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# Group CEO Introductory Remarks

Generali's excellent financial results for the first half of 2026 demonstrate the strength, profitability, and very solid capital position of our Group once again. We have now reached the halfway mark in the execution of “Lifetime Partner 27: Driving Excellence”, and these results reinforce our confidence in our ability to successfully deliver our fourth strategic plan in a row.

I am going to focus on five key messages. First, we recorded a strong performance across all key metrics, thanks to the robust contribution of every business segment. Gross written premium reached EUR53.4 billion, up 5.8% from half year 2025, driven by both Life and Property and Casualty. The operating result achieved excellent growth to EUR4.5 billion, up 11.2%. Again, thanks to all business segments. This led to 13.7% progress in the adjusted net result to EUR2.5 billion, leading to an adjusted earnings per share growth of 14.3%. And thanks to our sound capital generation, we closed the second quarter with a very solid Solvency 2 ratio at 216%, notwithstanding the impact of the EUR500 million buyback and the end of the subordinated bond grandfathering regime.

Second, our Life business maintained a very positive growth trajectory, with the operating result increased to EUR2.2 billion, up 8.8%. Net inflows were very strong, exceeding EUR8.3 billion. This is a record first half figure, achieved thanks to the positive contribution from all business lines. New business value grew significantly by 21.1%, reaching EUR1.9 billion, benefiting from both higher volumes and improved overall profitability. Our new business margin expanded materially to 5.86%, mainly thanks to the positive impact of a more favorable new business mix and enhanced product features.

Third, the Property and Casualty operating result rose by 4.7% to over EUR2.1 billion. This was achieved despite an additional EUR425 million in both natural catastrophes and man-made claims compared with the first half of 2025. The combined ratio stood at 91.5% from 91% at half year 2025, with a 3.6 percentage point impact from Nat Cat. The natural catastrophes we witnessed this year, including the recent severe wildfires in Spain and France, further highlight the importance of closing protection gaps and improving climate change preparedness across the world. In July 2026 alone, our preliminary assessment is that Nat Cat impacted our business for around EUR300 million, with an additional EUR60 million related to man-made events.

Beyond large loss events, the current inflationary trend is another factor that we will reflect in our pricing, in particular in non-motor.

Fourth, the operating result of Asset and Wealth Management recorded healthy growth of 31.3% year-on-year. This was driven by the robust underlying performance of both Asset Management and Banca Generali. The segment generated around 16% of the group operating result, underscoring the benefit of a diversified and integrated business model.

Moving to my fifth and final point, as the execution and delivery of our plan remain our top priorities, we also continue to expand our capabilities in key strategy growth areas. In this context, I would like to say a few words about Redion, the new brand for our global care platform. Redion brings together leading capabilities across employee benefits, assistance, health and mobility, serving multinational companies, financial institutions, and millions of customers around the world. It generates annual business volumes of over EUR5.8 billion, with more than 12,000 employees in operations in over 190 countries. Redion is one of the very few truly global players in its field, being the leading employee benefits network and the second largest player in travel insurance and assistance. Our ambition is to further leverage these leadership positions and become the world's premier care partner. Redion stands out for both its scale and technology. It's a data and AI-driven InsurTech platform that combines Generali's reach and strength with the agility and innovation of leading digital players. Building on this, we are now scaling Embedded Insurance, a new B2B2C growth engine that distributes seamless protection within our partners' digital journeys from travel and e-commerce to financial services. This allows us to turn our global distribution relationships into a new and increasingly valuable source of profitable growth. Our business model benefits from long-term structural growth drivers, rising demand for travel insurance and assistance, employee benefits, and embedded and integrated service ecosystems. This is why we are truly confident and excited about the opportunities for Redion, and we will of course provide regular updates on its progress.

In conclusion, the quality of our performance in the first six months of this year reflects the disciplined execution across our three key strategic priorities: excellence in our customer relationships, in our core capabilities, and in our group operating model. Furthermore, the insurance sector trends on which we build our plan are proving increasingly relevant, with some of them even accelerating. This is particularly true when it comes to new needs deriving from major long-term social and environmental trends, including an aging population and insufficient public healthcare, the protection gap related to the increase in extreme weather events due to climate change, as well as changing customer expectations, driven by market and technological shifts. It is a constantly evolving environment that requires us to stay agile, innovative and forward thinking, to lead and to deliver lasting value to our customers as their lifetime partner and to all our stakeholders as a standalone group.

The three foundations that underpin the plan are key to this. Our talented people and the structured implementation of AI and data are allowing our business units to strengthen their core technical capabilities in underwriting while further improving the quality of service to our customers and distribution partners. We also continue to demonstrate the quality and consistency of our approach to sustainability. The Financial Times recently recognized us as one of Europe's Climate Leaders, while Time and Newsweek included us in their rankings of the World's Most Sustainable and Greenest Companies. We are proud of these important recognitions, which make us even more determined to keep driving profitable growth while supporting a green and just transition and strengthening societal resilience. Finally, before we open our Q&A, I am pleased to inform you that we will be holding an Investor Day on November 18 in London. This will give us the chance to further update you on the execution of our plan, as well as to showcase in detail some of our strategic initiatives. You will receive all the details in the upcoming weeks, and we look forward to welcoming you there.

## Q&A Session

**Michael Huttner, Berenberg**: *I have two questions. On the last call Giulio said that he used the metro quite often to go and visit UniCredit to discuss business sales and stuff. And of course today Allianz also reports - Allianz, sadly for them, they lost the UniCredit franchise - is that the one that you're going to pick up or are there plans here? Anything you could say would be quite interesting. And then the other one is standard: you talked about inflation and pricing. Could you give us a few numbers on what inflation we're seeing? The feeling I have is inflation has picked up, pricing is still lagging, but I don't know how you're seeing it. Thank you.*

**Philippe Donnet, Group CEO:** We are already doing significant business with UniCredit, including bancassurance distribution in Central and Eastern Europe, including some asset management business as well. And definitely we would be happy to expand the business we are doing with them as we would be happy to investigate any other kind of business opportunities in Italy and out of Italy.

**Giulio Terzariol, Deputy Group CEO:** So on the pricing environment I can tell you what we saw in the first six months. On the motor side, we see basically pricing holding up pretty nicely against the risk premium. So we have a little bit of a positive spread. And when we look at the loss trends part, we see basically that the inflation is more or less in line with what we saw last year. So we speak of inflation between 4% and 5%, but we see also frequency decreasing. I don't know if you remember, in the first quarter, we told you that frequency was going up a bit. But that was also related to the difference in the weather-related events between the first quarter 2026 and the first quarter 2025. And now with the six months we see this sort of normalization. So I would say, inflation-wise, very stable compared to what we saw last year.

From a frequency point of view, I will say also still a decrease in frequency. On the non-motor side, I would say, in general, same story. Just a country, there is just a country where we see a little bit of a pickup of inflation in non-motor, which is Germany, we spoke about that. Also if you remember, at the end of June, we are taking rate increases, but just to remind you, the combined ratio in non-motor in Germany is well below 90%. So we are speaking anyway of a very strong performance. But as always we try to keep the marginality as much as we can.

**Marco Sesana, Group General Manager:** So maybe adding a few words. So we have a close monitoring about all the drivers that can cause inflation. We are monitoring all the spare parts across Europe, across brand, across Asia. So we look at the different drivers. We look at the medical rates if they're going up. So at the moment, as Giulio was saying, we broadly see the market that it's constant in the way we see inflation. So around the 4% that Giulio was mentioning. There might be inflation, we are monitoring. We don't see it yet, we are preparing. We know that as soon as we see inflation, we know how to act. By the way, I just want to remind you also that in non-motor, a large part of the portfolio is indexed to inflation. So there is also an automatic, I would say, recovery that we can make. So at the moment we see that the market is expecting that. We don't see yet in our portfolio, but we monitor and look. And we know how to act if we see the sign of inflation.

***Fahad Changazi, Kepler:*** Could I just follow up on P&C and inflation? I mean, again in Q1 you also said that you would look at to make a decision on volume growth in P&C in H2. It looks like it's Germany sort of the odd one out. But in terms of other countries, where are you standing in terms of P&C volume growth? And my second question is on capital: the SCR ticked up in both life and non-life. Presumably that is normal business growth. But you will still end up in a very strong situation for year '26, and we have the Solvency 2 review on 30th of January. Is it fair to say you will reassess your capital levels at full-year results? And also I suppose will you still want to operate near the top end of the range?

**Giulio Terzariol, Deputy Group CEO:** So speaking about the volume growth, I can tell you, first of all, speaking for the motor, non-motor in aggregate, I would say, that 20% of our growth in motor is coming from volume. So a little bit less than 20%. When we look at non-motor, including also accident, health and disability, we are speaking of almost one-third growth coming from volume. When I look at the geography, I can tell you that we see -- actually I speak about motor right now, a good development of volume across the board. There are just I would say three exceptions. One is Switzerland because we do a lot of pruning, and you can see the improvement in the combined ratio is remarkable. Another one in Spain, where we're also doing pruning. We're getting to a different, better level of combined ratio. Then in Italy, if you compare this quarter, this six months to last year six months, you see a decrease. But in reality, the situation is stabilizing. And here we go back that we are managing clearly volume and profitability and try to find the right balance. And we have a very good performance on our motor book in Italy. So I would say, all the other countries you can see a nice good growth in volume. When we look at non-motor, I would say, you see growth everywhere with the exception of Switzerland, where we are doing a lot of pruning obviously. And also in this case you can see the improvement. So overall, I would say, from a volume point of view, there is definitely momentum which is stronger compared to what we had a couple of years ago.

**Cristiano Borean, Group CFO:** Regarding capital, hi, Fahad. So I think that you are seeing the push for the business growth as we were saying already, clearly depending on the mix of also this growth when you have like we had in net inflow, especially this half year, even distribution between all the lines where traditionals usually have a slightly higher capital absorption. This also explain some part of the capital put at work for a new business, which is coherent with the positive environment and the future deployment for growth that we are having, foreseeing already the Solvency 2 review. I reconfirm that in end of January 2027 that Solvency 2 review will enter into practice. We will have 15 percentage points uplift. For sure on the final year '26 result, we will show a comparative starting point, which is a common practice I think among the all industry. We discuss all together, I think as well in the CFO forum. And regarding the level of the risk appetite framework, we confirm the level we had as we discussed in the Exploring Generali event of March. Our top ceiling element of 230 still is confirmed. Our idea is to put this capital at work in four forms. I repeat it: we are already consuming a little bit of capital from SAA optimization, something in the order of 2 points per quarter; this quarter we did slightly less because of the positive rates environment which was not necessity living to obtain the desired target or investment result to push for further risky assets, but in general, we are hinting for 2 points per quarter of SAA optimization. There was also a small event of Belgium downgrade which accounted for 0.5 percentage point negative effect on solvency. Overall, we will continue to deploy these extra points on four drivers. The first one is business growth as we are already starting. Second one is the investment. SAA, as you said, and we will continue to invest in the business, in the infrastructure in Europe and overall. And the third one, for sure, will be also in allowing us to have a better mix between the subordinated debt and the senior debt, which is not necessary now as required as capital as in the past. And fourth is, for sure, capital deployment, be it through growth for M&A or for sure, returning capital to shareholders.

***William Hawkins, KBW:*** *Thank you for taking my question. Just one topic with a few questions, please. Could you just talk a bit more about your view of the outlook for the new business value? You printed this very strong, in my view, EUR1.89 billion. So just very short term, can we annualize it, or could there be some variance in the second half? And then what are you kind of thinking about the longer term drivers? I always think a big company like you should be growing that number 5% to 10%. But I don't know if I'm kind of off base to the upside or downside. And if you could talk a bit about the drivers, because I noticed in the detail Asia seems to have had a huge step up, which is great; Germany is a bit weaker and Italy and France are in the middle: So yeah, just help me on the outlook for new business value, please?*

**Giulio Terzariol, Deputy Group CEO:** Thank you, William. So on the new business value, I wouldn't say you can take the number and do times 2 because, actually especially in China, we have a stronger, much stronger production in the first part of the year. Part of it is always happening because it's linked to the Chinese New Year. So there is a lot of production basically happening in the first quarter. And then also in this situation there was some fire sale effect because of a change in the illustrational rate in the second quarter. So from that point of view, you need to normalize China from a growth point of view. Otherwise, the rest of the portfolio is evolving actually pretty normally. There is also one other element to consider. It's true this is not the highest new business margin business that we have, but also the protection business of France, which is delivering new business value, is particularly skewed to the first part of the year. So from that point of view I wouldn't take the number and do times 2. But I can assure to you that we are going to have a much stronger growth in VNB than last year, and definitely we're going to meet this year the objective of 5% to 10% value new business growth. It is going to be most likely much more for this year. Moving forward, I will say, clearly one driver of growth in our value new business is going to be Asia. By the way, Asia is not only China. We're also growing our franchise in India. I don't know if you remember, but basically last year we have found a new joint venture partner. This joint venture partner is a bank. So even if in India there is not exclusive bancassurance, clearly we get access to the branches of this bank. And I can tell you that in India we had also a nice increase in present value new business profit and also in value new business the marginality in India is about 7% right now. And we are doing like for the six months, about EUR250 million present value new business premium. So that's also something to consider because I expect this to grow moving forward. And then we go back to Europe. Definitely, we see a good dynamic in France. I cannot tell you this is going to go forever, but I would expect to see strong results coming from France also in the coming months or next year. Italy is doing very nicely from a VNB point of view. If you look at Italy, even if the present value new business premium is down, the value new business growth is 5%, which is definitely a good starting point.

And then eventually, clearly the situation in Germany is going to normalize. So from that point of view, I would say, Asia clearly leading in terms of growth. But also in Europe, I think we have a strong franchise, and we are going to push to have quality value new business growth.

**Marco Sesana, Group General Manager:** A couple of points that I think are worth mentioning. So the first is, we see the development of Asia, but also coming back to Europe. The dynamics of the demographic in pension and the need of people in this segment are going to be an important driver for us in the future. Both I would say, Germany, Italy, but also the CEE is going to be important. The second point that I want to mention is that the type of articulation of product that we have developed over the year, we always mention our multi -- our hybrid products or multiline product and the ability and sustained growth of protection inside this product is going to be a driver of sustaining of the new business margin and therefore of new business value. So we, as Giulio already pointed out, we always have done choices and when we have a trade off, we have done choices on value. And so, for example, you see how good was the development of value in Italy, notwithstanding the decrease of volume. So there is always this choice that we make. And so to recap, demographic, pension, and also the type of product we put on the market will be core driver of sustained growth of value for the future.

***Andrew Baker, Goldman Sachs:*** *Thank you for taking my questions. First one, I guess just given the strong investment performance in the second quarter, is there any change to either operating investment guidance on the life side or the investment result guidance that you'd previously given on the P&C side? And then secondly, I guess just taking a step back, adjusted EPS grew 16% last year. It's up 14% in the first half this year. There's obviously no change to your targets at this point, but is it fair to assume that you'll come in materially above the top end of the target range for both '26 and, I guess, three year target as well, just based on where we're today. Thank you*

**Cristiano Borean, Group CFO:** Hi, Andrew. So I would say, speaking about first the P&C effect in the second quarter, you have observed very positive recurring growth of the investment result, where there was a reduction of dividend from our private equity side while the -- but we confirm the guidance given of EUR1.1 billion so far. But this is a proof point of the very good reinvestment activity done there together with the growth of the business. At the life side, I think especially in the second quarter, in isolation, there were EUR25 million more - while in the P&C, there were EUR24 million less - here there are EUR25 million more on Lion River dividends and kind of EUR20 million more of dividends from the funds in China which are more a kind of timing shift.

That's why we still stick to the EUR900 million operating investment result guidance for Life as well.

Going back to the second question related to adjusted EPS, we are not changing target, but we are hinting that we are confident that given this momentum, we will overachieve our target. And I think that this is the most important thing out of it, and it is not the first time we are saying it.

***Andrea Lisi, Equita:*** *Good morning. Thank you for taking my questions. The first one is on the rumors we have read in newspapers about a possible merger between the Generali Italian Network and Alleanza. If you can provide any thoughts on this and if you think that this can accelerate the synergies and development of the business as well as potentially extend the perimeter of collaboration with Banca Generali. The second question is on new business margin. We have seen a really nice development, and if you think that we can go ahead of the guidance you have provided so far. And the other is if there is any possibility, if you can provide us an indication over your full-year expectation on net other operating expenses that have declined quite materially year on year. And so any thoughts on this can be is appreciated.*

**Giulio Terzariol, Deputy Group CEO:** Yes, on the new business margin, clearly it's a nice development. By the way, I want to point out it is driven also by a nice increase of new business margin in Italy and also the new business margin development in Asia is really favorable. For this year. I would say, definitely we're going to be at the guidance that we gave you, but we said also many times in the last calls that we are not really focused necessarily on the 6% new business margin. For us, it's more important also coming back to what William was saying before, to look at the value new business growth. So if we need to, in some cases, have a little bit of less new business margin to add growth and new business value growth, we are going to do that. I want to give you an example. If you have a target of 6% of business margin, everything which is below 6% of business margin can be dilutive from that point of view. So in theory, we should be in a situation where we had to forgive maybe business at 4%, 5% of business margin just to keep this 6%. So from that point of view, this is not necessarily the best course of action. So yes, we are basically at a 6% level. We might maintain it. But if we see that there are possibilities to grow the value new business stronger, then we are going to be happy also to drift away a bit from the 6% level.

**Cristiano Borean, Group CFO:** Andrea, regarding the net other non-operating expenses, as probably you may recall, we had the Exploring Generali event on finance in March. We were giving some, let's say, range guidance of EUR200 million to EUR300 million on the specific other non-operating net expenses. Clearly, be please mindful that this kind of item is pretty erratic in nature, usually also with a seasonality skew towards the fourth quarter as well as don't forget that we are also working and that is the reason why you are seeing this reducing for cost re-allocation. We did already in the past moved from that item, more than EUR80 million of cost which are now being split evenly between life and life operating. And we are continuing this journey of extreme rigor around that to really keep a higher, let's say, much lower capability to use that item in order to concentrate all the operating result impact of all the loading and charges apart from very, very specific topic. There are also other parts which are parallel to them, like the amortization of intangibles. And you know that the more you do activity of growing the business like we did last year, purchasing asset management company, MGG, we have amortization of intangible for the client value part in it, which is part also of the non-operating overall results.

***Gianluca Ferrari, Mediobanca:*** *Hi, good afternoon, everyone. Sorry to go back to Andrea's question. On the net other non-operating expenses, if I recall, properly fourth quarter last year you had a lot of early retirement plans that affected this line. Are you expecting another kind of round of early retirements in Q4 this year? The second is on Nat Cat losses. If you can give a bit more detail on the EUR300 million you mentioned, and if you can have some kind of guidance for the Nat Cat budget for full-year 2026.*

**Cristiano Borean, Group CFO:** Gianluca, first of all, I recall what I was mentioning before was the subcategory other net non-operating expenses adjusted EUR200 million to EUR300 million. In the same event of Exploring Generali, we were hinting between EUR100 million to EUR150 million of restructuring charges throughout the year. So far, we are trying to find any possible opportunity, but I think we will have more detail eventually in the Nine Months result if we can accelerate further. I mean, for example, the pension reform in Germany is allowing us to work on further accelerating efficiencies, and we are seeing whether this is something that can happen in '26 or in '27. In any case, there is an opportunity that this reform is bringing to streamline further. And so we will be more precise by Nine Months.

**Marco Sesana, Group General Manager:** So on the Nat Cat, I think, the EUR300 million that you referred to are the one in July that we have recorded in July. So those are mainly two type of events. One is a severe convective storm I think in the first part of July, that is more around EUR25 million, EUR30 million. And the other one is the hailstorm in Europe in the second part of July in Italy, France and Germany. So clearly this is going to be on top of what you see in the half year.

And overall what I can tell you regarding the budget is that we are very close to the budget, so more likely we are going to end up there or slightly more. But it's always difficult to forecast any Nat Cat. Now if I can add, also I want to remind you how we are covered on the Nat Cat because I think there is a good work that we have done on the reinsurance treaty this year. So there is not only the prevent treaty which is above the EUR300 million, but also the the Cat aggregate that is working in excess of EUR1.2 billion for EUR550 million of capacity. And also this year the structure is very interesting because we have a EUR10 million franchise. So it's a very favorable setup. And so what you see here and what you have reported, you need always to remind that the net is going to be different because of this. So overall, yes, we are going to be close to the budget, but on the other side we will be covered also by the Cat aggregate.

***Iain Pearce, BNP Paribas:*** *It was just a follow up on the Nat Cat question actually, because the convective storm and hail losses, I mean, the industry reports I've seen on those seem to be sat around EUR1 billion, slightly above EUR1 billion industry loss. So I just thought the market share seems very high and we haven't really heard your peers talk about this as yet. So just wondering if there's anything specific about that loss, why you might be picking up a slightly higher market share? And then just to follow up on the savings new business margin which improved a lot half-on-half, could you give us a bit more color around what's driving that improvement, please?*

**Marco Sesana, Group General Manager:** So we have, on the loss that you mentioned, we have probably estimate that are higher compared to what you mentioned. So we are almost between EUR4 billion and EUR6 billion. So I would say our losses are in line with our market share. So at the moment, we don't see any different pickup of losses compared to our market share. This is going to be very much in line with the business. And the source that we are getting, these are market source, so from broker reports. And so I would say, we are in line with the market with our market share.

**Giulio Terzariol, Deputy Group CEO:** On the savings new business margin, there are basically two drivers. One is Asia because we see an increase in new business margin both in China and also India. In the case of India, it's because of volume, in the case of China it's also volume, because clearly when you grow faster, your expense overrun/underrun gets better. And also the quality of the production in China is better than last year. We are basically selling par-business which is matched with a guarantee level which is going down. So from that point of view, there is a quality of business which is better compared to last year. So these two elements, volume and quality of business, are improving the new business margin.

And the other country is Italy. As I was saying before, yes: production has gone down in Italy; but actually the value new business is going up. This is driven by the marginality. And I can tell you that we have increased by the marginality in traditional savings by about 100 basis points. So from that point, this is coming from product mix. Also last year we still had some products which were on commercial discount. And this year we are just running without any kind of commercial discount. So from that point of view, there is a quality production also on the savings part

***James Shuck, Citigroup:*** *Good afternoon. I just had a question on the strategic asset allocation investment. So can you just remind me what the expected yield pickup is, please? I know you're investing 2 points per quarter of SCR, so what's the expected yield pickup? I guess I'm most interested in what the marginal return on that SCR is generating for you. And then secondly, a bit more of a big picture question, but we've seen State Farm take a completely different approach to paying its agents, essentially focusing much more on new business at the expense of kind of harvesting the back book. Are there any plans? Can you update a little bit on how the tied agents that you have in your networks are remunerated and whether you have any plans to change that? Thank you.*

**Marco Sesana, Group General Manager:** I can give you an highlight, and then also Cristiano can add on the topic. So as we said, we were working on our SAA in particular on the P&C side because we wanted to re-risk the SAA. And so the uplift that you see on our operating income is coming both from the increase in asset under management and also from an increased rate that we have done, that we have developed, thanks to the rerisking of the SAA. So what you are seeing now in terms of operating income, especially on the P&C is something that you should expect going forward, probably even slightly higher if I can give you this guideline.

**Cristiano Borean, Group CFO:** So giving you a few numbers. If we concentrate on the core countries where we develop the strategic asset allocation, which is the core part of the group, we are seeing our reinvestment yield including all the asset classes, including private asset of 4.24% which is allowing us to keep a spread of almost 1% more than the redemption component of what is happening, which is allowing us to get better commercial offer and then clearly embedded investment margin. I'm referring this about Life portfolio. Clearly this number goes to 4.01% if we just look at the P&C portfolio, clearly talking about the core, which means excluding hyperinflationary countries or countries where we have a minor clearly weight versus the core European operations.

**Giulio Terzariol, Deputy Group CEO:** And to your question about changing the remuneration to the agents, we are not changing the remuneration to the agents. I can tell you anyway that clearly growth is a component which is important in the remuneration of agents. I would also say that generally, because I need to generalize, obviously we have different tied agency forces in different countries, but on the Life side, a lot of the remuneration of an agents, incentive to the agents are dependent on growth. And also growth is defined as net growth. Clearly net of potentially what could be lapses loss in portfolio. So from that point of view, it's basically remuneration which is geared to grow the portfolio, grow the assets under management. On the P&C side, it is a combination clearly of growth of new production. There is also an incentive on retention. Then we add generally also an incentive on quality of the business. So fundamentally, I will say that clearly our incentive system, which is not just a compensation, but also you have other forms on agents to push production, is definitely geared in terms of increasing the productivity of the agents. That's the ultimate goal basically of any remuneration system.

**Cristiano Borean, Group CFO:** James, to complete, because I think I didn't answer, in the return on the SCR benefit, we are adding 1.5 percentage point of return on SCR from this investment compared to the previous asset allocation. So it is, as we called it, RORC-accretive, return on risk capital accretive.

***Elena Perini, Intesa San Paolo:*** *Good afternoon, and thank you for taking my questions. The first one is a follow up on the most recent Nat Cats. Do you have any impact from the wildfires in France and Spain you didn't mention before? And then the second question is on the pension reform in Germany. What are the steps that are still now ahead for its adoption? So will it come into force on the 1st of January as you were are mentioning at the event in June? And when would it start to contribute to your Life and Asset Management business? Thank you very much.*

**Marco Sesana, Group General Manager:** So as you are correctly pointing out I didn't mention the wildfire that there are at the moment in France, but also Spain I would say. These are typically booked under the man-made, not Nat Cat. These are very recent. We are looking at that. We are doing our first estimation. We believe they're going to be under EUR100 million. So both combining the French side and the Spanish side, we believe they can be less than EUR100 million, I would say, considerably less. But please remember these are booked under the man-made.

**Giulio Terzariol, Deputy Group CEO:** On the pension reform in Germany, maybe because I don't know if everybody is familiar with the pension reform in Germany, I'll just describe how the pension reform is working. It's basically a substitute for the Riester products. The state has decided to introduce a standard product. The standard product is a very low cost product, but this also means a little bit low value, in the sense there is not much choice in funds and also there is not an option with a guarantee. So anyway you need to be offering the standard product in order to offer other solutions where you can put guarantees or you can put a wider, broader fund allocation. Also a change is that, for the products without guarantees, also non-insurance players can offer these products. So technically speaking, banks as a manager, new broker. Another point which is a positive is that the subsidies are larger compared to the subsidies that were given before. And so this clearly is going to increase the number of people that are going to go into this solution. Also the amount of people which are eligible for these kind of products has been increased. The immediate effect, because we see an effect, has been that actually production slowed down. When we look at what is happening right now, is people clearly are staying on the sidelines because they're waiting for the reform to come. And we are positioning us for January 1. As you know, we are very strong in Life in Germany. We have the strongest distribution footprint compared to any competitor, which is DVAG. And also DVAG is very strong on this kind of solution. So from that point of view, we think that, sure, it's going to be a little bit of losing some customers, getting some customers, but we are very well positioned. We are also starting soon a marketing campaign in order to be prepared for January 1. So all in all, I would say this could be an opportunity for us if we play this well.

***Farquhar Murray, Autonomous Research:*** *Morning all. Just two questions, if I may. Firstly, with regards to Redion. I just wondered if you could walk us through the industrial reasoning for the new setup there and maybe what the key changes will be on the ground and how* *you expect that to carry through into kind of target deliverables. I suppose it's mainly a revenue discussion built around wallet share, but just want to check whether there's a cost or capital management angle to this too. And then secondly, can you just explain what's driving the higher yields in the non-life investment portfolio? In particular, is that just like a passive reinvestment outcome into the current curves or a more active consequence of portfolio management? Thanks.*

**Giulio Terzariol, Deputy Group CEO:** So I would say, the Redion business consists of two pillars and then we are also adding some other capabilities into this business. One pillar is the pillar basically of travel and mobility assistance. This business is overall doing about EUR4.5 billion of turnover. Just to give you an idea, 60% of this turnover is in travel, 30% is in mobility, and then the rest is in other forms of assistance. And it's a business also that has a lot of travel business in the US. It's about 40% of our exposure, and then the rest is 50% of the businesses in Europe, and 10% of the business is fundamentally in Asia. So that's one part of the business. The other part of the business is the employee benefits and this is a business that right now has EUR1.5 billion of revenue. But with the acquisition of Swiss Life, we are going to double basically those revenues. I will look at these two businesses as two different pillars. Also, we are using Redion for potentially expanding embedded insurance, especially when we have embedded insurance on an international kind of platform. Because Redion is clearly capable to work with a different business unit, they do that in the assistance business and they have the capabilities clearly to do this also in other lines of business. If you remember, when we presented the strategic plan in January of last year, we talked about the health service factory. This is also something that Redion has basically put in place. So from that point of view, it's a global platform. It's also a global platform which is digitally enabled. And so this allows us to be very nimble in pushing lines of business where you want to have basically a direct connection to the consumer. So look at this business somehow also a little bit like B2C business with a good level of digitalization. Now the numbers that we saw in the last years have been very positive. Also if you look at the six month numbers, you can see in the Redion - what we call assistance and insurance business - a double-digit growth both of revenue and also of profit. We continue to invest in this business to make sure that we can see continued growth also in the future.

**Cristiano Borean, Group CFO:** Hello, Farquhar. Regarding the higher yield on portfolio, just to set the delta, especially between what is invested at 4.01% in the core portfolio and what is maturing at

2.37%, which makes 1.64% positive spread pulling up is something driven by liquid asset classes investments. Maybe you noted that the amount of private debt is basically substituting simply what was there. So there is a higher weight of liquid fixed income in particularly on the credit side. And this is consistent with the statement and explanation we were giving before of putting the capital at work, because clearly the benefit is purely shareholder driven and we have enough risk-bearing capacity in this environment to profit from that, clearly within our risk appetite framework. But this in any case is showing already its fruit because, clearly on a healthier overall basis, you see on this kind of components a kind of EUR87 million improvement of recurring income.

***Michael Huttner, Berenberg:*** *Thank you very much for this opportunity. I hope I have something clever. The first one is a really general question, but -- so your operating capital generation, I think EUR2.4 billion net of SCR, that's a lovely number. It is, however, just 9% of the total pot, if you like. And some of your peers have higher numbers. Now, they're not hugely higher, but they seem to be consistently higher. And I know you don't obviously want to talk about your peers, but I just wondered, is your accounting more cautious or is there something I'm missing? And then my traditional question, Cristiano, can you talk about cash?*

**Cristiano Borean, Group CFO:** For sure. So I start with the most boring and then I will end with the happy part. So the first topic on the operating capital generation, it is something that we are looking at. And for sure, there is a difference if we compare ourselves towards other, let's say, standard of industry because the component as explained in Exploring Generali of the -- especially the change of the prior year development is not part of the capital generation. So clearly, we are underrunning some couple of percentage point of operating capital generation if you want really to compare like-for-like on the peers. Then there is another element related to potential asymmetries: there are countries and peers which operate under equivalence regime, and countries like us where we do not have equivalent regime. So when we evaluate the capital generation we use Solvency 2 rules even in countries where Solvency 2 is not applied and it is much more punitive compared to the local capital part. So if you take also out this - let's call it - regulatory asymmetries without any form of real underlying limitation for the local development of the business, we were, in our opinion, in line. Another difference, which I think I noticed is that we account for the full deduction of the cash spent for the full amount of any LTI plan used and not for the actual cost that we pay for it. So in some cases we buy more shares than the one which were actually needed from the capital and we don't have a kind of positive recovery out of that. Going to cash, first, I want to have a good news for both you and I which we do care. In July, we received the first remittance from Switzerland. So I think this is a very positive news which we were hinting for years and we were explaining even in the plan and it is here. I mean, on capital, job finished. On business, job not finished. But clearly there is a very good momentum in the expense ratio and all the changes that they are doing. Having said that, we are almost, but not at 95% of the total remittance of the year collected so far, and it is EUR4.6 billion. And I hope this brings a very nice number to put in your projections