1 percent increase. The dominant contribution of Unit Linked and Protection confirms our strong focus on steering the business mix towards the preferred, less capital-intensive lines, enabled by our proprietary distribution channels.

New business is made up for more than 90 percent of capital light premiums, with the remaining traditional business having very low guarantees. As further evidence of the Group's strict underwriting criteria, close to 85 percent of new business premiums can be defined as ultra-light. This means business without guarantees or negative guarantees, being Protection with zero guarantee and Savings products with zero guarantees at maturity. It also includes our new production focus in Italy on whole life products with death guarantee only.

In Italy, net inflows decreased from 2.1 to 1.5 billion Euro, due to a decline in the Savings segment, in line with our strategy, also thanks to targeted in force management initiatives. Protection performed very well, up 15.6 percent. Unit Linked decreased by 3.2 percent, due to financial markets trends. It is worth noting that these dynamics took place within the context of overall negative industry trends in Italy, with our companies gaining market share.

France saw net inflows decreasing by 13.8 percent to 0.9 billion Euro. Savings decreased by 17.2 percent, partially compensated by Protection, up 6 percent, and Unit Linked, up 0.8 percent.

In Germany, there was a 3.7 percent increase in net inflows, driven by Unit Linked, up 11.4 percent. This mostly offset the decline in the Savings business, which also reflected specific commercial actions limiting the sales of some existing pension products, with the aim of optimizing profitability. The Protection business also proved its resilience growing 4.8 percent.

In Austria and CEE, net inflows increased by 41 percent to 218 million. This was driven mainly by Protection business.

Net inflows in the International business experienced a 28.7 percent increase, with positive developments in Asia and Americas & Southern Europe, more than compensating the decrease in Spain and Switzerland.

At Group level, lapse rates observed during 1H 2022 in our main geographies were substantially in line with the historical average as a percentage of life technical provisions.

Slide 14 - Life technical reserves affected by financial markets volatility

Life technical reserves decreased by 1.2 percent to 419.2 billion Euro, mainly impacted by the contraction of the Unit Linked component, due to financial markets trends. The weight of the unit-linked provisions is around 24 percent of total technical liabilities, thanks to the positive contribution of net inflows

We continue to steer the mix of liabilities in line with our strategy. Capital light business as proportion of total reserves stood at 67.5 p.p. at the end of 1H 2022, broadly flat vs. FY 2021, despite the decline in market value in Unit Linked segment and the consolidation of the Indian life business.

Slide 15 - Excellent New Business Value

With regards to new business, volumes were down by 7.5 percent in terms of present value of new business premiums, due to financial markets uncertainty in all main areas and reflecting strategic portfolio repositioning.

The margin was up 59 basis points, on a like-for-like basis, to 5.23 percent, reaching best in class levels.

The increase was driven by the successful combination of improved business mix and enhanced product features, with a benefit also coming from the rise in interest rates compared to the same period of last year.

The strong improvement in margin led to a 4.3 percent new business value increase, on a like-for-like basis, reaching 1,233 million Euro.

In terms of the business mix, Savings business volumes measured in PVNBP terms decreased by 16.2 percent, driven mainly by Italy, Germany and France, partially mitigated by International (mainly thanks to China). In line with our strategy, 92.5 percent of 1H 2022 new business premiums are considered capital light given their product features. The weight of Savings new business premiums with no guarantees has increased to 43.8 percent in 1H 2022, mainly driven by Italy (that moved to a 74 percent weight of savings products with guarantee only in case of death). Protection business volumes recorded a general slowdown, mainly attributable to Germany (-12.3 percent, driven by the reduction of the riders linked to pension products) and to the strong volumes recorded in 1H 2021 in the Health coverage production in China. Unit Linked new business had a 3.8 percent growth, mainly thanks to France and Germany offsetting the decrease in Italy (-3.6 percent).

In terms of margins, Savings saw an increase from 2.20 to 2.91 percent, thanks to the increase of interest rates, the higher weight of more profitable Italian products with guarantee only in case of death and the further decrease of average guarantee levels in Germany, together with better product mix. Protection margins increased, on a like-for-like basis, from 10.23 to 10.39 percent, at exceptionally high levels, with the higher weight of profitable products in Germany and cost efficiency in France more than offsetting the negative impact from the rise in interest rates. The margin on Unit Linked new business experienced an increase to 4.88 percent, also thanks to higher look-through profits derived from the internalization of Group funds.

Slide 16 – Strong profitability of Life New Business

Italy experienced a 10.1 percent decrease in new business premiums, in PVNBP terms, mainly reflecting the macro-economic environment; the decline also mirrors the very strong 1H 2021 production and, to a lesser extent, the only partial recapture of some in force management initiatives in Italy. The decrease impacted all Lines of Business. The overall profitability in Italy increased thanks to a better company/product mix, with higher weight of Protection and Unit Linked business and thanks to better product features. New business value increased by 28 Euro million vs 1H 2021, fully explained by the line-by-line consolidation of Cattolica.

In France, new business sales decreased by 2.1 percent, with Unit Linked partially offsetting the negative developments for Savings and Protection. The margin strongly improved to 4.24 percent thanks to the increased weight of Unit Linked, the improvement in the Protection business, which benefitted from lower expenses and the positive trend of the Saving business. These factors led to a 34.5 percent increase in the New Business Value.

In Germany, new business sales decreased by 11.7 percent, in terms of PVNBP, with Unit Linked growth only partially offsetting negative developments for Savings and Protection. The margin improvement to 3.50 percent was due to the positive performance of all lines of business that benefitted from:

- a better company/product mix enabled by the reduction of traditional capitalization single premiums products and the closing of the pension “Riester” products
- better product features (average guarantee from 0.15 percent to 0.10 percent) and
- specifically for the Unit-Linked business (mostly hybrid), from the profits emerging at Group level in the Asset Management companies driven by further funds internalization.

New business value increased by 10 percent.

In the A CEE region PVNBP decreased by 0.9 percent, with a 12-basis points margin contraction. New business value decreased by 2.7 percent.

Finally, in the International region volumes were flat, with margins decreasing by 66 basis points, driven by the lower contribution from Protection business in China compared to a very strong 1H 2021.

Slide 17 - Life current return increasing

Life general account investments amounted to 311 billion Euro, down 13.8 percent from FY 2021. In terms of asset mix vs. FY 2021, the decreased weight of government bonds was primarily explained by the rise in interest rates. Exposure to real estate increased, in line with our Private Assets strategy, as well as to equities and other funds.

Our exposure to Italian government bonds in the life segment was 46 billion Euro at 1H 2022 vs 55 billion Euro at FY 2021, reflecting both market effect and a reduction of the nominal amount held. Our Group total exposure to Italian government bonds amounted to 53 billion Euro at 1H 2022, vs. 63 billion Euro at FY 2021. 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 and the remainder is mostly held by the Italian P&C portfolios.

Current income in absolute terms increased by 481 million Euro gross of policyholders share, with current investment returns increasing by 19 basis points to 1.4 percent. This increase is explained by higher returns from fixed income instruments, mainly government bonds, thanks to reinvestments performed at higher yields, higher dividends from equities and the contribution in terms of dividends coming from Lion River and Banca Generali. Please note that current returns are calculated on investments at IFRS book value.

The new money yield on direct investments in the Life fixed income portfolio increased to around 2.0 percent, on a 12-months basis, compared to 1.5 percent during the same period of last year.

Slide 18 - Strong growth in P&C volumes and resilient profitability

Gross written premiums increased 8.5 percent on a like-for-like basis. Primary Non Motor premiums were up 10.7 percent, reflecting widespread growth in all countries. Primary motor premiums grew 4.6 percent, thanks to France, ACEE and Argentina (also following adjustments for inflation). Without considering the contribution of Argentina, a country impacted by a context of hyperinflation, the total premiums for the segment would have increased by 7.4 percent. Concerning the top line of the P&C business, there are two key developments that are particularly relevant:

- first of all, Non Motor continues to grow at a very sound pace. At our December 2021 Investor Day, we set a target to grow Non Motor premiums by 4 percent CAGR between 2021 and 2024. The 10.7 percent increase recorded in 1H 2022 versus 1H 2021 is therefore a very strong start of the plan, enabled by our distribution network, the cross selling on existing P&C customers and the growing contribution of Europ Assistance as well as of the GC&C segment.
- Secondly, the 2Q 2022 dynamics show an accelerating momentum, which also reflects our proactive actions on the pricing front. Looking at 2Q 2022 vs 2Q 2021, Motor premiums recorded a 7.4 percent increase while Non Motor premiums grew by 13.8 percent. Focusing on the Motor segment, the 2Q 2022 vs 2Q 2021 like-for-like growth in premiums shows a positive trend across all main geographies, with Italy growing +0.7 percent, France +7.9 percent, Germany +4.4 percent, ACEE +3.2 percent, Spain +3.2 percent. Even more impressive is the acceleration in Non Motor premiums, where the 2Q 2022 growth vs 2Q 2021 was +12.5 percent in Italy, +12.7 percent in ACEE, +6.4 percent in France, +3.2 percent in Germany. Europ Assistance recorded 334 million Euro of premiums in 2Q 2022, a +86.2 percent increase compared to 2Q 2021, representing over 8 percent of the Group's Non Motor premiums in 2Q 2022, increasing its contribution to the Group growth in Non Motor.

Slide 19 – Resilient P&C technical profitability

The Group combined ratio increased by 2.8 percentage points to 92.5 percent in 1H 2022 compared to 1H 2021. The loss ratio was up 2.6 percentage points, with a 1.9 percentage points increase in current year loss ratio, excluding Nat Cat. This was driven by the Motor business, with frequency increasing vs. 1H 2021, although still below 2019 pre-COVID levels. The Nat Cat burden increased to 271 million Euro compared to 218 million Euro in 1H 2021, an increase equivalent to 0.1 percentage points of Combined Ratio to 2.2 percent. Man-Made losses in 1H 2022 were 103 million Euro compared to 64 million Euro in 1H 2021, 0.8 percentage points of Combined Ratio, compared to 0.6 percentage points a year ago.

The positive contribution from prior years' development decreased to 2.6 percent, compared to 3.3 percent of 1H 2021.

The reported combined ratio was significantly impacted by the hyperinflation in Argentina (please find in the back up a dedicated slide on this). Excluding Argentina, the combined ratio would have been 91.9 percent.

The expense ratio increased by 0.2 percentage points, due to higher administrative costs. The increase in administrative costs (+0.3 percentage points) is entirely due to the line-by-line consolidation of Cattolica, whose administrative expense ratio was 8.0 percent at 1H 2022. We expect this to become more aligned with the Group as the integration of Cattolica accelerates, something that can now happen more swiftly following the squeeze out process that will be finalized on August 12th.

Slide 20 – Strong growth in P&C volumes

Slide 21 - Double digit growth in Non Motor premium

Italy's top line was up 4.9 percent, at 4.2 billion Euro. The driver of this performance was primarily Non Motor, which increased by 10.6 percent, thanks to good performances of Accident & Health, SMEs and Global Corporate & Commercial lines. Motor saw a 1.2 percent premium decrease, due to the contraction of the average premium on both Third-Party Liability and Fleets segments. As said before, in Italy Motor premiums in 2Q 2022 showed a 0.7 percent increase vs 2Q 2021 on a like for like basis. The combined ratio increased by 2.6 p.p. mainly due to higher claims frequency in Motor business (even though not yet at pre-pandemic levels) and the mentioned higher administrative costs following the consolidation of Cattolica. These effects were partially mitigated by the favorable development of the Global Corporate & Commercial business and the resilience of the Italian Non Motor business, whose Combined Ratio was flat year on year despite higher man-made losses.

In France, the favourable repricing dynamics enabled the top line to grow significantly, with premiums up 5.1 percent to 1.7 billion Euro. Motor grew 6.5 percent, thanks to partnerships and the fleet business. Non Motor performed well, up 4.3 percent, thanks to strong commercial dynamics, combined with tariff adjustments, as well as the development of the Health line. The combined ratio increased by 3.3 p.p. mainly due to a higher Nat Cat impact (+5 p.p. compared to 1H 2021), higher claims in the Motor business and in the Health lines, partially compensated by better expense ratio.

In Germany, volumes were up by 2.5 percent. The positive development of Non Motor lines, up 4.7 percent, was due to Global Corporate & Commercial, Property and Accident & Health. Motor was almost flat, down 0.5 percent, but partially recovering thanks to a positive second quarter, with Motor premiums in Germany growing 4.4 percent in 2Q 2022 vs 2Q 2021. The combined ratio increased by 4.5 p.p., due to rising claims frequency and inflation in Motor, as well as higher Nat Cat events. This was partially mitigated by positive developments in Non Motor, where the combined ratio declined in 1H 2022 vs 1H 2021, despite a higher impact from Nat Cat.

Austria and CEE delivered a good performance, showing a 6.8 percent premium increase, with Motor up 3.1 percent driven by Czech Republic, Romania and Hungary, and Non Motor up 10.3 percent, driven by Hungary, Poland and Austria. The combined ratio increased by 4.1 p.p., reflecting the impact of inflation on the Current Year Loss Ratio, with Polonia and Serbia particularly affected. These impacts were partially mitigated by improved expense ratio. It is worth noting that in the ACEE region, Austria benefits from almost full indexation of tariffs to inflation in both Motor and Non Motor.

The International region delivered a growth of 10.3 percent, also thanks to hyperinflationary-driven price increases in Argentina, more significant in Motor, and the growth in Non Motor predominantly in Spain and Portugal. The combined ratio was significantly affected by inflationary effects in Argentina and increased by 4.2 p.p. Excluding such effects, it would have increased by 2.0 p.p. due to higher attritional loss ratio in Spain and Portugal and higher expense ratio, also reflecting the consolidation of Future India Insurance. The reported combined ratio of International in the Non Motor segment has declined year-on-year.

Group Holding and Other experienced a strong 50 percent increase due to the development of Europ Assistance, which particularly benefitted from the contribution of new partnerships and with 1H 2021 comparative heavily impacted by the pandemic. The combined ratio of Group Holding and Other improved by 5.1 p.p. compared to 1H 2021.

Slide 22 – P&C operating result remains healthy

The P&C operating result moved to 1.3 billion Euro, with a 3 percent increase. Cattolica's contribution to the P&C operating result was 96 million Euro vs. 32 million Euro in 1H 2021.

The investment result showed a 45.1 percent increase, thanks to higher dividends paid by Banca Generali and Lion River.

The technical result was down 15.5 percent following the increase in the combined ratio, mainly driven by higher claims frequency, the impact from inflation, higher Nat Cat events as well as Man-Made losses.

Slide 23 - P&C current return increasing

P&C investments decreased by 4.1 percent to 42 billion Euro.

In terms of asset mix vs. FY 2021, there was a decrease in the weight of government bonds as well as of corporate bonds due to market effect. The weight of equity also decreased, whilst real estate, other funds and cash equivalents increased.

Total P&C current income return increased by 40 basis points, to 1.7 percent, on investments at IFRS book value. This increase is mainly explained by higher dividends from equities and the contribution coming from Banca Generali and Lion River.

The new money yield on direct investments in the P&C fixed income portfolio increased to around 2.3 percent, on a 12-months basis, compared to 1.2 percent during the same period of last year.

Slide 24 – A&WM segment impacted by market volatility

The operating result of the Asset & Wealth Management segment was € 503 million in 1H 2022 compared to € 520 million in 1H 2021, with the higher operating result growth in Asset Management offset by the lower operating result of Banca Generali.

Asset Management operating revenues increased by 7.5 percent to 544 million Euro thanks to higher average AUM during the period compared to last year and more AUM managed by the boutiques, to the positive contribution from Asia, in particular Guotai, and from higher non-

recurring fees, namely the performance fees already booked in 1Q 2022 and transaction fees originated by Generali Global Infrastructures. Revenues from third party clients were 155 million Euro. Operating expenses were up 9.5 percent, with both compensation and non-compensation costs increasing, reflecting the strategy implementation as well as the development of the boutiques.
As a result, the cost / income ratio stood at 40.2 percent, up 0.7 p.p versus 1H 2021. The Asset Management operating result grew by 6.2 percent, to 325 million Euro. At the end of 1H 2022, the AUM of Asset Management decreased by 10.3 percent to 516 billion Euro versus FY 2021, driven by volatile financial markets. The development in external client assets during 1H 2022 shows that net inflows were positive by 2.1 billion Euro, while market effects had a negative impact of 11.9 billion Euro, which drove Third Party AUM to 103.1 billion Euro at 1H 2022 versus 112.9 billion Euro at FY 2021.
The operating result of the Banca Generali group was 178 million Euro (-17.0 percent), due to the movement of the financial markets in 1H 2022, resulting in a sharp reduction in performance fees, from 165 million Euro at 1H 2021 to 15.6 million Euro at 1H 2022. Excluding the effect of performance fees and the provision of 80 million Euro taken in 1H 2021 to protect customers, the operating result would have strongly increased.
Total net inflows at Banca Generali in 1H 2022 exceeded 3 billion Euro, confirming the strong development of volumes.

Slide 25 – Strong contribution from Other Businesses segment

The overall contribution from the Holding and Other segment to the Group operating result strongly increased from 37 million Euro last year - when it was also burdened by COVID - to 121 million Euro in 1H 2022.
Please note that this positive development was also boosted by 77 million Euro improvement from Real Estate activities versus 1H 2021. This reflects both recurring components as well as non-recurring gains on hedging positions for 58 million Euros.
The contribution from Private Equity (PE) business to the operating result was 174 million Euro in 1H 2022, compared to 301 million Euro in 1H 2021. The reason of the decline is also linked to an extraordinary gain that benefitted 2Q 2021 results. Please consider the intrinsic volatility of results for this asset class, in particular at quarterly level.
The total amount of PE investments at the end of June 2022 was around 11 billion Euro at fair value, exceeding by over 4 billion Euro the book value. As a reminder, the PE contribution to the Group's operating result in 2021 has been 686 million Euros, with a non recurring effect of around 100 million Euros. The net result contribution on FY 2021 has been 530 milion Euro.
Finally, Operating holding expenses were up 5.7 percent, reflecting the rising costs to enable the implementation of strategic initiatives.

Slide 26 - From operating to net result

Non-operating investment income moved from positive 48 million Euro in 1H 2021 to negative 168 million Euro. There were both higher impairments, in particular the 138 million related to the Russian investments and lower realized gains. It is worth highlighting that 1H 2021 benefitted from 67 million Euro gain related to the Citylife real estate transaction. Net income from financial instruments at fair value through profit and loss increased by 76 million Euros to 88 million Euros compared to last year. The increase was also explained by the realized gains following the unwinding of the pre-hedging derivatives positions related to the 500 million Euro subordinated debt issued at the end of last June.

Non-operating holding expenses increased from 286 million Euro to 308 million Euro, mainly driven by compensation costs related to long term incentive plans.

Net Other non-operating expenses decreased from 258 million Euro to 237 million Euro. The components are: the VOBA amortization, equal to 29 million Euro; restructuring costs of 41 million Euro; and Net Other Non-operating Expenses amounted to 167 million Euro, including a negative impact of 61 million Euro from IAS29 hyperinflationary accounting in Argentina and 20 million Euro additional provisions taken in France in anticipation of the potential reform of the retirement age, on top of around 40 million Euro already booked at the end of 2021.

The overall effective tax rate for the Group moved from 31.5 to 34.2 percent, due to the impairments of Russian investments and some non tax-deductible cost items.

All the above took us to a net result for 1H 2022 of 1,402 million Euro, compared with 1,540 million Euro in 1H 2021. Excluding the 138 million Euro negative impact from Russian impairments, the net result would be in line with 1H 2021.

Slide 27 - Shareholders equity impacted by change in AFS Reserve

Shareholders equity decreased by 34.9 percent compared to FY 2021, reaching 19.1 billion Euro. There were two main drivers of the decrease:

- the negative performance of financial markets, and in particular the rise in bond yields, which translated into a change in the available for sale reserve from 6.8 billion Euro at FY 2021 to a negative 4.0 billion Euro at 1H 2022.
- the deduction of 1.7 billion Euro dividend paid in last May.

Such decrease was partially counterbalanced by the contribution from the net result for the period and 935 million Euro of Other items.

Slide 28 – Strong capital generation and economic variances drive Solvency up further

The Group's capital position at 1H 2022 was extremely solid with the Solvency Ratio at 233 percent. Compared to the FY 2021 position (227 percent), the increase of 6 p.p. was mainly supported by the solid normalized capital generation net of dividend provision for the period, and by the positive market variances (i.e. the rise in interest rates more than compensated the fall in the equity market, the widening of spreads and the growth of volatility). These two positive factors together have more than offset the negative impacts deriving from the regulatory changes, M&A transactions, and the 500 million Euro shares buyback. The impact of inflation, included within the economic variances, on both Life projected expenses and P&C best estimate liabilities accounted for close to 3 p.p. in 1H 2022. Concerning non economic variances, the 1 percentage point reduction is mainly related to the novation of the bancassurance agreement in Spain. Regarding the M&A transactions, they reduced the 1H 2022 Solvency Ratio by almost 4 percentage points, mainly related to India. Please note that the impact from La Medicale will be recorded in the 3Q 2022 and that the impact from Malaysia will only be recorded upon closing of the transaction. The 500 million Euro subordinated green bond issued in July was not included in Group Own Funds, as this is an early refinancing of 2022 maturities.

As an additional detail, the Italy Country VA has not been triggered at end June. It would have needed a further 51 bps increase in BTP spreads (with flat corporate spreads) to be activated. At end July, it would have been 59 bps.