188th year

Annual Integrated Report and Consolidated Financial Statements 2019

generali.com

GENERALI

Annual Integrated Report and Consolidated Financial Statements 2019

Please note that the Report is translated into English solely for the convenience of international readers.

Corporate bodies
at 12 March 2020

Chairman
Gabriele Galateri di Genola

Vice-Chairmen
Francesco Gaetano Caltagirone
Clemente Rebecchini

Managing Director and Group CEO
Philippe Donnet

Board members
Romolo Bardin
Paolo Di Benedetto
Alberta Figari
Ines Mazzilli
Antonella Mei-Pochtler
Diva Moriani
Lorenzo Pellicioli
Roberto Perotti
Sabrina Pucci

Board of Statutory Auditors
Carolyn Dittmeier (Chairwoman)
Antonia Di Bella
Lorenzo Pozza
Francesco Di Carlo (Alternate Auditor)
Silvia Olivotto (Alternate Auditor)

Board secretary
Giuseppe Catalano

ISIN: IT0000062072
Reuters: GASI.MI
Bloomberg: G:IM

Assicurazioni Generali S.p.A.
Company established in Trieste in 1831
Registered office in Trieste, piazza Duca degli Abruzzi, 2
Share capital € 1,569,773,403 fully paid-up
Fiscal code and Venezia Giulia Companies' Register no. 00079760328
VAT no. 01333550323
Company entered on the Register of Italian insurance and reinsurance companies under no.1.00003
Parent Company of the Generali Group, entered on the Register of insurance groups under no. 026
Pec: assicurazionigenerali@pec.generaligroup.com

Contacts available at the end of this document

Comments and opinion on the Report can be sent to integratedreporting@generali.com

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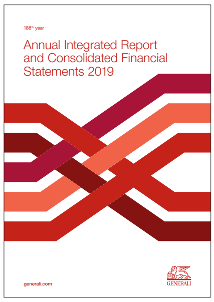
The integrated overview of our reports

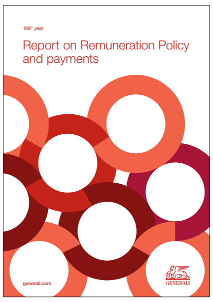
Our sustainable value creation story is moving forward on the basis of the integrated thinking. It started in 2013, when the first integrated report was published, and then developed using the Core&More[1] reporting approach. The Annual Integrated Report is the Core report of the Group, centred on material financial and non-financial information. All other More reports and channels of communication include further information, some of which targets a specialized audience.

Group Annual Integrated Report
It provides a concise and integrated view of the Group's financial and non-financial performance, also pursuant to legislative decree 254/2016 (leg. decree 254/2016).

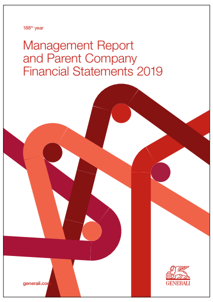
Corporate Governance and Share Ownership Report
It outlines the corporate governance system of Assicurazioni Generali and its ownership structure.



Annual Integrated Report and Consolidated Financial Statements
It expands the content of the Group Annual Integrated Report, providing details of its financial performance in compliance with national and international regulations.



Report on Remuneration Policy and payments
It provides specific information on the remuneration policy adopted by the Group and its implementation.



Management Report and Parent Company Financial Statements
It provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.

generali.com
for further information on the Group.

1 The Core&More approach developed by Accountancy Europe provides for a core report, including a summary of all key information required to evaluate and understand a company, and more reports, presenting more detailed information. www.accountancyeurope.eu/ for further information.

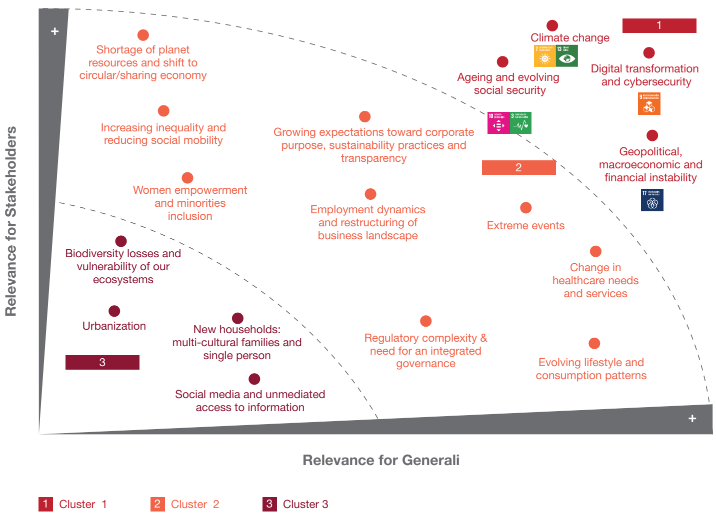
About the Annual Integrated Report

This Annual Integrated Report carries the Group's financial and non-financial performance and explains, through our value creation process, the connections between the context in which we carry on our business, our strategy called Generali 2021, the corporate governance structure and our remuneration policy.

NFS

The information contained in the Annual Integrated Report refers to the topics classified as significant through a materiality analysis process, in line with the criteria of the International <IR> Framework issued by the International Integrated Reporting Council (IIRC)[2].
Materiality contributes to ensuring that the Group's strategic choices, their implementations and the resulting reporting take into account both the more significant economic, environmental and social impacts that our activities generate, and the social and environmental factors that might affect the Group in creating value to a greater extent. Since 2014 we have been periodically, at least quarterly, conducting a materiality analysis process considered as a tool to use to bring into focus priorities on which we should concentrate our sustainability action and reporting.

Taking also into consideration the new Group strategy and the adoption of the Sustainability Policy, in 2019 we developed the methodology of this process and strengthened its ability to support a strategic interpretation of the operations context in a long-term perspective, to organically consider the expectations of the various stakeholders and to integrate the risk assessment in the corporate processes.
The Group's new materiality matrix, approved by the Board of Directors on 6 November 2019, shows three materiality clusters for the so-called mega trends for which both their potential impact on Generali and the possibility that they are influenced by us were considered, also through our value chain, consistent with the perspective of the double materiality introduced by the Guidelines on non-financial reporting of the European Commission and afterwards picked up by ESMA[4]. More information on the process and its results are described in the Consolidated Non-Financial Statement.



The Report is drafted in compliance with currently effective regulations. In particular, the environmental, social, employee-related, respect for human rights and anti-corruption and bribery information forming the content of the Consolidated Non-Financial Statement (NFS) provided for by leg. decree 254/2016 is clearly identified through a specific infographic (NFS), in line with the presentation method of the prior edition.

Consolidated Non-Financial Statement, p. 129

Notes to the Management Report, p. 142 for the criteria of the International <IR> Framework and selected indicators

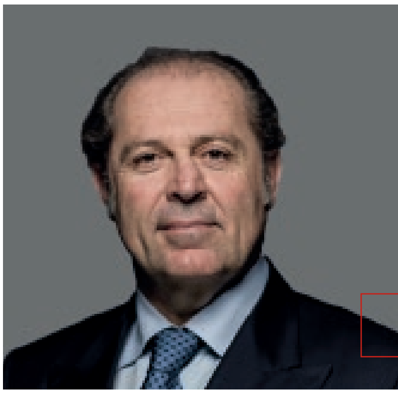
Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali is responsible for the Annual Integrated Report, which is presented also in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework. The Board, through its competent Committees, and the Board of Statutory Auditors are regularly engaged by the management in specific meetings aiming at sharing the approach to the preparation and presentation of the Report.

2 The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.
3 The "Guidelines on non-financial reporting: supplement on reporting climate-related information" were published in June 2019. They are available on ec.europa.eu/info/publications/non-financial-reporting-guidelines_en#climate.
4 European common enforcement priorities for 2019 annual financial reports is available on www.esma.europa.eu.

Letter from the Chairman and the Group CEO

Gabriele Galateri di Genola
Chairman



Philippe Donnet
Group CEO

Dear reader, dear Generali shareholder,

2019 was, first af all, the year that saw the start of the execution of Generali 2021: Leveraging Strengths to Accelerate Growth, the ambitious three-year strategic plan based on three pillars: profitable growth, capital management and financial optimization, innovation and digital transformation.
During these first 12 months, we have already achieved several important results that are in line with the targets announced to investors.
We strengthened our leadership role in Europe, becoming the second largest company in Portugal in the P&C segment thanks to the acquisition of Seguradoras Unidas and also acquiring AdvanceCare, a services platform operating in the health sector, scalable in other countries. Other important acquisitions were successfully finalised in Poland and Slovenia.
We further extended our insurance offer, launching innovative solutions such as Arte Generali and implementing our pan-European mobility platform. In line with the Group's objectives, we continued to grow in the asset management business, carrying forward the development of our multi-boutique platform that today numbers 16 boutiques that allow us to cover an ever-growing number of asset classes.
We also overachieved the financial optimization targets we had set for 2021 by considerably reducing our outstanding financial debt and related interest expenses.
Lastly, we launched a number of important initiatives aimed at transforming the Group from a cultural and operational standpoint. This will allow us to turn the challenges posed by the digital revolution into opportunities, and to reach the ambition of becoming a Life-time Partner to our customers, creating a long-term bond with them based on trust and on the ability to offer prevention, protection and assistance in all areas and in a proactive and personalized way.

Generali closed the year with a record operating result at € 5.2 billion. This was made possible thanks to the contribution of all the business segments with diversification of the sources of profit. In fact, profitable growth was recorded both in the Life and P&C segments, the latter continued to be distinguished by technical excellence with the best combined ratio among peers. The contribution of asset management further increased.
In line with the plan's targets, the adjusted net profit went up by 6.6% and the Group was able to strengthen its Solvency position despite the persistently low interest rates.
All of these results allow us to distribute an increased proposed dividend at € 0.96 to shareholders.

At the macroeconomic level, 2019 was a year marked by low - and in many cases negative - interest rates, world GDP growth at the slowest pace of the last ten years, significant tensions at geopolitical level and in international trade and, last but not least, persistent doubts surrounding the solidity of the Italian economy.

To this regard, it is important to emphasize that the Group prepared to tackle a scenario of persistent low interest rates well in advance.

Already when executing the 2015-18 strategic plan, we successfully implemented a set of measures aimed at overcoming this challenge: focusing on low capital absorption solutions, reducing the exposure to high-guarantee products and pursuing growth in the P&C segment and in the health and protection lines.

These measures are still being implemented today in the execution of Generali 2021.

The insurance and asset management sectors play a crucial role in supporting companies and the entire economic system, on the one hand by reducing risks and on the other by backing growth through long-term investments.

Consistent with this role, Generali operates with a sustainable and long-term vision, summed up in our purpose: to help people to shape a safer future by caring for their lives and dreams.

Generali has embraced the global challenges of our era - climate change, geopolitical instability, ageing of the population and digital transformation - by including them in its materiality matrix, which was approved by the Board of Directors at the end of 2019.

The matrix represents the premise for tangibly integrating sustainability in our business. Generali applies a governance, management and reporting model that guarantees alignment with the ESG principles by placing them at the core of its decisions on a daily basis. We create sustainable value for the real economy by proposing responsible insurance solutions and managing our investments according to the criteria of our Responsible Investment Guideline. By 2021, we will have allocated € 4.5 billion in sustainable investments.

In 2019, Generali became the first European insurance company to issue a green bond. It was confirmed in the Dow Jones Sustainability World Index and included for the first time in the Dow Jones Sustainability Europe Index.

Creating long-lasting value also means sharing it with the most disadvantaged people and striving for a fairer society. Generali puts this commitment into practice by playing an active role in the communities where it operates through The Human Safety Net, the project dedicated to developing human potential in the frailest social contexts.

2019 was a year of transformation and success for Generali, reflecting once again the strength of our Group and its proven ability to successfully meet its goals.

This is made possible by the talent and passion of our almost 72 thousand employees and over 156 thousand distributors. Every day, they contribute to making the winged Lion fly high all over the world, and we sincerely thank them for this.

Gabriele Galateri di Genola

Philippe Donnet

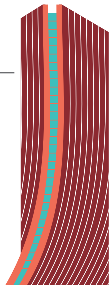
We, Generali

Group’s highlights[1]

Glossary available at the end of this document

www.generali.com/who-we-are/history

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in 50 countries through more than 400 companies.



GROSS WRITTEN PREMIUMS

+4.3%

€ 69,785 mln

NFS

of which € 15,224.3 mln PREMIUMS FROM SOCIAL AND ENVIRONMENTAL PRODUCTS (+19.8%)[2]

OPERATING RESULT

+6.9%

€ 5,192 mln

NET PROFIT

+15.7%

€ 2,670 mln

ADJUSTED NET PROFIT[3]
without one-off liability management

+6.6%

€ 2,379 mln

Adjusted net profit including one-off liability management amounted to € 2,191 mln.

PROPOSED DIVIDEND PER SHARE

+6.7%

€ 0.96

PROPOSED TOTAL DIVIDEND

+7.1%

€ 1,513 mln

TOTAL ASSETS UNDER MANAGEMENT (AUM)

+29.0%

€ 630.1 bln

NFS

of which € 311.7 bln DIRECT INVESTMENTS TO WHICH THE RESPONSIBLE INVESTMENT GUIDELINE IS APPLIED[4] (+7.7%) and € 35.5 bln SUSTAINABLE AND RESPONSIBLE INVESTMENTS[5] (+6.9%)

NEW GREEN AND SUSTAINABLE INVESTMENTS[6]

€ 2,667 mln

REGULATORY SOLVENCY RATIO

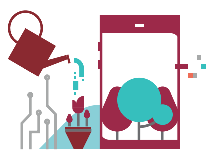
+8 pps

224%

NFS

TOTAL EMISSIONS
-20.1% vs base year 2013

t 96,784 CO_2e



1 All changes in this Report are calculated on 2018, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. Operating result, Assets Under Management and Life technical provisions exclude entities under disposal or disposed of in the period. The scope for non-financial indicators included in the NFS is reported in the chapters dedicated to them.
2 Social and environmental products are products which, due to the type of customer protected or coverage supplied, have specific social or environmental characteristics.
3 Adjusted for impact of gains and losses related to disposals.
4 The Responsible Investment Guideline is the document that codifies responsible investment activities at Group level.
5 Sustainable and Responsible Investments (SRI) are assets managed according to Generali Insurance Asset Management’s SRI proprietary methodology both on behalf of Group insurance companies and third-party clients (two funds and three mandates).
6 They are investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

www.generali.com/our-responsibilities/performance/Ethical-indices

NFS

OUR PEOPLE

+1.7%

71,936

GLOBAL ENGAGEMENT SURVEY[7]

+2 pps vs 2017

82% engagement score

+3 pps vs 2017

89% response rate

DIVERSITY AND INCLUSION INDEX[8]

77%

RESKILLED EMPLOYEES[9]

19.7%

ORGANIZATIONAL ENTITIES WITH SMART WORKING[10]

62%

OUR CUSTOMERS[11]

n.m.

61mln

OUR DISTRIBUTORS[12]

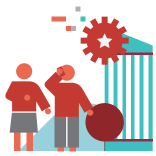
+0.9%

156 thousand

RELATIONSHIP NPS[13]

+3

LIFE



Good performance: both net inflows and gross written premiums increased. Operating result grew.

LIFE NET INFLOWS

+19.6%

€ 13,632 mln

Gross written premiums € 48,260 mln (+4.5%)

NEW BUSINESS VALUE (NBV)

-2.2%

€ 1,777 mln

OPERATING RESULT

+2.0%

€ 3,129 mln

PROPERTY & CASUALTY (P&C)

Premiums increased in both lines of business. Operating result grew; CoR confirmed at excellent level.

GROSS WRITTEN PREMIUMS

+3.9%

€ 21,526 mln

COMBINED RATIO (COR)

-0.4 pps

92.6%

OPERATING RESULT

+3.3%

€ 2,057 mln

7 The Generali Global Engagement Survey (GGES) is launched every two years. During the year when it is conducted, the data monitored are the engagement score and the response rate while the subsequent year the percentage of local actions implemented after the GGES is reported.
8 The index is calculated as an average that differently weighs, according to our priorities, a series of indicators related to gender, age, culture and inclusion.
9 It represents the percentage of employees participating in We LEARN, the Group training programme.
10 They are the organizational entities where smart working is applicable in accordance with local laws and regulations.
11 They are either physical persons or legal entities that hold at least one active insurance policy and pay a premium to Generali accordingly, a banking product or a pension fund product.
12 They represent the sales force within traditional distribution networks.
13 The Relationship Net Promoter Score (NPS) is based on customer research data and calculated deducting the percentage of detractors from the percentage of promoters. The RNPS is not expressed as a percentage but as an absolute number..

2019 key facts

www.generali.com/media/press-releases/all

January

Sale of Generali Belgium, launched in April 2018, completed; the Group remains present in Belgium through its Global Business Lines, continuing to provide insurance and assistance solutions.

AM BEST confirmed the Generali's Financial Strength Rating (FSR) at A (Excellent) and upgraded its Long-Term Issuer Credit Rating (ICR) from "a" to "a+". The Long-Term ICR outlook was modified from positive to stable, while the FSR outlook remained stable.

A € 500 million subordinated bond issue was successfully placed with institutional investors, for the partial refinancing of € 750 million in subordinated debt of the Group, with the first call date in 2019. The issue received orders from roughly 450 investors for a total in excess of € 6.5 billion, 13 times the amount offered. The rating agencies Fitch, Moody's and AM Best rated that issue "BBB", "Baa3" (hyb) and "a-", respectively.

Option of early redemption announced on all outstanding perpetual subordinated notes belonging to ISINs XS0415966786 and XS0416148202 for a total nominal amount of € 700 million (redemption dates on 4 and 6 March, respectively). The exercise of this option was authorized by the Italian insurance regulatory agency (IVASS) and will take place with respect to all notes outstanding, in compliance with the respective terms and conditions.

February

Europ Assistance acquired Trip Mate, the leading company in the market of travel insurance for tour operators in the United States.

NFS

Closed the acquisition of the majority stake in Sycomore Factory SAS, started in September 2018. The strategic partnership, that is another step forward in the execution of Generali's asset management strategy, will allow to enrich the offering with innovative investment solutions and to strengthen focus and capabilities on sustainability and responsible investments for clients.

Closed the acquisition of Adriatic Slovenica and its subsidiaries, that provide a full suite of pension, P&C, health and life products.

March

Following an agreement signed in July 2018, closed the sale of the entire shareholding in Generali Worldwide Insurance Company Limited, that has its headquarters in Guernsey and specializes in offering Life-insurance-based wealth management and employee benefit solutions to a global audience, and in Generali Link, an Irish company providing shared services in fund and policy administration. Generali Worldwide will continue to act as the partner of the employee benefits network of Generali and the latter will manage its health portfolio.

Announced the launch of Axis Retail Partners, a new real estate boutique focusing on shopping centre investments. The partnership is in line with the Generali's strategy to further increase its exposure to real estate, where it is already one of the world's leading investors through Generali Real Estate.

April

Signed an agreement to take over the insurance portfolios of three entities of ERGO International AG in Hungary and Slovakia, in line with the Group's strategy to further enhance its leading position in Europe.

Increased the share capital of Assicurazioni Generali to € 1,569,600,895 in execution of the Long-Term Incentive Plan approved by the Shareholders' Meeting in 2016.

Completed the sale of 89.9% of the shares of Generali Lebensversicherung and established the industrial partnership with Viridium Gruppe in the German insurance market, aimed at managing assets in the Life portfolio of Generali Lebensversicherung.

May

NFS

The Shareholders' Meeting approved the 2018 Parent Company Financial Stateme nts, the Group's remuneration policy and Long-Term Incentive Plan (LTIP) 2019, and the share plan for the employees of the Generali Group aimed to promote the achievement of the strategic objectives, a culture of ownership and empowerment, as well as the employees' participation to the Group's sustainable value creation.

Some amendments to the Articles of Association were also approved, among which the removal of the age limits set for the appointment of the Board directors, the Chairman and the Managing Director.
Elected the new Board of Directors that will be in office for three financial years, until the approval of the financial statements at 31 December 2021, and determined its remuneration.
Appointed KPMG S.p.A. as independent auditor for the period 2021-2029, after the selection process coordinated by the Board of Statutory Auditors

Frédéric de Courtois, General Manager of the Generali Group, appointed as vice-chairman of Insurance Europe, the European insurance and reinsurance federation.

The Group announced its decision to not refinance € 1.25 billion of senior debt maturing in January 2020, in line with the debt reduction target included in the Generali 2021 strategic plan.

Signed an agreement for the sale of the Life run-off portfolio of its UK branch that will strengthen the Generali's capital position.

Fitch upgraded the Generali's Insurance Financial Strength (IFS) credit rating to "A" from "A-" and confirmed its Issuer Default Rating (IDR) at "A-". The outlook remained negative on both ratings.

June

Assicurazioni Generali will exercise the early redemption option on all outstanding perpetual subordinated notes belonging to ISIN XS0440434834 for a € 50 million nominal amount. The early redemption of all outstanding notes, which will take place in accordance with the relevant terms and conditions, was authorized by the Italian insurance regulatory agency (IVASS).

Completed the 100% acquisition of the Polish asset management company Union Investment TFI S.A., launched in October 2018.

The Board of Directors of Assicurazioni Generali resolved to submit a 2019-2022 special stock plan for the Managing Director/ Group CEO to the approval by the next Shareholders' Meeting.

July

Increased the share capital of Assicurazioni Generali to € 1,569,773,403 in execution of the special stock plan for the Managing Director/Group CEO related to the 2016-2018 term in office, approved by the Shareholders' Meeting in 2017. The shares have a par value of € 1.00 each, including the additional so-called dividend equivalent shares, and will be subject to the so-called minimum holding period, as set forth in the plan rules.

2019 key facts

September

NFS

Generali confirmed in the Dow Jones Sustainability World Index (DJSI) for the second year running and added, for the first time, to the Dow Jones Sustainability Europe Index (DJSI Europe). This important recognition is testament to the Group's commitment to sustainability, which plays a fundamental role in the Generali 2021 strategy.

The Generali 2021 strategy, p. 24

Generali successfully concluded the buyback of its subordinated bonds for an aggregate principal amount of up to € 1 billion callable in 2022 and the placement of its first green bond for an amount of € 750 million. In line with the Generali 2021 strategy, this proactive approach to managing the debt contributes to the reduction in the external debt and its interest costs.

The green bond issue represents another important step in fulfilling the Group's sustainability commitments, which are part of our business model.

NFS

The Generali 2021 strategy, p. 24
Debt and liquidity, p. 60

NFS

Generali ranked first global insurance group according to Forbes, on the basis of criteria of trustworthiness, social conduct, product and service quality, and treatment of employees.

October

NFS

During the 51st edition of the Barcolana Autumn Cup sailing regatta in Trieste, Generali promoted two projects on diversity and the safeguarding the marine ecosystem. Palazzo Berlam, the new Generali Group Academy headquarter, has been reopened to the public. The international training centre will support Generali in the management transformation processes, building and strengthening new leadership positions, facilitating career paths through skills development, and contributing to attracting, developing and retaining talent. All the spaces have been organised according to the Smart Workspaces guidelines of Generali; the restructuring work also involved seismic upgrading and energy efficiency measures, in line with the objectives to reduce environmental impacts set by the Group.

NFS

As for the support to sports activities and events that encourage a healthy lifestyle, aimed at improving the well-being of people, Generali is the title sponsor of the Milan Marathon for the second year running. The Group will be represented at the event, which will be held in April 2020, by The Human Safety Net, the initiative that unites the potential of the social sector with that of Generali on a global level, and which aims to have a long-term impact on the lives of the most vulnerable people and bring out their talents.

November

Presented Arte Generali, an innovative business unit aiming at becoming Life-time Partner to art collectors, offering prevention, protection and insurance solutions, integrated with unmatched services and cutting-edge technology. Arte Generali is inspired by the Group's aim to expand its value proposition to customers, as part of its Profitable growth pillar of Generali 2021.

The Generali 2021 strategy, p. 24

December

Stipulated an advertisement agreement in Argentina with Mercado Libre, the biggest e-commerce operator in South America, as to empower the non-life insurance business. The agreement makes it possible to strengthen the Group's digital transformation process, developing innovative B2B2C business models and opening new customer contact channels.

NFS

The Royal Gardens of Venice were reopened following thoroughgoing restoration promoted and carried out by the Venice Gardens Foundation, with Generali as its main partner. The Royal Gardens' cultural activities are closely connected to the aims of The Human Safety Net, whose central office will be located in the Procuratie Vecchie.

Significant events after 31 December 2019 and 2020 corporate event calendar

January

Completed the acquisition in Portugal of 100% of the company Seguradoras Unidas and the service company AdvanceCare. The transaction announced in July 2019 represents an important step in the execution of the Group's three-year strategy which aims to strengthen Generali's leadership in Europe.

NFS

Generali included in the Corporate Knights' 2020 ranking Global 100 Most Sustainable Corporations, consisting of the world's 100 most sustainable corporations. This recognition highlights the evolution of Generali's sustainability journey, which is an integral part of the Generali 2021 strategy.

NFS

Generali joined the United Nations-convened Net-Zero Asset Owner Alliance, a group of 18 pension funds and insurers, committed to decarbonize their portfolios to net-zero emissions to avoid a global temperature increase above the 1.5°C Paris target. The Alliance will closely work with companies in portfolios as to change their business models, adopting climate friendly practices and ideally setting a net-zero target based.

NFS

Energy Hub launched in the Generali Tower in the CityLife district of Milan, an innovative space dedicated to stimulating the physical and mental energy of all employees and promoting a healthy and sustainable lifestyle. Designed in line with Ministry of Health guidelines as part of a preventive health approach, Energy Hub is the latest stage in a true welfare journey for Group employees.

February

Bank of Italy authorized ThreeSixty Investments to operate as an asset manager (Società di Gestione del Risparmio) under the Italian law. The first Italian boutique of Generali, announced in April, aims to offer highly diversified multi-asset investments and solutions, with an innovative integrated investment approach across a wide range of asset classes.

NFS

In line with the Group's sustainability and capital management strategy, Generali developed its first Framework for the Green Insurance Linked Securities, alternative mechanisms for the transfer of insurance risk to institutional investors.

March

12 March 2020
Board of Directors
Approval of the Annual Integrated Report and Consolidated Financial Statements, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report at 31 December 2019 and the Report on Remuneration Policy and payments

13 March 2020
Release of the results at 31 December 2019

April

30 April 2020
Shareholders' Meeting
Approval of the Parent Company Financial Statements at 31 December 2019 and the Remuneration policy as well as the other agenda items

May

20 May 2020
Board of Directors
Approval of the Financial Information at 31 March 2020

20 May 2020
First tranche* of dividend payout on the share of Assicurazioni Generali

21 May 2020
Release of the results at 31 March 2020

July

29 July 2020
Board of Directors
Approval of the Consolidated Half-Yearly Financial Report at 30 June 2020

30 July 2020
Release of the results at 30 June 2020

November

11 November 2020
Board of Directors
Approval of the Consolidated Half-Yearly Financial Report at 30 June 2020 and Board's verification of capital and regulatory requirements for the payment of the second tranche* of dividend payout on the share of Assicurazioni Generali

12 November 2020
Release of the results at 30 September 2020

18 November 2020
Investor Day

* As deliberated by the Board of Directors in April 10, 2020.

NFS

The value creation process

EXTERNAL CONTEXT

Geopolitical, macroeconomic and financial instability

Digital transformation and cybersecurity

OUR PURPOSE

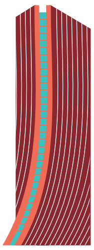
Enable people to shape a safer future by caring for their lives and dreams

VALUES

Deliver on the promise
Value our people
Live the community
Be open

www.generali.com/who-we-are/our-cultue

THE GENERALI 2021 STRATEGY, p. 24



Being a Life-time Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

FINANCIAL CAPITAL
HUMAN CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL
INTELLECTUAL CAPITAL
MANUFACTURED CAPITAL
NATURAL CAPITAL

OUR GOVERNANCE, p. 38

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best

OUR BUSINESS MODEL

We develop simple, integrated, customized and competitive Life and Property&Casualty insurance solutions for our clients: the offer ranges from savings, individual and family protection policies,

We distribute our products and we offer our services based on a multi-channel strategy, while also relying on new technologies: not only through a global

The premiums we receive from our clients to enter into insurance contracts are responsibly

The premiums collected are managed through appropriate asset-liability management policies as to guarantee the payment of claims and benefits

Glossary available at the end of this document

Challenges and opportunities of the market context, p. 18

Climate change

Aging and evolving social security

OUR CULTURAL TRANSFORMATIONAL AREAS

Ownership

Innovation

Simplification

Human touch

BRAND

GENERALI

Communities of Practice

They represent one of the building blocks of our strategy. The communities promote a collaborative approach among colleagues, by removing any functional and geographical barriers; they share knowledge and work together also for the identification and scale-up of best practices in the Group. Thanks to their new way of working, based on collaboration and co-creation, they accelerate the implementation of innovative ideas in an inclusive environment, in full alignment with strategic initiatives.

international practices - is adequate for effectively pursuing our strategy of creating value for all stakeholders in the medium-long term.

unit-linked policies, as well as motor third-party liability (MTPL), home, accident and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies.

network of agents and financial advisors, but also through brokers, bancassurance and direct channels.

invested in high quality assets.

to our policyholders or their beneficiaries after death, accidents or the occurrence of the insured event.

FINANCIAL CAPITAL, p. 47
MANUFACTURED CAPITAL, p. 60
HUMAN CAPITAL, p. 29
SOCIAL AND RELATIONSHIP CAPITAL, p. 32
INTELLECTUAL CAPITAL, p. 26
NATURAL CAPITAL, p. 33

Challenges and opportunities of the market context

NFS

From the analysis of the context in which we operate and after listening to the parties affected by our activities, we have identified and itemised below the four most material mega trends that present significant risks and opportunities for the Group, for its value chain and for the stakeholders. We systematically assess the risks and guarantee that they are adequately monitored, and we also define our strategies and manage the activities while taking into account these challenges to protect our ability to create value over the years.

Risk Report, p. 101 in the Annual Integrated Report and Consolidated Financial Statements 2019 for more detailed information on the risk management model and on the capital requirement

Geopolitical, macro-economic and financial instability

The slowdown in global growth that began in 2018 continued throughout 2019, while showing signs of improvement towards the end of the year. The World Bank pointed out a context of increasing risks due to the renewed trade tension between China and the USA that eased off towards the end of the year, economic weakness in the industrialised countries, and the downturn in global trade and the strength of the US dollar. The complex management of the Brexit continues in Europe, following the formal country's withdrawal from EU occurred at the end of January 2020. The beginning of 2020 was also characterized by the spread of a pandemic generated by the Covid-19 Coronavirus, initially developed in China.

The Eurozone was affected by a combination of endogenous uncertainties and weaker global growth, with a recession in the manufacturing sector, fewer production expectations and a resulting drop in investments. In the United States, GDP grew by 2.3% in 2019 against a backdrop of trade tensions, slowdown in domestic consumption and greater contraction in investments.

In this context, the Federal Reserve (Fed) and European Central Bank (ECB) adopted accommodating policies. The Fed cut rates by 75 base points while the ECB relaunched quantitative easing, with consequent possible inflation increases over the mid-term.

With reference to the insurance sector, the downtrend distinguishing the European Life segment since 2015 is less noticeable, although it continues to be influenced by the long-term weakness of the government yields and, as a result, by the switching from traditional to unit-linked and hybrid products. Despite the not particularly dynamic macro-economic scenario that distinguished 2019, in the P&C market premiums in the main Eurozone countries grew at a good pace, above all with good performance in the health business, mostly in Italy and France.

and our management

The asset allocation strategy is still mostly guided by market expectations and the Group's profitability and solvency objectives. The regulatory system and the continued low interest in a global context of continuing uncertainty render it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. Geographical diversification and selective focus on alternative investments (private equity and private debt) and real assets (real estate assets and/or infrastructural assets, both direct and indirect) continue to be important factors in current investment activities which aim to contain portfolio risks and sustain current profitability.

The development of a multi-boutique insurance asset managers platform is part of the strategy to enhance the investment capacity in these market sectors.

We are exposed to the market risks arising from the value fluctuations of the investments and to the credit risks linked to the risk of counterparties' non-fulfilment as well as to expansion of the credit spread. We are handling these risks by following principles of sound and prudent management, in line with the Prudent Person Principle and with the Group Investment Governance Policy and risk guidelines. We measure financial and credit risks using the Group's Partial Internal Model, which offers us a better representation of our risk profile.

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Digital transformation and cyber security

We are facing a profound change guided by the interaction and the cumulative effects of various developments in technology: Internet of Things, cloud services, cognitive computing, advanced analytics, Robotic Process Automation (RPA), artificial intelligence and the development of mobile networks are elements that contribute to creating a renewed environment in which to operate in order to optimise efficiency, operations and proximity with our customers. We are particularly witnessing the spread of public and context data, the progressive digitalisation of customers, the growing appetite for personalised products and the computing power available at low prices that doubles one year after the next. These elements allow insurance companies to transform their way of doing business and to step into the so-called world of ecosystems, where the borderlines between businesses at one time different and distinct are becoming fainter and fainter in order to offer customers a service in addition to a product.
Technological evolution also involves exponential growth in cyber threats, such as attacks aimed at stealing information or blocking operational processes. Adequate management of this risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data which are frequently sensitive. The issue is also increasingly relevant for regulators which have in recent years introduced specific safety measures as well as reporting processes in the case of security incidents (for example, General Personal Data Protection Regulation).

and our management

The analysis, enhancement and governance of data are increasingly part of the DNA of the Group's production processes, from the systems for improving fraud identification to personalisation of the offer, from the automation of processes to anticipating customers' needs.
The formulations and analyses necessary to enrich customer relations are carried out - while guaranteeing anonymity - both by the single business units on their own and with the Group's support through specific tools and skill sets. The increasing internal culture has made it possible to consolidate platforms that let us leverage synergies coming from the RPA and the cognitive technologies, thus allowing increasingly complex processes to be automated which increases quality and efficiency.
Our goal is now to extend the successful cases achieved in the analytical and technological area by some of our companies to the entire Group, in this way realizing scale economies.
The strength of internal sharing is the many Communities of Practice that catalyse the interests of sector and business experts, making the sharing and orchestration of investments effective.

The value creation process, p. 16

In the perspective of ongoing improvement and exploring new opportunities, we are continuing to scout platforms both based on traditional integration technologies (API) and the Blockchain/Distributed Ledger type that lead the way to new digital ecosystems.
We are in step with the new technologies and are protecting ourselves from the new threats. We are continuing to enhance our ability to prevent, detect and respond to potential cyber attacks while implementing the most innovative security solutions and constantly improving our response processes. Through the Security Operation Center (SOC), we are able to monitor all events recorded by our security solutions 24 hours a day, detect potential incidents and step in with containment and restoration actions. SOC's performance are monitored in a structured manner through specific indicators, that are not reported due to security reasons. In agreement with the operational risk management model, we have adopted an intervention assessment and prioritisation framework supported by an IT tool available to our countries. The regulatory corpus concerning security at Group level, which is in line with the major reference standards (NIST, ISO 27001, etc.) and with the sector's best practices, has been further reinforced with a specific Security Policy. Lastly, we are busy consolidating the security ethos in the Group via many communication and training initiatives, including internal phishing simulation campaigns.
We are measuring operational risk following the regulatory standards and with qualitative and quantitative models that allow us to grasp our most important exposures and to define the adequacy of the existing controls.

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Climate change

Climate change is a material risk with potential more limited effects over the short term, however potentially catastrophic over the long term. Associated with this risk is a high degree of uncertainty in accurately determining a time frame and magnitude of the impacts, especially at the local level. The identified impacts can be classified as physical risks and transition risks (from which litigation risks might emerge) and opportunities.

The physical risks are determined by the change or intensification of weather phenomena, including extreme natural events such as storms and cyclones, flooding, floods, fires and a rise in sea level. For the insurance sector, these phenomena above all affect pricing risk and natural catastrophe risk in the P&C segment, impacting - conditions being equal - on the number and cost of the claims and their management expenses, as well as reinsurance costs. The Life segment might also be impacted. The intensification of the heat waves and the expansion of the habitats suitable for hosting carriers of tropical diseases indeed might worsen the expected mortality and morbidity rates.

Furthermore, the physical risk caused by climate change, which worsens the living conditions of the population and increases damages not covered by insurance, might lead to a deterioration of socio-political stability and the macro-economic and geopolitical conditions, with cascade effects on the overall economy and on the financial system. In the case of insufficient infrastructural and organisational measures to prevent and mitigate physical risk caused by climate change, in order to strengthen the resilience of the territories, the insurance sector might be subject to reputation risk tied to the tendential reduction in its ability to offer the population adequate insurance coverage at accessible economic terms and conditions.

The transition risk is associated with the decarbonisation of the economy: changes in domestic and international public policies, in technologies and in consumer preferences might affect the value of investments linked to activities, sectors or countries having a high carbon footprint (so-called stranded assets). A good portion of the impact of these risks depends on the speed to come into line with stricter environmental standards and on the public support that will be guaranteed for reconversion. The transition risk is therefore influenced by factors marked by a high degree of uncertainty, such as political, social and market dynamics and technological changes.

Even though the speed of transition and its risks are hard to determine today, they will probably have wide-ranging consequences, especially in several sectors such as energy.

One transition risk is reputation risk that comes from trade relations with companies of the coal sector, which are subject to increasing censure by public opinion.

Lastly, the climate change mitigation and adaptation strategies present opportunities. A connected increase in demand for protection through specific solutions is plausible as weather phenomena and extreme natural events change or intensify. The new regulations in Europe aimed at creating incentives for transition to a green economy, together with the changes in consumer preferences, are also supporting the market of insurance products tied to the renewable energy sector, and this strengthens the demand for investment products linked to green finance by both institutional investors and the retail segment, and boosts demand for insurance solutions that accompany the customer in adopting sustainable lifestyles.

Lastly, the decarbonisation of the economy and, more specifically, the large-scale spread of systems producing energy from renewable sources require substantial investments that are only partly covered with public funds, in this way increasing investment opportunities for private parties.

and our management

We have defined processes and tools to mitigate the risks and to seize the opportunities arising from climate change. These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanisms, periodical analysis of the investments, product and service innovation processes, dialogue with the stakeholders and development of partnerships in the sector to share knowledge and identify system solutions. Particularly noteworthy is our participation in the UNEP-PSI TCFD[14] work group, the PRI (Principles for Responsibles Investments) Climate Action 100+ network, in the PRI and LSE (The London School of Economics and Political Science) Investing in a Just Transition, and the Investors Leadership Network.

We manage short-term physical risk by adopting a risk monitoring and underwriting strategy optimisation process with the use of actuarial models that are periodically updated in order to estimate potential damage, including natural catastrophe damage, influenced by climate change. We turn to reinsurance contracts and alternative risk transfer instruments, such as the issue of insurance securities protecting against natural catastrophe risk (cat bonds). Furthermore, in order to reduce exposure to the physical risk of our corporate customers in the Property & Casualty segment, we provide engineering consulting services to introduce technical-organisational improvements capable of increasing the protection of the insured assets even from natural calamity events, and we define claim prevention programmes and periodically monitor them. Lastly, we have set up special procedures to speed up damage appraisal and claims settlement in the case of natural catastrophes and extreme events so as to strengthen the resilience of the territories struck and to facilitate the post-emergency assistance and return to normality phase.

As regards the management of transition risk, we are reducing the already limited exposure of the investment portfolio to issuers of the coal and tar sand sectors. For the insurance activities, the Group no longer underwrites any risk tied to the construction of new coal-fuelled power plants or coal mines.

In those countries where coal accounts for over 45% of the domestic electricity mix[15], to limit the negative social impacts deriving from our decision to quit this sector, we are carrying out engagement activities with the companies with whom we have trade relations to implement the principle of just transition that combines the need to protect the climate with minimisation of consequences for local employment and energy procurement. The engagement activity is focused on monitoring emission reduction, worker protection and retraining, and community support plans by analysing their costs and investments allocated for these purposes. Lastly, to demonstrate consistency with the commitments requested of our customers, issuers and trade partners, we are monitoring the greenhouse gas emissions generated by our direct activities and implementing progressive reduction strategies, also by purchasing energy produced by renewable sources.

A continuous commitment to sustainability, p. 33

In order to seize the opportunities arising from mitigation and adaptation to climate change, we have developed and promoted the distribution of insurance solutions to protect customers from natural catastrophe damage, including damage influenced by climate change, to support customers in adopting sustainable lifestyles and coverage for the renewable energy sector. We are also expanding the offer of thematic investment products linked to green finance for the retail segment.

Group's performance, p. 49

Our main markets: positioning and performance, p. 65

In order to seize the opportunities linked to the decarbonisation of the economy and to carrying out measures to strengthen the resilience of the territories to meet climate change, we are increasing our investments in green bonds and in sustainable infrastructure projects. We also issued our first green bond to finance or refinance projects relating to, for example, the improved energy efficiency of the Group's real estate assets in 2019.

Debt and liquidity, p. 60

14 The TCFD (Task force on Climate-related Financial Disclosures) was established in 2015 by the Financial Stability Board (FSB) aiming at formulating a set of recommendations on reporting climate change-linked risks in order to guide and encourage companies to align the information disclosed with the expectations and needs of investors..
15 Data provided by the International Energy Agency.

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Ageing and evolving social security

Modern communities continue to be influenced by distinct demographic and social phenomena with a strong impact on their socio-economic balances.
In the more mature European economies, we are witnessing a continual process of population aging, driven by an increase in life expectancy and a decrease in birth rates. The international migration phenomena only partially counter-balance this trend, which is in any case otherwise influenced by socio-political initiatives adopted locally. Outside of Europe, we are noticing similar phenomena, though of a diversified scope and in any case significant on a broader time horizon.
In the most European countries, the younger age groups are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system. The result is increasingly unbalanced communities where higher post-retirement pension and healthcare requirements are no longer properly financed and covered by the public system.
The healthcare need naturally evolves towards increasingly sophisticated, hence costlier, supplies and services. At the same time, an enhanced awareness of the bond between health, lifestyles and the environmental context is developing thanks to both public social initiatives and greater proactiveness and promotion from private market.
Erratic local political choices are weighing on the solidity of the welfare systems. A greater perception of uncertainty impacts the coverage of the immediate healthcare and public welfare access requirement, so it is altering system balances that can only take shape over a long-term horizon.
In the context described above, the limited financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.
Lastly, the matter of human rights grows in importance, especially in the less mature economies, where labour law is under development.

ARTIFICIAL AGING
MARKETS INTELLIGENCE
INTEREST RATES MIGRATIONS
HEALTHCARE SYSTEM INCLUSION
SMART WORKING DIGITALIZATION
CLIMATE MACROECONIMIC TECHNOLOGY
CHANGE CONTEXT

and our management

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. This is why we develop and offer flexible and modular pension and welfare solutions for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We are committed to become a Life-time Partner to our customers, strengthening the dialogue with individuals during their entire period of interaction with our companies through new, streamlined services accessible 24/7. We are focused on digitalization both as a communication channel and as a lever of efficiency of services to our customers, as well as to our distribution network. In particular, we are focusing on the senior customers segment with modular solutions that combine savings, protection and services in a welfare perspective.

We provide customers with complete and easily accessible information on products and services while helping them to understand the primary factors that may affect their income capacity and quality of life, and aiding them in accurately assessing their capacity to save as well as identifying their current and future needs. We believe that insurance coverage is the most appropriate tool to forecast and meet potential needs for people of all ages with the required advance notice; we therefore formulate, and present offers even in the case of market contexts with little knowledge and low individual propensity for insurance solutions.

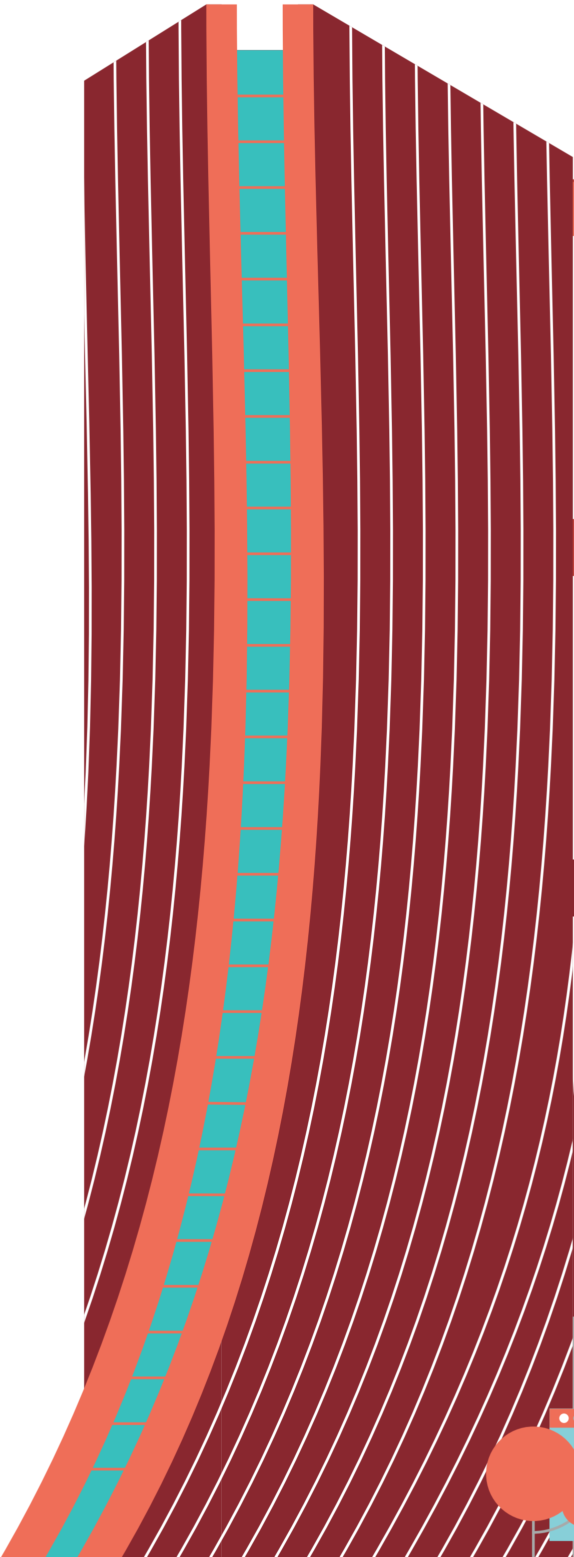
Life and Health products, including pension and welfare products, imply Generali's acceptance of biometric underwriting risks, typically mortality, longevity and health. We therefore need to manage them through underwriting processes that are based on an updated assessment of the socio-demographic conditions of the population whose purpose is to understand their relative trends. We also have solid pricing and product approval processes that offer a preliminary analysis of the cases regarding the biometric factors, in line with Local Product Oversight Governance Policies. Such processes are part of a structured governance defined in the Group Policy on Life underwriting. Lastly, we measure the mortality, longevity and health risks using the Group's Partial Internal Model.

We also commit ourselves to and monitor the respect of human rights thanks to the Group's guidelines and policies, including the Code of Conduct, the Responsible Investment Guideline and the Responsible Underwriting Guideline.

Our rules for running business with integrity, p. 36

CONSUMPTION
WOMEN REGULATORY PATTERNS
EMPOWERMENT DEVELOPMENTS PENSION
CYBERSECURITY SYSTEM
FINANCIAL BIG DATA NATURAL CATASTROPHES
INTEGRATED GOVERNANCE DECARBONIZATION
LIFESTYLE INEQUALITY

The Generali 2021 strategy



Being a Life-time Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Profitable Growth

STRENGTHEN LEADERSHIP IN EUROPE:
reinforce #1 market position[16]

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:
15%-25% earnings CAGR 2018-2021 depending on country/segmentv

Capital Management and Financial Optimization

INCREASE CAPITAL GENERATION:
> € 10.5 billion cumulative capital generation 2019-2021

ENHANCE CASH REMITTANCE:
+35% cumulative cash remitted to holding 2019-2021 compared to period 2016-2018

Innovation and Digital Transformation, p. 26

BECOME LIFE-TIME PARTNER TO CUSTOMERS, p. 27

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION, p. 27

about € 1 billion total investment in internal strategic initiatives 2019-2021

Three key enablers which drive the execution of the strategy:

1. Our people, p. 29

2. A strong brand, p. 32

16 Based on IAS-IFRS gross written premiums in Europe at year-end 2017.

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

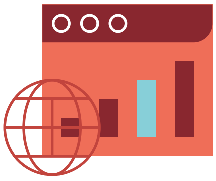
DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM:
15%-20% earnings CAGR 2018-2021

REDUCE DEBT LEVEL AND COST:
€ 1.5-2.0 billion debt reduction by 2021;
€ 70-140 billion reduction in annual gross interest expense by 2021 vs 2017

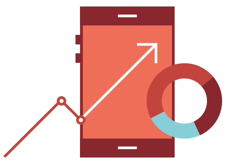
TRANSFORM AND DIGITALIZE OPERATING MODEL, p. 28

Generali 2021 – Financial Targets

Our performance, p. 47

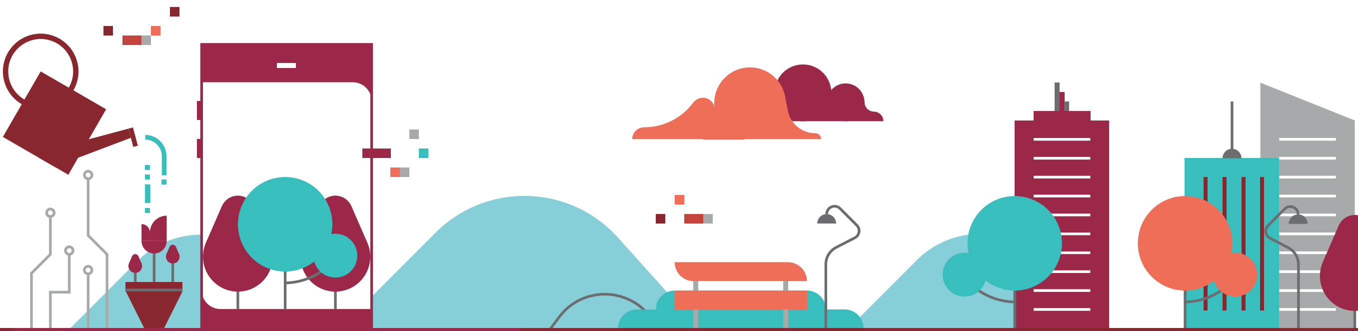


GROWING EARNINGS PER SHARE:
6%-8%
EPS CAGR range[17]
2018-2021



GROWING DIVIDEND:
55%-65%
dividend payout range[18]
2019-2021

HIGHER RETURN FOR SHAREHOLDERS:
> 11.5%
average return on equity[19]
2019-2021



3. A continuos commitment to sustainability, p. 33

17 3 year CAGR; adjusted for impact of gains and losses related to disposals.
18 Adjusted for impact of gains and losses related to disposals.
19 Based on IFRS Equity excluding OCI and on total net result.

During 2019, we launched a number of initiatives to guarantee implementation of the new transformation strategy based on its ambition to become a Life-time Partner for our customers.
The strategic initiatives are applied to both the corporate functions and the Group's geographies throughout. They therefore involve all the business units and are focused on implementing the priorities identified in Generali 2021, such as the creation of a European platform for developing mobility, the launching of a new range of modular products and the transforming the operational model.
The strategic initiatives actively involve hundreds of colleagues throughout the Group, and their goal is to accompany the business units on their paths to meeting the objectives of the strategic plan by promoting an agile and entrepreneurial work method, by increasing the level of involvement and sharing between all employees.
We have also developed another tool supporting the strategy called FastBoard. It is a dashboard that summarises the performance of the key indicators functional for carrying out the Generali 2021 strategy, and it is used to both monitor progress and as a tool for communicating and sharing with all Group employees.

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Innovation and Digital Transformation

Investments in internal strategic initiatives

2019 in line with 2021 target, amounting to about € 1 billion

The third pillar of Generali 2021, based on innovation and digital transformation, has the following objectives: :
- make Generali Life-time Partner for its customers;
- support the digital transformation of its distributors;
- transform the operational model in order to make it more digital-oriented.

We therefore launched a number of projects oriented toward the creation of innovative solutions to develop business and aimed at making Generali an important player in the field of innovation and digitalisation. The launch of the Pan-European platform for mobility and development of the new digital strategy are examples of this.
More specifically, the strategic initiative concerning implementation of the mobility platform sets the goal of developing digital services for the integrated mobility market in both the retail and corporate areas by leveraging innovative solutions defined by Jeniot, the new services company created in Italy. We are aiming at developing an offer at European level, starting from the markets where the Group is mostly present. In 2019, we signed an agreement aimed at developing traditional and connected insurance business with FCA in Italy, Germany, France and Poland.
As far as the new digital strategy is concerned, we are aiming at offering excellent experiences to our customers, distributors and employees, by transforming Generali into a data-based agile organisation and by leveraging innovation and collaboration with technological start-ups (for example, partnerships with Plug and Play and HITS - House of Insurtech Switzerland).
We have singled out five key enablers:

Innovation
give inspiration and methods to best exploit new business and technological opportunities

Customer Relationship Management
reinvent customer journeys, customer knowledge, touchpoints, transparency and interactions

Smart Automation
accelerate process automation thanks to re-engineering and adoption of new technologies

Data Analytics and Artificial Intelligence
guide business decision-making process and enhance competitive advantage through data, analytics and artificial intelligence

Agile Organization
a lean, flexible and empowered organisation will enable us to move more quickly

Glossary at the end of the document

BECOME LIFE-TIME PARTNER TO CUSTOMERS

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION

Life-time Partner is our transformation strategy. It's an operational and cultural transformation that combines simplicity and innovation with empathy and care at all touchpoints and channels.
For customers, it is about making them feel that we are not only the trusted partner for their insurance needs, but that we are always accessible, that we care for their needs, that we are proactive, and that we can offer protection, prevention and assistance in every field that is relevant for them (family, home, mobility, health, safety etc.). In other words, that we can stand by them over the course of their entire lives.
It's a journey that started listening to our customers and distributors, understanding their needs and acting based on their feedback. Now key role in this journey is played by 8 Hallmarks. We have identified four customer hallmarks, distinguishing traits that we want our customers to experience in their relationship with us, and four distributor hallmarks, which will allow our distributors to better meet all client needs.

Customer Hallmarks to become Life-time Partners to our customers

n.m.
61 million customers[20]

Human & caring experience

Our mission is to ensure Human & Caring experiences are perceived everywhere in the customer journey, across all channels and touchpoints, in the language we speak, in our products, in our attitude.

B1 language

We want to write all our documents in B1 language, a language level that 95% of the population understands. Our documents and daily communications must be clear and transparent, avoiding complicated sentences and jargon.

Differentiating value propositions propositions

Our aim is to offer personalized solutions that help our customers to get the best out of their life's, every day. We add value added services such as prevention, protection, assistance to all our products in order to strengthen the relationship with our customers.

Seamless omnichannel experience

Our goal is to build the best digital omnichannel experience for all our customers around the world and continuously improve it. We want our tools to become the easiest and fastest channel of interaction for our customers 24 hours a day, offering value and inspiration, fostering engagement and loyalty through seamless digital interaction.

20 The number of customers refers to all insurance entities, banks and pension funds (line-by-line consolidated entities, few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings, and relevant direct B2C - Business to Consumer - business of Europ Assistance in Belgium, Italy, France, Spain and USA).

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Distributor Hallmarks for our Life-time Partner distributors

+0.9%
156 thousand distributors[21]

Digital visibility

80% of consumers start their search online when they seek product or service information. That is why our first hallmark is for our 156 thousand distributors to be present online, including social media..

Management of generated leads

We will generate and manage leads with a data driven and performance focused approach, in order to boost conversion. An always-on, targeted marketing paired with digital tools to enhance the distribution of leads will activate sales in the most efficient way, creating a positive impact on our distribution network.

Needs'-based advisory

Our distributors will gain access to a tool with a 360° view of customer data so that they can advise their customers and find the best solutions matching their goals and lifestyle. Products will be modular and data will allow for a high level of personalization.

Paperless

We want to be a sustainable Group. We want to be efficient. Part of this means providing an increasingly digital experience and reducing our use of paper documents. This will allow for e-signatures, make it easier to store information and cut down on waste

TRANSFORM AND DIGITALIZE OPERATING MODEL

The digital transformation of the operational model is systemic.

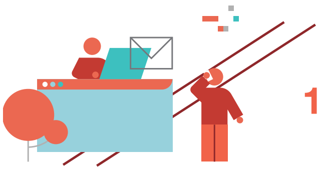
In Generali, it passes through the revision and radical reappraisal of processes, computer systems, procedures and roles of the entire Group structure.
We are particularly redesigning the processes using the design thinking methodology, involving both experts of the sector and direct interesting parties and leveraging the new technologies such as automation. We are developing Artificial Intelligence technology-based tools and are introducing new tools to manage, in mobility or totally digital, customer relations, and we are also creating innovative products based on data generated by Internet of Things sensors.
We also believe that it is necessary to adapt and expand knowledge and skills of our people. GPeople Strategy is planning a specific training programme for reskilling and upskilling that will affect 50% of our employees over the next two years, so that they can perform activities with more effective tools while relying on information and records generated by evolved analysis systems.

Our people, p. 29

Digital transformation also has a significant external impact, first and foremost on the offer to our customers and in the experience of our agents. We undertake to create and consolidate digital access points able to guarantee the use of the information and the services with a rich, simple and quick experience using many digital channels. We are also continuing down our technology observation and testing journey to support the digitalisation of the operating model and ecosystem in which we operate. New platforms, like those made possible by Blockchain and Distributed Ledger, automatic image analysis tools and biometric technologies are allowing processes, even those that are highly complex, involving Group customers, partners and companies to be transformed.

21 The number of distributors refers to all insurance entities with relevant traditional distribution networks (line-by-line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).

Three key enablers of our strategy which drive its execution:



1. Our people

+1.7%
71,936 employees

The acquisitions during 2019 led to an increase in the number of employees, that was higher than the reduction due to the disposals of German and Belgian businesses.

+0.2 pps
51%

-0.2 pps
49%

In line with the launch of the new strategic plan and business priorities, in 2018 we developed the new Generali People Strategy, GPeople 2021, which will guide the Group's priorities and initiatives in 2019-2021. This strategy was defined through a co-creation process involving more than 400 of the Group's people at various organizational levels. The result was the definition of five lines of transformation:
- promote a culture of innovation, customer-centricity and inclusion;
- build and develop key competencies for the digital age;
- favour the development of leaders and global talent;
- leverage excellence and the creation of sustainable value;
- become a simple, agile and efficient organization..

All the lines of transformation are supported by specific global and local initiatives and targets defined and monitored in line with Generali 2021.

Promote a culture of innovation, customer-centricity and inclusion

Generali encourages an environment where people are open and inclusive, supporting genuine values, consistent behaviours and a common purpose.

Life-time Partner - Behaviours
In order to promote a culture of innovation and become the Life-time Partner to our customers, the adoption of four new behaviours is key: ownership, simplification, innovation and the human touch in everything that we do.
In 2019, a training experience called Behaviours in action experience was designed. It allowed over 9,800 people working at the various Group companies to experience these four behaviours. The objective was to train all our people through this format provided both in the classroom and through an e-learning platform.

Managerial Acceleration Program (MAP)
In 2017, we launched the Managerial Acceleration Program (MAP), dedicated to all people managers of the Group. It is based on the eight Generali Empowerment Manifesto (GEM) behaviours and its aim is to encourage a people empowerment-based managerial culture. In 2019, the programme was updated in line with Generali 2021, and the remaining managers were trained, which contributed toward the goal of training 100% of our people managers.
The MAP is held by our managers who are properly prepared with training and ad hoc coaching (207 managers trained for the MAP trainer role).

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Generali Global Engagement Survey

As to measure and promote the engagement of our people, in June 2019 we carried out the third edition of the Generali Global Engagement Survey, a managerial tool for continuous improvement.

89% (+3 pps vs 2017)
response rate

82% (+2 pps vs 2017)
engagement score

+62,000 employees

more than 8 out of 10 of us fell engaged

+170 organizational entities
+33,460 open comments received

The engagement score is based on the average percentage of favourable responses collected, based on the following items:

I strongly believe in the goals and objectives of my Company
82% favourable responses

I am proud to work for the Generali Group
86% favourable responses

I am willing to work beyond what is required to help my Company succeed
87% favourable responses

I fully support the Values for which the Generali Group stands
86% favourable responses

I would recommend the Generali Group as a place to work
82% favourable responses

My Company inspires me to do my best work
71% favourable responses

We want to accelerate towards excellence, leveraging on our current strengths and acting quickly upon our main opportunities for improvement. Three global priorities were identified on the basis of the results achieved:
- eliminate bureaucracy to boost efficiency and decision making;
- unlock people potential fostering transparent meritocracy, recognition and growth;
- nurture an inclusive environment to embrace diversity.

More than 430 local actions were identifed to be communicated and launched as from January 2020.

Diversity & Inclusion Strategy

The Group sped up the advancement of both an environment and an organisation culture that are inclusive, that promote all diversities. We implemented the Diversity & Inclusion index (D&I index), a tool that monitors the progress on four priorities: gender, age, culture and inclusion.
Many initiatives were launched on a global scale: the From unconscious bias to conscious inclusion programme aimed at raising the awareness of business leaders on the subject of unconscious bias, the Lioness Acceleration Program to develop the feminine pipeline, the gender pay gap analysis and related mitigation actions. Preparatory work is also underway to recognize and enhance the LGBT (Lesbian, Gay, Bisexual and Transgender) ecosystem, which will result in concrete actions during 2020. People's engagement is at the basis of the creation of the first D&I Community, that leverages the collective intelligence of employees to launch and spread new initiatives.
In 2019, the Group renewed its commitment to combat all forms of discrimination and harassment, including sexual harassment, by focusing on greater transparency and communication and araising awareness on the use of the internal helpline and the publication of dedicated articles and videos. The Group and the European Works Council endorsed the joint Diversity & Inclusion Declaration. Borsa Italiana gave us the Best D&I Employer award at the Women In Finance - Italy award for our governance and measures implemented.

77% D&I index[22]

Full Performance Management Framework

Increasing the accountability of our people also means boosting a performance culture. Through Group Performance Management we focus our efforts on spreading this culture while also strengthening transparency and meritocracy in line with what our people asked in the Generali Global Engagement Survey. In 2019, 99%[23] of our people was engaged in the performance management process. The framework is divided into different phases: objectives' definition, performance assessment, feedback and individual development plans.

22 The index refers to all relevant Group business units and countries where applicable on the basis of the priorities which are part of the index itself.
23 The data refer to Group companies, equal to 57,438 employees (80% of the total), that are included in the scope of the Group Performance Management process.

Build and develop key competencies for the digital age

The trends of the sector, our ambition to become the Life-time Partner of our customers and the new technologies demand the development of new skills. We will provide our people with the skills to continue to grow and to assert themselves in the digital age, and to support the strategic business priorities.
A methodology has been defined and spread throughout the Group in order to identify in advance how the roles and skills of the future will evolve. On the one hand, it helps identify the roles and skills most widely exposed to change and, on the other, it helps establish the initiatives to fill the personnel training gap consistently with the strategy. As regards the latter, the We LEARN programme is of basic importance.
We LEARN aims to carry out reskilling for 50% of the employees by the end of 2021. It breaks down into 3 training components - Foundation, New Skills for Evolving Roles and New Role Schools (mini-master) - and a new, innovative, interactive Group digital platform that enable to develop new business, technical, technological and behavioural skills.

19.7% reskilled employees[24]

In 2019, taking into consideration the overall training available to Group's employees, 97.7% of them were involved in at least 1 training programme. The training investment totalled € 60.3 million and 2.4 million training hours were supplied.

+6.4%
36.4 average hours of training per capita

Favour the development of leaders and global talent

Guiding and implementing our strategy requires strong leadership capabilities. Our future leaders must guide the organisation to transformation, have a global mentality and be an example with behaviour for becoming the Life-time Partner for our customers.
We stimulate sharing and local cascading of the Group strategy and we support the development of leaders and global talent with personalised training courses, including:
- Leading the Lifetime Partner transformation - the role of the CEO: 46 CEOs, 3 days at the London Business School;
- Leading the Lifetime Partner transformation: 38 Senior Leaders, 3 days at the London Business School;
- Global Leadership Program - Take Off: 36 Group Talent Managers, 3 days at Insead and 5 weeks online;
- Global Mentoring Program: 41 Senior Leaders and 41 Group Talent Managers.

Leverage excellence and the creation of sustainable value

Our ambition is to foster a meritocratic environment, where the performance of our people is recognised and rewarded. This is possible through our Group Reward Strategy, which encourages alignment with the strategic objectives and the participation of all our people in the value creation process. Therefore, we have conceived and launched We SHARE, the first share plan of its kind for Group employees, with the goal of involving the highest number of people around the world to become Generali shareholders.
In line with Generali 2021, We SHARE acknowledges the crucial role that our people play in achieving strategic objectives through an ownership culture, one of the basic behaviours for reaching our ambition of becoming the Life-time Partner for our customers.
We SHARE was launched in 35 countries for approximately 60,000 employees. 21,430 of them joined the plan, with a participation rate of 35.3%. That is proof of both the important level of engagement of our people and the strong commitment to the Group's strategy. Related to the plan, over € 420,000 were assigned to The Human Safety Net Foundation thanks to the donations of employees and that of Generali for each participant.

24 The indicator refers to Group employees, except for sales force.

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Become a simple, agile and efficient organization

Our objective is to strengthen our ability to adapt to change, to focus our attention on the customer and to instil responsibility in our people through simpler and more flexible organisations. We will adopt new work methods in order to leverage our collective intelligence. The Group's organization is a fundamental asset for ensuring the proper execution of the strategy and the achievement of business objectives. We believe in a clear and simple organisational model that also encourages new methods of working that are more streamlined in order to facilitate speed, collaboration, accountability and innovation. Within this context, we support smart working, which will be extended to the entire Group by the end of 2021.

62% of organizational entities[25] with smart working

Glossary available at the end of the document

Confirming the centrality of people in our strategy, we held 11 meetings with the European Works Council - the representative body for Group employees - at the permanent forum dedicated to social dialogue.

We developed a framework for the assessment and management of operational risks inspired by international best practices and consistent with the requirements of the Solvency II directive. As part of the assessment conducted every year by the Group companies, the risks that could impact areas concerning our people were identified and precisely analysed, and the initiatives implemented with a view to mitigating such risks were evaluated. The areas of analysis regarded the following specific categories:
- employment relationships, with a particular focus on matters relating to key people and business ethics;
- safety at work;
- discrimination, diversity and inclusion.

In 2019, a new risk was added to the catalogue of operational risks. It is about the possibility to fail in the acquisition of new skills and competences for the execution of the Group strategy.
The assessment is satisfactory, also in light of the initiatives implemented within the Generali People Strategy described and the centrality of our people within the Group strategy.

2. A strong brand

We strive towards our brand ambition to become a Life-time Partner to our customers aligned with the Generali 2021 strategy.
The goal is to shift Generali from a product seller to an integrated solutions provider demonstrating our core values of simplicity, innovation with empathy and care. Together with technology, we must connect the human aspect helping people to live a better life, while creating value beyond policy.
It's key to focus on customer experience and building deeper relationships, integrating protection with prevention and assistance, creating tailor-made products and services.
We aim to provide a seamless omnichannel experience, both in the digital and physical world: our strong network made up of 156 thousand distributors[26] worldwide is at the very heart of our transformation. Data and technology

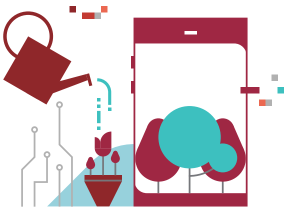
25 Where applicable in accordance with local laws and regulations.
26 The number of distributors refers to all insurance entities with relevant traditional distribution networks (line-by-line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).

are crucial levers that will provide the opportunity to adapt products and services to suit the distributors' needs through mobile, web and in person interactions.

We are committed to strengthening our brand to become 1st choice in the Relationship Net Promoter Score (RNPS) among our European international peers by 2021, fostering change. We must get consumers to consider, prefer and acquire Generali, and connect them with our distributors. Our goal is to have a higher brand preference than our market share.

+3 RNPS[27]

Glossary available at the end of this document



3. A continuous commitment to sustainability

Our commitment to sustainability is the third fundamental pillar of Generali 2021, and refers to the creation of long-term value for our stakeholders: not only shareholders, investors and customers, but also employees, suppliers, the environment, local communities and society in general.
The identified objectives are tied to our core business activities and to our commitment to the community. Specifically, as regards our insurer activities, by the end of 2021 we undertake to:
- increase premiums from environmental and social products by 7-9%;
- allocate € 4.5 billion for new green and sustainable investments.

Objectives, metrics and results of managing climate change impacts

The Group initiated a process to assess the sustainability and resilience of its business model in the face of climate change, with particular focus placed on the investment, underwriting and customer and other stakeholder relations management activities.

Challenges and opportunities of the market context, p. 18

Following this analysis, we have defined objectives and metrics to mitigate the risks and to seize the opportunities arising from climate change and from a transition to a low environmental impact society.

Objectives and metrics to seize opportunities	2019 results	
€ 4.5 bln new green and sustainable investments (2018-2021)	€ 2,667 mln new green and sustainable investments[28]	
Increase in premiums from environmental products	+5.5% € 1,359.5 mln premiums from environmental products	Group's performance, p. 49
Sustainable finance	Issue of a green bond worth € 750 mln	Debt and liquidity, p. 60

27 The target audience span 20 markets where we operate in Europe and Asia.
28 The new green and sustainable investments refer to the 2018-2019 cumulative data of Generali Insurance Asset Management and Generali Global Infrastructure. About 50% of these investements were made in 2019.

NFS

Objectives and metrics to mitigate risks	2019 results
Exclusion of new investments in companies of the coal and tar sand and disinvestment of approximately € 2 bln	No new investment and constant reduction of residual investments made up of run-off bonds
Exclusion of underwriting property coal-related risks for new customers of this sector and for the building of new coal capacity (coal plants)	No new customers of the coal sector and no coverage for the building of new coal capacity (coal plants)
Premiums from customers of the coal sector below the 0.1% threshold of P&C premiums	Lower insurance exposure, below the 0.1% threshold of P&C premiums
Engagement for a just transition of the eight companies of the coal sector operating in heavily coal-dependent countries, where the Generali Group has a primary presence as an investor and/or insurer. Six out of eight companies are identified by Urgewaald in its Top 120 Coal Plant Developers' 2018 list	Interruption of investments and property underwritings with two companies, due to their unwillingness to confront the issue. Ongoing engagement with six companies, two of which are among the top 120 operators in the world by expansion of coal capacity, as identified in the Urgewald 2019 database

Objectives and metrics to reduce our direct impact	2019 results
20% reduction in greenhouse gas emission tied to the Group's direct activities (2013-2020)	The Group's carbon footprint[29] is t 96,784 CO_2e (-20.1% compared to 2013)
Increase in purchases of electricity from renewable sources	+11 pps 99% of the total purchases of energy from renewable sources[29]

In addition to **EnterPRIZE** - an international award for the best sustainable SMEs created by Generali and for which in 2019 we started up a work group with the main European countries - here follow the other 2 strategic initiatives that fully integrate the sustainability of our process to create value:

Responsible consumer

Generali is drawing up a distinctive offer dedicated to responsible consumers who want to have a positive impact on the environment and society. The offer consists of environmental and social products and sustainable investment solutions.

In 2019, we started up the activities to identify the requirements and needs of the responsible consumer and we are studying insurance and investment solutions. The first sustainable investment solutions, consistent with these purposes, have been launched by Banca Generali and by Generali Italia, linking their offer to the United Nations Sustainable Development Goals.

Group's performance, p. 49

Glossary available at the end of this document

The Human Safety Net

Initiatives for the communities where the Group operates have been addressed to The Human Safety Net since 2017, with a view - provided in internal guidelines - to focusing on a smaller number of more similar and impactful initiatives compared to the past. It aims to activate both financial and technical resources, as well as the network of people and the skills of Generali's employees and agents to meet shared goals, favouring contact with local communities and making lasting change in the lives of recipients.

29 The greenhouse gas emissions and purchases of electricity from renewable sources comprise the impacts generated by the employees working in offices managed by the Group in Austria, France, Germany, Italy, Czech Republic, Spain and Switzerland, equal to 42% of the total of our people.
Total emissions are calculated according to the location-based method; we also report them according to the market-based method on our website. The base year 2013 was re-determined (now t 121,161 CO2e, reduced by t 3,495 CO2e compared to past disclosures) in line with the update of the new methodology used to calculate emissions from the corporate fleet of our people. The new methodology harmonised at Group level the criteria for dividing the use of the car for business reasons (70% of total journeys), included in the calculation of emissions, from its use for private reasons, excluded from the calculation of Group emissions (30% of total journeys).

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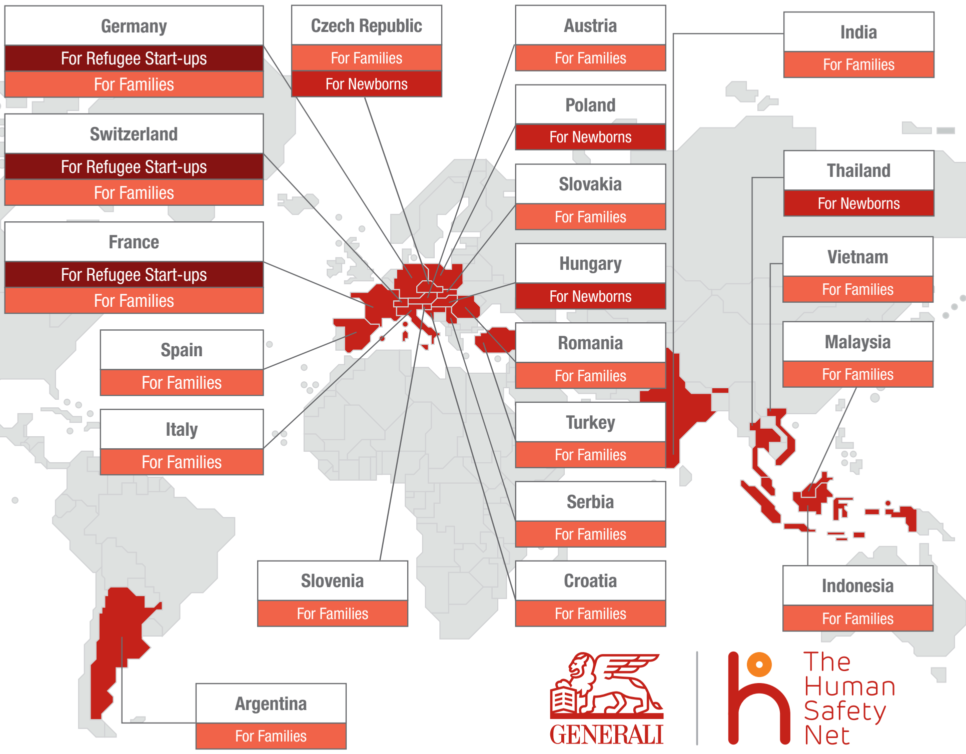
For Families
We help parents nourish the first six years of their children's lives with the essential abilities for their future lives.

For Refugee Start-ups
We support refugees start their businesses by promoting their social and economic integration in their host countries.

For Newborns
We improve care and support for premature newborns, or those with complications at birth such as neonatal asphyxia, so that they can survive and develop in the best way possible.

+16.7%
21 countries

+91.7%
46 partners



GENERALI | The Human Safety Net

The Human Safety Net is active through three programmes with the shared mission of freeing the potential of disadvantaged people to enable them to improve the living conditions of their families and communities, by working alongside partners, like local social businesses and non-governmental organizations. Every country and business unit of the Group can choose to participate in one of these three programmes, identifying, conducting due diligence on and suggesting one or more partners to directly manage activities with beneficiaries. All of the activities and the results achieved are monitored through a measurement system based on the London Benchmarking Group's international standard.

Glossary available at the end of this document

In the coming three years, our ambition is to further extend The Human Safety Net. We aim to achieve it by keeping high quality programmes that so far have characterized us, while enhancing initiatives where we are present through active engagement of employees and distributors, including volunteering activities, as well as of customers and other third-party organizations that share its approach and mission.

The revitalisation of the St. Mark's Square area in Venice is continuing. The project to restore the Procuratie Vecchie in St. Mark's Square, the future home and global Hub of The Human Safety Net.

Together with The Human Safety Net, we are helping people like Dima, an art teacher of Syrian origin intent on opening a creativity school for children in Saarbrucken, Germany, or Ana, an Indonesian mother who was able to give a positive change to her children's lives by improving the life of her family in the Jakarta suburbs.

www.thehumansafetynet.org/newsroom/all to discover more information on the stories

www.thehumansafetynet.org for further information on the initiative

NFS

Our rules for running business with integrity

We run our business in compliance with the law, internal regulations and codes, and professional ethics. We are continuously monitoring the developments of the national and international regulatory system, also by talking with legislators and the institutions, in order to assess both new business opportunities and our exposure to the risk of non-compliance and to take prompt measures to adequately manage it. We have a governance, management and reporting system that guarantees compliance with the principles of sustainability and their actual integration in everyday decisions, in line with the goal of promoting sustainable development of the business and of generating long-lasting value.

Our sustainability model is based on the Charter of Sustainability Commitments, approved by the Board of Directors of Assicurazioni Generali, which is broken down into three pillars:
1. do business in a sustainable manner, focusing on excellence in the corporate processes;
2. experience the community by playing an active role where the Group operates and going beyond everyday activities;
3. adopt governance and rules that are appropriate for running business with integrity.
A Sustainability Committee was established at top management level, together with work groups integrated with the Head Office business functions and the Group's business units.

We have a collection of Group public policies and guidelines which support our operations in a sustainable and responsible manner, such as:

- Group Sustainability Policy that, approved by the Board of Directors in March 2019, outlines the system for identifying, assessing and managing the risks connected with environmental, social and corporate governance (ESG) factors). It particularly defines the rules for:
  - identifying, assessing and managing ESG factors that might present risks and opportunities for achieving corporate objectives;
  - identifying, assessing and managing the positive and negative impacts that the decisions and corporate activities might have on the outside environment and on the legitimate interests of the stakeholders;
- Code of Conduct that defines the basic behavioural principles which all the personnel of the Group are required to comply with: these principles are outlined in specific guidelines that refer, for example, to the promotion of diversity and inclusion as well as the management of conflicts of interest, personal data protection and corruption prevention;
- Group Policy for the Environment and Climate that contains the guiding principles for the strategies and objectives of environmental management;
- Responsible Investment Guideline that codifies the responsible investment activities at Group level;
- Responsible Underwriting Group Guideline that outlines principles and rules aimed at assessing environmental, social and governance features of customers and prospects in the P&C underwriting process;
- Ethical Code for suppliers that highlights the general principles for the correct and profitable management of relations with contractual partners.

www.generali.com/info/download-center/policies

Together, these Group policies and guidelines contribute to ensuring respect for human rights. For example, the Responsible Investment Guideline filter allows us each year to identify and exclude from our investments those companies that have committed serious human rights violations.
In order to reinforce, where necessary, the controls already in place on this topic, in-depth analysis has been started, in line with the most important international principles and tools, including the United Nations Universal

NFS

Declaration of Human Rights, the core international standards of the International Labour Organisation and the UN Guiding Principles on Business and Human Rights. The analysis assessed the potential impact on human rights by taking into consideration both the risk tied to the businesses directly carried on by the Group companies and the country risk of those countries where said companies operate. For this purpose, we have identified a list of the key human rights potentially impacted by the Group's operations in the various businesses and, for each, the tools already implemented to mitigate risks, assessing their level of control, considering it in line with their positioning and practices common to the sector.
The Group will keep up its ongoing monitoring action to guarantee a more and more virtuous and responsible behaviour in all of its businesses.

We have a structured internal Group regulatory system, regulated by the Generali Internal Regulation System (GIRS) Policy that aims to promote a solid, efficient governance and coherent implementation of the internal Group regulations at local level.
The Group regulations cover the governance system, the internal control system, the risk management system that is particularly linked to monitoring solvency (Solvency II), and the other primary areas of risk.

Corporate Governance and Share Ownership Report 2019, p. 34

The main non-compliance risks are monitored through specific programmes spread throughout the Group. We regularly monitor - by means of specific risk assessment activities - our exposure to these risks with the aim of minimizing potential reputational and economic damages deriving from the violation of regulatory provisions, including those which aim to prevent money laundering, financing terrorism and corruption.
We are firmly committed to preventing the use of our products and services for money laundering and financing terrorism purposes and to being in compliance with the provisions concerning international sanctions. We have adopted both Group policies and high standards in line with the European and international regulations, as well as the most appropriate risk mitigation measures.
We condemn and combat all forms of corruption. Our employees, suppliers and customers can use, also anonymously, several communication channels, including the Group Compliance Helpline, always reachable with direct access from the Group Portal and the website, which has been simplified in its navigation and enriched with a video tutorial in order to better guide the whistleblower. These channels, active 24/7, ensure an objective and independent management of reports of behaviour or actions which might violate law, the Code of Conduct, its internal rules or other corporate rules, in accordance with the process on managing reported concerns and the whistleblowing policy which we have been applying for years. We have also adopted a rigorous policy against retaliations.

www.generali.com/our-responsibilities/responsible-business/code-of-conduct for further information on the Code of Conduct, communication channels and the process on managing reported concerns

www.youtube.com/watch?v=ZeFiFJLmf7E

+9.6%
149 managed reports

1 Compliance Week
A path of Trust. Step by step we can shape a safer future was the motto of the last edition of Compliance Week. The campaign was associated with the Generali 2021 strategy topics, in which trust and the human touch are essential elements for becoming the Life-time Partner. Group Compliance was made available to Group colleagues to raise their awareness and to answer their questions on the Code of Conduct and ethical behaviour.

We are committing to rendering our HR training system increasingly effective. We continue to work in activities for creating awareness and training on the different themes of the Code. The implementation of specific training programmes - both online as well as in the classroom - combined with a global communication programme aims to create full awareness within all employees of the importance of the Code and their responsibility to report each violation that one becomes aware of. Everybody is encouraged to voice their concerns or request clarifications on any topic handled by the Code.

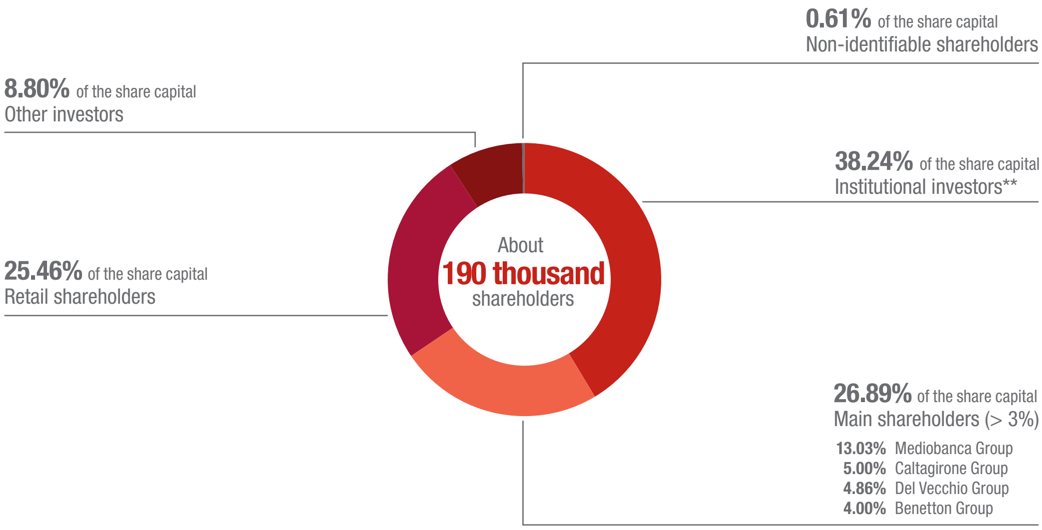
-2.6%
52,197 employees[30] have completed the training course **on the Code of Conduct**

30 The trained employees represent 72.6% of the total.

Our governance and remuneration policy

Our governance

Within a challenging economic and financial environment, we are convinced that our governance - which complies with the best international practices - is adequate for effectively pursuing our strategy of creating value for all stakeholders in the medium-long term.



* The category takes account of legal entities including foundations, trust companies, religious institutions.
** The category includes asset managers, sovereign funds, pension funds, Life insurers.

The data are updated to 2 March 2020.

Share performance, p. 64 for further information on the share

NFS

As of today, there is no employee shareholding system according to the provisions of the Testo Unico delle disposizioni in materia di Intermediazione Finanziaria (TUIF), also if it is reported that the three-year share plan for Group employees, approved by the Shareholders' Meeting held in May 2019, will have the effect of assigning them a stake of shares in November 2022. This plan, promoted as part of the Generali 2021 strategy, is aimed at achieving the strategic objectives in the perspective of a culture of ownership and empowerment, and the participation of employees in the creation of sustainable value within the Group.

We also facilitate participation in shareholders' meetings for beneficiaries of long term incentive (LTI) plans - which are based on Generali shares - by providing them with a designated representative.

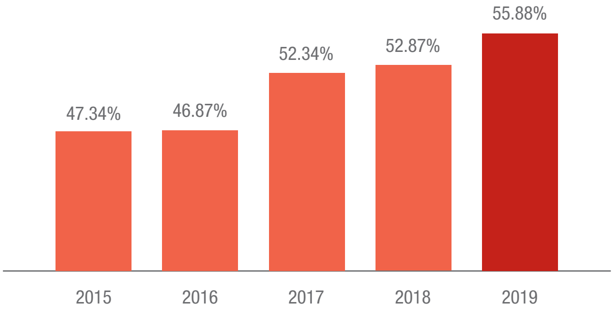
www.generali.com/governance/remuneration/share-plan-for-the-generali-group-employees for further information on the share plan for the Group employees

Our people, p. 29

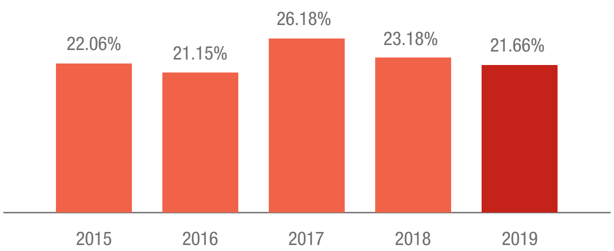
We maintain continuing relations with all external stakeholders: institutional investors, proxy advisors, financial analysts and retail shareholders. Our intense relationship activities consist of various types of interaction with individual stakeholders or groups, as part of roadshows and sector conferences, as well as ad hoc occasions for the discussion of specific topics, ranging from business, financial and performance matters to corporate governance, remuneration and sustainability topics relevant to the various financial community representatives. Some of the main recurring occasions for interaction with the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Day) and the main presentation of the financial results.

Notes to the Management Report, p. 142 for further information on stakeholder relations

Percentage of share capital represented in the Shareholders' Meeting over the last five years



Percentage of share capital represented by institutional investors in the Shareholders' Meeting over the last five years



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In 2019, we reached the fourth edition of the Shareholders' Meeting Extended Inclusion (SMEI) programme, which has the purpose of facilitating participation in Shareholders' Meetings and of facilitating use of the Shareholders' Meeting venues and interaction of shareholders who have motor, auditory and visual difficulties. We have provided and extended sever dedicated services helpful to overcome any physical, communication and sensory barriers, like simultaneous translation into many languages, sign language and captioning in Italian - services available starting from the last Shareholders' Meeting also for the streaming of the opening remarks of the Chairman, the Group CEO and the Group CFO - and reception and check-in, as well as professional medical assistance. Moreover, reporting on the SMEI services was added to with the publication of a new page on the Group website and with the distribution of a specific booklet to those participating in the Shareholders' Meeting. One of the driving forces characterising the programme ever since the beginning is the participation of dozens of Group employees who each year embrace the initiative in the guise of volunteers, working in synergy with the specialised professional operators.

www.generali.com/governance/annual-general-meeting for further details on the SMEI programme

The Board of Directors has structured its own organization - even through the establishment of special Board Committees - in a manner that meets the need to define strategic planning in line with the Group's purpose, values and culture and, at the same time, monitors the pursuit of this strategy with a view to the sustainable value creation over the medium to long term. Our integrated governance also leverages the varied and in-depth professional skills present in the Board and ensures effective oversight of management's activities.

Independent Auditors
enrolled in the dedicated registry and appointed by the Shareholders' Meeting

Shareholders' Meeting

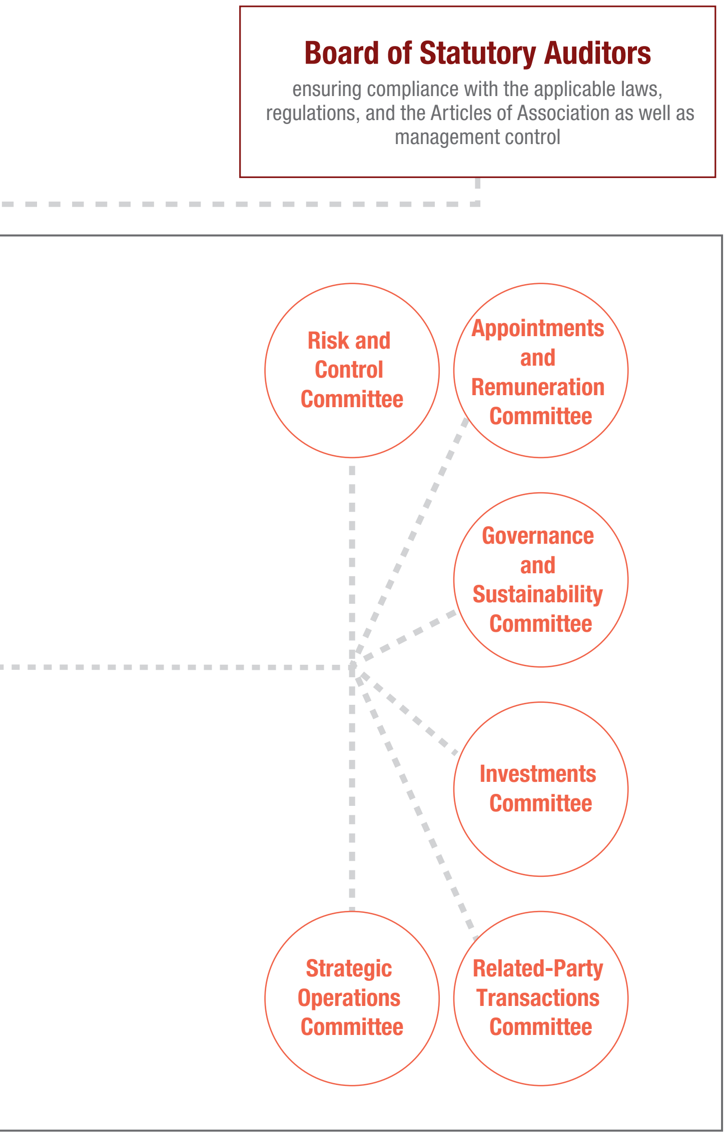
Board of Directors
having all the broadest management powers for the pursuit of the corporate purpose and being supported by Committees with advisory, proposing and investigating responsibilities

Surveillance Body
having duties and powers with respect to the oversight, development and promotion of the continuous updating of our Organization and Management Model (OMM)

Group CEO
main person responsible for Company management, in the capacity of Managing Director, as well as acting as the Director responsible for the internal control and risk management system

Group Management Committee
aiming at ensuring both greater alignment on strategic priorities among business units and a more effective, shared decision-making process

www.generali.com/governance for further information on governance and the Corporate Governance and Share Ownership Report 2019



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Governance monitoring climate change management

The Group governance is structured in such a way as to favour effective management of the risks and opportunities tied to climate change, which is considered one of the ESG factors most material for the Group and for its stakeholders.

Specifically, the Board of Directors ensures that the Group organisation and management system is complete, functional and effective in monitoring climate change-related impacts. It therefore adopted the Climate Change Strategy in 2018 and is informed through the Governance and Sustainability Committee on the measures taken by the management to implement that strategy and on the results achieved. These elements were analysed during four Committee meetings in 2019.

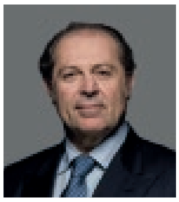
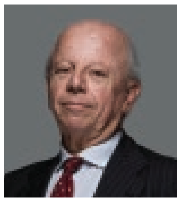
The Sustainability Committee at top management level guides and assists the decisions necessary so that the assessment and consistent management of the climate change impacts can be integrated in the main corporate processes. The decisions taken by the Committee are implemented by the competent management, each one for their own area of responsibility.

This interdepartmental approach is also reflected in the Climate Strategy Task Force, which pools together the Group Investment, Asset & Wealth Management, Group P&C Retail, Group P&C Corporate & Commercial, Group Life & Health, Group Integrated Reporting and Group Risk Management functions, coordinated by Group Sustainability & Social Responsibility. The goal of the work group is to guarantee the management of the risks and opportunities tied to climate change in compliance with the strategy defined by the Board and to ensure the reporting on these aspects both to the competent in-house bodies and to the outside stakeholders, in line with the TCFD recommendations. Furthermore, a project led by the Risk Management function involving the main interested corporate functions was launched in 2019 more specifically to define a reference framework for managing risks tied to climate change in a forecasting prospective. It is broken down into the four main risk management steps, i.e. identification, measurement, management and reporting of risks.

www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate for further information on the climate change strategy

Focus on the Board of Directors

in office until the 2022 annual Shareholders' Meeting

Board of Directors						
	Gabriele Galateri di Genola	**Francesco Gaetano Caltagirone**	**Clemente Rebecchini**	**Philippe Donnet**	**Romolo Bardin**	**Paolo Di Benedetto**
	Chairman	Deputy Vice-Chairman	Vice-Chairman	Group CEO	Director	Director
Age	72	76	55	59	41	72
Nationality	Italian	Italian	Italian	French	Italian	Italian
Professional background	manager	entrepreneur	manager	manager	manager	lawyer
In office since	8 April 2011	28 April 2007, Vice-Chairman since 30 April 2010	11 May 2012, Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	28 April 2016
Board Committee	Governance and Sustainability Committee (P), Investments Committee	Appointments and Remuneration Committee, Governance and Sustainability Committee, Investments Committee, Strategic Operations Committee	Appointments and Remuneration Committee, Risk and Control Committee, Governance and Sustainability Committee, Investments Committee, Strategic Operations Committee	Director responsible for the internal control and risk management system, Investments Committee (P), Strategic Operations Committee (P)	Appointments and Remuneration Committee, Strategic Operations Committee, Investments Committee, Related-Party Transactions Committee	Related-Party Transactions Committee (P), Governance and Sustainability Committee
Independent[31]					✔	✔
Executive				✔		

Risk and Control Committee · Appointments and Remuneration Committee · Governance and Sustainability Committee · Investments Committee · Related-Party Transactions Committee · Strategic Operations Committee · Director responsible for the internal control and risk management system · P Committee Chairman

60.4
average age

38%
female directors

61.5%
independence level

1
executive director

95%
average attendance at meetings

14
meetings

In 2019, induction sessions were held on the impacts of the future application of IFRS 9 and IFRS 17, on IT impacts on the insurance sector (Insurtech) and on financial, risk and governance matters.

Skills and experiences

69%
international experience

77%
managerial experience

15%
entrepreneurial skills

23%
academic experience

85%
knowledge of legal context and regulatory requirements

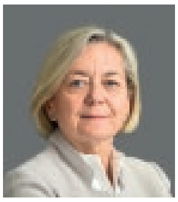
85%
financial and accounting skills

85%
industrial (insurance) experience

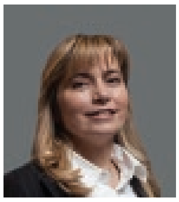
31%
experience in large cap companies

31 As defined in the listed companies' Corporate Governance Code.

Corporate Governance and Share Ownership Report 2019, p. 57 for further information on the diversity of administration, management and control bodies

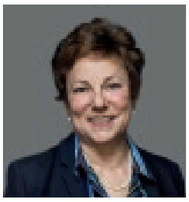
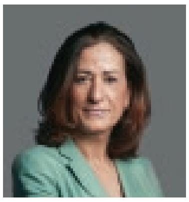


Alberta Figari	Ines Mazzilli	Antonella Mei-Pochtler	Diva Moriani	Lorenzo Pellicioli	Roberto Perotti	Sabrina Pucci
Director	Director	Director	Director	Director	Director	Director
55	57	61	51	68	58	52
Italian	Italian	Italian	Italian	Italian	Italian	Italian
lawyer	manager	manager	manager	manager	professor	professor
30 April 2013	7 May 2019 elected from the minority slate	7 May 2019	28 April 2016	28 April 2007	28 April 2016 elected from the minority slate	30 April 2013
P			P			
✔	✔	✔	✔		✔	✔

Focus on the Board of Statutory Auditors
in office until 2020 annual Shareholders' Meeting

Board of Statutory Auditors


	Carolyn Dittmeier	Antonia Di Bella	Lorenzo Pozza	Francesco Di Carlo	Silvia Olivotto
	Chairwoman	Permanent Statutory Auditor	Permanent Statutory Auditor	Alternate Auditor	Alternate Auditor
Age	63	54	53	50	69
Nationality	Italian and American	Italian	Italian	Italian	Italian
In office since	30 April 2014	30 April 2014	30 April 2014	30 April 2014	30 April 2014

58
average age

60%
female auditors

93%
average attendance at Board meetings

100%
average attendance at meetings

25
meetings

The Board of Statutory Auditors attended the same induction sessions held for the Board.

Our remuneration policy

Our remuneration policy is designed to attract, motivate and retain the people who - due to their technical and managerial skills and their different profiles in terms of origin, gender and experience - are key to the success of the Group, as reflected in our values. Our remuneration policy reflects and supports both our strategy and values: to be a global insurance Group aiming at creating value and sustainable results, while valuing our people and maintaining commitments to all stakeholders.

Our policy is based on the following principles that steer remuneration programmes and related actions:

Equity and consistency in terms of the responsibilities assigned and capabilities demonstrated	**Alignment with corporate strategy** and defined goals	**Competitiveness** with respect to market practices and trends	**Merit- and performance-based reward** in terms of results, behaviours and respect for Group values	**Clear governance and compliance** with the regulatory environment

The remuneration policy for non-executive directors establishes that remuneration consists of an annual fixed component as well as an attendance fee for each Board of Directors' meeting in which they participate, in addition to the reimbursement of expenses incurred for participation in such meetings. Directors who are also members of the Board Committees are paid remuneration in addition to the amounts already received as members of the Board of Directors (except for those who are also executives of the Generali Group), in accordance with the powers conferred to those Committees and the commitment required in terms of number of meetings and preparation activities involved. This remuneration is established by the Board of Directors. In line with the best international market practices, there is no variable remuneration.

The Managing Director/Group CEO, who is the unique executive director, and the relevant personnel not belonging to key functions receive a remuneration package consisting of a fixed component, a variable component with no-claims bonus and claw back mechanisms, and benefits.

Glossary available at the end of this document

Total target remuneration[32]

FIXED		VARIABLE				BENEFITS
Fixed remuneration	+	**Annual** (on an annual basis)	+	**Deferred** (on a multi-year basis)	+	**Benefits**

32 It represents the remuneration package for all those described, except for the key functions to whom specific remuneration policy and rules are applied.

The fixed component remunerates the role held and responsibilities assigned, also considering the experience and skills required, as well as the quality of the contribution made in terms of achieving business results.

The annual variable remuneration is based on an incentive system, whereby a cash bonus ranging from 0% to 200% of the individual target baseline can be accrued depending on:
– the Group funding, connected with results achieved in terms of Group operating result and adjusted net profit as well as the achievement of a minimum threshold of Regulatory Solvency Ratio;
– the achievement of the objectives defined in the individual balanced scorecards, which establish up to 8 objectives at Group, business unit, region, country, function and individual level - as appropriate - based on the following perspectives:

2019 PERSPECTIVES		
Economic & Financial Risk Adjusted Performance	**50+%**	**Core business KPIs** – focus on net profit and total expenses; – total remittance in mature markets or ROCE in developing markets; – RORC as mandatory risk adjusted KPI.
2019 - 2021 Strategic Projects/KPIs	**30 - 40%**	– KPI linked to the implementation of Group strategic projects at global level for all leaders/sponsors of the projects; – KPI linked to the implementation of local strategic plans, including sustainability initiatives/KPIs (e.g. % social and green products, % green and sustainable investments, quality of non-financial information & reporting); – customer/brand KPI based on specific KPIs evidence (e.g. % customer retention, brand preference).
People Value	**10 - 15%**	– managerial assessment based on specific KPIs evidence, with focus on Engagement Survey and other selected objectives (e.g. % talent pool retention, % reskilling plan execution, D&I index, local HR initiatives).

NFS

In line with Generali 2021, focused on profitable growth, value creation, innovation and digital transformation, two KPIs linked to the implementation of Group and local strategic projects - including sustainability initiatives - are provided in all individual balanced scorecard for the achievement of the plan objectives.
A focus remains on the customer & brand goals, based on results linked to the managerial assessment of specific projects and performance indicators (e.g. customer retention ratio and brand preference).

The deferred variable remuneration is built on a multi-year plan based on Assicurazioni Generali shares (subject to Shareholders' Meeting approval). The maximum potential bonus to be disbursed in shares amounts to 200% of the fixed remuneration for the members of the Group Management Committee (GMC) and to 175% for other relevant personnel. Here the features of the plan are:
– it is based on an overall three-year performance period linked to specific Group performance goals (average net Return on Equity, earning per share growth and relative total shareholder return[33]) and is subject to the verification of the achievement of a minimum threshold of the Regulatory Solvency Ratio;
– it is based on deferral periods differentiated on the basis of the beneficiary population cluster and additional lock-up periods on granted shares (i.e. minimum holding) of up to two years.

Benefits consist of, for example, a supplementary pension and healthcare assistance for employees and their families, in addition to a company car and further benefits, including some linked to domestic or international travel (e.g. accommodation expenses, travel and education for children), in line with market practices.

www.generali.com/governance/remuneration for further information on remuneration policy and the Report on Remuneration Policy and payments, also including information about remuneration

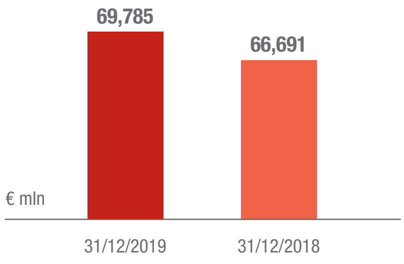
Additional information in the Notes of the Annual Integrated Report and Consolidated Financial Statements 2019 for further information on pension benefits of the Group employees

33 It is calculated as a change in the shares' market price, including distributions or dividends reinvested in the shares, as compared to a selected list of peers.

Our performance

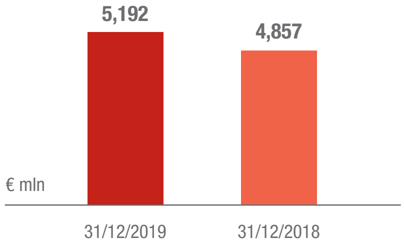
Group's highlights[1]

Gross written premiums



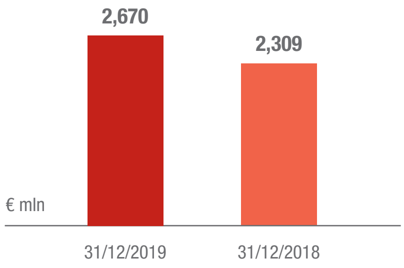
Total gross written premiums were up by 4.3% due to the positive performance in both segments. Excellent net inflows, at over € 13.6 billion (+19.6%). Life technical provisions increased by 7.6%.

Group's operating result



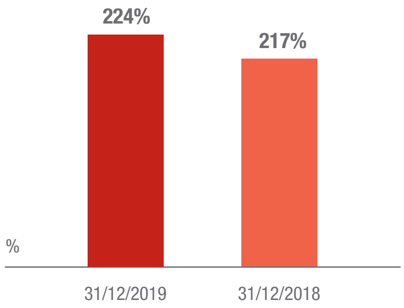
Following the increased performance of all Group segments, the operating result rose to over € 5 billion (+6.9%).

Group's result of the period



Result of the period up 15.7%, reflecting, in addition to the growth of operating performance, also the positive contribution of disposals. Adjusted net profit[2] without one-off liability management up by 6.6%.

Regulatory Sovency Ratio



Solid Group's capital position confirmed with Solvency Ratio increased to 224%.

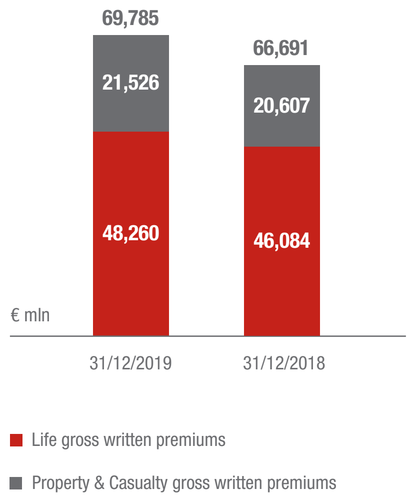
1 All changes in this Report are calculated on 2018, unless otherwise reported. Changes in premiums, Life net inflows and new business are on equivalent terms, i.e. at constant exchange rates and consolidation scope. The operating result, Assets Under Management and Life technical provisions do not comprise the entities under disposal or disposed of in the period.
2 Adjusted for impact of gains and losses from disposals. Please refer to the comment in the paragraph on Group result of the period.

Group's performance

Premiums development

The gross written premiums of the Group amounted to € 69,785 million, showing an increase of 4.3% as a result of growth in both segments.

The Life gross written premiums[3], which amounted to € 48,260 million, posted a 4.5% increase, particularly due to the performance recorded in the second half of the year.
With reference to the lines of business, growth in protection premiums (+7.6%) was confirmed throughout the countries where the Group operates. Savings policies went up by 5.5%, reflecting the performance observed in Italy, France and Germany. Premiums from unit-linked products dropped by 2.8%, although they recovered during the second half of the year that was distinguished by positive performance in several areas of operation of the Group.
Life net inflows was confirmed at very good levels, totalling € 13.6 billion. The 19.6% growth was mainly driven by Italy, France and Asia.
The new business (in terms of present value of new business premiums - PVNBP) amounted to € 45,664 million, showing an increase of 10.1%.
Specifically, protection products performed well (+17.3%), showing growth in all the countries where the Group operates. Also, savings and pension products went up too (+15.2%), especially in Germany and Italy (above all due to the increase in capital-light products), more than offsetting the drop in Spain and China. The unit-linked business decreased (-3.7%) owing to the unfavourable performance in Italy that was partially offset by good performance in Germany and France.
The profitability of new business (margin on PVNBP) fell by 0.49 pps, to 3.89% (4.35% at 31 December 2018), mainly because of the unfavourable economic context. The decrease was partially mitigated by the additional reduction of financial guarantees and by the improved business mix.



The total new business value (NBV) decreased by 2.2% and stood at € 1,777 million (€ 1,877 million at 31 December 2018).

The Property & Casualty gross written premiums reached € 21,526 million, growing by 3.9%, thanks to both business lines, which confirmed the positive performance recorded in the previous quarters.
The motor line increased by 2.4%, mainly driven by the growth in premiums in ACEER (+6.1%), France (+4.1%), and the Americas and Southern Europe (+13.5%, driven by Argentina due to the inflation phenomena in the country). Motor premiums in Italy were down by 1.3%, following the contraction of the motor third-party liability portfolio.
The non-motor segment grew (+3.8%), with positive trends broadly extended across the Group's various areas of operations. Premiums increased in the ACEER region (+6.1%. with diversified growth in the territory), France (+3.2%), Italy (+2.9%) and in the International cluster (+5.8%), driven by Spain.

3 Including premiums from investment contracts for € 1,558 million (+6.9%).

Total gross written premiums by country (*)

(€ million)	31/12/2019	31/12/2018
Italy	24,166	23,781
France	13,274	12,264
Germany	14,294	13,577
Austria, CEE & Russia	7,041	6,429
International	8,484	8,395
Spain	2,414	2,378
Switzerland	1,747	1,696
Americas and Southern Europe	1,301	1,427
Asia	3,022	2,894
Group holdings and other companies	2,527	2,246
of which Europ Assistance	873	834
Total	**69,785**	**66,691**

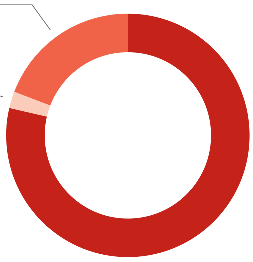
(*) Total gross written premiums for Global Business Lines (GBL), taking into consideration the business underwritten in the various countries, amounted to € 3,817 million (+9.1%) and broken down as follows:
- Global Corporate&Commercial € 2,116 million;
- Generali Employee Benefits and Generali Global Health € 1,701 million.

The details by geographical area highlighted in this document reflected the Group's managerial structure in place in 2019, made up of the three main markets - Italy, France and Germany - and the regional structures (ACEER, International, Investments, Asset & Wealth Management, and Group holdings and other companies)[4].

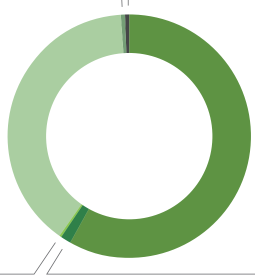
NFS

Glossary available at the end of this document

+21.4%
€ 13,864.7 mln premiums from social products*



+5.5%
€ 1,359.5 mln premiums from environmental products*



* The definitions of social and environmental products were reviewed in 2019 in order to meet the different stakeholders' requests and reflect the market evolution in terms of sustainability. Therefore, the change in premiums from social and environmental products is calculated on 2018 data restated. Premiums from social and environmental products refer to a higher number of consolidated companies compared to 2018 that represents 98.5% of the total gross direct written premiums.
As for premiums from environmental products, the premium from multi-risk policies covering NATCAT events only refers to the NATCAT guarantee. If the premium cannot be split into green-related component and other components, only the premium from the policies which are predominantly providing a green coverage or service is reported

4 Group holdings and other companies comprises the Parent Company's management and coordination activities, including Group reinsurance, Europ Assistance, Other companies (including Generali Global Health and Generali Employee Benefits) as well as other financial holding companies and suppliers of international services not included in the other geographical areas. Please refer to the Notes to the Management Report for a detailed description of the geographical areas.

NFS

Insurance products, by their very nature, have a high social and environmental value given that they constitute a concrete response to pension and protection needs of customers and the growing needs of society. We constantly monitor risks that may have impact on the society and the environment as to identify opportunities and continue to create value.
As part of its offering, the Generali Group is committed to promote several high value-added solutions from a social and environmental perspective. Developing this type of coverage means providing a service that creates value over time, responding to new requirements related to emerging risks, fostering eco-sustainable conduct, and bridging gaps in the pension and public health services sectors. Embracing technology and innovation, we address habits and behaviour towards healthier and more informed lifestyles, aiming at risk prevention rather than claims settlement. In order to encourage eco-sustainable conduct and support green activities, consistent with our climate change strategy, we develop and distribute products and services with particular attention to environmental protection.

Challenges and opportunities in the market context, p. 20

Operating result

The Group's operating result amounted to € 5,192 million, a 6.9% increase (€ 4,857 million at 31 December 2018), following the positive trend of all segments.

Total operating result by segment

(€ million)	31/12/2019	31/12/2018	Change
Total operating result	**5,192**	**4,857**	**6.9%**
Life	3,129	3,067	2.0%
Property&Casualty	2,057	1,992	3.3%
Asset Management	425	335	26.9%
Holding and other businesses	8	-70	n.m.
Consolidation adjustments	-427	-467	-8.5%

With reference to the different segments, Life recorded an operating result up by 2.0% to € 3,129 million, due to both the trend of the technical performance and growth in investment result.
The P&C operating result also increased and totalled € 2,057 million (+3.3%), reflecting the contribution of the technical result thanks to the improvement of the combined ratio that was confirmed at technical excellence levels (92.6%; -0.4 pps).
The operating result of the Asset Management segment rose from € 335 million to € 425 million due to the good market trend as a whole and to the consolidation of the revenues of the new multi-boutiques.
The operating result of the Holding and other businesses segment also showed improvement as it reflected the positive result of Banca Generali and of the other private equity businesses. It was only partially offset by the increased holding expenses, mainly because of the higher expenses linked to the Group's strategic projects.
Finally, the change in the consolidation adjustments was mainly due to fewer intragroup transactions following finalisation of the disposals.

Operating result by country

(€ million)	31/12/2019	31/12/2018
Italy	1,772	1,789
France	805	703
Germany	832	821
Austria, CEE & Russia	862	776
International	677	753
Spain	293	294
Switzerland	151	273
Americas and Southern Europe	155	116
Asia	85	79
Investments, Asset & Wealth Management (*)	687	527
Group holdings, other companies and consolidation adjustments	-443	-512
Total	**5,192**	**4,857**

(*) Investments, Asset & Wealth Management area includes the main Group entities operating in investment advisory, asset management and financial planning; it includes, among others, Banca Generali. Adding the operating result of AM of the Central and Eastern European countries to that of Investments, Asset & Wealth Management reported in the table, the total operating amounts to € 711 million (€ 542 million at 31 December 2018).

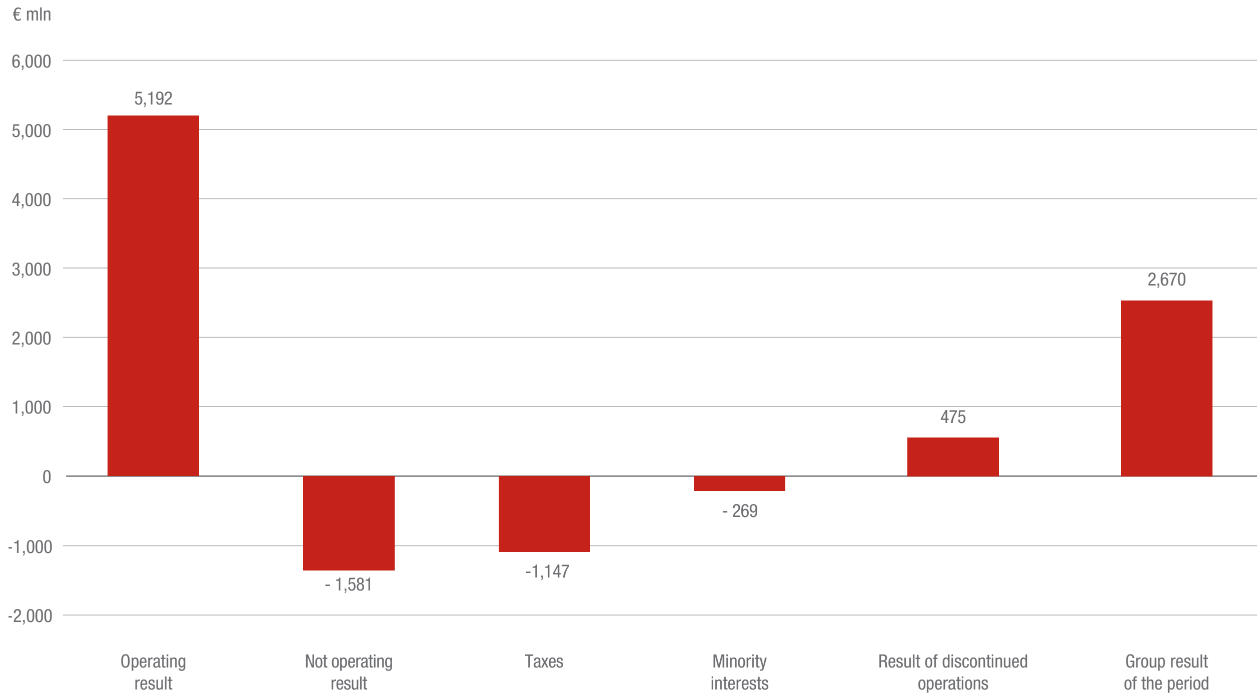
Non-operating result

The non-operating result of the Group came to € -1,581 million (€ -1,361 million at 31 December 2018). In particular:

- net impairment losses decreased to € -333 million (€ -431 million at 31 December 2018) mainly due to lower impairments on both equity and fixed income instruments;
- net realized gains totalled € 21 million (€ 265 million at 31 December 2018), mostly for € 245 million[5] of expenses for the liability management transaction announced in September 2019, which involved the buyback of three series of subordinated notes with an aggregate nominal amount of around € 1 billion. Furthermore, the first half of 2018 had benefited from € 113 million in realized gains from the disposal of the investment in Italo - Nuovo Trasporto Viaggiatori;
- net non-operating income from financial instruments at fair value through profit or loss amounted to € -42 million (€ 11 million at 31 December 2018);
- other net non-operating expenses increased to € -520 million (€ -411 million at 31 December 2018). The item comprised € -137 million for the amortization of the value of the acquired portfolios (€ -98 million at 31 December 2018; the increase came from the new acquisitions of Sycomore, Lumyna and Adriatic Slovenica), € -137 million for restructuring costs (€ -211 million at 31 December 2018; the decrease was due to minor costs mainly in Germany), and € -246 million in other net non-operating expenses (€ -102 million at 31 December 2018). The latter included the capital gain from the disposal of operations in Panama in 2018, while in 2019 there were higher costs tied to completion of the disposal of the German assets and to IT investments in the business units;
- non-operating holding expenses amounted to € -707 million (€ -795 million at 31 December 2018). The improvement is mainly attributable to the decrease in interest expense on financial debt that, in line with the strategy to reduce external debt, decreased from € -666 million to € -605 million. In 2018, the item comprised the restructuring costs for transfer of the Generali Employee Benefits headquarters and the closure of the branch in Japan, as well for the development of asset management activities.

5 This amount, after taxes, was € 188 million.

Group’s result of the period



The result of the period attributable to the Group stood at € 2,670 million, showing an increase of 15.7% over the € 2,309 million posted at 31 December 2018. It reflected:

- the improvement in the aforementioned operating result;
- the result from discontinued operations of € 475 million, which included the € 352 million gain from the disposal of Generali Lebensversicherung and the € 128 million gain from the disposal of the business in Belgium;
- the decrease in the tax rate, down from 32.6% to 31.3%, mainly attributable to the higher deductible acquisition costs in China and to the income from taxes of previous years recorded in Italy and Germany;
- the result attributable to minority interests, equal to € 269 million, which corresponded to a minority rate of 9.2% (7.6% at 31 December 2018) and which increased compared to last year (€ 189 million), mainly reflecting the trend of Banca Generali and Asia.

The adjusted net profit, which does not include the impact of gains and losses related to disposals, amounted to € 2,191 million.
Excluding the one-off expense of € 188 million for the above-mentioned liability management transaction relating to the buyback of subordinated notes, the adjusted net profit was € 2,379 million, up +6.6%.

From operating result to result of the period

(€ million)	31/12/2019	31/12/2018	Change
Consolidated operating result	**5,192**	**4,857**	**6.9%**
Net earned premiums	66,239	63,405	4.5%
Net insurance benefits and claims	-71,062	-52,032	36.6%
Acquisition and administration costs	-11,252	-10,393	8.3%
Net fee and commission income and net income from financial service activities	679	428	58.5%
Operating investment result	21,326	3,959	n.m.
Net operating income from financial instruments at fair value through profit or loss	10,279	-6,018	n.m.
Net operating income from other financial instruments	11,047	9,977	10.7%
Interest income and other income	10,895	10,560	3.2%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,586	1,215	30.6%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-333	-836	-60.2%
Interest expense on liabilities linked to operating activities	-401	-333	20.4%
Other expenses from other financial instruments and land and buildings (investment properties)	-700	-628	11.4%
Operating holding expenses	-529	-467	13.3%
Net other operating expenses (*)	-207	-44	n.m.
Consolidated non-operating result	**-1,581**	**-1,361**	**16.2%**
Non operating investment result	-354	-155	n.m.
Net non-operating income from financial instruments at fair value through profit or loss	-42	11	n.m.
Net non-operating income from other financial instruments (**)	-312	-166	88.5%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	21	265	-92.1%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-333	-431	-22.7%
Non-operating holding expenses	-707	-795	-11.0%
Interest expenses on financial debt	-605	-666	-9.2%
Other non-operating holding expenses	-102	-128	-20.4%
Net other non-operating expenses	-520	-411	26.3%
Earning before taxes	**3,611**	**3,496**	**3.3%**
Income taxes (*)	-1,147	-1,172	-2.1%
Earnings after taxes	**2,465**	**2,324**	**6.0%**
Profit or loss from discontinued operations	475	173	n.m.
Consolidated result of the period	2,939	2,497	17.7%
Result of the period attributable to the Group	**2,670**	**2,309**	**15.7%**
Result of the period attributable to minority interests	269	189	42.6%

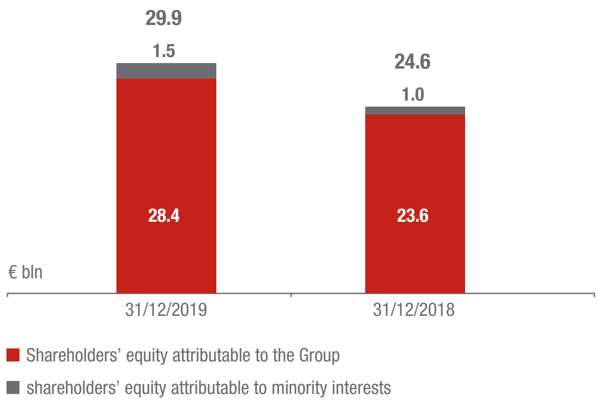
(*) At 31 December 2019 the amount is net of operating taxes for € 52 million and non-recurring taxes shared with the policyholders in Germany for € -27 million (at 31 December 2018 for € 52 million and € -6 million, respectively).

(**) The amount is gross of interest expenses on liabilities linked to financing activities.

Group's financial position

Group shareholders' equity and solvency

The shareholders' equity attributable to the Group amounted to € 28,360 million, an increase of 20.2% compared to € 23,601 million at 31 December 2018. The change was mainly attributable to:
- the result of the period attributable to the Group, which amounted to € 2,670 million at 31 December 2019;
- the dividend distribution of € 1,413 million, carried out in 2019;
- other comprehensive income (€ 3,598) due to both the increase in the reserve for unrealized gains or losses on available for sale financial assets of € 4,004 million, mainly arising from the performance of bonds, partially offset by both the reduction in the reserve attributable to disposal groups of € -250 million and the increase in unrealized gains or losses for defined benefit plans of € 391 million.



Rollforward of Shareholders' equity

(€ million)	31/12/2019	31/12/2018
Shareholders' equity attributable to the Group at the end of the previous period	**23,601**	**25,079**
Result of the period	2,670	2,309
Dividend distributed	-1,413	-1,330
Other comprehensive income	3,598	-2,517
Reserve for unrealized gains and losses on available for sale financial assets	4,004	-2,288
Foreign currency translation differences	119	-32
Net unrealized gains and losses on hedging derivatives	95	22
Net unrealized gains and losses on defined benefit plans	-391	81
Other net unrealized gains and losses	-228	-300
Other items	-96	59
Shareholders' equity attributable to the Group at the end of the period	**28,360**	**23,601**

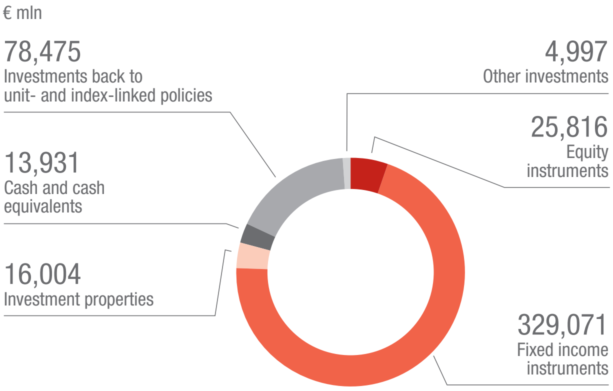
The Regulatory Solvency Ratio - which represents the regulatory view of the Group's capital and is based on the use of the Internal Model, solely for companies that have obtained the relevant approval from IVASS, and on the Standard Formula for other companies - stood at 224% (217% at 31 December 2018; +8 pps). The positive normalized generation of capital more than offset the negative market variances, mainly associated with the decrease in interest rates, and capital variances (including the foreseeable dividend allocation and the early redemption of part of the subordinated debt).

Risk Report, p. 101 of the Annual Integrated Report and Consolidated Financial Statements 2019 for further information on the Group's solvency

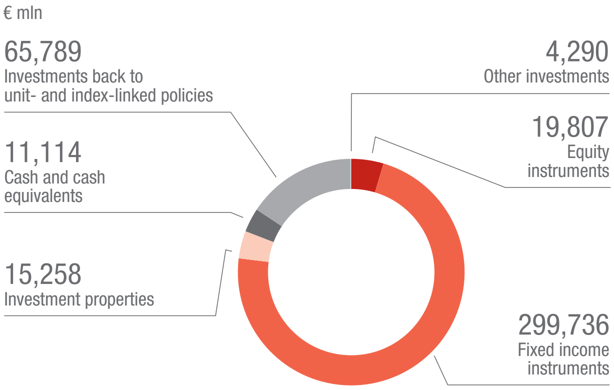
Investments

Asset allocation

Investments at 31 December 2019



Investments at 31 December 2018



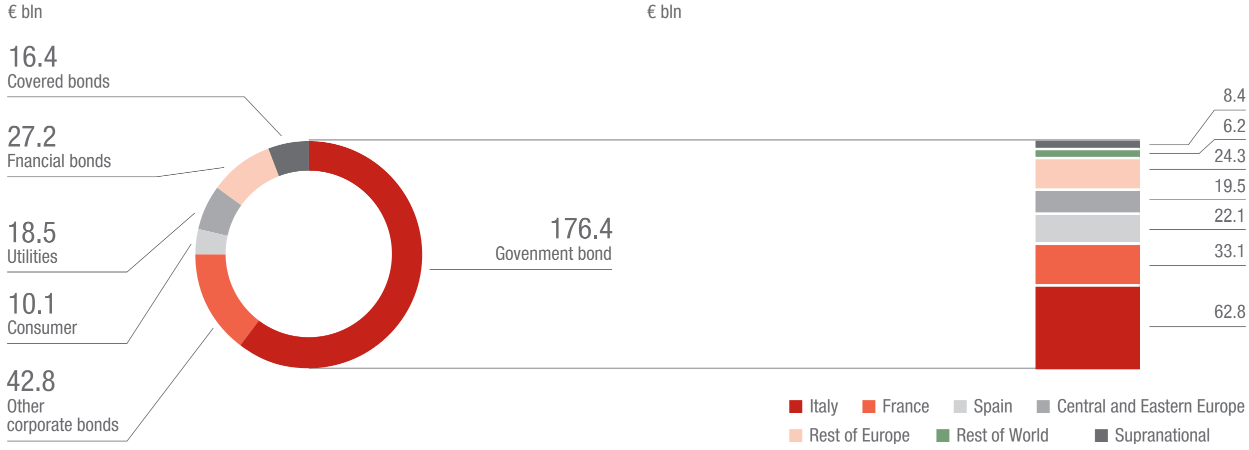
At 31 December 2019, total investments amounted to € 468,293 million, up by 12.6% over the previous year. Both Group investments at € 389,819 million (+11.3%) and unit/index-linked investments at € 78,475 million (+19.3%) increased.
In terms of weight of the main investment categories, the relative exposure of the fixed income instruments was down to 84.4% (85.6% at 31 December 2018), while that of equity instruments increased, up to 6.6% (5.7% at 31 December 2018). The weight of investment properties decreased to 4.1% (4.4% at 31 December 2018), while that of other investments was basically stable at 1.3% (1.2% at 31 December 2018). Other investments mainly include receivables from banks and customers, investments in subsidiaries, associated companies and joint ventures, and derivatives. Finally, the weight of liquidity went from 3.2% to 3.6%.

Fixed income instruments

Fixed income instruments increased by 9.8% to € 329,071 million compared to € 299,736 million at 31 December 2018. In particular, the bond portfolio grew to € 291,388 million (+7.3%).
With reference to the composition of the bond portfolio, government bonds, which represented 53.6% (53.2% at 31 December 2018), were up, standing at € 176,355 million (€ 159,431 million at 31 December 2018). The change during the period was mostly due to the increase in value of the securities in portfolio. The exposure to individual government bonds was mainly allocated to the respective countries of operation, in line with the Group's ALM policy.
Supported by the current context of interest rates on the market value of this asset class, the corporate component increased in absolute terms to € 115,033 million (€ 112,017 million at 31 December 2018), equal to 35.0% of the bond portfolio (37.4% at 31 December 2018). The exposure due to aiming the reinvestment strategy at the sovereign bond component decreased in nominal terms.
Taking into consideration, on the other hand, the current breakdown of the portfolio, the allocation is basically stable with a slight preference for the telecommunications sector.

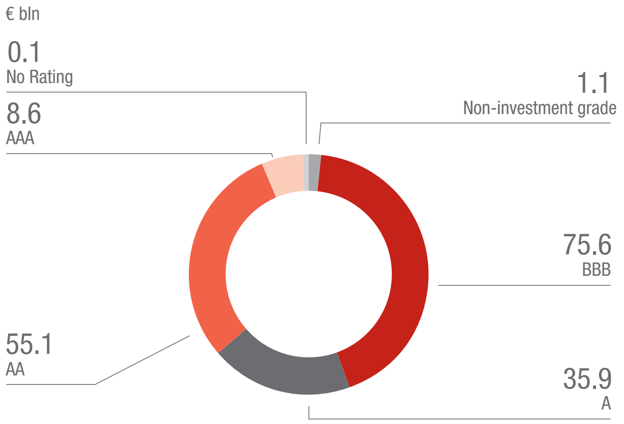
Bond portfolio: detail by sector

Government bonds: detail by country of risk

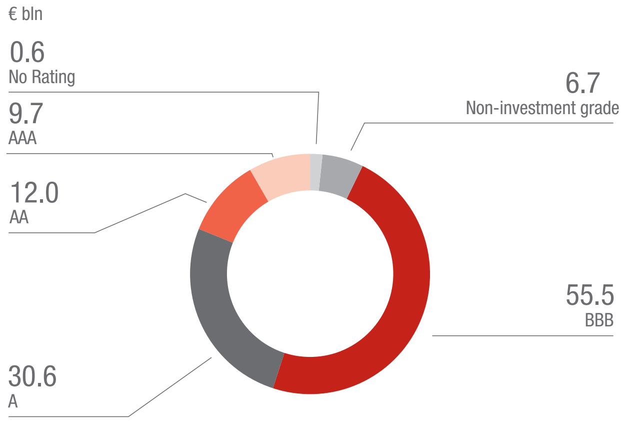


The Group's corporate portfolio confirmed its improvement in terms of creditworthiness, with over 94% of the securities classified as Investment Grade (93% at the end of the previous year). Non-investment grade securities declined by € 0.4 billion compared to 31 December 2018.

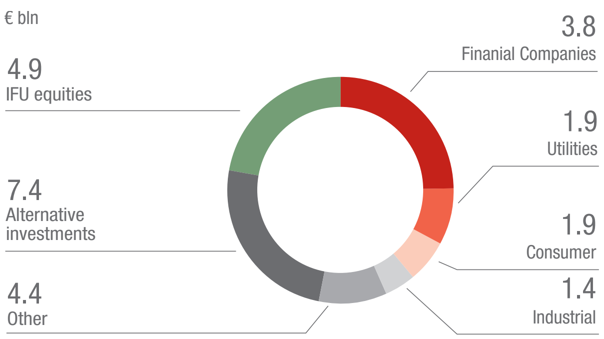
Bond portfolio: government bonds by rating



Bond portfolio: corporate bonds by rating



Equity instruments



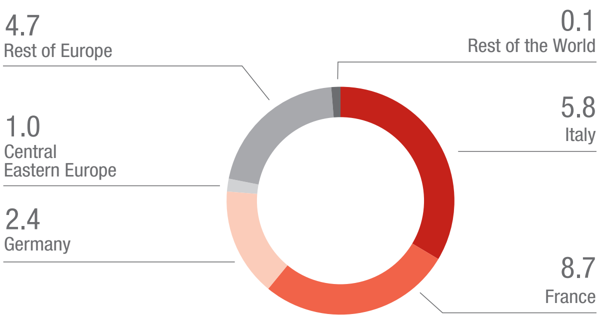
Equity instruments increased in absolute terms, standing at € 25,816 million (€ 19,807 million at 31 December 2018). The change was mostly due to the equity portfolio market effect together with purchases of both listed and alternative instruments.

Investment properties

Investment properties in terms of book value amounted to € 16,004 million (€ 15,258 million at 31 December 2018).

Direct investment properties at fair value

€ bln



Specifically, the Group's direct investment properties at fair value amounted to € 22,693 million (€ 20,631 million at 31 December 2018), and were almost all in Western Europe, mainly in Italy, France and Germany, and were held in the respective countries of operations.

NFS

Responsible investments

+7.7%
€ 311.7 mld direct investments of Group insurance companies to which the Responsible Investment Guideline is applied

In implementation of the Responsible Investment Guideline - the document which regulates the various responsible investment activities at Group level - we identify, evaluate and monitor issuing companies in the portfolio which are involved in controversial sectors (for example, non-conventional weapons) or in activities that involve serious or systematic violations of human rights, serious environmental damage or corruption.
Thanks to the creation of a proprietary ESG methodology - which considers environmental, social and corporate governance aspects - we evaluate the degree of responsibility and involvement of the issuing companies and promote specific actions with respect to them, ranging from a ban on making new investments to the settlement of current holdings or the retention of same until their expiration, or even direct dialogue to encourage them to act responsibly.
A cross-functional committee named Responsible Investment Committee retains the task of supporting the decisions of the Group Chief Investment Officer in relation to potential exclusions from the investable universe of the Group.

Climate strategy

In line with the principles of responsible investment which we have been applying for years, and in execution of the Group Policy for the Environment and Climate, we have defined our commitment, even through investment activities, to mitigate climate change and transition towards energy sources as alternatives to coal and fossil fuels..

The Generali 2021 strategy, p. 24

Our rules for running business with integrity, p. 36

Sustainable and responsible investment funds and mandates

+6.9%
€ 35.5 mld SRI*

Thanks to a methodology developed internally by a dedicated team - which integrates non-financial and traditional financial aspects - we select the best companies in relation to corporate social responsibility and sustainable development policies in order to establish dedicated SRI (Sustainable and Responsible Investments) funds and mandates.

* Sustainable and Responsible Investments (SRI) are assets managed according to Generali Insurance Asset Management's SRI proprietary methodology both on behalf of Group insurance companies and third-party clients (two funds and three mandates).

NFS

At 31 December 2019, the methodology was applied to:
- funds totalling € 0.9 billion in assets (+73.1%). Of these, 95.1% was subject to the SRI analysis and reported a compliance rate of 100% with the SRI principles of Generali Insurance Asset Management. The remaining 4.9% was the cash component of funds;
- mandates totalling € 34.6 billion in assets (+6.1%). Of these, 81.7% was subject to the SRI analysis and reported a compliance rate of more than 94% with the SRI principles of Generali Insurance Asset Management. The remaining 18.3% was not covered by the SRI analysis (mutual funds, issuers located in non-European regions and unlisted issuers).

Stewardship

+17.7%
Partecipation in 1,414 shareholders' meetings

+21.1%
18,472 resolutions voted

0 pps
13% votes against

As a responsible investor, we undertake to promote sustainability in our investees through proxy voting and engagement activities. To this end, we have a Voting Guideline and an Engagement Guideline which express the fundamental values of the Group, including with respect to sustainability.

www.generali.com/info/download-center/sustainability/bilanci
for more information on the results achieved with regard to proxy voting and engagement activities

Investment result

Return on investiments

	31/12/2019	31/12/2018
Economic components		
Current income from fixed income instruments	8,832	8,861
Current income from equity instruments	1,045	869
Current income from real estate investments (*)	838	738
Net realized gains	1,771	1,495
Net impairment losses	-612	-1,205
Net unrealized gains	260	-549
Average stock	**376,308**	**351,577**
Ratio		
Current return (*)	2.9%	3.0%
Harvesting rate	0.4%	-0.1%
P&L return	3.2%	2.8%

(*) Net of depreciation of the period.

The current return on investments fell slightly, reaching 2.9% (3.0% at 31 December 2018). The performance of this indicator is attributable, on the one hand, to the increase in average investments and, on the other, to growth less than proportionate in the absolute value of current income, which amounted to € 10,962 million (€ 10,668 million at 31 December 2018), due to the low interest rates obtainable as part of the reinvestment activity.

The contribution to the result of the period deriving from net realized gains, net impairment losses and net unrealized gains (harvesting rate)[6] showed an increase to 0.4% (-0.1% at 31 December 2018), benefitting from both a lower impact of the impairments and a higher contribution of the net realized gains.

6 The contribution to investments backing unit-linked contracts was excluded. Please refer to the chapter Methodological notes on alternative performance measures for details on the calculation of the Return on investments.

Debt and liquidity

Debt

In accordance with the IAS/IFRS managerial model used by the Generali Group, consolidated liabilities were split into two categories:

- liabilities linked to operating activities, defined as all the consolidated financial liabilities related to specific balance sheet items from the consolidated financial statements. This category also includes liabilities stated by the insurance companies against investment contracts and liabilities to banks and customers of banks belonging to the Group;
- liabilities linked to financing activities, including the other consolidated financial liabilities, among which subordinated liabilities, bonds issued, and other loans obtained. This category includes, for example, liabilities incurred in connection with a purchase of controlling interests.

Total liabilities were as follows:

Group debt

(€ million)	31/12/2019	31/12/2018
Liabilities linked to operating activities	**28,891**	**27,009**
Liabilities linked to financing activities	**11,013**	**11,532**
Subordinated liabilities	7,717	8,124
Senior bonds	2,988	2,983
Other non-subordinated liabilities linked to financing activities	308	425
Total	**40,903**	**38,540**

The decrease in the Group's liabilities linked to financing activities is mainly due to the combination of:

- redemption of three subordinated notes issued in 2009 for a nominal amount of € 750 million, funded with a new issue of € 500 million;
- completion of the liability management transaction, which involved the buyback of € 1 billion in subordinated liabilities with call date 2022, partially funded with a new issue of € 750 million in green liabilities;
- completion of the acquisition of Adriatic Slovenica, which entailed the consolidation of also the subordinated liability issued by the Slovenian company for the amount of € 50 million.

The liabilities linked to operating activities posted an increase due mainly to the increase in the deposits of the Group banks.

The weighted average cost of liabilities linked to financing activities stood at 4.95%, down from 5.66% at 31 December 2018. The weighted average cost reflects the annualized cost of the liabilities, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Interest expenses on total liabilities were detailed below:

Interest expenses

(€ million)	31/12/2019	31/12/2018	Change
Interest expenses on liabilities linked to operating activities	401	333	20.4%
Interest expenses on liabilities linked to financing activities	605	666	-9.2%
Total (*)	**1,006**	**1,000**	**0.7%**

(*) Without taking into account the interest expenses on liabilities linked to operating activities of the real estate development companies, classified among the other expenses, as well as the interest on deposit under reinsurance business accepted, deducted from the related interest income.

Details on the liabilities linked to financing activities

Details on subordinated liabilities and senior bonds

(€ million)	31/12/2019				31/12/2018			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)
Subordinated liabilities	7,746	7,717	479	5.23%	8,162	8,124	541	6.18%
Senior bonds	3,000	2,988	125	4.19%	3,000	2,983	125	4.19%
Total	**10,746**	**10,705**	**605**		**11,162**	**11,106**	**666**	

(*) The weighted average cost reflects annualized cost of the liabilities, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Details of issues and redemptions of subordinated liabilities and senior bonds

(€ million)	31/12/2019			31/12/2018		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	1,250	1,750	-500	0	250	-250
Senior bonds	0	0	0	0	0	0
Total	**1,250**	**1,750**	**-500**	**0**	**250**	**-250**

NFS

In the first part of 2019, Generali drew up the Group Green Bond Framework, which represents as much an element of continuity with the green credit lines negotiated in 2018 as much as an element of consistency with the Generali 2021 strategy, of which sustainability is a fundamental premise.

Developed in compliance with the guidelines dictated by the Green Bond Principles, the Framework - the subject matter of a Second Party Opinion issued by Sustainalytics - defines the eligibility criteria for the use of proceeds, the evaluation and selection of projects, the governance of the green bonds, including the creation of a Green Bond Committee and the rules on reporting the green bond.

The Generali Green Bond Framework was designed following 3 key principles:

- simplicity: written clearly and unambiguously, it aims to be understood by both market professionals and the common reader of financial reports;
- transparency: based as much as possible on independent assessment criteria, it reduces the margin of subjective judgement of the Group regarding the selection and inclusion of the pool of eligible assets;
- consistency: in line with our investment strategy that contemplates expansion of the real estate and private assets, and with our history as a large investor in the European real estate sector. Aware of the close tie between global CO_2 emissions and buildings and transportation, the pool of eligible assets for the Green Bond will be mostly represented by investments in green buildings and transportation.

In September 2019, Generali announced the Green Bond Framework to the market and also its first issue of a Green Bond by the Group, which also corresponds to the first issue by any European insurance company. The € 750 million Tier 2 green bond maturing in 2030 was warmly welcomed by investors with a demand that surpassed the issued amount by 3.6 times. Over half of the orders came in from green bond market investors or from institutional investors with the aim of implementing green investment plans. The Green Bond of Generali was included in the Bloomberg Barclays MSCI Green Bond index.

Within 12 months following the date of issue Generali will issue an audited allocation and impact report.

www.generali.com/investors/debt-ratings/green-bond-framework for further information

Details on main issues

Subordinated liabilities

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	411	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	243	GBP	285	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	302	EUR	301	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	984	EUR	983	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	992	02/05/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,244	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	842	08/06/2016	08/06/2028	08/06/2048
Assicurazioni Generali	3.88%	500	EUR	497	29/01/2019	n.a.	29/01/2029
Assicurazioni Generali	2.12%	750	EUR	747	01/10/2019	n.a.	01/10/2030
Adriatic Slovenica	EUR3M+7.8%	50	EUR	50	24/05/2016	24/05/2021	24/05/2026

(*) In currency million.

(**) In € million.

This category includes all subordinated liabilities issued by Assicurazioni Generali and other subsidiaries. The remaining subordinated liabilities are mainly issued by Austrian subsidiaries for approximately € 25 million at amortized cost.

Senior bonds

Main senior bonds issues

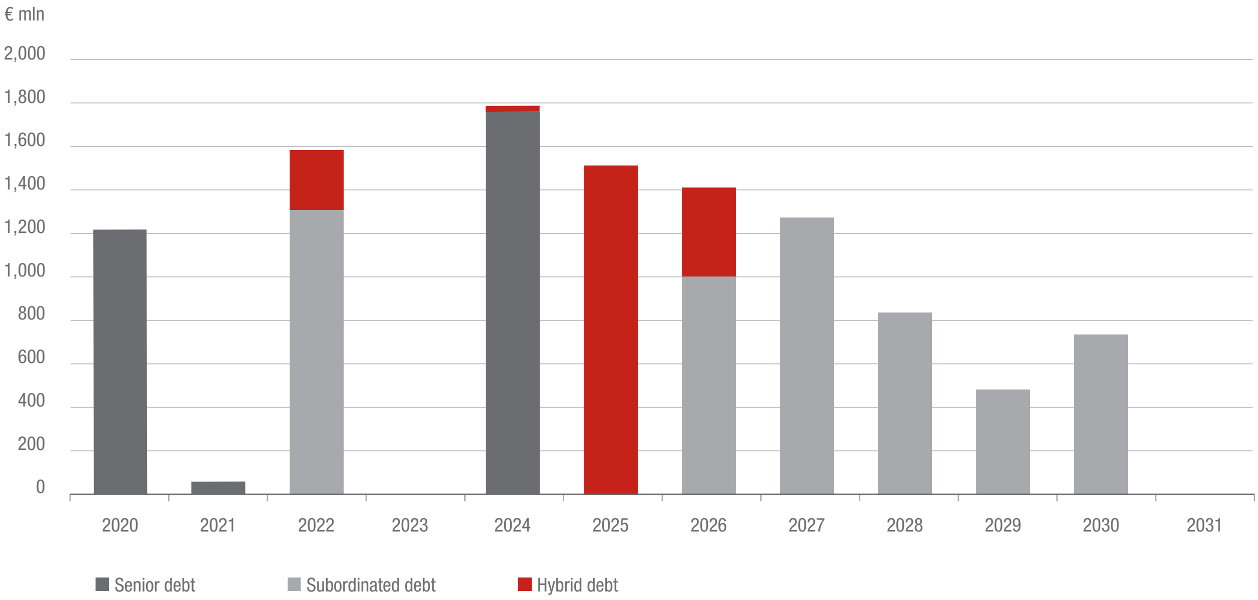
Emittente	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,731	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,250	14/01/2014	14/01/2020

(*) In currency million.

(**) In € million.

The senior debt of € 1,250 million issued in 2014 reached maturity in January 2020. Consistent with what was anticipated in May 2019 at the Exploring Generali event, this redemption was not refinanced as part of the plan to reduce debt according to the Generali 2021 strategy.

Detail on debt maturity



The average duration stood at 5.52 years at 31 December 2019 compared to 5.34 years at 31 December 2018.

Revolving credit facilities

Assicurazioni Generali has revolving credit facilities for a total amount of € 4 billion. They represent, in line with best market practice, an efficient tool to protect the Group's financial flexibility in case of adverse scenarios.
The two facilities, syndicated with a value of € 2 billion each, have a duration until 2021 and 2023.
The revolving credit facilities also present innovative features in terms of sustainability: their cost is linked to both the targets on green investments and the progress made in sustainability. This transaction further strengthens Generali's commitment to sustainability and the environment, as set out in the Charter of Sustainability Commitments and in the climate change strategy. This will only impact the Group's liabilities linked to financing activities if the facilities are drawn down.

Liquidity

Cash and cash equivalent

(€ million)	31/12/2019	31/12/2018
Cash at bank and short-term securities	6,165	5,553
Cash and cash equivalents	172	115
Cash and balances with central banks	537	1,029
Money market investment funds unit	6,863	4,367
Other	194	50
Cash and cash equivalents	**13,931**	**11,114**

Liquidity rose from € 11,114 million of year-end 2018 to € 13,931 million at 31 December 2019; the increase in Group's cash and cash equivalents reflected the improved generation of cash of the underlying business and the focus on restating the net result in cash flows.

Share performance

KPIs per share

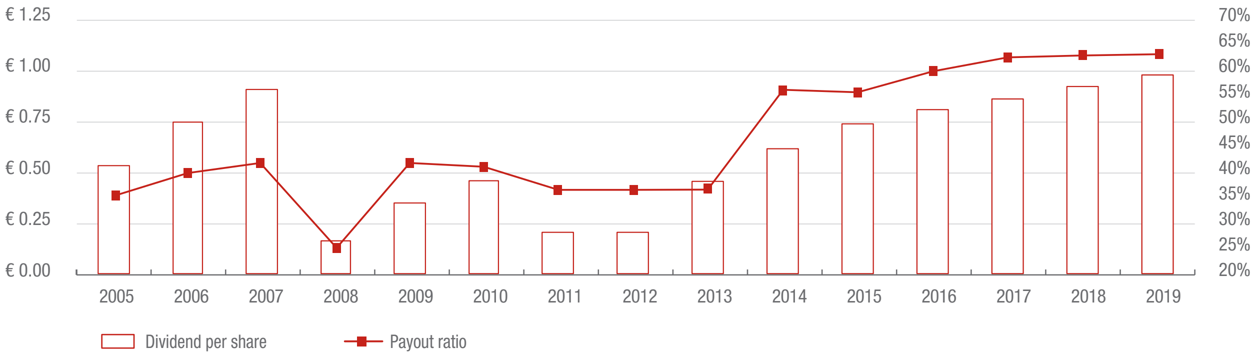
	31/12/2019	31/12/2018
Earnings per share (EPS)	1.70	1.48
Adjusted net EPS	1.40	1.43
Adjusted net EPS without one-off liability management	1.52	1.43
Dividend per share (DPS) (***)	0.96	0.90
Adjusted pauout ratio without one-off liability management (*)	63.6%	63.3%
Total dividend (in € million)	1,513	1,413
Share price	18.40	14.60
Minimum share price	14.51	13.75
Maximum share price	19.50	17.06
Average share price	16.85	15.07
Weighted average number of ordinary shares outstanding	1,567,927,100	1,563,742,903
Market capitalization (in € milion)	28,884	22,851
Average daily number of traded shares	4,863,683	5,778,912
Total shareholders' return (TSR) (**)	32.95%	1.39%

(*) The payout ratio at 31 December 2019 calculated on adjusted net profit including one-off liability management amounting to € 2,191 million was 69.1%. The 2018 data was restated based on adjusted profit in that year.

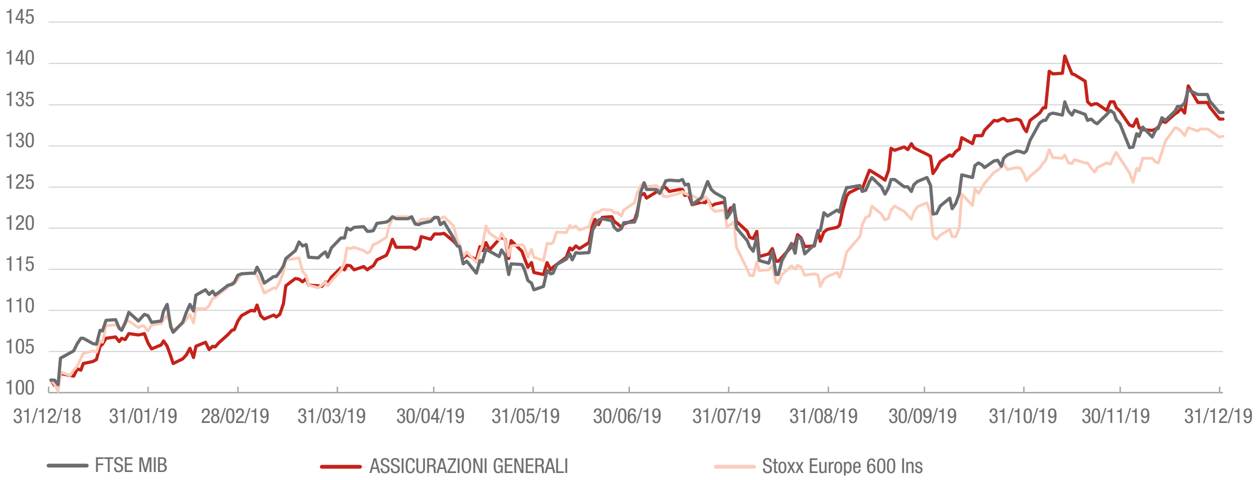
(**) The total shareholders' return (TSR) is the measure of performance which combines share price variation and dividends paid to show the total return to the shareholder expressed as an annualized percentage.

(***)It is the proposed DPS.

Performance of the dividend per share and payout ratio



2019 performance of the total shareholders' return



Our main markets: positioning[7] and performance

Italy

Generali confirms its leadership position in the Italian insurance market with an overall share of 16.2% as it can rely on a complete range of insurance solutions for its clients in both the Life and P&C segments. At the distribution level, a multi-channel strategy strongly hinged on agents continues. It has a strong position in the direct Life and P&C channel, through Genertel and Genertellife, the first online insurance launched in Italy. Thanks to its partnership with Banca Generali, the Group is able to offer its customers a broad and complete variety of insurance, pension and savings products. Generali presents itself to the Italian market with three distinct brands marked by a clear strategic positioning - Generali (retail market and SME), Alleanza (households) and Genertel and Genertellife (alternative channels). During 2019, Generali Italia continued to implement its simplification programme with the goal to improve the customer experience by simplifying the relationship between customers and agents for the entire process by providing more and more accessible and innovative services. Furthermore, in 2019 Jeniot, a company launched by Generali Italia at year-end 2018 that develops innovative services in the Internet of Things and connected insurance area tied to mobility, home, health and work, continued to grow.

NFS

Within The Human Safety Net, the Group's global initiative for the society, Generali Italia launched Ora di Futuro, an innovative project for educating children and families that involves teachers, primary schools and non-profit networks throughout Italy. The purpose is to help families and to sustain responsible growth of their children.

The Italian insurance market, down by 1.5%, suffered from the trend of Life premiums (-2%), which was conditioned by the trend of the unit-linked products (-18.3%). The new Life business continues to be even more oriented toward the traditional products, whose performance rose compared to 2018 (+12.4%), and the multi-business products (+17.3%), still mostly focused on the traditional component. The P&C insurance market, enjoying expected growth of 3.3%, still benefits from the development of the non-motor line (forecast to grow by 5.7%), supported by the protection business (+8.8% thanks to the increasing attention that clients pay to welfare) together with the property line (+4.3%). The motor business enjoyed moderate growth (+0.6%), driven by the other demages business (+4.8%) while the motor third-party liability line (-0.3%) continued to feel the effects of the competition between the different operators.

On the financial markets, the ten-year BTP yield dropped from 2.77% at year-end 2018 to 1.43% at year-end 2019. The BTP-Bund spread went down from 253 bps at year-end 2018 to 161 bps at year-end 2019.
The equity market was affected by the global monetary policies. The FTSE MIB posted positive performance during the year (+33.8%).

Gross written premiums
€ 24,166 mln
(+1.6%)

Total operating result
€ 1,772 mln
(-1.0%)

Life market share
17.3%

P&C market share
14.1%

Ranking
1st
(2nd Life and 2nd P&C)

Our people
13,150

7 The indicated market shares and ranking, based on written premiums, refer to the most recent official data.

GENERASVILUPPO SOSTENIBILE

In 2019, the integrated new generation offer of Generali Italia was extended with GeneraSviluppo Sostenibile, the first insurance solution for investing in the UN 2030 for Sustainable Development Targets, which encourages responsible behaviour. The client is given the possibility to choose from the following five thematic investment portfolios based on their values, and to afterwards measure the impact on communities and environment:

- Equal opportunity: companies that promote respect for equal opportunity, protection of minorities and equality of gender by encouraging impartial professional growth;
- Sustainable growth: companies that promote smart cities distinguished by technological development, respect for the environment and for the work force in order to improve the quality of life of their citizens;
- Health and well-being: companies operating in the field of health, natural foods, products and services that promote an active and healthy lifestyle;
- Responsible consumption: companies that implement a circular economy that respects natural resources in line with protection of the seas and land;
- Climate protection: energies that are renewable and in companies that implement environmental policies that protect natural resources.

In a context of a market distinguished by persistent low interest rates and high volatility, Generali Italia has concentrated on a full-scale offer that comprises development of the Pension, Savings, Investment and Protection products according to the pre-set goals of improving advice given to the client and strengthening of premium with low capital absorption. This strategy was pursued through value consultancy aimed at optimising the productivity of the current channels and integrated with the new digital tools introduced with the recent Simplification programme.
An agreement with Google focused on the transformation, innovation and personalisation of offers and services made possible by clouds, data & technology was also signed to support the digitalization pillar.

The growth of Generali's Life premiums therefore showed excellent performance of protection business (+14.8%) and traditional savings and pension products (+6.1%). The linked products fell (-16.3%) due to the volatility of the financial markets in the second half of 2018, which conditioned the risk appetite of customers in the first nine months of 2019.
The new business in terms of present value of new business premiums (PVNBP) stood at € 19,510 million, up 5.8% following the growth of single premiums (+16.4%), which amply offset the drop in the present value of future annual premiums (-6.3%).
With reference to the business lines, positive growth of both protection business (+30.8%) and savings and pension business (+16.1%) was recorded. Despite the satisfactory contribution of hybrid products, there was a reduction in the unit-linked business (-20.4%).
The new business margin (expressed as a percentage of PVNBP) decreased by 0.59 pps, from 5.30% in 2018 to 4.71% in 2019. The decrease is mainly led by the negative economic context, with negative repercussions also on the highly profitable hybrid products sold during the year, only partially offset by the increased production from new products with lower capital absorption.
Despite the higher volumes, the lower profitability caused by the economic context led to the new business value amounting to € 920 million (-6.0%).

Life premiums
€ 18,635 mln (+1.7%)

PVNBP
€ 19,510 mln (+5.8%)

NBV
€ 920 mln (-6.0%)

Life OR
€ 1,345 mln (+4.8%)

It is point out the growth in Property & Casualty premiums (+1.5%) arising from changes, each different from the other. In 2019, Generali concentrated on improving profitability and on defending the motor portfolio with interventions on the flexibility and development of smart-pricing models that enhance the value of the contribution offered by the new advanced analytics structure. The total decrease in motor (-1.3%) was then offset by a significant improvement in profitability in a market that is still strongly competitive. In the non-motor lines (+2.9%), the renewal of the product range through development of new associated services and products and the ever-increasing attention paid to improving the industrial processes and relevant levels of service led to a considerable increase in premiums (+2.9%), which benefitted from the good trend above all of the corporate and Employee Benefit lines.
The combined ratio rose slightly due to a lower contribution of the previous generations and to a higher impact of the natural catastrophe claims as compared to 2018, only partially offset by an improvement in current claims above all associated with the motor segment.

P&C premiums
€ 5,530 mln (+1.5%)

P&C OR
€ 495 mln (-15.2%)

CoR
91.9% (+1.0 pps)

Germany

Generali has been active in Germany since 1837. The Group ranks second in terms of total premium income due to a 9.1% market share in the Life business (also including health business), in which it plays a leadership role in the unit-linked and protection lines, and to a 5.3% P&C share, distinguished by a sharply higher premium profitability than the market average.
In 2019, Generali successfully completed implementation of the strategic turnaround programme Simpler, Smarter for You to Lead in Germany. This programme, fully consistent with the Group's strategy, was aimed at:

- maximisation of the distribution power by: integrating the channel of exclusive Generali agents in the DVAG network, which with 37,000 agents is the largest distribution network in Germany, operating on an exclusive basis to sell Generali brand products; the strengthening of its leadership in the direct channel (CosmosDirekt), also through sizeable investments in the simplification of the processes and extension to new forms of digital intermediation; and the focusing of the broker channel (Dialog) on improvement of profitability and on the digitalisation process;
- maximisation of operational efficiency and innovation with creation of the "One company" model that led to concentrating employees in two main companies, creation of four product factories (Life, P&C, Health, Prevention and assistance) serving all distribution channels with considerable management synergies, and rationalisation of the brands portfolio, with significant strengthening of the Generali brand. To this regard, in October 2019 the merger of the P&C companies AachenMünchener Versicherung and Generali Versicherungen was finalised. It led to the creation of Generali Deutschland Versicherung, a company dedicated to the exclusive sale channel. The P&C company Dialog Versicherungen for the broker channel was set up. During the year, the Group retained its leading positioning on the market in the product innovation area and in customer services thanks to the Smart Insurance approach, focused on strengthening the Prevention and assistance offer, particularly thanks to the Generali Vitality programme and the products in telematics (Generali Mobility), domotics (Generali Domocity), and digital security through the CyberIdentity solutions;
- mitigation of the interest rate risk and return on invested capital: during 2019, Generali finalised the sale of 89.9% of Generali Lebensversicherung to Viridium Gruppe,

Gross written premiums
€ 14,294 mln
(+5.3%)

Total operating result
€ 832 mln
(+1.4%)

Life market share
9.1%

P&C market share
5.3%

Ranking
2nd

Our people
9,613

with which it had come to an industrial partnership agreement for the profitable management of the traditional guaranteed Life portfolio that is particularly subject to the interest rate risk. The transaction, which entailed a comprehensive valuation of 100% of Generali Lebensversicherung totalling € 1 billion and repayment to the Group of € 882 million in subordinated instruments, will allow more efficient and remunerative resources for the Group to be allocated.

The initiatives carried out in 2019 fall within the Generali 2021 context, which also in Germany are aimed at fulfilling the Group's ambition to become a Life-time Partner of its customers and to be number one on the market in terms of profitable growth, return on capital and innovation.

NFS

Generali also successful continued to execute many initiatives part of The Human Safety Net programme. The programme, which initially supported refugees and their start-ups, was also extended to families with children in underprivileged situations in 2019. During 2019, Generali's colleagues located in Germany were for the first time involved in the programme through corporate voluntary activities, and The Human Safety Net was hosted as part of the Bürgerfest initiative promoted by the President of the German Federal Republic.

In spite of the economic slowdown that commenced during the second half of the year, the performance of the insurance sector posted a positive trend. Thanks to expansion in the single premiums business, Life insurance grew beyond expectations (+11.3%). In confirming the trend seen in the previous years, Property & Casualty business grew with rates over 3%.

As regards the financial markets, the yield of the ten-year German Bund closed the year even lower, at -0.19% (0.25% in 2018). The DAX stock market earned 25.5%.

Life premiums grew by 7.2%, thanks to the contribution of all the business lines. Solid growth was seen in the unit-linked products (+7.4%) and protection products (+3.3%), in line with the Group's strategic initiatives. The savings premiums went up 11.6% in both the single premium component, following the trend of the entire market, and in the recurring premium component, where the market was instead stagnant.

The new business in terms of (PVNBP) increased significantly (+27.3%), affecting both the Life business (+25.6%) and the healthcare business (+47.8%) and the present value of future annual premiums (+27.2%) and single premiums (+27.7%). The business of all business lines is increasing; in particular, savings and pension products grew by 42.2%, protection products by 25.2% and unit-linked products by 16.6%.

The profitability of the new business (stated as a percentage of the PVNBP) came to 2.73%, stable on equivalent terms, due to the reduction of guarantees offered on the new products that offsets the unfavourable economic context of reference.

New business value grew by 27.4% and amounted to € 261 million.

Life premiums
€ 10,523 mln (+7.2%)

PVNBP
€ 9,587 mln (+27.3%)

NBV
€ 261 mln (+27.4%)

Life OR
€ 406 mln (-4.3%)

The P&C segment volumes went up slightly (+0.4%), entirely driven by the non-motor business (+1.7%), which benefits from the positive trend mainly in the home and commercial lines, further supported by the Global Corporate & Commercial lines. The motor line went down (-1.5%), which reflects both the activities of existing portfolio pruning and the focusing on the profitability in acquiring new customers.

The combined ratio marks a considerable improvement (-3.1 pps), entirely attributable to the reduction in claims thanks to the positive trend of the current generations, the lower catastrophe impact (-0.6 pps) and the greater contribution of the result of the previous generations. The costs rate increased (+2.0 pps), driven by the greater commission charges following integration of the exclusive EVG network in DVAG in mid-2018.

P&C premiums
€ 3,771 mln (+0.4%)

P&C OR
€ 462 mln (+4.0%)

CoR
89.6% (-3.1 pps)

France

Generali has been active in France since 1831 with one of the Group's first foreign branches. The operating structure was consolidated toward the mid-2000s, when the merger of the various brands forming the Group led to the creation of one of the country's largest insurance companies. Generali France operates with a multi-channel approach of agents, employed sales persons, brokers, financial advisors, banks, direct channels and affinity groups. The multiplicity of the distribution forms reflects the market segment served and the type of product sold, with focus always placed on the customer. Generali France boasts a leadership position in savings Life products distributed through internet and for the so-called affluent customers, just as holds true in the market of supplementary pensions for self-employed workers. The presence of professionals, SMEs and personal risks in the segments is also significant.

Like in the main geographical areas where the Group operates, in France as well initiatives aimed for the most part at consolidated the bond of trust in customer relations through their lifetimes were taken in the perspective of strengthening the brand and the image throughout the country.
Furthermore, in 2019 the Group initiated a number of strategic initiatives in France as part of a project called Excellence2022 that envisages different streamlining and corporate business transformation actions over a three-year span. The main areas of intervention, also in terms of new investments, having - among other things - the purpose of increasing competitiveness in the country, are the Information Technology sector (Digital Transformation project), the claims management area and the costs sector, with rationalisation of the fixed structure costs. Considerable efforts are also put forth in the commercial area, with the objective of growing in the P&C market by diversifying the portfolio mix, and consolidation of the position in the savings sector by enriching the distribution of products with alternative and innovative formulas. This will be implemented on the one hand with actions to streamline the internal distribution network and, on the other, with development of external agency networks.

As regards the insurance market, although it slowed down compared to the previous year, 2019 was marked by a positive increase in Life insurance premiums (+3% compared to +4% of 2018) owing to the trend recorded in traditional products. While the volatility of the financial markets continues to slow down the demand for unit-linked products, the success of the hybrid solutions is growing, represented by the combination of traditional products together with unit-linked products.
The changes in the Property & Casualty business lines (+2.6%), basically stable compared to 2018, confirms strong growth in the health sector (+6.5%), led by the strong increase in health guarantees at both the individual and collective levels.

With reference to the financial markets, the ten-year French bond closed the year at 0.1%, down 0.7% compared to year-end 2018. The French stock market index, CAC 40, went up just like the other European indexes, to close the year with a 30.5% gain.

Life premiums (+9.5%) are supported by the traditional savings policies (+11.7%) that this year, in particular, represented one of the forms of investment most appreciated for coping with the volatility of the markets. Despite this, the Group strategy continues to focus on development of both the unit-linked and the protection insurance coverage, whose growth during the year were 6.9% and 4.7%, respectively.
With reference to the new business, good growth in PVNBP (+10.1%): both the present value of future annual premiums (+17.5%) and the single premiums (+9.1%) were up. The business of all business lines is increasing; in particular, savings and pension products grew by 14.0%, protection products by 8.5% and unit-linked products by 6.6%.

Gross written premiums
€ 13,274 mln
(+8.2%)

Total operating result
€ 805 mln
(+14.6%)

Life market share
5.1%

P&C market share
4.4%

Quota di mercato A&H
7.4%

Ranking
8th Vita, 8th Danni e 5th A&H

Our people
6,818

Life premiums
€ 10,463 mln (+9.5%)

PVNBP
€ 10,525 mln (+10.1%)

NBV
€ 188 mln (-14.3%)

Life OR
€ 610 mln (+4.3%)

The new business margin (expressed as a percentage of PVNBP) decreased by 0.51 pps, from 2.29% in 2018 to 1.78% in 2019. The decrease is explained mainly by the unfavourable economic context, which is partially absorbed by the positive effects of an improved product mix and the constant reduction in guarantees offered.
Despite the higher volumes, this lower profitability led to the new business value falling to € 188 million (-14.3%).

Property & Casualty premiums grew by 3.9%, driven by the motor business (+4.1%) where, in addition to the contribution of the new distribution partnerships started last year, several tariff adjustments aimed at coping with the evolution of claims were implemented. The non-motor business, as a whole up by 3.2%, received a sharp boost from the accident & health sector (+4.3%), which as well was favoured by the development of the new business collaborations.
The improved combined ratio is mostly attributable to the drop in current claims, from 73.1% to 69.7%. The impact of natural catastrophe claims during the year compared to that recorded in 2018 also slightly dropped. As a whole, the improvement in claims management fully absorbed the increased costs rate, which went up from 27.7% to 28.5%. This was mainly due to the development of commercial partnerships.

P&C premiums
€ 2,811 mln (+3.9%)

P&C OR
€ 205 mln (+69.7%)

CoR
96.8% (-3.0 pps)

Austria, CEE & Russia

The ACEER regional structure is the fourth most important market for Generali, in which the Group has strengthened its presence up to becoming one of the top insurance companies of the entire area. The scope comprises 12 countries: Austria (At), Czech Republic (Cz), Poland (Pl), Hungary (Hu), Slovakia (Sk), Serbia, Montenegro, Romania, Slovenia, Bulgaria, Croatia and Russia (Regional Office).
The Group boasts its presence in the Eastern Europe territories since 1989. In 2008, a joint venture collaboration with PPF Holding started and ended in 2015, the year in which Generali acquired full control and powers over Generali CEE Holding.
The year 2018 was affected by several important events, such as the entry of Austria, where Generali has been present since 1832, the year after the company's foundation in Trieste, and Russia, where Generali is expanding. Also in 2018 Generali strengthened its presence in the CEE region with acquisitions in Slovenia (Adriatic Slovenica) and Poland (Concordia), in this way balancing and diversifying the portfolios, sales channels and presence in the area, and signed the collaboration agreement with Unicredit for the distribution of insurance solutions mainly concerning Credit Protection Insurance (CPI) in the entire region.
In 2019, the acquisition in Poland of Union Investment TFI S.A from the German group Union Asset Management Holding AG was completed and the agreement to acquire all Life, P&C and Mixed portfolios of three companies of ERGO International AG in Hungary and the Slovakia was concluded, in line with Group strategy. This operation will allow the cross-selling opportunities to be exploited through the customer base and to increase it.
The Group takes top rankings in the Czech Republic, Hungary, Serbia, Austria and Slovakia, and among the top ten in the other countries. In terms of volumes, main insurance markets are Austria, Czech Republic, Poland, Hungary, Slovakia and Slovenia. The contribution of the minor territories has improved during the last years, resulting in an increase of their gross written premiums on the total volume of the area. Lastly, Generali is leader in terms of technical profitability thanks to a medium-long term net combined ratio lower than 90%.

Gross written premiums
€ 7,041 mln
(+3.2%)

Total operating result
€ 862 mln
(+11.1%)

Life market share
At: 14.8% **Cz: 23.8%**
Hu: 9.6% **Sk: 8.2%**
Pl: 4.3%

P&C market share
At: 15.5% **Cz: 31.3%**
Hu: 18.9% **Sk: 11.9%**
Pl: 3.6%

Ranking
At: 3rd **Cz: 2nd**
Hu: 2nd **Sk: 3rd**
Pl: 8th

Macroeconomic growth continued in 2019 in the Czech Republic, the most important Eastern European country, with particular reference to the labour market, as a result leading to increased inflation. The Czech National Bank again raised the reference interest rate from 1.75% to 2%.
In Austria, growth in GDP was lower than in 2018 and the yield of the Austrian bond dropped, just like the other core yields of the Eurozone, from 0.5% at the beginning of the year to -0.05% in early December.

Our people
17,563

The decrease in Life premiums is attributable to the fall in traditional savings and pension products (-4.6%, mostly recurring premium policies), followed by the reduction in unit-linked insurance coverage (-5.3%, first of all due to single premium policies), partly offset by the positive changes in the protection business (+8.4%).
This trend is explained by the decreased volumes mainly in Poland (-10.5%, downward trend of bancassurance and the unit-linked products), Croatia (-30.3%, fall recorded in the traditional lines) and the Czech Republic (-1.1%, linked to the continual fall of the new business of savings and pension products in the subsidiary Ceska Pojistovna), only partly counter-balanced by the premiums growth in Hungary (+5.2%, driven by the protection and unit-linked lines), Romania (+33.7%, as the result of the partnership with the Unicredit bank), Slovakia (+5.3%) and Slovenia (+5.6%, thanks to the protection products distributed through the banking channel). Austria is stable.
The new business in terms of present value of new business premiums (PVNBP) increased by 2.1% thanks to the growth of the present value of future regular premiums (+5.0%), which partially offset the drop in the single premiums (-4.6%).
Countries that provided the greatest contribution to the observed increase are Austria (+4.6%), Hungary (+14.5%) and Romania (+49.8%), which offset the decline recorded particularly in Poland (-9.9%) and Croatia (-32.5%).
New business profitability (expressed as a percentage of PVNBP) increased slightly to 6.97%, mainly because of the increased weight of the highly profitable protection products, which rose from 47.4% to 50.8% (specifically in Austria and the Czech Republic). New business value amounted to € 150 million (+4.8%).

Life premiums
€ 2,657 mln (-0.9%)

PVNBP
€ 2,146 mln (+2.1%)

NBV
€ 150 mln (+4.8%)

Life OR
€ 315 mln (+2.8%)

P&C segment volumes grew supported by good performance of the main business lines. The motor business (+6.1%) is supported by the contributions provided by Hungary (+30.5% ascribable to an increase in vehicles), the Czech Republic (+4.8%, following the tariff adjustments on the inforce portfolio, followed by higher volumes recorded by the fleet and leasing segments resulting from cooperation with Volkswagen Financial Services), and Austria (+3.7% linked to the higher number of contracts).
The non-motor business recorded 6.1% growth owing to the higher volumes coming mostly from Poland (+21%, driven by the Global Corporate & Commercial lines), Hungary (+8.7% mainly thanks to the home and accident & health lines), Serbia (+22% thanks to the accident & health lines) and Croatia (+81.8%, fully ascribable to the underwritten business through bancassurance with Unicredit).
The combined ratio dropped by 0.9 pps compared to 2018. This improvement is entirely due to the lower expense ratio and, more specifically, to the reduced acquisition ratio (-1.5 pps) arising from a lower commission rate in Eastern Europe, above all in the non-motor business. Loss ratio is stable, in spite of the considerable impacts tied to natural catastrophe claims that impact by 1.6 pps.

P&C premiums
€ 4,384 mln (+6.0%)

P&C OR
€ 551 mln (+14.3%)

CoR
87.2% (-0.9 pps)

International

Gross written premiums	Total operating result	Our people
€ 8,484 mln (+3.2%)	€ 677 mln (-10.2%)	13,133

Spain

Generali, in Spain since 1834, operates in the country through Generali España, a wholly-owned subsidiary, and two bancassurance agreements with Cajamar (Life and P&C), which guarantee the Group exposure to the major Life distribution channel and continuous expansion in P&C.
Generali is one of the main insurance groups in Spain, with a market share in 2018 of 3.0% in the Life segment and 4.4% in the P&C segment. The Generali España group offers a wide range of Life and P&C policies dedicated to private individuals and companies, using a multi-channel distribution strategy including not only bank offices, but also a network of agents and brokers which is among the most extensive in Spain. All in all, the Group ranks ninth in the Spanish insurance market in terms of total premiums (sixth place in the P&C market).
With reference to the insurance market, in 2019 the P&C segment continued its growth trend (+3.4%), although at a slower pace than 2018, primarily due to the performance of the motor business. The Life premiums, down by 5.1%, confirm the trend of the previous two-year period, driven by the drop recorded by the individual savings products; the unit-linked line grew (+19.4%).
The growth of GDP is stable, although it is slower than the previous year. The ten-year Bonos-Bund spread ended 2019 at 66 bps, below the level recorded at the beginning of 2019, while the Spanish stock market (IIBEX 35) closed the year with a 16.6% gain.

Life premiums fell by 1.4%, reflecting the decline in savings products (-13.8%) in line with the Group's strategy of reorienting the business mix towards products with lower capital absorption. Consequently, both pure risk and protection policies (+8.9%) and unit-linked products (+42%) increased.
New production in terms of PVNBP was slightly down (-1.6%) both in single premium products (-1.9%) and in annual premium products (-0.9%). In terms of business lines, the savings and pension products posted a 24.9% contraction due to the closing of non-profit making products (in line with Group strategy), which is almost entirely offset by a considerable increase in the unit-linked business (+124.9%, mainly due to the sale of two new index-linked products) and the positive trend of the protection business (+6.3%) representing 46.6% of the business.
Thanks to the excellent profitability of the protection business (26.99%), the new business margin (expressed as a percentage of PVNBP) is high and stable compared to the previous year, recorded at 12.96%.
New business value amounted to € 115 million, down (-2.4%).
In the P&C segment, premiums grew by 3% entirely thanks to the development of the non-motor business line, which posted positive trends in the corporate segment and funeral coverage.
The combined ratio took a turn for the worse at 93.1% (+0.9 pps), mainly because of natural catastrophe events and higher costs tied to strategic projects.

Switzerland

The Generali Group has been operating in Switzerland since 1987, where it has been able to consolidate its position through the acquisition and merger of several insurance companies. In line with the strategy defined by the Group, Generali focuses on the retail business and provides high quality and innovative services through various distribution channels: agents, brokers, financial promoters and direct channels.
Generali ranked as the number two insurance group on the market in terms of premium income in the individual Life segment with a 14.9% market share, and was eighth in the P&C segment with a 4.7% market share. Generali does not operate in the Collective Life segment.
In 2019, the insurance market recorded a substantial stagnation of the Life segment (+0.6%), partly caused by the continuing low interest rates. The P&C segment on the other hand continued with slow, though constant, growth.
The development of the Swiss economy was weakened by the slowdown of the world's economic situation and by the German economic situation particularly in the second half as it affected exports and investments. Uncertainty in the Eurozone supported the Swiss franc and slowed down the yields of government securities, making an impact particularly on the financial services sector. GDP grew 0.8%, especially thanks to the energy sector and to the export of the chemical-pharmaceutical industry.

Life premiums were down 2.0% following the slowdown in savings and pension products.
The new business in terms of PVNBP stood at € 546 million, up 36.0% driven by both the increase in the present value of future annual premiums (+36.0%) and the single premiums (+35.1%).
Growth over all the lines is seen at the business level. Specifically, it is very good for both the unit-linked products (+41.4%) and the protection products (+17.1%).
The profitability of new business (expressed as a percentage of the PVNBP) showed a good increase from 4.35% in 2018 to 5.47% in 2019 mainly due to the increase in the profitability of the unit-linked business.
The value of new business was € 30 million, up 72.9%.
P&C premiums went up 1.1% thanks to the positive trend of the motor business following the new tariffs implemented starting from the second half of 2018. Non-motor business is basically stable.
Combined ratio improved at 90.5% (-2.5 pps), mainly reflecting a positive prior years' development.

Americas and Southern Europe

Generali is ranked as the fifth operator in Argentina, which is the main South American market for the Group. It is marked by a historically high inflation rate and a volatile financial situation. Despite this tough scenario for the insurance business, the Group has implemented best practices in its Argentinian subsidiaries, enabling them to stand out in terms of service quality and innovation. The company Caja leads the market in Argentina, excluding the business lines in which it does not operate (Workers Compensation and Annuities).
The second most important country of the Region is Brazil that, following an extended period of economic crisis and political instability, continues to show signs of improvement, bolstered by infrastructure investments and optimistic forecasts of the macroeconomic indicators. Specifically, the insurance sector today is characterised by significant expansion potential and a hike in the penetration level.
The Generali Group also operates in Chile, Ecuador and the USA.
In Southern Europe, the Group operates in Greece, Turkey and Portugal, where it has reinforced its strategic positioning through the acquisition, completed in early January

2020, of 100% of Seguradoras Unidas and AdvanceCare, becoming the second largest insurance Group of the country in P&C, and the third most important of the entire market.

Life volumes showed a growth of 12.9% compared to 2018, thanks to the positive performance of Brazil and of all of Southern Europe.
New business in terms of PVNBP was up (+42.2%) with a profitability of new business (expressed as a percentage of PVNBP) that came to 2.33%.
The value of the new business amounted to € 6 million.
P&C premiums, which accounted for about 60% of motor products, grew by 14.2% thanks largely to Argentina (+23%) mainly due to the effect of tariff adjustments as a result of the high inflation. The combined ratio of the Region worsened (106.1%; +4.5 pps) compared to the previous year due to the inflationary effect on the cost of claims that increased more than proportionately compared to the tariff adjustment on the premiums.

Asia

Generali is one of the key European insurers in the Asian market, and currently operates in eight territories. The predominant segment is Life, with premium income mostly concentrated in the savings and protection lines and, to a lesser extent, in the unit-linked lines. Generali offers its products in the entire region adopting a distribution strategy that includes agents, brokers, digital channels and agreements with banking groups. Generali operates in China with Generali China Life, in partnership with China National Petroleum Corporation (CNPC), which is one of the largest Chinese state-owned companies as well as one of the major energy groups in the world. Generali has a joint venture agreement with CNPC for the P&C products offer as well. Owing to its prominent presence in the Chinese market, Generali China Life is the leading contributor to the turnover and operating result of the entire region.
Future Generali Insurance is a Life and P&C joint venture with Future Group, one of India's major retailers. Its purpose is to offer insurance solutions throughout India, also by leveraging the distribution network of Future Group through the digital channel. In December 2018, the Generali Group increased its share in the joint venture to 49% by investing up to € 120 million. Generali operates as Life insurer also in the emerging markets of the Philippines, Indonesia, Thailand and Vietnam, and as P&C insurer in Thailand and Malaysia, in the latter market with a 49% investment in MPI Generali. The companies China P&C, India Life, India P&C and in Malaysia are not fully consolidated since a non-controlling interest is held.
Generali has also been operating in the Hong Kong market since 1980, offering both Life and P&C products. Hong Kong is also the location of the regional office (Generali Asia Regional Office), which coordinates all activities in the region.
Lastly, it is pointed out that the P&C business in Japan is in liquidation, having transferred its portfolio to Mitsui Sumitomo in April 2019.

Life premiums rose slightly (+0.3%), particularly thanks to the growth posted in China and Vietnam in the protection policies.
New business in terms of PVNBP was down (-5.7%). The decrease mainly concerns the single premiums (-12.8%), while the current value of the future annual premiums is still stable (-0.7%). Offsetting the decrease in China (-7.5%), Thailand (-19.6%) and Hong Kong (-20.8%) is the good production in Vietnam (+29.9%), India (+41.5%) and the Philippines (+31.0%).
With reference to the business lines, there was an increase in protection products (+23.9%), while the savings business (-19.1%) and unit-linked products (-38.0%) fell.
The profitability of the new business (expressed as a percentage of the PVNBP) recorded a decrease from 6.02% in 2018 to 5.19% in 2019, conditioned by the

negative performance of China, where a savings business with reduced margins weighs compared to previous year; the development of profitability in Vietnam (+7.86%) was on the other hand very positive owing to the excellent business of Universal Life sold to replace the low-profitability savings and pension products.
The value of new business amounted to € 107 million, down by 14.3%.
In the P&C segment, inflow grew by 26.3%, thanks to the non-motor line. The negative impact of the A&H businesses in Thailand and the Hong Kong determined an increase in the combined ratio of the Region, which amounted to 108.4%.

Investments, Asset & Wealth Management

Total operating result
€ 687 mln
(+30.4%)

Cost/Income ratio
48%
(+3 pps)

Our people
2,188

In continuity with the Group strategy announced in 2017, the Investments, Asset & Wealth Management business unit is the main managerial entity of the Group operating in the area of investments, asset management and financial planning consultancy. In a continuously evolving market in which specialisation, efficiency and innovation are crucial elements in order to compete, Generali aims at becoming a company of reference in the asset management market not only for the insurance companies of the Generali Group, but also for third-party clients.
This objective will continue to be followed for the entire duration of the three-year plan in order to:
- exploit the cross-selling opportunities - by promoting the growth of a capital-light business such as the LDI (Liability Driven Investments) Solutions services - that set out to offer institutional clients the expertise developed in investment management;
- expand the multi-boutique platform in order to increase the offer of products and services for all clients. The multi-boutiques are companies acquired on the market or created in partnership with operators having acknowledged investment skills in highly specialised asset classes.

Several acquisitions were concluded in 2019, including: Sycomore Factory SAS, a player of reference for the ESG/SRI investment solutions in France, KD Skladi in Slovenia, acquired through Adriatic Slovenica and Union Investments TFI S.A. in Poland (later renamed Union Generali TFI), the sixth largest asset management operator in Poland.
Axis Retail Partners was also launched in the early months of 2019. It is a new real estate boutique focusing on shopping centre investments that, in light of the current economic scenario, offer interesting investment opportunities.
The other boutiques operating in the Investments, Asset & Wealth Management business unit are:
- Generali Global Infrastructure (GGI), a platform that employs internal know-how and also creates partnerships to invest in infrastructure debt across a wide geographical and sectorial investment scope;
- Aperture Investors, an innovative asset management company based on a revenue model that is radically different from what is present on the market;
- Lumyhna, a leading company in developing alternative UCITS (Undertakings for the Collective Investment of Transferable Securities) strategies, with an important international clientele that positively contributes to increasing Generali's offer and distribution capacities to clients and distribution partners.

The business unit operates in the three areas depicted by its name:
- Investment Management: implementation of the Asset Liability Management (ALM) and Strategic Asset Allocation (SAA) models on behalf of the Group Insurance Companies;

- Asset Management: asset management for the most part addressed to insurance clients, with its clients base expanded to comprise external clients, both institutional (such as pension funds and foundations) and retail.

www.generali.com/who-we-are/global-positioning/investments-asset-and-wealth-management for more information on the breakdown of the segment

- Wealth Management: financial planning and asset protection for customers through a network of consultants at the top of the sector in terms of skills and professionalism, mainly through Banca Generali, a leading private bank in Italy.

The operating result of the Investments, Asset & Wealth Management business unit, including also the AM result of CEE countries, grew by 31%, from € 542 million in 2018 to € 711 million in 2019.
In this context, the contribution in terms of operating result provided by Wealth Management was € 327 million, up by about € 95 million compared to 2018, mainly due to the performance commissions that increased to € 147.4 million.

Group holdings and other companies

This node includes the Parent Company's management and coordination activities, including Group reinsurance, other companies as other financial holding companies and suppliers of international services not included in the previous geographical areas.
The main entities of Other companies in this area are:
- Europ Assistance, falling within the scope of responsibility of the Country Manager France & Europ Assistance;
- Generali Global Business Lines (GBL) which, falling within the scope of responsibility of the Country Manager & CEO of Generali Country Italia and Global Business Lines, support companies of global reach with a complete insurance offer. The GBLs include two units: Generali Global Corporate & Commercial and Generali Employees Benefits, which offer medium to large companies flexible and smart insurance services and solution in the Life and P&C segments, health protection and pension plans for local and global employees of multinational companies.

GBL gross written premiums

€ 3,817 mln
(+9.1%)

Europ Assistance (EA)

Established in 1963, EA, which falls within the scope of responsibility of the Country Manager France, is one of the leading global brands in the field of private assistance. Today it is present in over 200 countries and territories, supported by its 41 assistance centres and its network of 750 partner suppliers. EA offers insurance coverage and assistance in the travel sector, the automotive area with road-side assistance, and personalised coverage for assisting the elderly, cyber-security, and medical and concierge services. In 2019, the EA Group's total turnover came to € 1.9 billion, up 10% compared to the previous year.
EA continues to pursue a growth strategy focused on strengthening its leadership position in the travel sector, at the same time expanding and diversifying its offer of motor and personal assistance products. The goal is to reach € 2.4 billion in revenues by 2022. One important step in this direction was taken in early 2019 with the acquisition of TripMate in the USA, a company operating in the travel insurance sector. Thanks to

this operation, Generali Global Assistance now is positioned as the third largest operator in the travel insurance market in the USA, and significantly contributes to the global reinforcement of the EA Group in this sector.

Global Corporate and Commercial (GC&C)

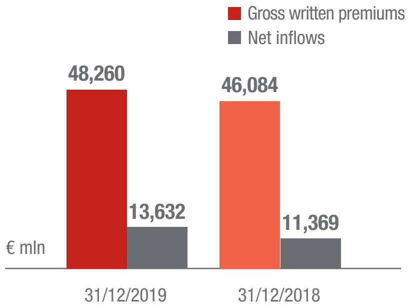
GC&C offers medium to large companies and intermediaries in over 160 countries around the world, insurance solutions and P&C services. Backed by its solid global experience and knowledge of the local markets and of the corporate sector, integrated solutions that can be personalised in properties, casualty, engineering, marine, aviation, cyber and specialty risks are offered. Furthermore, GC&C guarantees companies the same level of assistance and protects everywhere in the world through its Multinational Programs, Claims and Loss Prevention experts. GC&C has collected a total premium volume of € 2 billion in 2019. The performances of the year were influenced by the occurrence of some large claims, which particularly affected the property. From a technical point of view, in 2019 GC&C continued to pursue a policy of rebalancing the portfolio through the development of Multinational Programs and Financial Lines, focusing globally on the medium-large companies segment, in a market characterized by strong competition especially in the property, casualty and engineering branches.

Generali Employee Benefits (GEB)

GEB is an integrated network that offers services for employees of multinational companies consisting of protection, life and health coverage, and pension plans for both local and expat employees. Located in over 100 countries and with more than 400 coordinated multinational programmes (of which about 40 captive), GEB today is the market leader for multinational companies with a premium volume of € 1.5 billion. GEB has been operating through the new branch in Luxembourg, entirely dedicated to the employee benefit business, since 2019. Furthermore, GEB includes Generali Global Health (GGH), a division of the Generali Group dedicated to the International Private Medical Insurance (IPMI) sector since September 2019. GGH achieved about € 0.2 billion in premium volume in 2019.

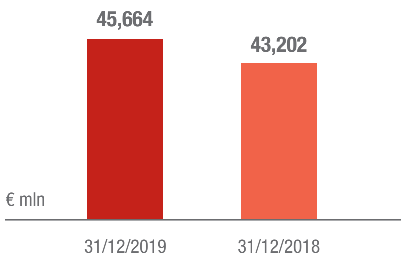
Life segment

Gross written premiums and net inflows



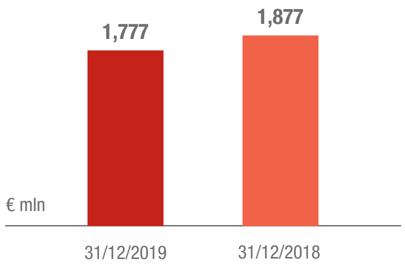
Excellent net inflows, at over € 13.6 billion (+19.6%). Life technical provisions grow to € 369 billion (+7.6%).
Gross written premiums increased by 4.5% to € 48,260 million thanks to the growth of the protection line and savings and pension line.

PVNBP

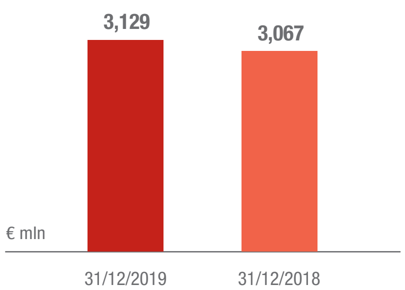


PVNBP rose by 10.1% with new business margin at 3.89%.

NBV



Operating result



Operating result at € 3,129 million, up 2.0% thanks to growth of the technical margin and net investment result.

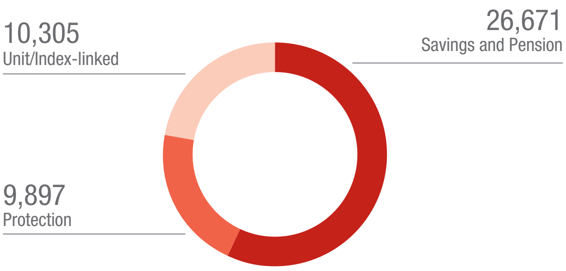
Performance of the Life segment

Premium and new business development

The Life premiums increased by 4.5% to € 48,260 million thanks to a particularly favourable fourth quarter.
With reference to the performance of the business lines, protection premiums increased by 7.6%, supported by the growth throughout the countries where the Group operates. Savings and pension policies also went up (+5.5%), reflecting the performance observed in Italy (+6.1%), France (+11.7%) and Germany (+11.6%). Premiums from unit-linked products dropped by 2.8%; the last quarter of the year however pointed to a recovery, with positive performance widespread in the main areas of operation of the Group.

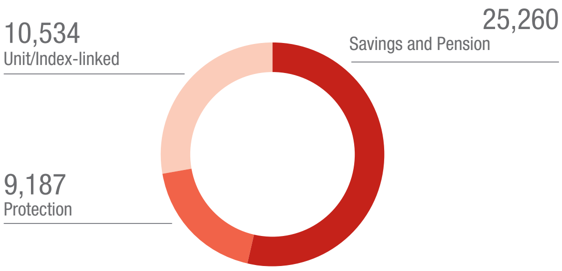
Gross direct premiums by line of business December 2019

€ mln



Gross direct premiums by line of business at 31 December 2018

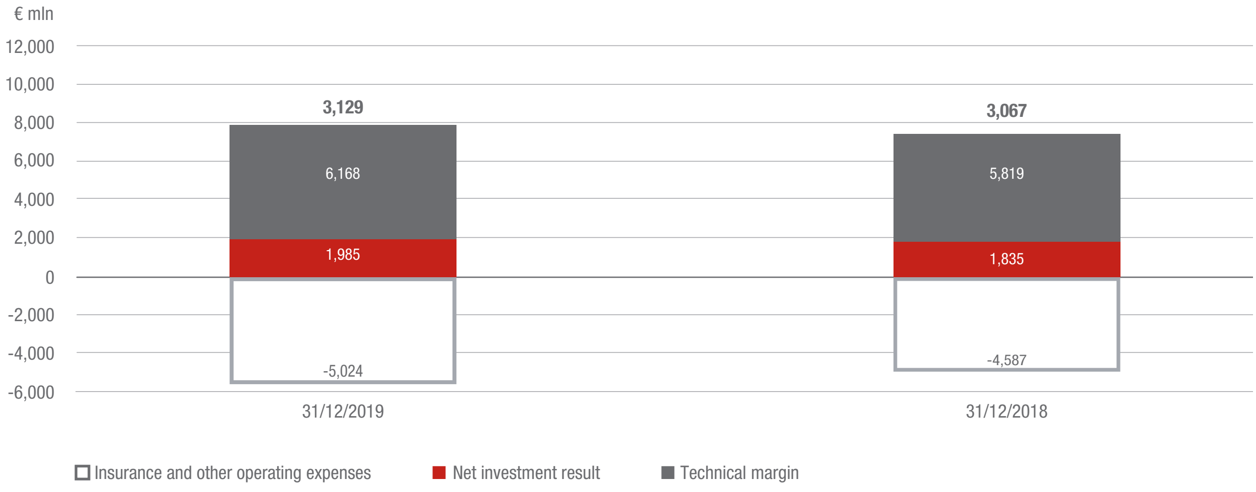
€ mln



The net inflows stood at € 13,632 million, reaching the top level in the market. The 19.6% growth was mostly driven by Italy (+27.3%), whose net inflows benefitted from the higher savings and pension single premiums. Also making significant contributions were France (+33.5%), due to higher premiums, and Asia (+28.9%), which particularly benefitted from lower surrenders on the savings and pension products.

The new business (in terms of present value of new business premiums - PVNBP) amounted to € 45,664 million, showing an increase of 10.1%.
Specifically, protection products performed well (+17.3%), showing growth in all the countries where the Group operates. Savings and pension products went up too (+15.2%), especially in Germany and Italy (above all due to the increase in capital-light products), more than offsetting the drop in Spain and China. The unit-linked business decreased (-3.7%) owing to the unfavourable performance in Italy that was partially offset by good performance in Germany and France.
The profitability of new business (margin on PVNBP) fell by 0.49 pps, to 3.89% (4.35% at 31 December 2018), mainly because of the unfavourable economic context. The decrease was partially mitigated by the additional reduction of financial guarantees and by the improved business mix.
The total new business value (NBV) decreased by 2.2% and stood at € 1,777 million (€ 1,877 million at 31 December 2018).

Operating result



The operating result of the Life segment stood at € 3,129 million, up 2.0% compared to € 3,607 million at year-end 2018, thanks to the positive development of the technical margin and investment result.
The positive performance in Italy and France was partially offset by the operating performance in Switzerland, which reflected the impact of the low interest rates.
The operating return on investments[8], calculated on the higher value of investments following the trend of the markets, stood at 0.79% (0.83% at 31 December 2018).

Technical margin

Life segment operating result: technical margin

(€ million)	31/12/2019	31/12/2018	Change
Technical margin	**6,168**	**5,819**	**6.0%**
Loadings	3,376	3,321	1.7%
Technical result and other components	1,441	1,330	31.5%
Unit/index-linked fees	1,351	1,169	15.6%

The technical margin[9] amounted to € 6,168 million (+6.0%), reflecting the growth in fees linked to the sale of unit-linked and hybrid products mainly in Italy and Germany, as well as in ACEER, with widespread trends in the area.
This margin did not include the insurance operating expenses, which were reported under the item Insurance and other operating expenses.

8 Please refer to the Glossary for details on the calculation of this indicator.
9 Please refer to the chapter Methodological notes on alternative performance measures for details on the calculation of this indicator.

Net investment result

Life segment operating result: net investment result

(€ million)	31/12/2019	31/12/2018	Change
Net investment result	**1,985**	**1,835**	**8.2%**
Operating income from investments	19,778	2,642	n.m.
Net income from investments	9,791	8,991	8.9%
Current income from investments	9,514	9,518	-0.1%
Net operating realized gains on investments	1,584	1,220	29.8%
Net operating impairment losses on investments	-318	-817	-61.1%
Other operating net financial expenses	-988	-931	6.2%
Net income from financial instruments at fair value through profit or loss	9,986	-6,349	n.m.
Net income from financial instruments related to unit and index-linked policies	9,748	-5,834	n.m.
Net other income from financial instruments at fair value through profit or loss	238	-515	n.m.
Policyholders' interests on operating income from own investments	-17,793	-807	n.m.

The net investment result, amounting to € 1,985 million, was up 8.2% from the € 1,835 million at 31 December 2018.

This trend was, in particular, determined by the increase in net income from investments, which benefitted from the improvement in the realized component and the drop in impairments. In particular:

- current income from investments - which also included the current income from investments at fair value through profit or loss - was basically stable at € 9,514 million (€ 9,518 million at 31 December 2018), while the related profitability, calculated based on the book value of the investments, was down to 2.93%;
- net operating realized gains on investments stood at € 1,584 million (€ 1,220 million at 31 December 2018), supported by the equity and bond investments, while those on real estate investments remained basically stable. The other investments recorded a decrease tied to derivative transactions;
- net operating impairment losses on investments went from € -817 million at 31 December 2018 to € -318 million. This trend mainly reflected the lower impairments on equity securities following the positive market performance in 2019;
- other operating net financial expenses, including interest expenses on liabilities linked to operating activities and investment management expenses, amounted to € -988 million (€ -931 million at 31 December 2018).

The net income from financial assets and liabilities related to unit- and index-linked contracts went from € -5,834 million at 31 December 2018 to € 9,784 million. This reversal in trend reflected the positive performance of some stock markets compared to the same period of last year, and the effect on the trend of the corporate securities due to the lower spread.

The policyholders' interests on operating income from own investments went from € -807 million at 31 December 2018 to € -17,793 million, mainly due to the related increase in income from financial instruments at fair value through profit or loss related to linked contracts.

Insurance and other operating expenses

Life segment operating result: insurance and other operating expenses

(€ million)	31/12/2019	31/12/2018	Change
Insurance and other operating expenses	**-5,024**	**-4,587**	**9.5%**
Acquisition and administration costs related to insurance business	-4,838	-4,497	7.6%
Net other operating expenses	-186	-90	n.m.

The insurance and other operating expenses increased from € -4,587 million at 31 December 2018 to € -5,024 million.

In particular, insurance operating expenses amounted to € -4,838 million (+7.6%). Following the increases in almost all of the major countries where the Group operates, the acquisition costs increased to € -3,903 million (+8.7%), essentially reflecting the development in premiums, and the administration costs grew to € -935 million (+3.2%).

The ratio of the acquisition and administration costs to premiums stood at 10.2% (9.9% at 31 December 2018), reflecting the increase in the acquisition component in Italy and ACEER. The ratio of the total administration costs related to insurance business to the average technical provisions remained substantially stable at 0.26%.

The net other operating expenses went from € -90 million to € -186 million at 31 December 2019. This item also included the brand royalties paid by the companies in this segment to the Parent Company for global marketing and branding activities.

Non-operating result

The non-operating result of the Life segment went from € -437 million at 31 December 2018 to € -342 million. The net non-operating income from investments improved, reflecting the lower net non-operating impairment losses, which stood at € -138 million (€ -279 million at 31 December 2018).

Other net non-operating expenses went from € -165 million to € -190 million at 31 December 2018 following increased restructuring costs and other non-operating expense to complete the disposal of the German activities and the IT investments of the business units. This item also included € -62 million relating to the amortization of the value of the portfolios acquired (€ -58 million at 31 December 2018).

Other information on the Life segment

Life segment operating result and non-operating result

(€ million)	31/12/2019	31/12/2018	Change
Life segment operating result	**3,129**	**3,067**	**2.0%**
Net premiums	45,898	43,807	4.8%
Net insurance benefits and claims	-58,009	-39,264	47.7%
of which change in the provisions for unit and index-linked policies	-11,852	2,172	n.m.
Acquisition and administration costs	-4,833	-4,484	7.8%
Acquisition and administration costs related to insurance business	-4,827	-4,484	7.7%
Other acquisition and administration costs	-6	-1	n.m.
Net fee and commission income and net income from financial service activities	26	16	63.3%
Net operating income from financial instruments at fair value through profit or loss	10,218	-6,115	n.m.
of which net income from financial assets and liabilities related to unit and index-linked policies	9,748	-5,834	n.m.
Net operating income from other financial instruments	9,559	8,756	9.2%
Interest income and other income	9,281	9,284	n.m.
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,584	1,220	29.8%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-318	-817	-61.1%
Interest expense on liabilities linked to operating activities	-204	-174	17.5%
Other expenses from other financial instruments and land and buildings (investment properties)	-784	-757	3.6%
Net other operating expenses (*)	271	351	-22.9%
Life segment non-operating result	**-342**	**-437**	**-21.7%**
Net non-operating income from financial instruments at fair value through profit or loss	-2	0	n.m.
Net non-operating income from other financial instruments	-150	-272	-44.2%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	-12	7	n.m.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-138	-279	-50.1%
Net other non-operating expenses	-190	-165	15.2%
Life segment earnings before taxes	**2,787**	**2,630**	**6.0%**

(*) At 31 December 2019 the amount is net of operating taxes for € 52 million and of non-recurring taxes shared with the policyholders in Germany for € -27 million (at 31 December 2018 for € 52 million and € -6 million, respectively).

Life segment indicators by country

(€ million)	Gross written premiums		Net inflows		PVNBP (*)	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	18,635	18,332	6,070	4,769	19,510	18,443
France	10,463	9,558	2,097	1,571	10,525	9,568
Germany	10,523	9,821	3,344	3,197	9,587	8,048
Austria, CEE & Russia	2,657	2,611	254	312	2,146	2,028
International	4,974	4,914	1,820	1,453	3,895	5,116
Spain	849	861	-28	-86	890	904
Switzerland	1,026	1,009	385	397	546	385
Americas and Southern Europe	344	359	170	162	274	229
Asia	2,755	2,685	1,293	981	2,054	2,047
Group holdings and other companies	1,007	850	48	67	-	-
Total	**48,260**	**46,084**	**13,632**	**11,369**	**45,664**	**43,202**

(*) PVNBP data are presented on historical basis, they include possible assets under disposal and do not isolate the contribution of companies in Group holdings and other companies.

(€ million)	Operating result		NBV (**)	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	1,345	1,284	920	978
France	610	585	188	219
Germany	406	424	261	228
Austria, CEE & Russia	315	306	150	143
International	420	495	259	310
Spain	151	131	115	118
Switzerland	91	213	30	17
Americas and Southern Europe	38	24	6	1
Asia	140	127	107	123
Group holdings and other companies (*)	33	-27	-	-
Total	**3,129**	**3,067**	**1,777**	**1,877**

(*) The data relating to Operating result also include country adjustments.

(**) NBV data are presented on historical basis, they include possible assets under disposal and do not isolate the contribution of companies in Group holdings and other companies.

Life segment direct premiums by line of business (*) and by country

(€ million)	Savings and Pension		Protection		Unit-linked		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	15,132	14,259	358	312	3,146	3,760	18,635	18,332
France	4,856	4,347	2,051	1,959	3,038	2,841	9,946	9,147
Germany	3,238	2,900	4,799	4,648	2,441	2,272	10,478	9,821
Austria, CEE & Russia	1,156	1,206	865	772	636	633	2,657	2,611
International	2,289	2,544	1,670	1,379	998	977	4,958	4,900
Spain	456	529	258	237	135	95	849	861
Switzerland	181	190	133	131	712	688	1,025	1,008
Americas and Southern Europe	91	81	250	273	3	5	344	359
Asia	1,561	1,744	1,029	739	148	189	2,739	2,671
Group holdings and other companies	0	3	152	118	46	50	198	170
Total	**26,671**	**25,260**	**9,897**	**9,187**	**10,305**	**10,534**	**46,873**	**44,981**

(*) The breakdown by line of business at 31/12/2018 was restated to be more coherent with the features of some products in Germany and Asia.

Financial position of the Life segment

Investments

Life segment investments

(€ million)	31/12/2019	Impact (%)	31/12/2018	Impact (%)
Equity instruments	17,118	5.1%	12,820	4.3%
Fixed income instruments	293,618	87.2%	266,502	88.5%
Bonds	260,940	77.5%	242,903	80.7%
Other fixed income instruments	32,678	9.7%	23,599	7.8%
Land and buildings (investment properties)	9,169	2.7%	8,827	2.9%
Other investments	8,234	2.4%	6,673	2.2%
Investments in subsidiaries, associated companies and joint ventures	6,483	1.9%	5,447	1.8%
Derivatives	403	0.1%	524	0.2%
Other investments	1,347	0.4%	702	0.2%
Cash and cash equivalents	8,455	2.5%	6,180	2.1%
General accounts investments	**336,595**	**100.0%**	**301,002**	**100.0%**
Investment back to unit and index-linked policies	78,475		65,789	
Total investments	**415,070**		**366,791**	

At 31 December 2019, total investments in the Life segment showed a considerable increase of 13.2% over 31 December 2018, amounting to € 415,070 million. General accounts investments amounted to € 336,595 million (+11.8%), while the investments back to unit/index-linked policies amounted to € 78,475 million (+19.3%).

The exposure in absolute terms to fixed income instruments increased, standing at € 293,618 million (€ 266,502 million at 31 December 2018), with a weight to total remaining slightly down (from 88.5% to 87.2%). Also that to equity instruments went up, with an exposure of € 17,118 million (€ 12,820 million at 31 December 2018). The Group's investment properties slightly rose to € 9,169 million (€ 8,827 million at 31 December 2018). Finally, cash and other cash equivalents increased both in absolute terms and in relative terms, which stood at 2.5% (2.1% at 31 December 2018).

With reference to the bond portfolio breakdown, the exposure to government bonds increased, standing at € 157,262 million (€ 142,144 million at 31 December 2018), with a weight to bond portfolio equal to 53.6% (53.3% at 31 December 2018). The change during the period was mostly due to the increase in value of the securities in portfolio, together with the effect of the purchases made during the period. Corporate bonds also increased to € 103,678 million (€ 100,758 million at 31 December 2018), equal to 35.3% (37.8% at 31 December 2018). The trend was mainly due to the increase in value generated by the context of interest rates.

The average duration of the bond portfolio was 8.9 (8.4 at 31 December 2018), in line with the Group's ALM strategy.

Life segment return on investments

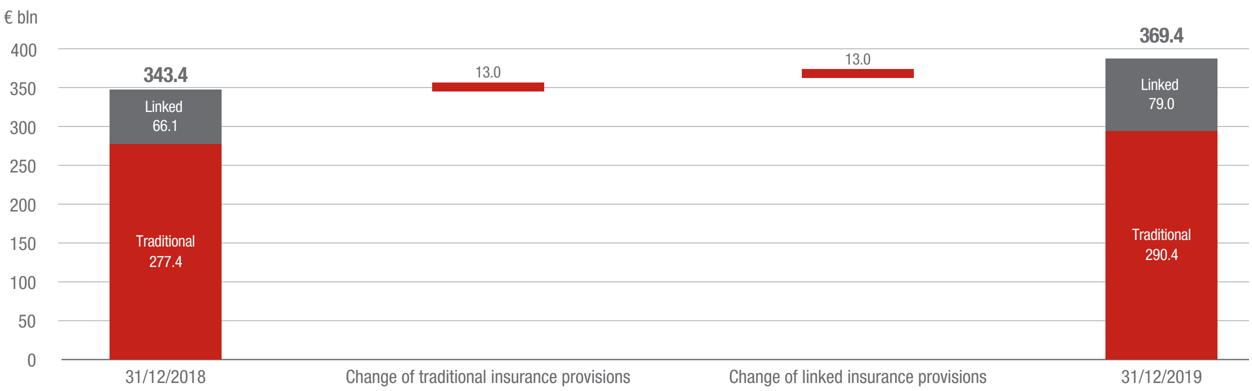
	31/12/2019	31/12/2018
Current return (*)	2.9%	3.1%
Harvesting rate	0.4%	-0.1%
P&L return	3.2%	2.8%

(*) Net of depreciations.

The net current return on investments in the Life segment posted a decline, falling from 3.1% at 31 December 2018 to 2.9%, with the related current income increasing slightly to € 9,509 million (€ 9,489 million at 31 December 2018).

The contribution to the result of the period from the harvesting transactions showed a reversed trend, standing at 0.4% (-0.1% at 31 December 2018), owing to a lower impact of impairments and to a slight increase in net realized gains.

Life segment insurance provisions

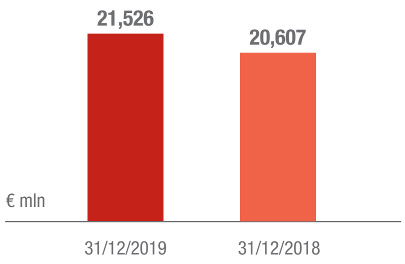


Life technical provisions and financial liabilities - excluding deferred liabilities to policyholders - amounted to € 369.385 million. The increase on an equivalent consolidation area stood at 7.6% and reflected the increase in both the provisions relating to the traditional business (+4.7% on an equivalent consolidation area) and those regarding the unit-linked portfolio (+19.6% on an equivalent consolidation area). The positive effect of the net inflows was added to the positive performance of financial markets, reflected in the evolution of these provisions.

The deferred liabilities to policyholders stood at € 18,650 million (€ 10,584 million at 31 December 2018), reflecting the change in the investments value, particularly in government bonds.

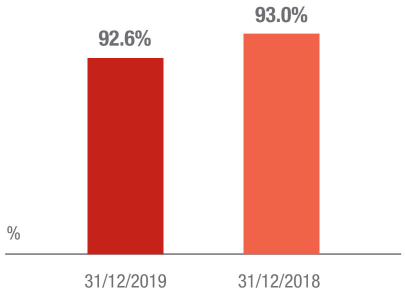
Property & Casualty segment

Gross written premiums



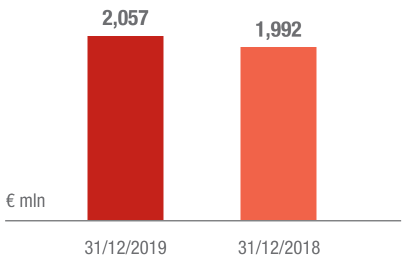
Positive trend in gross written premiums (+3.9%) thanks to the growth of both lines of business.

Combined ratio



Group's CoR at 92.6% (-0.4 pps), the best amongst our peers, despite 2.0 pps arising from natural catastrophe claims.

Operating result



Operating result at € 2.1 billion (+3.3%), including € 413 million of natural catastrophe claims.

Performance of the Property & Casualty segment

Premiums development

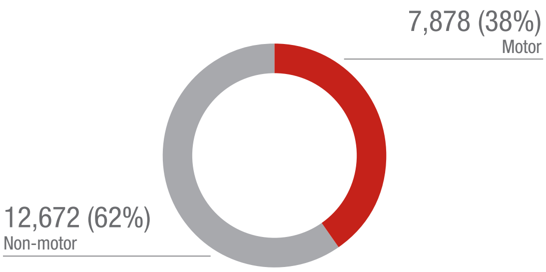
The Property & Casualty (P&C) premiums continued the growth observed during 2019, standing at € 21,526 million, up 3.9% thanks to the positive performance of both business lines.

The increase in the motor line (+2.4%) was supported by the growth in ACEER (+6.1%), which reflected the positive trend in the Czech Republic for pricing policies and the development of partnerships in fleets and leasing, the increase in car sales in Hungary and the expanded portfolio in Austria. France also increased (+4.1%), partly as a result of new distribution partnerships, and Americas and Southern Europe (+13.5%), mainly due to the pricing adjustments made in Argentina following inflation. Motor premiums in Italy were down by 1.3%, following the trend of the motor third-party liability portfolio.

Non-motor premiums also rose (+3.8%), thanks to the positive trends broadly extended across the Group's various areas of operations. Premium income in ACEER increased (+6.1%), positively led by Poland (+21.4% deriving from the corporate business) and Hungary (+8.7% which mostly benefitted from growth in home and in the accident & health products). Performance was positive in France (+3.2%, following the performance of the accident & health line and multi-risk lines), Italy (+2.9% due to growth in health and commercial lines), Germany (+1.7% due to the home and commercial lines, further backed by the Global Corporate & Commercial lines), and International cluster (+5.8%), driven by Spain (+4.6%).

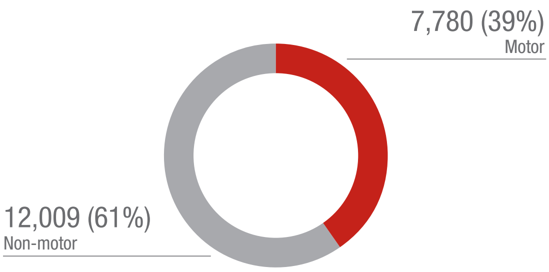
Gross direct premiums by line of business at 31 December 2019

€ mln

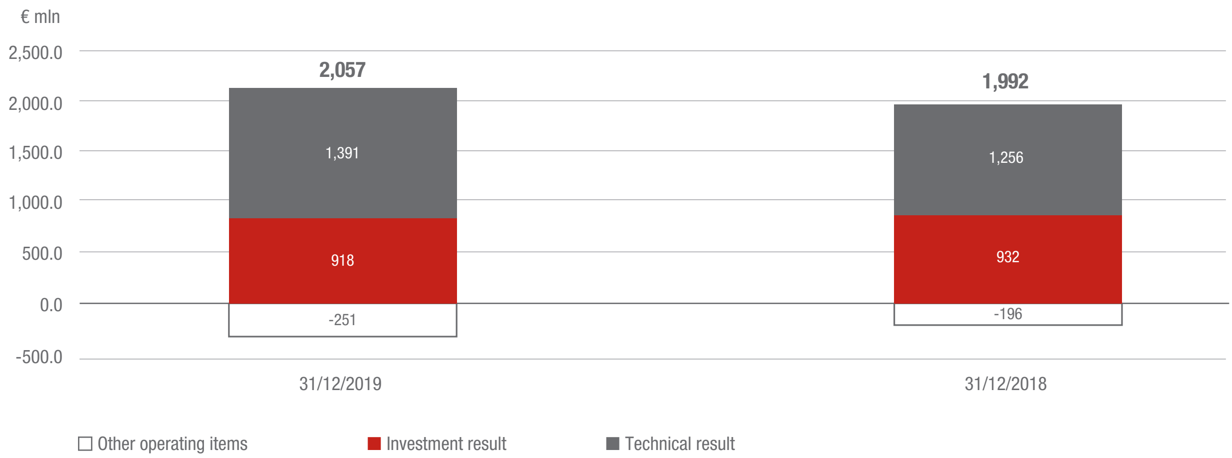


Gross direct premiums by line of business at 31 December 2018

€ mln



Operating result



The operating result of the P&C segment amounted to € 2,057 million (€ 1,992 million at 31 December 2018), up 3.3% following growth of the technical result.
The operating return on investments[10] of the P&C segment remained stable at 5.2%.

Technical result

Property & Casualty operating result: technical result

(€ million)	31/12/2019	31/12/2018	Change
Technical result	**1,391**	**1,256**	**10.7%**
Net earned premiums	20,341	19,597	3.8%
Net insurance benefits and claims	-13,054	-12,753	2.4%
Net acquisition and administration costs	-5,779	-5,468	5.7%
Other net technical income	-118	-122	-2.8%

The technical result amounted to € 1,391 million, up by 10.7% compared to 31 December 2018 thanks to the 0.4 pps improvement recorded in the Group combined ratio. The combined ratio of the Group stood at 92.6%, the best amongst peers in the market.
This result included the impact of natural catastrophe claims for approximately € 413 million, mainly deriving from the bad weather that affected Central Europe and Italy in June, as well as storms and floods. Similar events had an impact of approximately € 342 million at 31 December 2018. The impact of large man-made claims dropped.
The increase in the acquisition costs results from the growth in premiums previously discussed.

10 Per dettagli sulla modalità di determinazione di tale indicatore si rimanda al Glossario.

Technical indicators

	31/12/2019	31/12/2018	Change
Combined ratio	**92.6%**	**93.0%**	**-0.4**
Loss ratio	**64.2%**	**65.1%**	**-0.9**
Current year loss ratio excluding natural catastrophes	67.8%	69.0%	-1.2
Natural catastrophes impact	2.0%	1.7%	0,3
Prior year loss ratio	-5.7%	-5.6%	0.0
Expense ratio	**28.4%**	**27.9%**	**0.5**
Acquisition cost ratio	23.1%	22.6%	0.4
Administration cost ratio	5.3%	5.3%	0.1

The improved Group combined ratio (92.6%; -0.4 pps compared to 31 December 2018) was entirely attributable to the trend of the loss ratio, only partially offset by the rising costs rate.

The loss ratio stood at 64.2%, up thanks to the trend of non-catastrophe current year loss ratio (-1.2 pps), also due to the lower impact of the above-mentioned large man-made claims. The impact from natural catastrophe claims was 2.0% (1.7% at 31 December 2018). The prior year loss ratio was stable at -5.7%, which confirms that the Group is maintaining a prudent reserving policy.
As regards the main countries where it operates, the combined ratio of Italy achieved excellent levels (91.9%; +1.0 pps). Natural catastrophe claims impacted the ratio by 2.9 pps; the costs rate was stable. The combined ratio of Germany improved to 89.6% (-3.1 pps) thanks to the positive trend of both the current and the prior year loss ratio. The ratio includes 2.1 pps of natural catastrophe claims due to the different storms that struck the country (2.7 pps in 2018). The combined ratio of ACEER improved to 87.2%, despite the bigger impact of natural catastrophe claims, confirming it is the best of the Group. The CoR of France decreased to 96.8% (-3.0 pps) thanks to the improvement in the loss ratio. The CoR of Americas and Southern Europe went up and stood at 106.1%, reflecting the inflationary effects in Argentina.

Acquisition and administration costs related to insurance business amounted € 5,779 million (€ 5,468 million at 31 December 2018). In detail, acquisition costs increased to € 4,695 million (+5.8%), reflecting the increase in costs resulting from the growth in premiums in Germany and Italy. The ratio of acquisition costs to net earned premiums therefore went from 22.6% to 23.1%, reflecting the increase of the non-motor business.
Administration costs rose from € 1,030 million to € 1,084 million, up by 5.2% due to widespread increases in the various countries where the Group operates, except for Italy. The ratio of costs to net earned premiums is however stable at 5.3%.
Therefore, the expense ratio stood at 28.4% (27.9% at 31 December 2018).

Investment result

Property & Casualty operating result: investment result

(€ million)	31/12/2019	31/12/2018	Change
Investment result	**918**	**932**	**-1.5%**
Current income from investments	1,235	1,230	0.4%
Other operating net financial expenses	-317	-298	6.3%

The investment result of the P&C segment amounted to € 918 million, slightly down compared to 31 December 2018. In particular, current income from investments were basically stable at € 1,235 million.
Current income from investment properties was up at € 272 million (€ 255 million at 31 December 2018).

Other operating net financial expenses, including interest expenses on liabilities linked to operating activities and investment management expenses, increased to € -317 million (€ -298 million at 31 December 2018).

Other operating items

The other operating items of the P&C segment, which primarily included non-insurance operating expenses, depreciation and amortization of tangible assets and multi-annual costs, provisions for recurring risks and other taxes, amounted to € -251 million (€ -196 million at 31 December 2018) mainly due to higher costs for reorganisation of the German activities.

Non-operating result

The non-operating result of the P&C segment came to € -290 million (€ -202 million at 31 December 2018).
In particular, the non-operating investment result improved, reflecting, on the one hand, lower net impairment losses on bonds and equities, which went from € -172 million to € -174 million at 31 December 2019, and, on the other, higher net realized gains, which went from € 172 million to € 279 million at 31 December 2019.

Net non-operating income from financial instruments at fair value through profit or loss decreased to € -84 million (€ +7 million at 31 December 2018).
Other net non-operating expenses amounted to € -311 million (€ -209 million at 31 December 2018), of which € -45 million relating to the amortization of the value of portfolios acquired (€ -39 million at 31 December 2018). In 2018, this item had benefitted from € 77 million in gains from the disposal of the activities in Panama.

Other information on the Property & Casualty segment

Property & Casualty segment operating and non-operating result

(€ million)	31/12/2019	31/12/2018	Change
Property & Casualty segment operating result	**2,057**	**1,992**	**3.3%**
Net earned premiums	20,341	19,597	3.8%
Net insurance benefits and claims	-13,073	-12,768	2.4%
Acquisition and administration costs	-5,794	-5,472	5.9%
Acquisition and administration costs related to insurance business	-5,779	-5,468	5.7%
Other acquisition and administration costs	-15	-5	n.m.
Fee and commission income and income from financial service activities	1	0	66.4%
Net operating income from financial instruments at fair value through profit or loss	39	84	-53.5%
Net operating income from other financial instruments	898	863	4.0%
Interest income and other income	1,196	1,146	4.3%
Interest expense on liabilities linked to operating activities	-72	-64	11.1%
Other expenses from other financial instruments and land and buildings (investment properties)	-226	-218	3.6%
Net other operating expenses	-354	-313	13.2%
Property & Casualty segment non-operating result	**-290**	**-202**	**43.2%**
Net non-operating income from financial instruments at fair value through profit or loss	-84	7	n.m.
Net non-operating income from other financial instruments	105	-0	n.m.
Net realized gains on other financial instruments and land and buildings (investment properties)	279	172	62.3%
Net impairment losses on other financial instruments and land and buildings (investment properties)	-174	-172	0.8%
Net other operating expenses	-311	-209	48.5%
Property & Casualty segment earnings before taxes	**1,767**	**1,789**	**-1.2%**

Property & Casualty segment indicators by country

(€ million)	Gross written premiums		Operating result	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	5,530	5,450	495	583
France	2,811	2,706	205	121
Germany	3,771	3,757	462	445
Austria, CEE & Russia	4,384	3,818	551	482
International	3,510	3,481	283	302
Spain	1,565	1,517	146	165
Switzerland	721	687	71	68
Americas and Southern Europe	956	1,067	78	80
Asia	267	210	-11	-11
Group holdings and other companies (*)	1,520	1,396	61	59
of which Europ Assistance	873	834	100	95
Total	**21,526**	**20,607**	**2,057**	**1,992**

(*) The data relating to Operating result also include country adjustments.

Technical indicators by country

	Combined ratio (*)		Loss ratio		Expense ratio	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	91.9%	91.0%	66.1%	65.0%	25.9%	25.9%
France	96.8%	99.9%	68.3%	72.2%	28.5%	27.7%
Germany	89.6%	92.7%	60.2%	65.3%	29.4%	27.4%
Austria, CEE & Russia	87.2%	88.1%	58.4%	58.3%	28.8%	29.8%
International	96.9%	95.8%	66.0%	65.9%	30.9%	29.9%
Spain	93.1%	92.2%	65.4%	65.2%	27.8%	27.0%
Switzerland	90.5%	93.0%	62.5%	65.5%	28.1%	27.6%
Americas and Southern Europe	106.1%	101.6%	69.6%	66.2%	36.6%	35.4%
Asia	108.4%	104.5%	68.1%	70.2%	40.3%	34.2%
Group holdings and other companies	95.6%	92.1%	70.0%	66.7%	25.6%	25.4%
of which Europ Assistance	91.8%	91.4%	62.1%	60.9%	29.6%	30.5%
Total	**92.6%**	**93.0%**	**64.2%**	**65.1%**	**28.4%**	**27.9%**

(*) CAT claims impacted on the Group combined ratio for 2.0%, of which 2.9% in Italy, 2.4% in France, 2.1% in Germany and 1.6% in ACEER (at 31 December 2018 CAT claims impacted on the Group combined ratio for 1.7%, of which 2.7% in Germany, 2.6% in France and 1.5% in Italy).

Property & Casualty direct written premiums by line of business and by country

(€ million)	Motor		Non-motor		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Italy	2,025	2,051	3,377	3,281	5,402	5,332
France	1,050	1,009	1,687	1,634	2,737	2,643
Germany	1,469	1,491	2,293	2,255	3,762	3,746
Austria, CEE & Russia	1,996	1,784	2,340	1,986	4,336	3,770
International	1,295	1,411	2,010	1,925	3,306	3,337
Spain	453	456	1,063	1,016	1,516	1,472
Switzerland	289	271	433	416	721	687
Americas and Southern Europe	554	678	397	388	950	1,066
Asia	0	6	118	104	118	111
Group holdings and other companies	43	34	965	929	1,008	963
of which Europ Assistance	37	29	687	678	724	707
Total	**7,878**	**7,780**	**12,672**	**12,009**	**20,550**	**19,790**

Financial position of the Property & Casualty segment

Investments

Property & Casualty segment investments

(€ million)	31/12/2019	Impact (%)	31/12/2018	Impact (%)
Equity instruments	2,770	7.0%	2,279	6.0%
Fixed income instruments	26,691	67.3%	26,751	70.8%
Bonds	23,103	58.3%	23,574	62.4%
Other fixed income instruments	3,588	9.1%	3,177	8.4%
Land and buildings (investment properties)	4,014	10.1%	4,012	10.6%
Other investments	2,548	6.4%	2,034	5.4%
Investments in subsidiaries, associated companies and joint ventures	2,577	6.5%	2,008	5.3%
Derivatives	-17	0.0%	25	0.1%
Other investments	-12	0.0%	1	0.0%
Cash and cash equivalents	3,622	9.1%	2,729	7.2%
Total investments	**39,646**	**100.0%**	**37,806**	**100.0%**

Total investments in the P&C segment rose from € 37,806 million at 31 December 2018 to € 39,646 million (+4.9%). With reference to the exposure to the various asset classes, the fixed income portfolio showed a slight decrease, amounting to € 26,691 million, with a weight to total of 67.3%. Following the net purchasing position adopted by the Group and the market's effect, the exposure to equity instruments increased slightly, from 6.0% at 31 December 2018 to 7.0%, while the exposure to investment properties fell from 10.6% to 10.1%. Finally, the weight of cash and other cash equivalents increased from 7.2% at 31 December 2018 to 9.1%.

With reference to the bond portfolio breakdown, the exposure to government bonds increased, standing at € 11,695 million (€ 11,625 million at 31 December 2018), with a weight of 43.8% (43.5% at 31 December 2018), while the exposure to corporate bonds fell, amounting to € 11,408 million, with a weight of 42.7% (44.7% at 31 December 2018).
The average duration of the bond portfolio remained unaltered at 5.5, in line with the Group's ALM strategy.

Property & Casualty segment return on investments

	31/12/2019	31/12/2018
Current return (*)	3.0%	3.1%
Harvesting rate	0.3%	0.1%
P&L return	2.8%	2.6%

(*) Net of depreciations.

The net current return on investments in the P&C segment remained basically unaltered compared to 31 December 2018, standing at 3.0%, with the related current income amounting to € 1,183 million (€ 1,180 million at 31 December 2018).

The harvesting rate increased to 0.3% (0.1% at 31 December 2018), supported by the realized gains and a lower impact of impairments.

Property & Casualty insurance provisions

Propery & Casualty: insurance provisions

(€ million)	31/12/2019	31/12/2018
Net provisions for unearned premiums	5,157	4,945
Net provisions for outstanding claims	23,634	23,759
Other net provisions	269	252
Property & Casualty insurance provisions	**29,059**	**28,955**
of which Motor	12,352	12,558
of which Non-motor	16,707	16,397

Asset Management segment

The Asset Management segment includes the activities exercised by Asset Management companies operating within the Group.
This segment operates as a provider of products and services both to the insurance companies of the Generali Group and to third-party clients. The products include equity and fixed-income funds, as well as alternative products. The aim pursued by Asset Management is to identify investment opportunities and sources of growth for all of its clients, while managing risks.

The segment includes companies specialised in institutional and retail clients, Group insurance companies or third-party clients, or in products such as real assets, high conviction strategies or more traditional investments.
Its scope includes, for example, companies in the Generali Investments group, Generali Real Estate, Generali Investments CEE and Fortuna Investments, to which are added the other companies linked to the multi-boutique strategy and some companies operating in Asia.

(€ million)	31/12/2019	31/12/2018	Change
Operating revenues	813	606	34%
Operating expenses	-388	-271	43%
Operating result	425	335	27%
Net result	280	235	19%
Cost/Income ratio	48%	45%	3 pps

(€ billion)	31/12/2019	31/12/2018	Change
Total Assets Under Management[11]	531	463	15%
of which third-party Assets Under Management	106	27	n.m.

The operating result of the Asset Management segment stood at € 425 million, up by 27%. This performance was largely due to the increase in operating revenues, amounting to € 813 million (+34%), due to the good performance of the market as a whole, to the consolidation of revenues of the new multi-boutiques which saw an increase particularly in the third-party client component, and to the transaction fees realized by the company engaged in real estate following the sale of property assets. The fees and commissions component amounted to € 738 million (€ 545 million at year-end 2018), increasing by 35%. Performance fees, zero in 2018, posted a value of around € 11 million. Operating expenses rose by 43%, equal to € 388 million, as a consequence of both integration of the new multi-boutiques and the higher costs associated with strengthening of the central and control structures.

The Cost/Income ratio therefore increased by 3 pps from 45% at the end of 2018 to 48%.

The net profit of the Asset Management segment stood at around € 280 million (+19%).

The total Assets Under Management of the segment was € 531 billion at 31 December 2019. Third-party Assets Under Management rose from € 27 billion at the end of 2018 to € 106 billion at the end of 2019, primarily due to integration of the new boutiques, as well as to the contribution of assets of a number of companies disposed of during the year, previously held by the Group and retained under its management as a result of the sale agreements.

11 I dati comparativi del segmento Asset Management comprendono gli asset delle società cedute nel periodo, che rimangono in gestione a seguito degli accordi di cessione.

Asset Management operating and non-operating result

(€ million)	31/12/2019	31/12/2018	Change
Asset Management operating result	**425**	**335**	**26.9%**
Acquisition and administration costs	-332	-177	87.8%
Fee and commission income and income from financial service activities	623	470	32.6%
Net operating income from financial instruments at fair value through profit or loss	1	3	-51.2%
Net operating income from other financial instruments	37	25	49.7%
Interests and other income	81	64	26.9%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	-0	-2	-92.0%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-4	-0	n.m.
Interest expenses on liabilities linked to to operating activities	-4	-1	n.m.
Other expenses from other financial instruments and land and buildings (investment properties)	-35	-35	-0.7%
Net other operating expenses	96	15	n.m.
Asset Management non-operating result	**-31**	**-2**	**n.m.**
Net non-operating income from financial instruments at fair value through profit or loss	0	0	n.m.
Net non-operating income from other financial instruments	-0	0	n.m.
Net other non-operating expenses	-31	-3	n.m.
Asset Management segment earnings before taxes	**394**	**333**	**18.4%**

Holding and other businesses

The Holding and other businesses segment includes the activities of the Group companies in the banking and asset management sectors, the costs incurred for the direction, coordination and financing activities, as well as all other operations that the Group considers to be ancillary to the core insurance business.

The operating result of the aforementioned businesses is summarized in the table below:

Holding and other businesses operating result by sector

(€ million)	31/12/2019	31/12/2018	Change
Holding and other businesses operating result	**8**	**-70**	**n.m.**
Financial and other businesses	538	397	35.3%
Holding operating expenses	-529	-467	13.3%

The operating result of the Holding and other businesses segment came to € 8 million, an improvement compared to € -70 million at 31 December 2018.
In particular, the operating result of the financial and other businesses rose to € 538 million (€ 397 million at 31 December 2018). The 35.3% increase mainly reflected the growth in the result of Banca Generali, which stood at € 327 million (€ 233 million at year-end 2018) and that benefitted from a more favourable context of the international financial markets, which brought about an increase in managed assets and commissions. The contribution provided by private equity and Planvital was positive.

Operating holding expenses amounted to € -529 million (€ -467 million at 31 December 2018), reflecting the higher costs linked to the strategic projects of the Group (including IFRS 17 and IFRS 9 implementation), the costs relating to the Employee Stock Ownership Plan (WeShare) and the costs for implementing strategic initiatives in the business units.

Holding and other business segment operating and non-operating result

(€ million)	31/12/2019	31/12/2018	Change
Holding and other businesses segment operating result	**8**	**-70**	**n.m.**
Net earned premiums	0	1	n.m.
Net insurance benefits and claims	0	0	n.m.
Acquisition and administration costs	-292	-259	12.8%
Fee and commission income and income from financial service activities	578	441	31.0%
Net operating income from financial instruments at fair value through profit or loss	20	10	n.m.
Net operating income from other financial instruments	427	245	74.1%
Interests and other income	772	501	54.0%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	17	14	23.3%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-11	-19	-45.0%
Interest expenses on liabilities linked to to operating activities	-129	-97	33.0%
Other expenses from other financial instruments and land and buildings (investment properties)	-222	-154	44.6%
Net other operating expenses	-196	-42	n.m.
Operating holding expenses	-529	-467	13.3%
Holding and other businesses non-operating result	**-916**	**-717**	**27.7%**
Net non-operating income from financial instruments at fair value through profit or loss	44	3	n.m.
Holding and other businesses non-operating result	-960	-720	33.3%
Net non-operating income from other financial instruments	-265	109	n.m.
Net non-operating realized gains on their financial instruments and land and buildings (investment properties)	-243	88	n.m.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-21	21	n.m.
Net other non-operating expenses	12	-34	n.m.
Non operating holding expenses	-707	-795	-11.0%
Interest expenses on financial debt	-605	-666	-9.2%
Holding non recurring expenses	-102	-128	-20.4%
Holding and other businesses segment earnings before taxes	**-908**	**-787**	**15.4%**

Risk Report

A. Executive Summary

The purpose of this section is to provide an overview of the Group's solvency position and risk profile, as well as its risk management framework. To this end a brief introduction on economic and regulatory environment is hereby provided.

When addressing the Group's risk profile, it is important to consider that the insurance sector is mostly vulnerable to financial markets and the macro-economic landscape. Generali has proven to be resilient to both financial risks and credit risks. Nevertheless, financial instability and the persistently low interest rate environment still represent the key challenges for the insurance sector and Generali Group as well.

Insurance industry risk management system is focused on financial, underwriting, operational (among which Cyber and IT) and other risks, such as liquidity and strategic risks. At the same time, new vulnerabilities are recognized in emerging trends and future risks, such as the climate change, digitalization, geopolitical instability and demographic changes. While focusing on these risks, ESG (environmental, social and governance) factors are increasingly recognized as relevant. In particular, among ESG related (or so-called sustainability) risks, climate change is prioritized as the most important of all.

Challenges and opportunities of the market context, p. 18
for more details on financial markets' developments, climate change, demographics and digitalization

In addition to the financial environment, regulatory developments represent a major external driver of threats and opportunities. These include developments in the area of prudential supervisory regimes, such as the review of Solvency II (so-called Solvency II 2020), Insurance Capital Standards (ICS), as well as regulations on sustainability and accounting (IFRS17 and IFRS9).

In terms of solvency position, the Group and all its European insurance subsidiaries comply with Solvency II regulation, which requires capital to be held for all quantifiable risks.

The Group uses its Partial Internal Model (PIM), which has been approved by the Supervisory Authority, to calculate capital requirements to better reflect its risk profile. The Group PIM authorization was granted for all major Business Units, being Italy, Germany, France, Austria, Switzerland, Czech Republic and Spain[1] and an extension plan is in progress to cover the operational risk evaluation under Internal Model. The Solvency Ratio is calculated with the PIM for the Group Legal Entities for which authorization has been granted, while other insurance entities adopt the standard formula. Other financial regulated entities contribute to the Group Solvency Ratio based on local sectorial regulatory requirements (mostly banks, pension funds, and asset managers).

Based on this, the Solvency Ratio amounts to 224% as at 31 December 2019, confirming the strong capital position of the Group, well above the tolerances and within the operating target range defined in the Group Risk Appetite Framework.

For risks not included in Solvency Capital Requirement (SCR) calculation, additional assessment techniques are used. In particular, for liquidity risk, the Group has in place methodologies and models to grant a sound risk management in line with the Group risk strategy, defined in the Group Risk Appetite Framework.

Generali Group risk management system is based on a system of governance and structured risk management processes, defined within a set of risk policies in the broader Generali Internal Regulation System (GIRS).

Within the risk management system, the Own Risk and Solvency Assessment (ORSA) process represents a fundamental risk management tool, with the twofold purpose to provide a comprehensive risk reporting and supporting the Group risk strategy update.

In addition to ORSA, the Group also relies on a set of tools, such as the Recovery Plan, the Liquidity Risk Management Plan and the Systemic Risk Management Plan, defined following the Financial Stability Board

1 Approval for the two major Spanish entities has been granted on 29 November 2019.

(FSB) and the International Association of Insurance Supervisors (IAIS) standards[2] as well as the most recent Supervisory Authority requirements.

The Risk Report structure is the following:

- section B providing a brief oversight of the risk management system;
- section C providing the Group solvency position and the key elements of the capital management process;
- section D providing a highlight on the Group's risk profile and sensitivity analysis to main risks.

More details on the solvency position and risk profile are then provided in the Solvency and Financial Condition Report (SFCR), available on Generali Group website.

Finally, Group rating assessment by external rating agencies is provided on the Group website in the section.

2 Generali Group is not included in the list of Global Systemically Important Insurers (GSIIs), issued by FSB.

B. Group Risk Management System

Risk Governance

Risk governance is a part of the broader Group system of governance.

The Group system of governance, which includes the internal control and risk management system, consists of the roles and responsibilities of the Administrative, Management or Supervisory Body (AMSB), of the Senior Management and of the Key Functions. It also consists of the policies, administrative and accounting procedures and organizational structures aimed at identifying, evaluating, measuring, managing and monitoring the main risks.

To ensure a consistent framework through the Group, the Parent Company sets Group Directives on the System of Governance, complemented by Group internal control and risk management policies, which have to be applied by all Group Legal Entities.

The Group system of governance is founded on the establishment of an AMSB and of three lines of defence:
- the operating functions (risk owners), which represent the first line of defence and have ultimate responsibility for risks relating to their area of responsibility;
- Actuarial, Compliance and Risk Management Functions, which represent the second line of defence;
- Internal Audit Function, which represents the third line of defence.

Internal Audit Function together with Actuarial, Compliance and Risk Management Functions represent the Key Functions.

Key roles within the internal control and risk management system are outlined below:
- the AMSB is the ultimate responsible for the system of governance and must ensure that the Group Legal Entities' system of governance and internal control and risk management system are consistent with all the applicable regulations. To this end, the AMSB, supported by the Key Functions, reassesses the system of governance adequacy periodically and at least once a year. The AMSB approves the Group Legal Entities' organizational set-up, establishes the Key Functions defining their mandate and reporting lines as well as, where appropriate, any support committee, adopts Group internal control and risk management policies, performs the duties related to the ORSA, risk concentration and intragroup transactions, approves the ORSA results and based on them defines the risk appetite;
- the Senior Management is responsible for the implementation, maintenance and monitoring of the system of internal controls and risk management, including risks arising from non-compliance with regulations, in accordance with the directives of the AMSB;
- Key Functions are established at Group level and within the Group Legal Entities:
  - the Risk Management Function supports the AMSB and Senior Management in ensuring the effectiveness of the risk management system and provides advice and support to the main business decision-making processes;
  - the Compliance Function grants that the organizational and the internal procedures are adequate to manage the risk to incur in administrative or judiciary fines, economic losses or reputational damages as a consequence of non-compliance with laws, regulations, provisions, and the risk deriving from unfavourable changes in the law or judicial orientation (compliance risk);
  - the Actuarial Function coordinates the technical provisions calculation and grants the adequacy of underlying methodologies, models and assumptions, verifies the quality of the related data and expresses an opinion on the overall Underwriting Policy and on the adequacy of reinsurance arrangements;
  - the Internal Audit Function verifies business processes and the adequacy and effectiveness of controls in place also proving support and advice.

Heads of Key Functions report to the AMSB.

Group Key Functions collaborate according to a pre-defined coordination model, in order to share information and create synergies. A strong Parent Company coordination and direction for Key Functions is granted by the so-called solid reporting lines model established between the head of the Group Key Function and heads of the respective functions within the operating entities.

Risk Management System

The principles defining the Group risk management system, including strategies, processes and reporting procedures, are provided in the Risk Management Group Policy[3], which is the cornerstone of all risk-related policies and guidelines. The Risk Management Group Policy covers all risks, on a current and forward-looking basis, and is implemented in a consistent manner across the Group.
Generali Group's risk management process is defined in the following phases:

1. Risk identification → **2. Risk measurement** → **3. Risk management and control** → **4. Risk reporting**

1. Risk identification

The purpose of the risk identification is to ensure that all material risks to which the Group is exposed are properly identified. To this end, the Risk Management Function interacts with the main business functions and Business Units in order to identify the main risks, assess their importance and ensure that adequate measures are taken to mitigate them, according to a sound governance process. Within this process also emerging risks[4] related to new risks and developing trends, characterized by uncertain evolution and often of systemic nature, are considered.
The Group main risks' identification process is based on the results of the local risk identification processes.

2. Risk measurement

Identified risks are then measured through their contribution to the SCR, complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Group risk profile. Using the same metric for measuring the risks and the capital requirements ensures that each quantifiable risk is covered by an adequate amount of capital that could absorb the loss incurred if the risk materializes. For SCR calculation purposes 1 in 200 years events are considered.
The SCR is calculated by means of the Group's PIM[5] for financial, credit, life and non-life underwriting risks. Operational risks are measured by means of standard formula, complemented by qualitative risk assessments[6].
The PIM provides an accurate representation of the main risks the Group is exposed to, measuring not only the impact of each risk taken individually but also their combined impact on the Group's own funds.
Group PIM methodology and governance are provided in the section C. Solvency Position. Insurance and Re-Insurance Entities not included in the PIM scope calculate the capital requirement based on standard formula, while other financial services (e.g. banks, pension funds and asset manager) calculate the capital requirement based on their own specific sectoral regimes.
For liquidity risk a Group model is used to calculate the metrics, as defined in section D. Liquidity Risk. Other risks are assessed by means of quantitative and qualitative techniques.

3. Risk management and control

The risks which the Group is exposed to are managed on the basis of the Group Risk Appetite Framework (Group RAF), defined by the Board of Directors of Assicurazioni Generali S.p.A. (hereafter, Board of Directors). The Group RAF defines the level of risk the Group is willing to accept in conducting business and thus provides the overall framework for embedding risk management into business processes. In particular, the Group RAF includes the statement of risk appetite, the

3 The Risk Management Group Policy covers all Solvency II risk categories and, in order to adequately deal with each specific risk category and the underlying business processes, is complemented by the following risk policies: Group Investment Governance Policy; P&C Underwriting and Reserving Group Policy; Life Underwriting and Reserving Group Policy; Group Operational Risk Management Policy; Liquidity Risk Management Group Policy; other risk-related policies, such as Group Capital Management Policy, Supervisory Reporting & Public Disclosure Group Policy, Group Risk Concentrations Management Policy, etc..
4 Major details on emerging risk definition are provided in section D. Risk Profile.
5 The PIM use for the SCR calculation at Group level has been approved for the insurance entities in Italy, Germany, France, Austria, Switzerland, for the biggest Czech company (Česká pojišťovna a.s.) and for Spanish companies (Generali Espana S.A. de Seguros y Reaseguros e Cajamar Vida S.A. de Seguros y Reaseguros). For the other entities, the standard formula is applied. Other financially regulated entities apply local sectorial requirements.
6 An extension plan to cover also Operational risk with the Internal Model is in progress.

risk preferences, the risk metrics, the tolerance and the target levels.
The purpose of the Group RAF is to set the desired level of risk on the basis of the Group strategy. The Group RAF statement is complemented by qualitative assertions (risk preferences) supporting the decision-making processes, risk tolerances providing quantitative boundaries to limit excessive risk-taking and an operating target range to provide indications on the solvency level at which the Group aims to operate. Tolerance and target levels are referred to capital and liquidity metrics.
The Group RAF governance provides a framework for embedding risk management into day-to-day and extraordinary business operations, control mechanisms and escalation and reporting to be applied in case of risk tolerance breaches. Should an indicator approach or breach the defined tolerance levels, pre-defined escalation mechanisms are activated.

4. Risk reporting

The purpose of risk reporting is to keep business functions, Senior Management, AMSB and Supervisory Authority aware and informed on the development of the risk profile, the trends of single risks and the breaches of risk tolerances on an ongoing basis.

The ORSA process includes the reporting on the assessment of all risks, in a current and forward-looking view. The ORSA process includes the assessment of all risks, quantifiable and not in terms of capital requirements. Within the ORSA, stress test and sensitivity analyses are also performed to assess the resilience of the solvency position and risk profile to changed market conditions or specific risk factors.
Generali Group applies a Group-wide process, which implies that each Group Legal Entity is responsible for the preparation of its own ORSA Report and the Parent Company coordinates the Group ORSA reporting process.
At Group level, the process is coordinated by the Risk Management Function, supported by other functions for what concerns own funds, technical provisions and other risks.

The purpose of the ORSA process is to provide the assessment of risks and of the overall solvency needs on a current and forward-looking basis. The ORSA process ensures an ongoing assessment of the solvency position based on the Strategic Plan and the Group Capital Management Plan.
The Group ORSA Report, documenting main results of this process, is produced on an annual basis. A non-regular ORSA Report can also be produced in case of significant changes of the risk profile.

C. Solvency position

Solvency Capital Requirement coverage

Risk and capital management are closely integrated processes aimed at managing the Group's solvency position and the Group's risk profile.

The solvency position is defined as the ratio between Group Own Funds (GOF) and Solvency Capital Requirement (SCR).

The Solvency Ratio[7] as at 31 December 2019 is equal to 224%. The increase in respect to previous year (+8 pps) is mainly attributable to the solid contribution of the capital generation, that has more than compensated the impact of the foreseeable dividend and the partial redemption of subordinated debt.

The impacts of M&A operations (positive and driven by the disposal of Generali Lebensversicherung AG in the second quarter of the year) and of regulatory changes (substantially neutral, thanks to the changes occurred in the last quarter) have more than counterbalanced the negative effect of the variances (mainly driven by the financial markets' development, despite the positive trend of the last quarter).

SCR coverage

(€ million)	31/12/2019	31/12/2018
GOF	45,516	44,191
SCR	20,309	20,407
Solvency Ratio	224%	217%

Based on last available information for 2019, official figures for 2018.

1. Group own funds

In compliance with the Solvency II regulatory requirements, Group own funds are defined as the sum of consolidated basic own funds (BOF) related to insurance entities, holding and ancillary undertakings attributable to insurance activity and the own funds attributable to non-insurance entities, defined according to their sectoral regulatory regimes.

Basic own funds, can be further analysed as the sum of the following components:

- the excess of assets over liabilities as defined in accordance with art. 75 of Directive 2009/138/EC;
- plus subordinated debt eligible in basic own funds;
- less foreseeable dividends;
- plus additional own funds related to unrealised capital gains from French pension activities arising from the application of the IORP[8] transitory regime[9];
- less deductions for participations in sectoral entities;
- less deduction for regulatory filters applied to non-available items at Group level, restricted own funds items and shares of the parent company.

7 The SCR, MCR and OF calculations disclosed are based on the last available information. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.
8 IORP stands for Institutions for Occupational Retirement Provisions.
9 These additional own funds are authorised by Supervisor for the years between 2016 and 2022, a period during which the proportion of the eligible unrealised capital gains will decrease gradually.

The contribution to the Group own funds of each element above listed is detailed in the following table:

Group own funds components

(€ million)	31/12/2019	31/12/2018
Excess of assets over liabilities	**40,756**	**38,339**
Subordinated debt eligible in basic own funds	8,259	8,625
Foreseeable dividend	-1,513	-1,413
Unrealised gains on French IORP business	696	933
Deductions for participations in sectoral entities	-2,752	-2,089
Impact of filter for non-availability & minorities and other deductions	-1,011	-1,457
Basic own funds after deductions	**44,434**	**42,939**
Contribution of sectoral entities	1,081	1,253
GOF	**45,516**	**44,191**

Based on last available information for 2019, official figures for 2018.

Commenting on the items contributing to the GOF, it can be noted that:

- the increase of the excess of assets over liabilities (€ 2,417 million) is mainly attributable to the contribution of the total own funds generation of the year (€ 3,525 million) and to the payment of the 2018 dividend made during 2019 (€ -1,413 million);
- the reduction of the subordinated debt eligible in basic own funds (€ -366 million) is due to its early redemption occurred during 2019;
- the foreseeable dividend increases to € 1,513 million;
- the reduced contribution of the unrealised gains on IORP business stems from their progressive yearly haircut required by the French regulator;
- the higher impact of deductions for participations in sectoral entities (€ -663 million) mainly comes from the higher value (quoted market price) of the participation in Banca Generali;
- the reduction of the impact of filters for minorities and non-available items (€ 446 million) mainly comes from the reduction of the filters on Surplus Funds after the disposal of Generali Leben;
- the reduced contribution of sectoral entities (€ -172 million) reflects the impact of the acquisition (and related activation of goodwill) of some entities within Multiboutique Europe asset management perimeter.

Reconciliation between IFRS equity and Solvency II excess of assets over liabilities

Under the Solvency II regime, Solvency II excess of assets over liabilities is valuated starting from IFRS shareholders' equity and by adjusting at fair value consolidated assets and liabilities in accordance with Article 75 and Section 2 of the Solvency II Directive.
More precisely, these adjustments consist of:

- eliminating intangible assets (e.g. goodwill);
- revaluating investments not accounted at fair value, such as loans, held to maturity investments and real estate;
- accounting for the technical provisions according to Solvency II rules as a sum of Best Estimate of Labilities (BEL) and risk margin;
- including the Solvency II evaluation of financial liabilities and recognising material contingent liabilities;
- recalculating the impact of net deferred taxes on the above adjustments.

The following table presents the reconciliation between IFRS shareholders' equity and Solvency II excess of assets over liabilities at year-end 2019 and, for comparative purposes, at year-end 2018.

Reconciliation between IFRS shareholders' equity and Solvency II excess of assets over liabilities

(€ million)	31/12/2019	31/12/2018
IFRS Shareholders' Equity (gross of minorities) (*)	**29,386**	**24,643**
Intangibles	-11,236	-10,712
Mark to Market of Assets	8,936	9,310
Mark to Market of Liabilities	20,374	22,962
Impact of Net Deferred Taxes	-6,704	-7,864
Excess of assets over liabilities	**40,756**	**38,339**

Based on last available information for 2019, official figures for 2018.

(*) 2019 IFRS Equity adjusted (for illustrative purpose) for the proportional consolidation of China operations within Solvency II.

The main elements of reconciliation from the IFRS shareholders' equity (€ 29,386 million) to the Solvency II excess of assets over liabilities (€ 40,756 million) are the following:

- intangibles (€ -11,236 million) not recognised under Solvency II and including also the IFRS goodwill related to non-insurance operations;
- mark to market of assets: this adjustment (€ 8,936 million) is primarily due to the fair valuation of real estate assets. The negative mark to market of bonds and other assets is due to the impact of French IORP bonds, equities, investment fund units and derivatives that are recognised at fair value for IFRS purposes and kept at cost in the Solvency II balance sheet (the IORP eligible unrealised gains emerge in the movement from excess of assets over liabilities to basic own funds). The significant change to fair value of participations is mainly driven by the increase of the quoted market value of Banca Generali;
- mark to market of liabilities: this adjustment (€ 20,374 million) is primarily due to net technical provisions (€ 21,385 million deriving from the difference between IFRS and Solvency II valuation);
- impact of net deferred taxes (€ -6,704 million) is a consequence of the change to fair value of the items reported above.

Group own funds tiering

According to Solvency II regulation, Group own funds items are classified into three tiers representing different level of quality, depending on the ability to absorb losses due to adverse business fluctuations on a going-concern basis and in the case of winding-up.

The Group's tiering is described below:

- Tier 1 unrestricted own funds includes the following items:
  - ordinary share capital and the related share premium account;
  - available surplus funds (from German, Austrian and French business);
  - reconciliation reserve;
  - additional own funds from French pension activities;
- Tier 1 restricted includes undated subordinated debt;
- Tier 2 includes the remaining part of subordinated debt which is classified as dated;
- Tier 3 is composed by net deferred tax assets, which are characterised by lower capital quality being not immediately available to absorb losses.

The GOF split by tiers is reported in the following table:

Group own funds by tiering

(€ million)	31/12/2019	31/12/2018
Tier 1 unrestricted	37,186	35,505
Tier 1 restricted	2,271	3,276
Tier 2	5,987	5,349
Tier 3	71	61
GOF	**45,516**	**44,191**

Based on last available information for 2019, official figures for 2018.

2019 Group own funds are mainly composed by high-quality capital. Tier 1 counts for about 86.7% of the total (87.8% in 2018), tier 2 represents 13.2% (12.1% in 2018) and tier 3 only 0.2% of the total (0.1% in 2018). The minor changes in the tier 1 restricted and tier 2 mainly reflect the liability management operations occurred during 2019.

No eligibility filters are triggered thanks to the high-quality of the capital-tiering.

2. Solvency Capital Requirement

The SCR covers underwriting, financial, credit and operational risks as follows:

SCR split by risk

(€ million)	31/12/2019		31/12/2018	
	Total	Impact (%)	Total	Impact (%)
SCR before diversification	**30,997**	**100%**	**31,719**	**100%**
Financial risk (1)	14,678	47%	13,469	42%
Credit risk (2)	7,045	23%	8,218	26%
Life underwriting risk	2,709	9%	3,437	11%
Health underwriting risks	305	1%	322	1%
Non-life underwriting risk	4,071	13%	4,066	13%
Intangible risk	-	-	-	-
Operational risk	2,188	7%	2,206	7%
Diversification benefit	-6,392		-6,863	
SCR after diversification	**24,605**		**24,855**	
Tax absorption	-5,496		-5,560	
SCR excl. other regimes	**19,108**		**19,296**	
Other regimes (3)	1,201		1,111	
SCR	**20,309**		**20,407**	

Based on last available information for 2019, official figures for 2018.

(1) Financial risk includes spread risk for standard formula entities.

(2) Credit risk includes default risk, spread widening and rating migration risks for PIM entities.

(3) Within this category other regulated financial entities are included (e.g. IORP, banks etc.).

The above SCR breakdown highlights that:

- financial and credit risks, account for the 70% of the total SCR before diversification, due to the predominance of traditional life business;
- life and non-life underwriting risks, accounting for respectively 9% and 13% of the total SCR before diversification; within this CAT risks remain limited thanks to a comprehensive reinsurance program;
- health underwriting risk deriving from standard formula based entities accounting for 1% of the total SCR before diversification;
- operational risks contribute to the Group SCR for 7%. This contribution is calculated using the standard formula.

Each risk category is further detailed in the section D. Risk Profile.

Minimum Capital Requirement coverage

In addition to SCR coverage, the Group calculates the Minimum Consolidated Group SCR (MCR) coverage. The MCR calculation is required to determine the minimum level of capital, under which the Group would be exposed to an unacceptable level of risk when allowed to continue its operations.

The Minimum Solvency Ratio[10] stands at 261% as at 31 December 2019, with an increase of +1 pps in respect of previous year. In the following table, the MCR coverage is reported

MCR Coverage

(€ million)	31/12/2019	31/12/2018
GOF to meet the MCR	41,561	40,656
MCR	15,927	15,639
Ratio of GOF to MCR	**261%**	**260%**

Based on last available information for 2019, official figures for 2018.

To define MCR coverage, stricter own fund eligibility rules are applied compared to the ones previously used for the SCR[11]. In the following table, the split by tiers of the own funds covering the MCR is reported:

GOF to meet the MCR by tiering

(€ million)	31/12/2019	31/12/2018
Tier 1 unrestricted (12)	36,105	34,252
Tier 1 restricted	2,271	3,276
Tier 2	3,185	3,128
GOF to meet MCR	**41,561**	**40,656**

Based on last available information for 2019, official figures for 2018.

Group Partial Internal Model (Group PIM)

The Group PIM is considered to be the most appropriate way of assessing the Group SCR. It represents the best way of capturing the risk profile of the entire Group and of the Legal Entities in scope in terms of granularity, calibration and correlation of the various risk factors.
The Group PIM is structured around a Risk Map, which contains all quantifiable risks that Generali Group has identified as relevant to its business, allowing for the calculation of the SCR at single risk level and at higher aggregation levels.

1. Group PIM Methodology

In implementing the PIM, the Group has adopted the so-called Monte-Carlo approach with proxy functions to determine the Probability Distribution Forecast (PDF) of the changes in the basic own funds over a 1-year horizon.
The own funds' probability distribution allows to determine the potential losses at any percentile for risks in scope and, in particular, the SCR corresponding to the 99.5th percentile. The risk measure applied is the VaR (Value at Risk). Monte-Carlo methods are used in the industry to obtain sound numerical results using the embedded characteristics of repeated random sampling to simulate the more complex real-world events. Proxy functions are mathematical functions that mimic the interaction between risk drivers and insurance portfolios to obtain the most reliable results.
The calibration procedure involves quantitative and qualitative aspects. The aggregation process uses advanced mathematical techniques following market best practices. Dependencies among risks are defined through the use of a so-called Copula approach that simulates the interaction between several risk drivers (elements that mimic the underlying sources of risk) throughout the simulations generated by the Monte-Carlo stochastic method.

10 The SCR, MCR and OF calculations disclosed are based on the last available information. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.
11 The amounts of tier 2 and tier 3 items eligible to cover the MCR are subject to stricter quantitative limits. The eligible amount of tier 1 items shall be at least 80% of the MCR; the same limitation on subordinated liabilities and preference shares is set. The eligible amounts of tier 2 items shall not exceed 20% of the MCR. No tier 3 items are allowed to cover the Minimum Capital Requirement. No capital from sectoral is considered.
12 Tier 1 includes also available capital of sectoral entities and the unrealised gains and losses on French Institutions for Occupational Retirement Provision (IORP) business as agreed with the Group Supervisory Authority.

2. Group PIM Governance

Governance and processes regarding the Group PIM are defined in the Group Internal Model Governance Policy, ensuring that:

- models and components are appropriate for their purpose;
- procedures are in place to design, implement, use and validate new models and model changes;
- the appropriateness of models on an ongoing basis is verified.

To rule the activities related to the Internal Model developments necessary to ensure its appropriateness over time and, more in general, to support the Internal Model change process, the Group Internal Model Change Policy has been also defined with the aim to specify roles and responsibilities in the implementation of major and minor changes.

A dedicated committee, the Internal Model Committee, has been established to approve Group PIM calibrations, to support the Group Chief Risk Officer (GCRO) in the decision-making process on Group PIM developments or model changes and to control the full model lifecycle, assuring proper compliance with the Group Internal Model Governance Policy. This Committee is chaired by the Model Design Authority, in the person of the Head of Group Enterprise Risk Management, responsible for ensuring the overall consistency and reliability of the Group PIM. The members of the Internal Model Committee are all the Model Owners and the Model Design Authority and possibly further participants required by the Model Design Authority.

The GCRO defines the processes and controls to ensure the ongoing appropriateness of the design and operations of the Group PIM, so that it continues to appropriately reflect the Group risk profile. The GCRO is also responsible for defining the methodology of each model component, based on the Group Internal Model Committee's proposals, as well as for the results' production and ultimately for submitting the relevant Internal Model supporting documentation to the Board of Directors and to the Risk and Control Committee.

The Board of Directors, assisted by the Risk and Control Committee, ensures the ongoing appropriateness of the design and operations, the ongoing compliance of the Group PIM and also that the Group PIM continues to appropriately reflect the risk profile of the Group.

These roles are generally mirrored within the organizational structure of each Group Legal Entity within PIM scope.

No material changes have occurred during the period with reference to the PIM governance.

3. Group PIM Validation

The Group PIM is subject to validation review on an ongoing basis, which aims to gain independent assurance of the completeness, robustness and reliability of the processes and results of the Group PIM as well as their compliance with the Solvency II regulatory requirements.

The validation process follows the principles and procedures defined within the Group Internal Model Validation Policy and related guidelines.
In particular, the validation outputs are designed to support Senior Management and Board of Directors in understanding the appropriateness of the Group PIM, including areas of weaknesses and limitations, especially with regards to its use.
To ensure an adequate level of independence, the resources performing the validation activities are not involved in the development or operation of the Group PIM.

Within the validation process, also results obtained during previous validation exercises are considered, as well as developments within internal and external business environment, financial market trends and Group PIM changes. The Internal Model validation process excludes those aspects covered by the assurance work of the Group Actuarial Function (i.e. technical provisions and related IT systems, actuarial platforms and their governance).
Furthermore, the validation process also serves as an incentive mechanism to ensure timely and accurate incorporation of modelling refinements.

In order to warrant the appropriateness of the array of elements contained within the Group PIM, the validation covers both the quantitative and qualitative aspects of the Internal Model and is therefore not limited to the calculation engine and methodology. Other important items such as data quality, documentation and uses of the Internal Model are validated accordingly.

The validation process is carried out on regular annual basis and when requested by the Senior Management or Board of Directors.

D. Risk Profile

Life Underwriting Risk

Life and health underwriting risks derive from the Group's core insurance business in the life and health segment. The major part of the business and the related risks derive from direct portfolio underwritten by the Group. Health business represents a minor component of the portfolio.

Notes, Details on insurance and investment contracts, for Group's life underwriting business key figures

The life portfolio is given by traditional business, which mainly includes insurance with profit participation, and unit-linked products. The prevailing component of traditional business includes products with insurance coverage linked to the policyholders' life and health. It also includes pure risk covers, with related mortality risk, and some annuity portfolios, with the presence of longevity risk. The vast majority of the insurance coverages include legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend the insurance cover or permit the insurance policy to lapse, or to fully or partially establish, renew, increase, extend or resume the insurance or reinsurance cover. For these reasons, the products are subject to lapse risk.

Life and health underwriting risks can be distinguished in biometric and operating risks embedded in the life and health insurance policies. Biometric risks derive from the uncertainty in the assumptions regarding mortality, longevity, health, morbidity and disability rates taken into account in the insurance liability valuations. Operating risks derive from the uncertainty regarding the amount of expenses and the adverse exercise of contractual options by policyholders. Policy lapse is the main contractual option held by the policyholders, together with the possibility to reduce, suspend or partially surrender the insurance coverage.

Life and health underwriting risks are:

- mortality risk, defined as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in mortality rates, where an increase in mortality rates leads to an increase in the value of insurance liabilities. Mortality risk also includes mortality catastrophe risk, resulting from the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events;
- longevity risk that, similarly to mortality, is defined as the risk resulting from changes in mortality rates, where a decrease in mortality rates leads to an increase in the value of insurance liabilities;
- disability and morbidity risks derive from changes in the disability, sickness, morbidity and recovery rates;
- lapse risk is linked to the loss or adverse change in liabilities due to a change in the expected exercise rates of policyholder options. The relevant options are all legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse. Mass lapse events are also considered;
- expense risk results from changes in the expenses incurred in servicing insurance or reinsurance contracts;
- health risk results from changes in health claims and also includes health catastrophe risk (for PIM entities).

In addition to the risks above, the Group Risk Map includes also the going concern reserve risk, a German business specific risk that refers to misestimation of new business assumptions.

The approach underlying the life underwriting risk measurement is based on the calculation of the loss resulting from unexpected changes in biometric and/or operating assumptions. Capital requirements for life underwriting risks are calculated on the basis of the difference between the insurance liabilities before and after the application of the stress.

Life underwriting risks are measured by means of the Group PIM[13].

The SCR for life underwriting risk amounts to € 2,709 million before diversification (equal to 9% of total SCR before diversification). This is mainly given by expense[14] risk, followed by lapse and longevity risks. In terms of contribution to the risk profile, it is to be noted that life underwriting risks are well diversified with other risk categories. The overall contribution to the risk profile therefore remains limited.

13 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.
14 Including also the Going Concern reserve.

Life underwriting risk management is embedded in the key underwriting processes being:
- product development and accurate pricing;
- ex-ante selection of risks through underwriting;
- setting and monitoring of operative underwriting limits;
- portfolio management and monitoring.

Product pricing consists in setting product features and assumptions regarding expenses, financial, biometric and policyholders' behaviour to allow the Group Legal Entities to withstand any adverse development in the realization of these assumptions.
For savings business, this is mainly achieved through profit testing, while for protection business with a biometric component, it is achieved by setting prudent assumptions.
Lapse risk, related to voluntary withdrawal from the contract, and expense risk, related to the uncertainty around the expenses that the Group expects to incur in the future, are evaluated in a prudential manner in the pricing of new products. This evaluation is taken into account in the construction and profit testing of a new tariff, considering the underlying assumptions derived from the Group's experience.
For insurance portfolios with a biometric risk component, comprehensive reviews of the mortality experience are compared with expected mortality of the portfolio, determined according to the most up-to-date mortality tables available in each market. To this end, mortality by sex, age, policy year, sum assured, and other underwriting criteria are taken into consideration to ensure mortality assumptions remain adequate and avoid the risk of misestimating for the next underwriting years.
The same annual assessment of the adequacy of the mortality tables used in the pricing is performed for longevity risk. In this case, not only biometric risks are considered but also the financial risks related to the minimum interest rate guarantee and any potential mismatch between the liabilities and the corresponding assets.

As part of the underwriting process, Generali Group adopts underwriting guidelines. Risk Management Function reviews implications of new lines of business/products on the Group risk profile.
Moreover, a particular emphasis is placed on the underwriting of new contracts with reference to medical, financial and moral hazard risks. The Group has defined clear underwriting standards through manuals, forms, medical and financial underwriting requirements. For insurance riders, which are most exposed to moral hazard, maximum insurability levels are also set, lower than those applied for death covers. In order to mitigate these risks, policy exclusions are also defined.
Regular risk exposure monitoring and adherence to the operative limits, reporting and escalation processes are also in place, allowing for potential remediation actions to be undertaken.

Finally, reinsurance represents the main risk mitigating technique. The Parent Company acts as core reinsurer for the Group Legal Entities and cedes part of the business to external reinsurers.
The Group reinsurance strategy is developed consistently with the risk appetite and with the risk preferences defined in the Group RAF, and with the reinsurance market cycle. The definition of a reinsurance arrangement is based on the process managed by Group Reinsurance Function in constant interaction with Risk Management and Actuarial Functions.

Non-Life Underwriting Risk

Non-life underwriting risks arise from the Group's insurance business in the P&C segment.

Management Report, Property & Casualty segment indicators by country, for volumes of premiums and related geographic breakdown

Notes, Details on insurance and investment contracts, for technical provisions

Non-life underwriting risks include the risk of underestimating the frequency and/or severity of the claims in defining pricing and reserves (respectively pricing risk and reserving risk), the risk of losses arising from extreme or exceptional events (catastrophe risk) and the risk of policyholder lapses from P&C insurance contracts (lapse risk). In particular:
- pricing and catastrophe risks derive from the possibility that premiums are not sufficient to cover future claims, also in connection with extremely volatile events and contract expenses;
- reserving risk relates to the uncertainty of the claims reserves (in a one-year time horizon);
- lapse risk arises from the uncertainty of the underwriting profits recognised in the premium provisions.

Non-life underwriting risks are measured by means of the Group PIM[15]. For the majority of risks assessed through the PIM, the assessments are based on in-house developed models and external models that are primarily used to assess the catastrophic events, for which broad market experience is considered beneficial.

The SCR for non-life underwriting risk amounts to € 4,071 million before diversification (equal to 13% of total SCR before diversification). This is mainly given by reserve and pricing risks, followed by CAT risk. Non-life lapse risk contributes only for a marginal amount to the risk profile.

Moreover, the Group uses additional indicators for risk concentrations. This is specifically the case for catastrophe risks and commercial risks, which are both coordinated at central level as they generally represent a key source of concentration.

In terms of CAT risk, the Group's largest exposures are earthquakes in Italy, European floods and European windstorms. Less material catastrophe risks are also taken into account and assessed by means of additional scenario analysis.

At the same time, there is a constant on-going improvement to consider risk metrics within profitability metrics and to use risk adjusted KPIs in decision making processes.

Based on the Group RAF, P&C risk selection starts with an overall proposal in terms of underwriting strategy and corresponding business selection criteria. During the strategic planning process, targets are established and translated into underwriting limits to ensure business is underwritten according to the plan. Underwriting limits define the maximum size of risks and classes of business that Group Legal Entities shall be allowed to write without seeking any additional or prior approval. The limits may be set based on value, risk type, product exposure or class of occupancy. The purpose of these limits is to attain a coherent and profitable book of business founded on the expertise of each Legal Entity.
Additional indicators such as relevant exposures, risk concentration and risk capital figures are used for the purpose of P&C underwriting risk monitoring. The indicators are calculated on a quarterly basis to ensure alignment with the Group RAF.

Reinsurance is the key mitigating technique for balancing the P&C portfolio. It aims to optimize the use of risk capital by ceding part of the underwriting risk to selected counterparties, whilst simultaneously minimizing the credit risk associated with such operations.
The P&C Group Reinsurance Strategy is developed consistently with the risk appetite and the risk preferences defined in the Group RAF on one side and taking into account the reinsurance market on the other.
The Group has historically preferred traditional reinsurance as a tool for mitigating catastrophe risk resulting from its P&C portfolio, adopting a centralized approach where the placement of reinsurance towards the market is managed through a central Group Reinsurance Function.
The Group aims at diversifying its cessions to reinsurers to avoid excessive concentrations, to optimize its reinsurance purchases, including from a pricing perspective, and to continuously develop know-how in the most innovative risk transfer techniques. For this reason, part of the Italian earthquake, European flood and European windstorm exposures were carved out from the traditional catastrophe reinsurance program and placed in the Insurance Linked Securities (ILS) market. This innovative issuance was completed successfully and at competitive terms.
Alternative risk transfer solutions are continuously analysed and implemented. As an example, in addition to traditional reinsurance, a protection is in place to reduce the impact of an unexpectedly high loss ratio for the Group motor liability portfolio.

Financial Risk and Credit Risk

The Group invests collected premiums in a wide variety of financial assets, with the purpose of honouring future obligations to policyholders and generating value for its shareholders.
As a result, the Group is exposed to the financial risks driven by either:
- invested assets not performing as expected because of falling or volatile market prices;
- reinvested proceeds of existing assets being exposed to unfavourable market conditions, such as lower interest rates.

15 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

Generali Group traditional life savings business is long-term in nature; therefore, the Group holds mostly long-term investments which have the ability to withstand short-term decreases and fluctuations in the market value of assets.
Nonetheless, the Group manages its investments in a prudent way according to the so-called Prudent Person Principle[16], and strives to optimize the return of its assets while minimizing the negative impact of short-term market fluctuations on its solvency position.
Under Solvency II, the Group is also required to hold a capital buffer, with the purpose of maintaining a sound solvency position even in the circumstances of adverse market movements.

To ensure a comprehensive management of the impact of financial and credit risks on assets and liabilities, the Group Strategic Asset Allocation (SAA) process needs to be liability-driven and strongly interdependent with insurance-specific targets and constraints. For this reason, the Group has integrated the Asset Liability Management (ALM) and the Strategic Asset Allocation (SAA) within the same process.
The aim of the ALM&SAA process is to define the most efficient combination of asset classes which, according to the Prudent Person Principle, maximizes the investment contribution to value creation, taking into account solvency, actuarial and accounting indicators. The aim is not just to mitigate risks but also to define an optimal risk-return profile that satisfies both the return target and the risk appetite of the Group over the business planning period.
The assets' selection is performed by taking into consideration the risk profile of the liabilities held in order to satisfy the need to have appropriate and sufficient assets to cover the liabilities. This selection process aims to guarantee the security, quality, profitability and liquidity of the overall portfolio, providing an adequate diversification of the investments.
The asset portfolio is then invested and rebalanced according to the asset class and duration weights. The main risk mitigation techniques used by the Group are liability-driven management of the assets and regular use of rebalancing.
The liability driven investment helps granting a comprehensive management of assets whilst taking into account the liability structure; while, at the same time, the regular rebalancing redefines target weights for the different asset classes and durations, alongside the related tolerance ranges defined as investment limits. This technique contributes to an appropriate mitigation of financial risks.
ALM&SAA activities aim at ensuring the Group holds sufficient and adequate assets to reach defined targets and meet liability obligations. For this purpose, analyses of the asset-liability relationship under a range of market scenarios and expected/stressed investment conditions are undertaken.
The Group works to ensure a close interaction between the Investment, Finance (incl. Treasury), Actuarial and Risk Management Functions to secure that the ALM&SAA process remains consistent with the Group RAF, the strategic planning and the capital allocation mechanisms. The annual SAA proposal:
- defines target exposure and limits for each relevant asset class, in terms of minimum and maximum exposure allowed;
- embeds the asset and liabilities duration mismatches permitted and potential mitigation actions that can be enabled on the investment side.

Regarding specific asset classes such as (i) private equity, (ii) alternative fixed income, (iii) hedge funds, (iv) derivatives and structured products, the Group has mainly centralized their management and monitoring. These kinds of investments are subject to accurate due diligence in order to assess their quality, the level of risk related to the investment and its consistency with the approved liability-driven SAA.

The Group also uses derivatives with the aim of mitigating the risk present in the asset and/or liability portfolios. The derivatives help the Group to improve the quality, liquidity and profitability of the portfolio, according to the business planning targets. Operations in derivatives are likewise subject to a regular monitoring and reporting process.

In addition to the risk tolerance limits set on the Group solvency position within the Group RAF, the current Group risk monitoring process is also integrated by the application of the Investments Risk Group Guidelines (IRGG). The IRGG include general principles, quantitative risk limits (with a strong focus on credit and market concentration), authorization processes and prohibitions that Group entities need to comply with.

16 The Prudent Person Principle set out in Article 132 of Directive 2009/138/EC requires the company to only invest in assets and instruments whose risks can be identified, measured, monitored, controlled and reported as well as taken into account in the company overall solvency needs. The adoption of this principle is ruled in the Group Investment Governance Policy (GIGP).

Financial Risk

Within the life business, the Group assumes a considerable financial risk when it guarantees policyholders with a minimum return on the accumulated capital over a potentially long period. If the yields generated by the financial investments are lower than the guaranteed return during this period, then the Group shall compensate the shortfall for those contractual guarantees. In addition, independently on the achieved asset returns, the Group has to secure that the value of the financial investments backing the insurance contracts remains sufficient to meet the value of its obligations.
Unit-linked business typically does not represent a source of financial risk for insurers (except when there are guarantees embedded in the contracts), although market fluctuations typically have profitability implications.
Regarding P&C business, the Group has to ensure that the benefits can be paid on a timely basis when claims occur.

In more detail, the Group is exposed to the following generic financial risk types:

- equity risk deriving from the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of equity market prices which can lead to financial losses;
- equity volatility risk deriving from changes in the volatility of equity markets. Exposure to equity volatility is typically related to equity option contracts or to insurance products sold with embedded guarantees whose market consistent value is sensitive to the level of equity volatility;
- interest rate risk, defined as the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of interest rates in the market. The Group is mostly exposed to downward changes in interest rates as lower interest rates increase the present value of the promises made to policyholders more than the value of the assets backing those promises. As a result, it may become increasingly costly for the Group to maintain its promises, thereby leading to financial losses. Linked to that, interest rate volatility risk derives from changes in the level of interest rate implied volatilities. This comes, for example, from insurance products sold with embedded minimum interest rate guarantees whose market consistent value is sensitive to the level of interest rates volatility;
- property risk deriving from changes in the level of property market prices. Exposure to property risk arises from property asset positions;
- currency risk deriving from adverse changes in exchange rates;
- concentration risk deriving from asset portfolio concentration to a small number of counterparties.

Notes, Investments, for further details on the Group's key figures and details on financial assets

Financial risks are measured by means of the Group PIM[17]. In particular, losses are modelled as follows:

- equity risk is modelled by associating each equity exposure to a market index representative of its industrial sector and/or geography. Potential changes in market value of the equities are then estimated based on past shocks observed for the selected indices;
- equity volatility risk models the impact that changes in the equity implied volatility can have on the market values of derivatives;
- interest rate risk models the changes in the term structure of the interest rates for various currencies and the impact of these changes on any interest rate sensitive asset and also on the value of future liability cash-flows alike;
- interest rate volatility risk models the impact that the variability in interest rate curves can have on both the market value of derivatives and the value of liabilities sensitive to interest rate volatility assumptions (such as minimum pension guarantees);
- property risk models the returns on a selection of published property investment indices and the associated impact on the value of the Group's property assets. These are mapped to various indices based on property location and type of use;
- for currency risk, the plausible movements in exchange rate of the reporting currency of the Group in respect to foreign currencies are modelled, as well as the consequent impact on the value of asset holdings not denominated in the domestic currency;
- for concentration risk the extent of additional risk borne by the Group due to insufficient diversification in its equity, property and bond portfolios is assessed.

The SCR for financial risk amounts to € 14,678 million before diversification (equal to 47% of total SCR before diversification). This is mainly driven by equity risk, followed by interest rate, property and currency risk.

17 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

Credit Risk

The Group is exposed to credit risks related to invested assets and those arising from other counterparties (e.g. cash, reinsurance).

Credit risks include the following two categories:
- spread widening risk, defined as the risk of adverse changes in the market value of debt security assets. Spread widening can be linked either to the market's assessment of the creditworthiness of the specific obligor (often implying also a decrease in rating) or to a market-wide systemic reduction in the price of credit assets;
- default risk, defined as the risk of incurring in losses because of the inability of a counterparty to honour its financial obligations.

Notes, Investments, for the overall volume of assets subject to credit risk please refer to the volumes of bonds and receivables (including reinsurance recoverable)

Credit risks are measured by means of the Group PIM[18]. In particular:
- credit spread risk models the possible movement of the credit spread levels for bond exposures of different rating, industrial sector and geography based on the historical analysis of a set of representative bond indices. Spread-sensitive assets held by the Group are associated with specific indices based on the characteristics of their issuer and currency;
- default risk models the impact of default of bond issuers or counterparties to derivatives, reinsurance and other transactions on the value of the Group's assets. Distinct modelling approaches have been implemented to model default risk for the bond portfolio (i.e. credit default risk) and the risk arising from the default of counterparties in cash deposits, risk mitigation contracts (such as reinsurance), and other types of exposures (i.e. counterparty default risk).

The Group PIM's credit risk model evaluates spread risk and default risk also for sovereign bond exposures. This approach is more prudent than the standard formula, which treats bonds issued by EU Central Governments and denominated in domestic currency as exempt from credit risk.

The SCR for credit risk amounts to € 7,045 million before diversification (equal to 23% of total SCR before diversification). Credit risk is mostly driven by spread risk on fixed income securities, while the contribution to SCR of the counterparty risk (including reinsurance default) remains more limited.

The credit risk assessment is based on the credit rating assigned to counterparties and financial instruments. To limit the reliance on external rating assessments provided by rating agencies, an internal credit rating assignment framework has been set within the Risk Management Group Policy.

Within this framework additional rating assessments can be performed at counterparty and/or financial instrument level and ratings need to be renewed at least annually. This process applies even where an external rating is available. Moreover, additional assessments shall be performed each time the parties involved in the process possess any information, coming from reliable sources, that may affect the creditworthiness of the issuer/issues.

The internal credit rating assignment system at counterparty level is based on the evaluation of quantitative metrics and qualitative elements. The risk elements that are considered, among others, are referred to the assessment of the riskiness of the sector to which they belong, of the country in which the activities are carried out and of the controlling group, where present. At financial instrument level, instead, the risk of its issuer is one of the main elements considered, including the peculiarities of the instrument itself.

The most important strategy for the mitigation of credit risk used by the Group is the application of a liability-driven SAA, which can limit the impact of the market spread volatility. In addition, the Group is actively mitigating counterparty default risk by using, where feasible like e.g. for derivative transactions, the collateralisation strategy that strongly alleviates the losses that the Group might suffer as a result of the default of one or more of its counterparties.

18 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The definition includes the compliance risk and financial reporting risk and excludes the strategic and reputational risks.

Operational risks are measured following the standard formula approach.

Although ultimate responsibility for managing the risk sits in the first line, the so-called risk owners, the Risk Management Function with its methodologies and processes ensures an early identification of the most severe threats across the Group. In doing so, it provides management at all levels with a holistic view of the broad operational risk spectrum that is essential for prioritizing actions and allocating resources in most risk related critical areas.
The target is achieved by adopting methodologies and tools in line with industry best practices and by establishing a strong dialogue with the first line of defence.
Since 2015 the Group has been exchanging operational risk data, properly anonymized, through the Operational Risk data eXchange Association (ORX), a global association of operational risk practitioners where main industry players also participate. The aim is to use the data to improve the risk management and to anticipate emerging trends. In addition, since losses are collected by the first line, the process contributes to create awareness among the risk owners upon risks that actually impact the Group. In this sense, a primary role is played by Group-wide forward-looking assessments that aim to estimate the evolution of the operational risk exposure in a given time horizon, supporting in the anticipation of potential threats, in the efficient allocation of resources and related initiatives.

Based on the last assessments, the most relevant scenarios at Group level are related to cyber-attacks, customer data privacy, product flaws, distribution, money laundering, international sanctions and terrorism financing.
To further strengthen the risk management system and in addition to the usual risk owners' responsibilities, the Group established specialised units within the first line of defence with the scope of dealing with specific threats (e.g. cyber risk, fraud, financial reporting risk) and that act as a key partner for the Risk Management Function.
Another benefit of this cooperation is constituted by a series of risk management measures triggered across the Group as a result of control testing, assessments and collection of operational risk events.
An example is the creation of a dedicated unit for the management and coordination of the Group-wide IT Security that steers the evolution of the IT security strategy and operating model, ensuring a timely detection and fixing of the vulnerabilities that may affect the business. This initiative helps the Group to better cope with the growing threat represented by cyber risk.

The SCR for operational risk amounts to € 2,188 million before diversification (equal to 7% of total SCR before diversification). The SCR for operational risk is calculated based on standard formula.

Other Material Risks

Liquidity Risk

Liquidity risk is defined as the uncertainty, emanating from business operations, investment or financing activities, over the ability of the Group and its Legal Entities to meet payment obligations in a full and timely manner, in a current or stressed environment.

The Group is exposed to liquidity risk from its insurance and reinsurance operating activity, due to the potential mismatches between the cash inflows and the cash outflows deriving from the business.
Liquidity risk can also stem from investing activity, due to potential liquidity gaps deriving from the management of the asset portfolio as well as from a potentially insufficient level of liquidity in case of disposals (e.g. capacity to sell adequate amounts at a fair price and within a reasonable timeframe).
Liquidity risk from financing activity is related to the potential difficulties in accessing external funding or in paying excessive financing costs.
The Group can be also exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls or regulatory constraints.

The Group liquidity risk management framework relies on projecting cash obligations and available cash resources over a 12-month time horizon, to monitor that available liquid resources are at all times sufficient to cover cash obligations that will become due in the same horizon.
A liquidity risk metric (liquidity indicator) has been de-

fined to monitor the liquidity situation of each Group insurance Legal Entity on a regular basis. Such metric is forward-looking, i.e. it is based on projections of cash flows, stemming both from assets and liabilities and on the assessment of the level of liquidity and ability to sell of the asset portfolio at the beginning of period.
The metric is calculated under both the so-called base scenario, in which the values of cash flows and assets correspond to those projected according to each Legal Entity's Strategic Plan scenario, and the so-called liquidity stress scenario, in which the projected cash inflows and outflows and the market price of assets are calculated to take into account unlikely but plausible circumstances that would adversely impact the liquidity of each Group insurance Legal Entity.
Liquidity risk limits have been defined in terms of value of the above-mentioned liquidity indicator. The limit framework is designed to ensure that each Group Legal Entity holds an adequate buffer of liquidity in excess of the amount required to withstand the adverse circumstances described in the stress scenario.

The Group has defined a metric to measure liquidity risk at Group level, based on the liquidity metric calculated at Legal Entity level. The Group manages expected cash inflows and outflows in order to maintain a sufficient available level of liquid resources to meet its medium-term needs. The Group metric is forward-looking and is calculated under both the base and liquidity stress scenario; liquidity risk limits have been defined in terms of value of the above-mentioned Group liquidity risk indicator.
The Group has established clear governance for liquidity risk management, including specific limit setting and the escalation process in case of limit breaches or other liquidity issues.
The principles for liquidity risk management designed at Group level are fully embedded in strategic and business processes, including investments and product development.
Since the Group explicitly identifies liquidity risk as one of the main risks connected to investments, indicators as cash flow duration mismatch are embedded in the SAA process. Investment limits are set to ensure that the share of illiquid assets remains within the level that does not impair the Group's asset liquidity.
The Group has defined in its Life and P&C Underwriting and Reserving Group Policies the principles to be applied to mitigate the impact on liquidity from surrenders in life business and claims in non-life business.

Reputational and Emerging Risk

Although not included in the calculation of SCR, the following risks are also assessed:
- reputational risk referring to potential losses arising from deterioration or a negative perception of the Group among its customers and other stakeholders. Within the Reputational Risk Group Guideline, reputational risks are mostly considered second order risks, directly referred to ESG[19] related transactions or consequent to operational risks;
- emerging risks arising from new trends or evolving risks which are difficult to perceive and quantify, although typically systemic. The most important are the environmental trends and climate change, technological changes and digitalization, geopolitical developments and demographics and social changes. For the identification and the assessment of these risks and to raise the awareness on the implications of the emerging trends, the Group Risk Management Function engages with a dedicated network, including specialists from business functions (e.g. Group Life & Health Insurance, Group P&C, Group Reinsurance, Group Investments, Asset & Wealth Management, Group Strategic Planning & Control, Group Data & Digital, Group Integrated Reporting, Group Chief Marketing & Customer Officer, Group Strategy and Group Sustainability and Social Responsibility given the relevant interrelation with ESG factors). In 2019 a dedicated Climate Change Risk Project has been launched with the purpose to implement a climate risk management framework.

  The Group also participates to the Emerging Risk Initiative (ERI), a dedicated working group of the CRO Forum, which involves the CROs of the main European groups. Within ERI emerging risks common to the insurance industry are discussed and Position Papers on selected emerging risks are published. ERI Paper 2019 "Medical Advances – Risks and Opportunities for the (re)insurance industry" as well as previous papers are available on the CRO Forum website.

Challenges and opportunities of the market context, p. 18 for more details on climate change, demographics and digitalization

www.generali.com/what-we-do/emerging-risks for more details on emerging risks

19 ESG stands for Environmental, Social and Governance.

Sensitivity Analysis

In addition to the calculation of the Solvency Capital Requirement, the Group regularly performs sensitivity analyses of the variability of its Solvency Ratio to changes in specific risk factors. The aim of these analyses is to assess the resilience of the Group capital position to the main risk drivers and evaluate the impact of a wide range of shocks.
For this purpose, several sensitivity analyses have been performed as at 31 December 2019, in particular:

- increase and decrease of interest rates by 50bps;
- increase of Italian government bonds spread (Buoni del Tesoro Poliennali - BTP) by 100bps;
- increase of corporate bonds spread by 50bps;
- increase and decrease of equity values by 25%.

The changes in terms of percentage points in respect to baseline scenario as at 31 December 2019 (Solvency Ratio equal to 224%) are the following:

Sensitivity Analysis

	Interest rates +50bps	Interest rates -50bps	BTP spread +100bps	Corporate spread +50bps	Equity +25%	Equity -25%
Delta on Solvency Ratio	+12 pps	-14 pps	-15 pps	+1 pps	+5 pps	-7 pps

Based on last available information for 2019.

During 2020, following EIOPA's review of the Solvency II risk free rates term structure, the UFR (Ultimate Forward Rate) will be further modified (for Euro, the UFR will be decreased by 15bps): the anticipated impact of such change as at 31 December 2019 Solvency Ratio amounts to -2 pps.

Outlook

World GDP is expected to grow by 2.4% in 2020. Eurozone internal demand will remain weak: its GDP and inflation are forecast to rise by approximately 0.4% and 1.2%, respectively. World and European GDP growth forecasts could be revised downwards.
In this context, the main central banks could strengthen their accommodative policies. The Fed cut the reference rate in early March and could cut again the cost of money during 2020. The ECB could retain quantitative easing. Both central banks could extend their policies to support credit and liquidity in the economic and financial system. With reference to the financial markets, concerns about the impact of Coronavirus on the real economy will keep risk-free yields low. The prospects for a further decline of the Eurozone core yields are however modest. The equity market, despite having suffered a significant fall in this first part of 2020 due to the uncertainty linked to the Coronavirus and fears of a negative impact on the economy, still remains attractive compared to bonds, albeit with an extremely prudent attitude in the short term by investors. In case the global contagion would be higher than the base scenario, Eurozone core government bond yields could record new lows and risky assets could be characterized by high volatility for a longer period.
In a context of greater uncertainty and volatility due to the further spread of Coronavirus - for which it is not currently possible to make a reasonable estimate of the medium-term impact - we continue to focus on the disciplined execution of the strategy. Generali has promptly implemented a series of initiatives to ensure business continuity and to protect the health of the people who work for the Group and its customers. Generali is a global insurance player that increasingly uses digital technology in its customer relations. It is recognized as one of the most solid operators in the industry thanks to its excellent Solvency level and efficient financial management.

As regards the insurance sector as a whole, no improvement in performance in the Life segment over 2019 is expected in 2020 given the negative trend in financial market observed in the first part of the year. Growth in the P&C segment will continue, in line with 2019, in major Eurozone countries despite the economic slowdown forecast, especially in the health business.

The strategy to rebalance the Group Life portfolio will continue in order to further strengthen its profitability, following a more efficient capital allocation approach. The Generali brand continues to be consolidated by simplifying and innovating the range of product solutions which will be marketed through the most suitable, efficient and modern distribution channels that are increasingly based on digital processes. As a result, actions dedicated to Life portfolio enhancement continue:
– new business growth based on the selective development of sustainable business lines such as protection and health, and on capital-light savings and investment insurance solutions. The development of these lines will aim at offering a wide range of insurance solutions adapted to risk and investment profiles for the benefit of both the policyholders and the Group. In particular, for products in the protection and health line, we aim to offer modular solutions in which traditional risk coverage is combined with substantial service packages for an even more concrete management and resolution of the critical issues covered. Amongst the capital-light products, unit-linked target products are increasingly characterized by financial mechanisms that are capable of coping with potential market contractions (e.g. protected funds) and of mitigating risk (e.g. selection of volatility-controlled funds);
– with regard to in-force business, actions dedicated to strengthening relations with existing customers on the basis of an updated analysis of current insurance needs;
– actions on the Life portfolio in general, which will have a new important focus on senior customers, a market segment with substantial development potential.

The Group will follow up on the positive results of the rebalancing of the business mix while emphasizing the focus on market positioning in terms of premiums. Premium trends will continue to reflect a careful underwriting policy, in line with the common Group goals and driven by a focus on the central importance of customers' interest, as well as the value of the products and the risk appetite framework.

Our objective in the Property & Casualty segment is to maintain the upswing trend of premium income combined with outstanding profitability in the mature insurance markets in which the Generali Group is present, and at the same time strengthen ourselves in the high growth potential markets by expanding our presence and offer on the territory.
Additional profitability is expected to be recovered in the motor business, although in a strongly competitive and quickly evolving context. Indeed, there is a switch from vehicle insurance to insuring the person/household in the broad sense of mobility, in which customers are accompanied in their movements and protected in a sustainable and door-to-door integrated manner in their everyday lives. Climate change and a growing sensitivity to sustainable behaviour is influencing the electric vehicle market, which requires that we review and re-modulate our products and services. The digital transformation, with

the introduction of autonomous vehicles to the market, will make impacts on the business model, on insured risk and on claims. Generali's aim is to continue to develop innovative insurance solutions that guarantee a competitive edge and the business line's profitability.
In line with the strategic guidelines for profitable growth and above all for becoming the Life-time Partner of our customers, development of the non-motor line will concentrate on modular products designed to meet specific needs and any new customer needs, providing innovative services, prevention and assistance with the support of digital tools and platforms (for example, coverage of cyber, hyper-connectivity risks and risks of everything that revolves around the Internet of Things world). Growth in this segment will also be supported by taking advantage of the opportunities offered by demographic and social changes, new markets and moving forward with distribution channel and partnership initiatives.
To handle these changes, the Group has rolled out a number of initiatives to exploit the opportunities offered by new technologies, for claims settlement as well as for increasing market penetration. These initiatives will continue to work alongside a disciplined portfolio management approach - pricing, selection and profitability of risks - and careful assessments of the customer's new requirements, which are placed at the very centre of product development.
Management of the P&C segment - also considering the level of capital absorption of these products - will therefore continue to be a foundational principle for implementing the Group's strategy whose objective is to retain its leadership role in the European insurance market for private individuals, professionals and SMEs.

The international reinsurance market recorded a certain frequency of natural catastrophe claims in 2019, most of which were in the Pacific and Caribbean islands areas, in addition to devastating fires in California for the third year in a row that in some cases generated significant technical losses for reinsurers that were only partly compensated by adequate asset management. This trend of recent years has brought out the reinsurers' need to adopt greater discipline in providing reinsurance capacity. All of this has led to a reversal in the reinsurance cycle with stable costs or costs subject to even significant increases, at least for the cedant companies hit by claims. The growth trend is even more evident in the long-tail sectors, where very low interest rates that preclude the possibility to get satisfactory financial returns bear significant weight.
The Generali Group was able to benefit from favourable conditions due to its centralized reinsurance structure which allows for greater control over risk retention levels and good diversification in reinsurer portfolios. Minimal increases were found only on treaties characterised by a higher claims frequency or on business classes more sensitive to the interest rate trends, or where the capacity offer is generally smaller.

With reference to the Asset Management segment, actions will continue during 2020 to identify investment opportunities and sources of income for all customers, while at the same time managing risks. Consistent with the Group's strategy, growth will be achieved through the expansion of the multi-boutique platform in order to increase the product catalogue in terms of real assets, high conviction and multi-asset strategies for customers and partners. This platform, which is at present mainly based in Europe, aims to become global with the increase in revenues and assets under management (AUM) that will result from third-party clients that do not fall within the scope of the Group's insurance policies.

With reference to the Group investments policy, an asset allocation strategy aimed at consolidating current returns and safeguarding consistency with liabilities to policyholders will continue.
The fixed-income investment strategy aims to diversify the portfolio, both within the sector of government bonds as well as in terms of corporate bonds, in order to guarantee adequate profitability to policyholders as well as a satisfactory return on capital while maintaining a controlled risk profile.
Alternative investments and investments in real assets continue to be considered appealing due to their contribution to portfolio diversification and profitability, particularly in the persistent context of low interest rates. The Group continues to develop a multi-boutique insurance asset manager platform to enhance the investment capacity in these market sectors and better monitor their management in terms of complexity as well as liquidity.
New direct investments in the real estate sector will be primarily oriented towards the European market, while investments in the United States and Asia will be made selectively through funds.
During 2019, the major initiatives linked to the General 2021 strategic plan were started with the aim of consolidating its leadership in Europe and strengthen its position in high-potential markets, financial optimisation, and innovation and the digital transformation of the operating model. The implementation of these initiatives is continuing in a context influenced by a further lowering of interest rates in Europe and not only, which poses new challenges above all in the traditional Life segment and, as a result, creating the need to redesign the offer of these products.
As regards financial optimisation, note that the reduction of debt has accelerated, and this will allow the mini-

mum threshold of objectives announced to the market in early 2020 to be reached. The Group is also continuing to follow its strategy of growth driven by the technical components, efficiency of the operating machine and the solidity of the Group's distribution network, growth that anticipates a positive contribution also from the recent expansion operations both in eastern Europe and asset management.

The Group's priority is to accompany growth with a strong commitment to sustainability, which is based on concrete and precise objectives relating to good corporate governance, the care of our people and the communities in which we operate. We will continue on our path of full integration of sustainability into our key activities, with a focus to the environment, both as regards direct impacts and in relation to the insurance solutions offered and investment decisions. Our new materiality matrix identifies the most material mega trends on which the Group's common strategic initiatives will focus in the coming years.

By leveraging all of these initiatives and in light of the sound results achieved at the end of 2019, the Group confirms its targets announced for the next three years which forecast an increase in earnings per share of between 6% and 8%, an average RoE of more than 11.5% and a target dividend payout ratio between 55% and 65%.

The Report contains statements concerning events, estimates, forecasts and future expectations based on the current knowledge of the Group's management. Such statements are generally preceded by expressions such as "a decrease/increase is expected", "is forecast", "should grow", "we believe it may decline" or other similar wording. Please note that these forward-looking statements should not be considered forecasts of the Group's actual results or of factors outside the Group. Generali assumes no obligation to update or revise such forecasts, even after new information, future events or other elements come to light, unless required by law.

Consolidated Non-Financial Statement

pursuant to legislative decree of 30 December 2016, no. 254 as amended

NFS

The Annual Integrated Report of the Generali Group includes non-financial information in compliance with the provisions of legislative decree of 30 December 2016, no. 254 (leg. decree 254/2016), in implementation of European directive 2014/95. In line with the approach adopted, this information is clearly identified through a specific infographic (NFS) created for the purposes of improving accessibility to the information itself.

Information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters - which is relevant to the activities and characteristics of the Group - is reported to the extent necessary for an understanding of the Group development, performance, position and impact of its activity. It comprises a description of the::

- organization and management model, including direct and indirect impact (p. 16-17). The main operating companies based in Italy have adopted models, pursuant to art. 6, paragraph 1, letter a), of legislative decree of 8 June 2001, no. 231. These models aim at mitigating risks connected to offences that are relevant also to leg. decree 254/2016;
- policies applied (p. 18-23; 36-37);
- non-financial key performance indicators (p. 10-11, 26-37 and in Our performance, where indicated through the infographic);
- principal risks related to the matters mentioned above, as reported in the table below, and their management.

Corporate Governance and Share Ownership Report 2019, p. 113 for the organization and management model of the Parent Company

The Report complies with currently effective regulations and applies the International <IR> Framework issued by the International Integrated Reporting Council (IIRC)[1]. The standard adopted for the disclosure of the material mega trends identified by the Group, including non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

Notes to the Management Report, p. 142 for the criteria of the International <IR> Framework and selected indicators

In 2019, we developed the materiality analysis process methodology by concentrating our efforts on the identification and assessment of the mega trends, i.e. the large social, environmental and governance transformations, which is expected to be able to change the world of enterprises, society and the natural environment significantly over a ten-year horizon, and this entails risks and opportunities for the Group, its value chain and its stakeholders.
Compared to the previous materiality analysis, this approach supports a strategic interpretation of the context in which we operate, in a forward-looking perspective. The focus is on the assessment of the changes in the scenario that the Group and its stakeholders consider as the most urgent The Statement reflects this approach: it focuses on the most material megatrends identified and describes the management tools in place to mitigate risks and seize opportunities related to them.
The following activities were carried out to identify the material aspects:

- identification of the potentially material mega trends in connection with the Group's activities, strategy and countries which were identified based on public scenario analysis documents and sustainable development research drawn up by international non-government institutions and associations, think tanks, and trade associations and forums in the industry;
- assessment of the mega trends, aggregating[2] the viewpoint of the internal and external stakeholders, with which it was asked to order by priority the identified mega trends, considering both their potential impact on Generali and the possibility that they are influenced by us, also through our value chain, consistent with the perspective of the double materiality. This perspective, that considers both the financial materiality and the social and environmental materiality for each mega trend, was introduced by the non-binding Guidelines on reporting non-financial information adopted by the European Commission and afterwards picked up by ESMA. Over 120 top managers at the Group Head Office and business unit levels were involved internally through interviews and focus groups. To guarantee adequate consideration of the risk component of the identified mega trends, the internal assessment considered the results of the Group Own Risk and Solvency Assessment process.

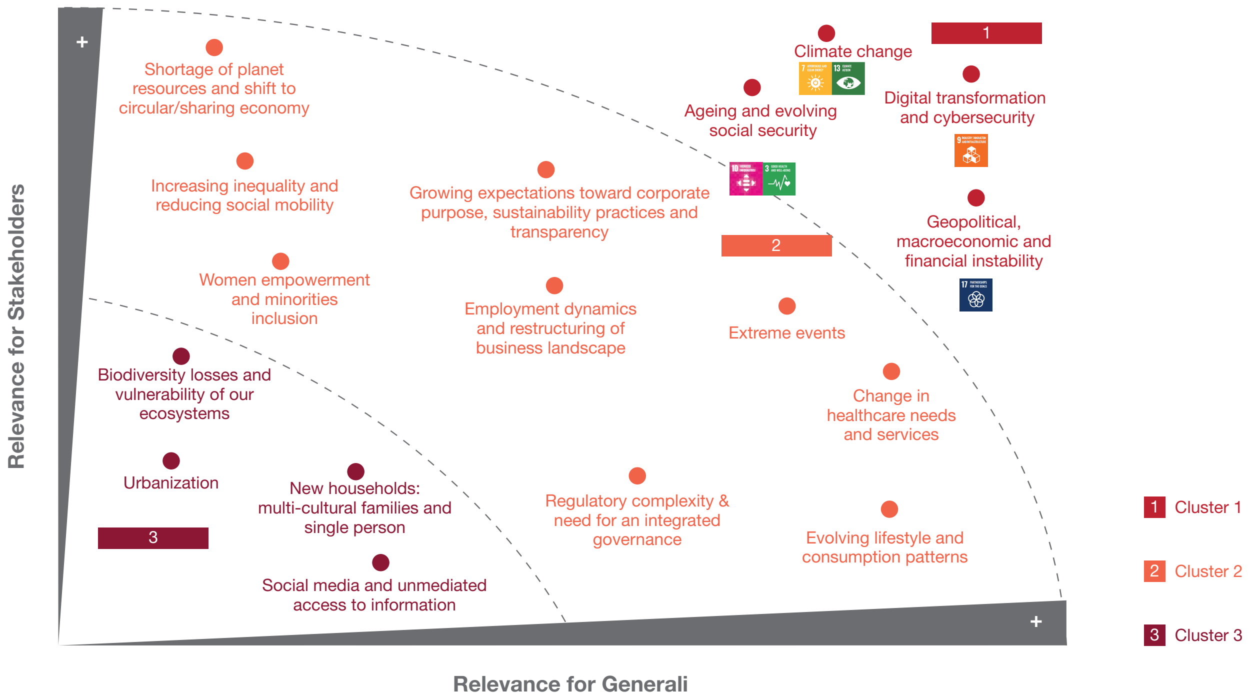
Risk Report, p. 101 of the Annual Integrated Report and Consolidated Financial Statements 2019

1 The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs; <IR> stands for Integrated Reporting.
2 The assessment was made using an approach based on the consolidation of the results of multiple repetitive analysis cycles conducted with groups of experts (so-called Delphi method).

The assessment of the external stakeholders[3] was supplemented by the analysis of the investment policies of 20 large SRI and traditional investors, the results of opinion polls conducted by Eurobarometer involving a sample of over 114,000 people in Europe, and the analysis of a survey conducted with the sustainability managers of roughly 190 multinational companies. Furthermore, about 1,700 company reports, 2,600 rules and bills of law, 4,000 articles published online and over 108 million tweets published between April and October 2019 were analysed using Artificial Intelligence technology and computational linguistics with the support of a specialised provider;

- processing of the Group materiality matrix, previously discussed by the Governance and Sustainability Committee and the Board of Statutory Auditors, and then approved by the Board of Directors on 6 November 2019. The Group's new materiality matrix identifies three materiality clusters:

1. cluster 1: it comprises mega trends found by Generali management and stakeholders to be the most material, on which the common Group strategic initiatives and their reporting will be focused;
2. cluster 2: it comprises the mega trends found alternatively by Generali management and stakeholders to be of considerable relevance, and that will be the basis for potential projects developed by specific business units or functions;
3. cluster 3: it comprises those mega trends that based on the opinion of General management and of the stakeholders are of minor relevance compared to the other factors analysed.



Glossary available at the end of this document

The material information pursuant to the decree[4] was identified taking the mega trends belonging to the first 2 clusters into consideration. Confirming the approach adopted in the previous Statement, and in line with the priorities indicated by ESMA, the material mega trends specified above are reported in this Report using indicators announced through the new Generali 2021 strategic plan and monitored in the planning and control processes. The scope of reporting for these indicators is the consolidated one, unless otherwise specified. A comparison is offered with the previous period, where feasible.

3 The opinions of the external stakeholders - 50 opinion leaders representing the major stakeholder categories, such as customers, investors, employees, representatives of the Group's workers (European Works Council), regulatory institutions and authorities, enterprises and trade associations in the industry, universities and research centres, NGOs and future generations - were collected both through direct engagement activities and indirectly with the use of artificial intelligence technology and computational linguistics for the quantitative analysis of a large number of document sources .
4 The following matters envisaged by leg. decree 254/2016, art. 3, paragraph 2 are not material: water use, air pollutant emissions and impact on health and safety.

NFS

In order to monitor the processes for the non-financial information collection, we have implemented an internal control system. Specifically, we have drafted a manual that not only defines the indicators and relevant scope of reporting, but also includes a standard catalogue of control objectives applicable to the processes at both the Group Head Office and each contributing company level. The internal control model currently used is therefore based on a streamlined approach that allows the control activities implemented to be identified and assessed. This model leverages and is consistent with the control approach adopted for the financial reporting to the market.

MATTERS ex leg. decree. 254/2016	**MATERIAL MEGA TRENDS** ex 2019 materiality matrix	**MAIN RISK CATEGORIES**[5]
1) Environmental matters	Climate change	Emerging risks with foreseeable developments on underwriting, financial and operational risks
	Extreme events	
	Shortage of planet resources and shift to circular/sharing economy	
	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
2) Social matters	Digital transformation and cybersecurity	Operational risks
	Growing expectations toward corporate purpose, sustainability practices and transparency	
	Ageing and evolving social security	Emerging risks with foreseeable developments on strategic, underwriting and operational risks
	Change in healthcare needs and services	
	Evolving lifestyle and consumption patterns	
	Increasing inequality and reducing social mobility	
3) Employee-related matters	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
	Employment dynamics and restructuring of business landscape	
	Women empowerment and minorities inclusion	
4) Respect for human rights	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
5) Anti-corruption and bribery matters	Growing expectations toward corporate purpose, sustainability practices and transparency	Operational risks
	Regulatory complexity & need for an integrated governance	

5 They represent the categories in line with the provisions of the European directive 2009/138 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II). Please refer to the Risk Report chapter in the Annual Integrated Report and Consolidated Financial Statements 2019 for their specific management.

The following table connects the megatrends mentioned above to the five matters envisaged by leg. decree 254/2016, including the related main risk categories and pages of the Report in which they are reported. It also highlights our support for the Sustainable Development Goals of the United Nations.

	KEY PERFORMANCE INDICATORS	PAGES OF THE REPORT	SUSTAINABLE DEVELOPMENT GOALS
	Total emissions Purchased renewable energy Premiums from environmental products Insurance exposure to clients of the coal sector Engagement activities with companies of the coal sector New green and sustainable investments Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities	p. 10, 20-21, 33-34, 49 p. 20-21 p. 20-21, 34 p. 10, 58-59	
	Investments in internal strategic initiatives Customers Distributors Relationship Net Promoter Score Premiums from social products Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities Countries and partners of The Human Safety Net	p. 19, 26 p. 10-11, 27-28, 32-33, 58-59 p. 10, 22-23, 49 p. 10, 22-23, 49 p. 10, 22-23, 49 p. 35	
	Engagement and response to Generali Global Engament Survey Employees Female employees Trained employees Reskilled employees Per capita training Training investment Employees engaged in performance management process Organizational entities with smart working Diversity & Inclusion index	p. 11, 29-32 p. 11, 29, 32 p. 11, 29-30, 32	
	Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities	p. 10, 36-37, 58-59	
	Direct investments to which the Responsible Investment Guideline is applied Sustainable and Responsible Investments Engagement activities Managed reports related to the Code of Conduct Employees trained in the Code of Conduct	p. 10, 37, 58-59 p. 36-37	

Pursuant to art. 5 of the Consob Regulation 18 January 2018, no. 20267, the Generali Group has assigned the auditing firm EY S.p.A. - the current external auditor for the financial statements - with the task of performing the limited assurance activity on this Statement. The Report drafted by EY S.p.A. is attached to this document.

Milan, 12 March 2020
The Board of Directors

Independent Auditor’s Report on the Consolidated Non-Financial Statement

EY S.p.A.
Largo Don Bonifacio, 1
34125 Trieste

Tel: +39 040 7783011
Fax: +39 040 7783068
ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 2018

(Translation from the original Italian text)

To the Board of Directors of
Assicurazioni Generali S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Assicurazioni Generali S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2019 in accordance with article 4 of the Decree presented in the specific section of the Annual Integrated Report and Consolidated Financial Statements 2019 approved by the Board of Directors on 14 March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI – Global Reporting Initiative ("GRI Standards"), identified by them as a reporting standard, with reference to selected GRI Standards, as illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section "Note to the Management Report".
The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.
The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.
The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.
The Board of Statutory Auditors] is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

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Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the selected GRI Standards illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section "Note to the Management Report". Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;

3. understanding of the following aspects:

    - Group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
    - policies adopted by the Group related to the matters indicated in art. 3 Decree, results achieved and related key performance indicators;
    - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

    With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 4. a) below.

4. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
    In particular, we have conducted interviews and discussions with the management of Assicurazioni Generali S.p.A. and with the personnel of the subsidiaries Generali Italia S.p.A., Generali Versicherung AG (Austria), Česká pojišťovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros, Generali Insurance Asset Management S.p.A., Generali Global Infrastructure S.A.S and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation,

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processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, at group level, for significant information, considering the Group activities and characteristics:

- at Group level:
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- We have selected the following companies, Generali Italia S.p.A., Generali Versicherung AG (AT), Česká pojišťovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros, Generali Insurance Asset Management S.p.A., Generali Global Infrastructure S.A.S which we have selected based on their activity, relevance to the consolidated and respective countries performance indicators; we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that DNF of the Generali Group for the year ended 31 December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the selected GRI Standards illustrated in the Annual Integrated Report and Consolidated Financial Statements 2019 section “Note to the Management Report”.

Trieste, 31 March 2020

EY S.p.A.
Signed by: Mauro Agnolon, auditor

This report has been translated into the English language solely for the convenience of international readers.

Appendices to the Management Report

Notes to the Management Report

The Annual Integrated Report and Consolidated Financial Statements 2019 is drafted in compliance with currently effective regulations and it applies the IAS/IFRS international accounting standards as well as the International <IR> Framework.

Annual Integrated Report and Consolidated Financial Statements, p. 166 for further details on the basis of presentation and accounting principles

The Group used the option provided for under art. 70, paragraph 8, and art. 71, paragraph 1-bis of Issuers' Regulation to waive the obligation to publish the information documents provided for in relation to significant mergers, de-mergers or capital increases by contribution of assets, acquisitions and disposals.

The Report is drawn up in euro, i.e. the functional currency used by the entity that prepares the Annual Integrated Report and Consolidated Financial Statements. The amounts are shown in million and rounded to the first decimal, unless otherwise reported. Therefore, the sum of each rounded amounts may sometimes differ from the rounded total.

The details by geographical area highlighted in this document reflect the Group's managerial structure in place in 2019, made up of:

- Italy;
- France;
- Germany;
- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, and Asia;
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holdings and other companies, which consists of the Parent Company's management and coordination activities, including Group reinsurance, as well as Europ Assistance, Other companies (among which, Generali Global Health and Generali Employee Benefits) and other financial holding companies and suppliers of international services not included in the previous geographical areas.

Our main market: positioning and performance, p. 65

At 31 December 2019, the consolidation area increased from 455 to 463 companies, of which 423 were consolidated line-by-line and 40 measured with the equity method.

The Report is drafted in line with the International <IR> Framework issued by the International Integrated Reporting Council (IIRC): each chapter of the Report meets one or more Content Elements envisaged by the Framework.

Group Annual Integrated Report

Content Elements of the International <IR> Framework

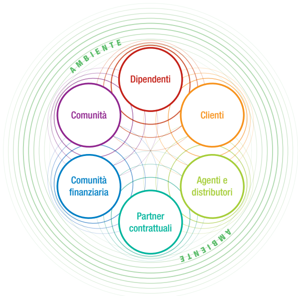
We, Generali	
Group's highlights	Performance
2019 and 2020 key facts	Organisational overview and external environment
The value creation process	Organisational overview and external environment
Challenges and opportunities of the market context	Risks and opportunities
The Generali 2021 strategy	Strategy Performance Risks and opportunities
Our rules for running business with integrity	Organisational overview and external environment Risks and opportunities
Our governance and remuneration policy	Governance
Our performance	Performance
Outlook	Outlook

The Report is drafted also applying the Guiding Principles of the Framework.
The strategy together with our vaue creation process remain at the heart of our story. The strategic focus and future orientation principle is, in fact, applied in the whole document.

The materiality approach, that evolved in 2019, is presented in detail in the Consolidated Non-Financial Statement.

Consolidated Non-Financial Statement, p. 129

The key forms of connectivity of information used by Generali include the connectivity between qualitative and quantitative information, financial and non-financial information, present and future information, that is coherent with the information included in other communication tools in accordance with the Core&More reporting approach. Other elements that improve the connectivity of information and the overall usefulness of the Report are the cross-referencing[1], the graphic component and a glossary at the end of this document to use in case of insurance sector's terminology.



Generali maintains stakeholder relationships in order to understand and meet their needs, especially their information and dialogue needs.
We regularly engage with investors, analysts and rating agencies. We meet them every quarter following our results' presentation and in specific occasions, thus sharing the reporting required. We organise roadshows and we participate in sector conferences. Some of the main annual recurring occasions for interaction between the financial community and the Company's top management are the annual Shareholders' Meeting, events on the strategic plan (Investor Day) and the main presentation of the financial results. After the presentation of the current strategic plan in November 2018, we met analysts and investors at the event Exploring Generali in May; we shared geographical and financial details on some strategic issues. During 2019 we came into contact with more than 500 people - individual meetings and small group meetings - in the main financial centres of Europe and North America.
We regularly interact with regulators and the European and international Institutions to maintain good relationships and share authoritative and updated information in order to properly interpret and apply new regulations. We are committed to transparency in our relations with European public authorities: in 2014 the Group joined the Transparency Register, a joint initiative of the European Parliament and the European Commission with the aim of informing the public about how Generali represents its interests. We also offer our skills and contribute to public consultations for the definition of new laws and regulations in the sector, by providing, in view of the Group's direct experience, concrete indications in order to safeguard the specificities of the Group and the insurance industry. To this purpose, we collaborate with several trade organizations and associations in the sector. Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.
We also engage customers, distributors and Group employees with a view to continuous improvement.

The Generali 2021 strategy, p. 24

www.generali.com/our-responsibilities/responsible-business/stakeholder-engagement for different methods of dialogue with stakeholders

Lastly, for some years we interact with students attending university and master courses, providing them with specific sessions on the integrated reporting approach adopted by Generali and its developments at a national and international level, while collecting their feedback and suggestions on its implementation through a specific survey. As from 2016, we have extended this experience to Group employees as well.

1 The Report includes links to web pages that might not exist in the future.

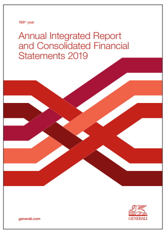
The conciseness principle is met through the issue of the Group Annual Integrated Report. The diagram below shows the shift from the Annual Integrated Report, drafted in accordance with the materiality principle, to the Annual Integrated Report and Consolidated Financial Statements, compliant with regulations.

Group Annual Integrated Report

Additional management information

Financial statements and notes

Management Report



Annual Integrated Report and Consolidated Financial Statements

Reliability and completeness are supported by a structured information system, built for the drafting of the Report and processing financial and non-financial information while ensuring their homogeneity and reliability. The performance indicators are those used in the business management in line with the strategic plan. They refer to the whole Group, unless otherwise indicated.

In accordance with the consistency and comparability principle, the Report includes information that is consistent with the previous year, unless otherwise indicated.

NFS

The standard adopted in this Report for the disclosure of the material mega trends identified by the Group, including non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards - in accordance with the provision of GRI 101: Foundation, paragraph 3, in addition to GRI 103: Management Approach - and indicators of the GRI G4 Financial Services Sector Disclosures.

GRI STANDARD AND G4 FINANCIAL SERVICES SECTOR DISCLOSURES	MATERIAL MEGA TRENDS ex matrice di materialità 2019
GRI 102: General Disclosures 102-9 Supply chain (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 102: General Disclosures 102-43 Approach to stakeholder engagement (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 205: Anti-corruption 205-2 Communication and training about anti-corruption policies and procedures (e, aggregated data)	Regulatory complexity & need for an integrated governance Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 302: Energy 302-1 Energy consumption within the organization (b)	Shortage of planet resources and shift to circular/sharing economy
GRI 305: Emissions 305-1 Direct (Scope 1) GHG emissions (b,d,g) 305-2 Energy indirect (Scope 2) GHG emissions (c,d,g) 305-3 Other indirect (Scope 3) GHG emissions (b,e,g) 305-5 Reduction of GHG emissions	Climate change
GRI 404: Training and Education 404-1 Average hours of training per year per employees (a, aggregated data)	Growing expectations toward corporate purpose, sustainability practices and transparency

2 The reduction of total emissions amounted to t 24,377 CO_2e compared to base year 2013. The latter was chosen since it is the baseline for the goal to reduce total emissions by 20% by 2020. The reduction was attributable to indirect emissions (Scope 2 and Scope 3). The gases included were: CO_2, CH_4 e N_2O. The methodology adopted is the WRI GHG Corporate Standard Protocol, location-based method.

NFS

GRI 404: Training and Education 404-2 Programs for upgrading employee skills and transition assistance programs (a)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 404: Training and Education 404-3 Percentage of employees receiving regular performance and career development reviews (a, aggregated data)	Growing expectations toward corporate purpose, sustainability practices and transparency
GRI 413: Local communities Management approach disclosures	Increasing inequality and reducing social mobility
Product portfolio G4 FS7: Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Ageing and evolving social security Change in healthcare needs and services Evolving lifestyle and consumption patterns
Product portfolio G4 FS8: Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Climate change
Active ownership G4 FS10: percentage and number of companies held in the insitution's portfolio with which the reporting organization has interacted on environmental or social issues	Climate change Growing expectations toward corporate purpose, sustainability practices and transparency
Active ownership G4 FS11: Percentage of assets subject to positive and negative environmental or social screening	Growing expectations toward corporate purpose, sustainability practices and transparency

We use key performance indicators in accordance with a proprietary disclosure methodology for material mega trends. They are not envisaged by the standard adopted but they are representative of our business and, in line with our strategy, they are monitored in the planning and control processes. These indicators are: insurance exposure to clients of the coal sector, investments in internal strategic initiatives, customers, employees, female employees, trained employees, training investment, organizational entities with smart working, Diversity & Inclusion index and managed reports related to the Code of Conduct.

Glossary available at the end of this document

The reporting process and methodologies to calculate all indicators are included in a specific manual, shared at both the Group Head Office and each contributing company level.

Consolidated Non-Financial Statement, p. 129

Methodological notes on alternative performance measures

In order to help the assessment of the quality and sustainability of the net result of the Generali Group in the various business segments and territorial areas, the Management Report includes the following alternative performance measures.

Gross written premiums

Gross written premiums in the Management Report differ from gross earned premiums in the Income Statement, since they include premiums related to investment contracts as to better present the insurance turnover of the Group and they exclude changes in the provisions for unearned premiums.

Operating result

Under CESR Recommendations on alternative performance measures (CESR/05 - 178b), the operating result cannot replace earnings before taxes calculated in accordance with IAS/IFRS. In addition, it should be read with the financial information and related notes on the accounts which are included in the audited financial statements.
The operating result is drawn up by reclassifying items of earnings before taxes for each segment on the basis of the management characteristics of each segment and taking into consideration the recurring holding expenses. Specifically, the operating result represents earnings before taxes, gross of interest expense on financial debt, specific net income from investments and non-recurring income and expenses.

In the Life segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- net realized gains and net impairment losses that do not affect both the local technical reserves, but only the deferred liabilities towards policyholders for the amount not attributable to the policyholders, and the free assets;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In particular, the Life non-operating result in Germany and Austria is net of the entire estimated amount attributable to the policyholders in order to consider the specific calculation method of the policyholders' profit sharing based on the net result of the period in these countries.
Furthermore, where a new fiscal law or other non-recurring fiscal impacts materially affects the operating result of the countries where the policyholders' profit sharing is based on the net result of the period, the estimated amount of non-recurring effects mentioned above is accounted for in the operating result.

In the Property & Casualty segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- realized gains and losses, unrealized gains and losses, net impairment losses on investments, including gains and losses on foreign currencies;
- net other non-operating expenses that mainly include results of both real estate development activities and run-off activities, impairment losses on self-used properties, company restructuring costs and amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

In the Asset Management segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- net other non-operating expenses that mainly include project costs, including consulting, and severances.

The Holding and other businesses segment includes activities in the banking and asset management sectors, expenses for management, coordination and financing activities, as well as all the other operations that the Group considers to be ancillary to the core insurance business. All profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- non-recurring realized gains and losses and net impairment losses;
- net other non-operating expenses that mainly include results of the run-off activities, company restructuring costs, amortization of the value of the portfolios acquired directly or through acquisition of control of companies operating in the banking and asset management sectors (Value Of Business Acquired, VOBA) and net other non-recurring expenses.

As for holding expenses, general expenses incurred for management and coordination by the Parent Company and territorial sub-holdings are considered as operating items. Non-operating holding expenses include:

- interest expenses on financial debt[3];
- company restructuring costs and other non-recurring expenses incurred for management and coordination activities;
- costs arising from the assignment of stock options and stock grants by the Group.

The operating result and non-operating result of the Group are equivalent to the sum of the operating result and the non-operating result of the abovementioned segments and related consolidation adjustments.

In accordance with the approach described above, the operating result in the main countries where the Group operates is reported for the Life and Property & Casualty segments and the consolidated figures. In order to provide a management view of the operating result by geographical area, the disclosure by business segment and geographical area allows measurement of the result of each geographical area from a country viewpoint instead of as a contribution to the Group's results.
Within the context of the Life and Property & Casualty operating result of each country, reinsurance operations between Group companies in different countries are considered as transactions concluded with external reinsurers. This representation of the Life and Property & Casualty operating result by geographical area makes this performance indicator more consistent with both the risk management policies implemented by each company and the other indicators measuring the technical profitability of the Group's companies.

The following table reconciles the operating and non-operating result with the corresponding items in the income statement:

Operating and non-operating result	Profit and loss account
Net earned premiums	1.1
Net insurance benefits and claims	2.1
Acquisition and administration costs	2.5.1 - 2.5.3
Net fee and commission income and net income from financial service activities	1.2 - 2.2
Net operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net operating income from other financial instruments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from investments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net other and holding operating expenses	1.6 - 2.6
Net other and holding non-operating expenses	1.6 - 2.6

3 Please refer to the paragraph Debt in the chapter Group's financial position for further details on the definition of financial debt.

The following reclassifications are made in the calculation of the operating result with respect to the corresponding items in the income statement:

- investment management expenses and investment property management expenses are reclassified from acquisition and administration costs to net operating income from other financial instruments, more specifically to other expenses from financial instruments and land and buildings (investment properties);
- income and expenses related to real estate development activities are classified under other non-operating income and expenses, in accordance with the management model adopted that provides for sale at completion;
- in the Life and Holding and other businesses segments, gains and losses on foreign currencies are reclassified from net operating income to net operating income from financial instruments at fair value through profit or loss. In the Property & Casualty segment, they are reclassified from net operating income to net non-operating income from financial instruments at fair value through profit or loss. The classification for each segment is consistent with the related classification of the derivative transaction drawn up in order to hedge the Group's equity exposure to the changes in the main currencies of operations. Net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- net other operating expenses are adjusted for operating taxes and for non-recurring taxes that significantly affect the operating result of the countries where the policyholders' profit sharing is determined by taking the taxes for the period into account. These adjustments are included in the calculation of the operating result and are excluded from the income taxes item;
- in net operating income from other financial instruments, interest expenses on deposits and current accounts under reinsurance business are not included among interest expenses related to liabilities linked to operating activities but are deducted from the related interest income. Moreover, the interest expenses related to the abovementioned real estate development activities are not included in interest expenses related to liabilities linked to operating activities, but are classified under other non-operating income and expenses in accordance with the management model adopted that provides for sale at completion.

Operating result by margins

The operating result of the various segments are reported also in accordance with a margin-based view which shows the operating trends of the changes occurred in each segment performance more clearly.

The Life operating result is made up of the technical margin excluding insurance expenses, the net investment result and the component that includes acquisition and administration costs related to the insurance business and other net operating expenses. Specifically, the technical margin includes loadings, technical result and other components, and unit- and index-linked fees. The net investment result comprises operating income from investments, net of the portion attributable to the policyholders. Finally, the insurance management and other net operating components are indicated separately.

The Property & Casualty operating result is made up of the technical result, the financial result and other operating items. Specifically, the technical result represents the insurance activity result, i.e. the difference between premiums and claims, acquisition and administration costs and other net technical income. The investment result comprises current income from investments and other operating net financial expenses, like expenses on investment management and interest expenses on operating debt. Finally, other operating items mainly include acquisition and administration costs related to the insurance business, depreciation of tangible assets and amortization of long-term costs, provisions for recurring risks and other taxes.

Adjusted net profit

The adjusted net profit is the profit adjusted for impact of gains and losses related to disposals.

Return on investments

The indicators for the return on investments are:

- net current return calculated as the ratio of:
  - interest and other income, including income from financial instruments at fair value through profit and loss (excluding income from financial instruments

related to linked contracts) net of depreciation on real estate investments; to
  - average investments (calculated on book value);
- harvesting rate calculated as the ratio of:
  - net realized gains, net impairment losses and realized and unrealized gains and losses from financial instruments at fair value through profit and loss (excluding those from financial instruments related to linked contracts); to
  - average investments (calculated on book value).

The profit and loss return is the sum of the net current return and the harvesting rate net of investment management expenses as well as gains and losses on foreign currencies.

The average investments (calculated on book value) include: land and buildings (investment properties), investments in subsidiaries, associated companies and joint ventures, loans and receivables, cash and cash equivalents, available for sale financial assets, financial assets at fair value through profit or loss excluding those related to linked contracts. Total investments are adjusted for both derivative instruments classified as financial liabilities at fair value through profit of loss and REPOs classified as other financial liabilities. The average is calculated on the average investment base of each quarter of the reporting period.

The indicators for the return on investments described above are presented for the Group and for Life and Property & Casualty segments.

Consolidated investments

In order to provide a presentation of investments that is consistent with the calculation of the return on investments, the Group's investments in the Management Report differ from those reported in the balance sheet items since:
- Investment Fund Units (IFU) are split by nature in equity, bond and investment property instruments as well as cash equivalents;
- derivatives are presented on a net basis, thus including derivative liabilities. Moreover, hedging derivatives are classified in the respective asset class hedged;
- reverse REPOs (Repurchase Agreements) are reclassified from other fixed income instruments to cash and cash equivalents in accordance with their nature of short-term liquidity commitments; and
- REPOs classified as liabilities are presented in cash and cash equivalents.

Investments by segment are presented in accordance with the methods described in the chapter Segment reporting in the Notes.

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Consolidated financial statements

Company **ASSICURAZIONI GENERALI S.p.A.**

CONSOLIDATED STATEMENTS

Consolidated financial statements

as at **31 December 2019**

(Amount in € million)

BALANCE SHEET

Assets

References:	(€ million)	31/12/2019	31/12/2018
	1 INTANGIBLE ASSETS	**9,401**	**8,745**
4	1.1 Goodwill	7,180	6,680
19	1.2 Other intangible assets	2,221	2,065
	2 TANGIBLE ASSETS	**4,183**	**3,768**
20	2.1 Land and buildings (self used)	2,888	2,505
20	2.2 Other tangible assets	1,295	1,263
14	**3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**4,382**	**4,009**
39, 40, 41, 42	**4 INVESTMENTS**	**463,929**	**412,228**
11	4.1 Land and buildings (investment properties)	14,168	13,650
3	4.2 Investments in subsidiaries, associated companies and joint ventures	1,365	1,320
7	4.3 Held to maturity investments	2,243	2,171
8	4.4 Loans and receivables	32,285	31,815
9	4.5 Available for sale financial assets	318,195	283,773
10	4.6 Financial assets at fair value through profit or loss	95,672	79,500
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	78,475	65,789
21	**5 RECEIVABLES**	**11,954**	**11,127**
	5.1 Receivables arising out of direct insurance operations	7,377	7,130
	5.2 Receivables arising out of reinsurance operations	1,653	1,481
	5.3 Other receivables	2,924	2,515
22	**6 OTHER ASSETS**	**13,852**	**69,253**
	6.1 Non-current assets or disposal groups classified as held for sale	0	55,914
15	6.2 Deferred acquisition costs	2,121	2,143
	6.3 Deferred tax assets	2,478	2,345
	6.4 Tax receivables	3,146	3,021
	6.5 Other assets	6,108	5,830
12	**7 CASH AND CASH EQUIVALENTS**	**6,874**	**6,697**
	TOTAL ASSETS	**514,574**	**515,827**

Equity and liabilities

References:	(€ million)	31/12/2019	31/12/2018
16	**1 SHAREHOLDERS' EQUITY**	**29,851**	**24,643**
	1.1 Shareholders' equity attributable to the Group	**28,360**	**23,601**
	1.1.1 Share capital	1,570	1,565
	1.1.2 Other equity instruments	0	0
	1.1.3 Capital reserves	7,107	7,107
	1.1.4 Revenue reserves and other reserves	10,831	10,035
	1.1.5 (Own shares)	-7	-7
	1.1.6 Reserve for currency translation differences	-28	-146
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	7,458	3,454
	1.1.8 Reserve for other unrealized gains and losses through equity	-1,240	-716
	1.1.9 Result of the period attributable to the Group	2,670	2,309
	1.2 Shareholders' equity attributable to minority interests	**1,491**	**1,042**
	1.2.1 Share capital and reserves	1,114	904
	1.2.2 Reserve for unrealized gains and losses through equity	108	-50
	1.2.3 Result of the period attributable to minority interests	269	189
23	**2 OTHER PROVISIONS**	**1,736**	**1,744**
13	**3 INSURANCE PROVISIONS**	**419,213**	**377,828**
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	75,407	63,149
	4 FINANCIAL LIABILITIES	**40,904**	**38,540**
17	4.1 Financial liabilities at fair value through profit or loss	4,983	4,159
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	3,532	2,754
18	4.2 Other financial liabilities	35,921	34,382
	of which subordinated liabilities	7,717	8,124
24	**5 PAYABLES**	**11,178**	**9,287**
	5.1 Payables arising out of direct insurance operations	4,240	3,424
	5.2 Payables arising out of reinsurance operations	697	658
	5.3 Other payables	6,241	5,205
25	**6 OTHER LIABILITIES**	**11,693**	**63,785**
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0	54,883
	6.2 Deferred tax liabilities	3,174	1,789
	6.3 Tax payables	2,012	1,800
	6.4 Other liabilities	6,508	5,313
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**514,574**	**515,827**

INCOME STATEMENT

References:	(€ million)	31/12/2019	31/12/2018
26	1.1 Net earned premiums	66,239	63,405
	1.1.1 Gross earned premiums	68,137	65,192
	1.1.2 Earned premiums ceded	-1,898	-1,786
27	1.2 Fee and commission income and income from financial service activities	1,354	1,028
28	1.3 Net income from financial instruments at fair value through profit or loss	10,177	-6,008
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	9,748	-5,835
29	1.4 Income from subsidiaries, associated companies and joint ventures	148	166
30	1.5 Income from other financial instruments and land and buildings (investment properties)	13,566	12,712
	1.5.1 Interest income	8,149	8,158
	1.5.2 Other income	2,624	2,250
	1.5.3 Realized gains	2,672	2,146
	1.5.4 Unrealized gains and reversal of impairment losses	121	157
31	1.6 Other income	3,151	3,397
	1 TOTAL INCOME	**94,635**	**74,699**
32	2.1 Net insurance benefits and claims	-71,062	-52,032
	2.1.1 Claims paid and change in insurance provisions	-72,321	-53,239
	2.1.2 Reinsurers' share	1,259	1,207
33	2.2 Fee and commission expenses and expenses from financial service activities	-650	-576
34	2.3 Expenses from subsidiaries, associated companies and joint ventures	-60	-16
35	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,265	-3,467
	2.4.1 Interest expense	-1,024	-1,010
	2.4.2 Other expenses	-416	-355
	2.4.3 Realized losses	-1,083	-680
	2.4.4 Unrealized losses and impairment losses	-742	-1,423
36	2.5 Acquisition and administration costs	-11,551	-10,682
	2.5.1 Commissions and other acquisition costs	-8,587	-8,015
	2.5.2 Investment management expenses	-230	-228
	2.5.3 Other administration costs	-2,735	-2,438
37	2.6 Other expenses	-4,459	-4,477
	2 TOTAL EXPENSES	**-91,048**	**-71,250**
	EARNINGS BEFORE TAXES	**3,587**	**3,450**
38	**3 Income taxes**	**-1,122**	**-1,126**
	EARNINGS AFTER TAXES	**2,465**	**2,324**
	4 RESULT OF DISCONTINUED OPERATIONS	**475**	**173**
	CONSOLIDATED RESULT OF THE PERIOD	**2,939**	**2,497**
	Result of the period attributable to the Group	2,670	2,309
	Result of the period attributable to minority interests	269	189
16	EARNINGS PER SHARE:		
	Earnings per share (in €)	1.70	1.48
	From continuing operation	1.40	1.37
	Diluted earnings per share (in €)	1.68	1.45
	From continuing operation	1.38	1.34

STATEMENT OF COMPREHENSIVE INCOME

(€ million)	31/12/2019	31/12/2018
1 CONSOLIDATED RESULT OF THE PERIOD	2,939	2,497
Items that may be reclassified to profit and loss in future periods		
2.1 Foreign currency translation differences	57	-45
2.2 Net unrealized gains and losses on investments available for sale	4,223	-2,322
2.3 Net unrealized gains and losses on cash flows hedging derivatives	137	26
2.4 Net unrealized gains and losses on hedge of a net investment in foreign operations	-41	-4
2.5 Share of other comprehensive income of associates	22	-18
2.8 Result of discontinued operations	-255	-308
2.10 Other		0
Subtotal	4,144	-2,670
Items that may not be reclassified to profit and loss in future periods		0
2.5 Share of other comprehensive income of associates	-0	0
2.8 Result of discontinued operations	4	25
2.6 Reserve for revaluation model on intangible assets		
2.7 Reserve for revaluation model on tangible assets		
2.9 Actuarial gains or losses arising from defined benefit plans	-392	81
Subtotal	-387	106
2 OTHER COMPREHENSIVE INCOME	3,757	-2,564
3 TOTAL COMPREHENSIVE INCOME	6,696	-66
attributable to the Group	6,268	-208
attributable to minority interests	428	141
Earnings per share (in €)	4.00	-0.13
Diluted earnings per share (in €)	3.94	-0.13

STATEMENT OF CHANGES IN EQUITY

		Amounts at 31/12/2017	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2018
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	Share Capital	1,562	0	3	0	0	0	1,565
	Other equity instruments	0	0	0	0	0	0	0
	Capital reserves	7,098	0	8	0	0	0	7,107
	Revenue reserves and other reserves	9,209	0	2,166	0	-1,330	-10	10,035
	(Own shares)	-8	0	1	0	0	0	-7
	Result of the period	2,110	0	199	0	0	0	2,309
	Other comprehensive income	5,108	0	-2,622	106	0	0	2,592
	Total shareholders' equity attributable to the group	**25,079**	**0**	**-245**	**106**	**-1,330**	**-10**	**23,601**
SHAREHOLDERS' EQUITY TO MINORITY INTERESTS	Share capital and reserves	915	0	134	0	-136	-9	904
	Result of the period	185	0	3	0	0	0	189
	Other comprehensive income	-3	0	-101	53	0	0	-50
	Total shareholders' equity attributable to minority interests	**1,098**	**0**	**37**	**53**	**-136**	**-9**	**1,042**
TOTAL		**26,177**	**0**	**-208**	**159**	**-1,466**	**-19**	**24,643**

Amounts at 31/12/2018	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2019
1,565	0	5	0	0	0	1,570
0	0	0	0	0	0	0
7,107	0	0	0	0	0	7,107
10,035	0	2,221	0	-1,413	-13	10,831
-7	0	-0	0	0	0	-7
2,309	0	361	0	0	0	2,670
2,592	0	3,638	-40	0	0	6,190
23,601	**0**	**6,224**	**-40**	**-1,413**	**-13**	**28,360**
904	0	398	0	-157	-30	1,114
189	0	80	0	0	0	269
-50	0	180	-21	0	0	108
1,042	**0**	**658**	**-21**	**-157**	**-30**	**1,491**
24,643	**0**	**6,882**	**-61**	**-1,570**	**-43**	**29,851**

STATEMENT OF CASH FLOW (INDIRECT METHOD)

(€ million)	31/12/2019	31/12/2018
Earnings before taxes	**3,587**	**3,450**
Changes in non-cash items	**14,766**	**12,498**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	45	28
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	-271	-109
Change in the mathematical provisions and other insurance provisions for life segment	24,898	6,114
Change in deferred acquisition costs	50	-19
Change in other provisions	282	110
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	-8,144	7,705
Other changes	-2,093	-1,330
Change in receivables and payables from operating activities	**1,137**	**-547**
Change in receivables and payables arising out of direct insurance and reinsurance operations	426	-390
Change in other receivables and payables	711	-157
Income taxes paid	**-1,234**	**-1,102**
Net cash flows from cash items related to investing or financing activities	**2,083**	**694**
Financial liabilities related to investment contracts	388	-54
Payables to banks and customers	1,859	866
Loans and receivables from banks and customers	-164	-118
Other financial instruments at fair value through profit or loss	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	**20,339**	**14,992**
Net cash flows from investment properties	-96	-1,892
Net cash flows from investments in subsidiaries, associated companies and joint ventures(***)	1,162	499
Net cash flows from loans and receivables	-105	1,765
Net cash flows from held to maturity investments	153	119
Net cash flows from available for sale financial assets	-12,019	-10,700
Net cash flows from tangible and intangible assets	-575	-355
Net cash flows from other investing activities	-4,995	-1,789
CASH FLOW FROM INVESTING ACTIVITIES	**-16,475**	**-12,353**
Net cash flows from shareholders' equity attributable to the Group	0	0
Net cash flows from own shares	-0	-0
Dividends payment	-1,413	-1,249
Net cash flows from shareholders' equity attributable to minority interests(****)	-307	-136
Net cash flows from subordinated liabilities and other similar liabilities	-779	-245
Net cash flows from other financial liabilities	-1,194	-785
CASH FLOW FROM FINANCING ACTIVITIES	**-3,694**	**-2,415**
Effect of exchange rate changes on cash and cash equivalents	27	49
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD(*)	6,585	6,313
CHANGES IN CASH AND CASH EQUIVALENTS	197	272
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(**)	6,783	6,585

(*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (€ 6,697 million), liabilities to banks payables on demand (€ -110 million) and bank overdrafts (€ -2 million).

(**) Cash and cash equivalents at the end of the period include cash and cash equivalents (€ 6,874 million), liabilities to banks payables on demand (€ -68 million), bank overdrafts (€ -23 million).

(***) Includes mainly proceeds arising from the disposal of the company in Generali Leben (€ 924 million), Belgium (€ 529 million), Guernsey (€ 404 million) and the consideration paid for the acquisition of Adriatic Slovenica (€ 275 million), Sycomore (€ 249 million) and Union Investment (€ 93 million).

(****) It refers entirely to dividends attributable to minority interests.

Notes

Basis of presentation and accounting principles

Basis of presentation

This document is the consolidated financial statements of Generali Group, registered under number 026 of the Insurance Groups Register, whose Parent Company is Assicurazioni Generali SpA, a company established in Trieste in 1831 with a share capital of € 1,569,773,403 fully paid up.
The registered office of the Group and the Parent Company is established in Trieste, Piazza Duca degli Abruzzi, 2 and is registered under the number 1,00003 of the register of insurance and reinsurance companies.
The Generali Group's consolidated financial statements at 31 December 2019 were drawn up in accordance with the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606 of 19 July 2002 and the Legislative Decree No. 58/1998, as subsequently amended.
The Legislative Decree No. 209/2005 empowered ISVAP (now IVASS) to give further instructions for financial statements in compliance with the international accounting standards.
In this yearly report the Generali Group prepared its consolidated financial statements and Notes in conformity with the ISVAP (now IVASS) Regulation No. 7 of 13 July 2007, as subsequently amended, and information of the Consob Communication No. 6064293 of 28 July 2006.
As allowed by the aforementioned Regulation, the Generali Group believed it appropriate to supplement its consolidated financial statements with detailed items and to provide further details in the Notes in order to also meet the IAS/IFRS requirements.
For more information on discontinued operations and their accounting treatment, please refer to the paragraph Non-current assets or disposal group classified as held for sale in the section Information on consolidation area and Group companies.
The consolidated financial statements at 31 December 2019 were approved by the Board of Directors on 12 March 2020.
The consolidated financial statements at 31 December 2019 were audited by E&Y S.p.A., the appointed audit firm from 2012 to 2020.

Consolidated financial statements

The set of the consolidated financial statements is made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow, as required by the ISVAP Regulation No. 7 of 13 July 2007, as subsequently amended. The financial statements also include special items that are considered significant for the Group.
The Notes, which are mandatory as minimum content established by IVASS, are presented in the appendices to the notes to this report.
This yearly report is drawn up in euro (the functional currency used by the entity that prepared the financial statements) and the amounts are shown in millions, unless otherwise stated, the rounded amounts may not add to the rounded total in all cases.

Consolidation methods

Investments in subsidiaries are consolidated line by line, whereas investments in associated companies and interests in joint ventures are accounted for using the equity method.
The balance sheet items of the financial statements denominated in foreign currencies are translated into euro based on the exchange rates at the end of the year.
The profit and loss account items are translated based on the average exchange rates of the year. They reasonably approximate the exchange rates at the dates of the transactions.
The exchange rate differences arising from the translation of the statements expressed in foreign currencies are accounted for in equity in an appropriate reserve and recognized in the profit and loss account only at the time of the disposal of the investments.
For what concerns the accounting criterion for the translation of the financial statements of subsidiaries operating in countries subject to hyperinflation, please refer to a subsequent section.
Exchange rates used for the translation in euro of specifically relevant currencies for Generali Group are disclosed below:

Exchange rates of the balance sheet

Currency	Exchange rate at the end of the period (€)	
	31/12/2019	31/12/2018
US dollar	1.123	1.143
Swiss franc	1.087	1.127
British pound	0.847	0.898
Argentine peso	67.207	43.051
Czech Koruna	25.414	25.737
Chinese renmimbi	7.819	7.849

Exchange rates of the income statement

Currency	Average exchange rate (€)	
	31/12/2019	31/12/2018
US dollar	1.120	1.181
Swiss franc	1.113	1.155
British pound	0.877	0.885
Argentine peso (*)	53.850	32.934
Czech Koruna	25.670	25.647
Chinese renmimbi	7.732	7.805

(*) in accordance with IAS 29, the items of profit or loss has been restated at the exchange rate at the end of the period

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of Assicurazioni Generali S.p.A. (Parent Company) and its subsidiaries.
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an investee if, and only if, the Group has:
- power over the investee (i.e. existing not merely protective rights that give it the current ability to direct the relevant activities of the investee, that impact meaningfully the returns of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- Group voting rights and potential voting rights.
- The Group reviews periodically and systematically if there was a variation of one or more elements of control, based on the analysis of the facts and the essential circumstances.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
In preparing the consolidated financial statements:
- the financial statements of the Parent Company and its subsidiaries are consolidated line by line through specific reporting packages, which contribute to the consistent application of the Group's accounting poli-

cies. For consolidation purposes, if the financial year-end date of a company differs from that of the Parent Company, the former prepares anyhow for the financial period the financial statements closed at 31 December of each financial year;
- all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation process (intra-group losses are eliminated, except to the extent that the underlying asset is impaired);
- the carrying amount of the Parent Company's investment in each subsidiary and the Parent Company's portion of the shareholder's equity of each subsidiary are eliminated at the date of acquisition;
- profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The non-controlling interests, together with their share of profit are shown as separate items.

The impact of the changes in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Consequently, no additional goodwill or badwill is recognized.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the profit or loss. Any retained investment is recognized at fair value.

Investment funds managed by the Group in which the Group holds an interest and that are not managed in the primary interest of the policyholders are consolidated based on the substance of the economic relationship and whether the conditions of control stated by IFRS 10 are satisfied. On consolidation of an investment fund, a liability is recognized to the extent that the Group is legally obliged to buy back participations held by third parties. Where this is not the case, other participations held by third parties are presented as non-controlling interests in equity.

Business combination and goodwill

Business combinations are acquisitions of assets and liabilities that constitutes a business and are accounted for by applying the so-called acquisition method. The acquisition cost is measured as the sum of the consideration transferred measured at its acquisition date fair value, including contingent consideration, liabilities assumed towards the previous owners and the amount of any non-controlling interests. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If in a business combination achieved in stages, the acquirer's previously held equity interests in the acquiree is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in the profit or loss.

Any contingent consideration to be transferred or received by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change in the other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within the shareholder's equity.

The assets acquired and liabilities deriving from a business combination are initially recognized at fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the aggregate acquisition cost over the net value of the identifiable assets acquired and liabilities assumed. If the impairment test leads to the result that the acquisition cost is less than the fair value of the assets acquired and liabilities assumed, the difference is recognised in the profit and loss.

Investments in associates and joint ventures

The investments in associates and joint ventures are consolidated trough the equity method.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly through subsidiaries, 20% or more of the voting power of the investee, it is presumed that the investor has significant influence.

In general, joint arrangements are contractual agreements whereby the Group undertakes with other parties an economic activity that is subject to joint control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control exists when it is contractually agreed to share control of an economic activity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Generali Group has assessed the nature of its current joint arrangements and determined them to be joint ventures and none are joint operations.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investments in associates and joint ventures are accounted for using the equity method and they are initially recognized at cost, which includes goodwill arising on acquisition. Goodwill is not separately tested for impairment. Negative goodwill is recognized in the income statement on the acquisition date. The carrying amount of the investment is subsequently adjusted to recognize changes in the Group's share of the net assets of the associate or joint venture since the acquisition date. The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. Dividends receivable from associates are recognized as a reduction in the carrying amount of the investment.

At each reporting date, after application of the equity method the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as share of losses of an associate in the income statement. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture the Group measures and recognizes the retained investment at its fair value. Any difference between the net proceeds and the fair value of the retained interest, and the carrying amount is recognized in the income statement and gains and losses previously recorded directly through OCI are reversed and recorded through the income statement.

Significant judgements in determining control, joint control and significant influence over an entity

The control is normally ensured by the full ownership of the voting rights, having thus the ability to direct the relevant activities and consequently being exposed to the variability of results arising from those activities.

The Group controls all the companies for which holds more than half of the voting rights. The Group does not control any subsidiary having less than the majority of voting rights and does not control any entity even though it holds half of the voting rights, except in two cases in which the Group controls the company owning half of the voting rights, being exposed to the variability of returns that depend on the operating policies that the Group, in substance, has the power to direct.

To a minor extent, the Group holds interests in associates and joint ventures. The agreements under which the Group has joint control of a separate vehicle are qualified as joint ventures where they give rights to the net assets.

In one case, the Group has no significant influence on a subject for which it holds more than 20% of the voting rights as the government structure is such that the Group, in substance, does not have the power to participate in financial and operating policies of the investee.

Regardless of the legal form of the investment, the evaluation of the control is made considering the real power on the investee and the practical ability to influence relevant activities, regardless of the voting rights held by the parent company or its subsidiaries.

In the Annexes to the consolidated financial statements the complete list of subsidiaries, associates and joint ventures included in the consolidated financial statements at 31 December 2019 is presented. Unless otherwise stated, the annex shows the share capital of each consolidated entity and the proportion of ownership interest held by the Group equals the voting rights of the Group.

The qualitative and quantitative disclosures required by IFRS 12 are provided in the paragraph Information on consolidation perimeter and Group companies in the Notes.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

IAS 29 - Financial Reporting in Hyperinflationary Economies application on the Argentine companies

At 31 December 2019, as in the previous year, the IAS 29 - Financial Reporting in Hyperinflationary Economies to the financial statement values of the Argentine companies of the Group, Caja de Seguros S.A, Europ Assistance Argentina S.A, Caja de Ahorro y Seguro S.A., Ritenere S.A. is required, in particular the cumulative inflation rate over three years exceeds 100%.

The financial statements items of the abovementioned Argentine companies have been restated, applying the Argentine Consumer Price Index, which reflects the change of general purchasing power. In particular, the following items have been restated at the unit current at the end of the reporting period:

- non-monetary assets and liabilities;
- all items of comprehensive income, applying the change of the general price index from the date when income and expenses were initially registered in the financial statements;
- the items of income statement have been restated at the closing exchange rate;
- restatement in the first period of application of the standard of the components of owners' equity, except retained earnings and any revaluation surplus, applying the Consumer Price Index from the dates the components were contributed. Restated retained earnings are derived from the restatement of assets and liabilities;
- restatement at the end of the period of the components of owner's equity, applying the Consumer Price Index at the beginning of the period.

The effects of reassessment until 31 December 2018 are included in the opening balance of shareholder's equity. The impacts at consolidated level are not material and do not require the presentation of the statements of Argentine companies.

Accounting principles

The accounting standards adopted in preparing the consolidated financial statements, and the contents of the items in the financial statements are presented in this section.

New accounting principles, changes in the accounting rules and in the financial statements

Following the endorsement of the European Union, as from the 1 January 2019 new principles and amendments shall be applied. The most relevant changes for the Group with respect to the consolidated financial statements at 31 December 2018 are described below. In addition, the main documents issued by the International Accounting Standard Board, that could be relevant for the Group, but not yet effective, are described.

New accounting principles, amendments and interpretations that shall be applied from 1 January 2019

There are no new accounting standards or changes to existing standards effective from 1 January, relevant for the Group. The changes which become applicable are not significant for the Group and are indicated in the corresponding specific section, after the new accounting standards and changes that are not yet effective, below.

IFRS 16 – Leases

From 1 January 2019, the accounting standard IFRS 16 - Leases has come into force. IFRS 16 replaces IAS 17, IFRIC 4, SIC-15 and SIC-27.
The new standard was published on 13 January 2016 and introduces new requirements for the recognition, presentation in the financial statements and disclosure of leases.
In particular, the distinction between operating and financial leases is eliminated for what concerns the lessee accounting: all leases require the recognition of a lease asset, which represents the right-of-use of the leased asset for the lease term, and a lease liability, which represents the obligation to pay rent payments.
The accounting treatment of leases is unchanged for the lessor.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparatives, according to the paragraph C5 b) of the Standard. New classifications arising from new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019, including right-of-use assets within the same line item as that within which the corresponding underlying assets would have been presented if owned.
In applying IFRS 16, the Group chose not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made by applying IAS 17 and IFRIC 4 - Determining whether an Arrangement contains a Lease.
In applying IFRS 16, the Group adopted the simplified accounting treatment for short-term leases (within 12 months) and leases of low value assets (equal or less than € 5.000), which allows lessees not to recognise any amount of assets and liabilities in the financial statements, but only to recognise expenses for lease payments.
In applying IFRS 16, Group lessees applied single discount rates to discount future payments, depending on maturity of remaining payments. In majority of cases there was no need to consider specific features of assets subject to leasing.
Due to Group approach to apply modified retrospective approach, there was no impact on Shareholders' equity.

Lease liabilities and right of use assets recognized at first time adoption of IFRS 16 for Group lessees

On adoption of IFRS 16, the Group recognised lease liabilities related to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments throughout the enforceable period, excluded short term leases and leases of low value assets where no liability was recognized.
Being the determination of the interest rate implicit in the lease usually not readily determinable, excluding peculiar and isolated cases, Group entities acting as lessees used incremental borrowing rates to discount lease liabilities.
Within this context, when determining the borrowing rates, it has been considered the financing costs of senior not collateralized bonds or borrowings. Considering the Group organisation, in absence of borrowing operations or bond issuances at single companies' level, it has been considered, unless when inappropriate, for each specific maturity cluster, a parent company's borrowing rate, increased appropriately to reflect the subsidiaries' specific risk.

As indication of borrowing rate used, considering a range of 8 years as average remaining durations of lease contracts, lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.21%.
Group lease liabilities recognised as at 1 January 2019 were approximately of € 670 million. The difference with Group undiscounted future minimum lease payments under operating leases pursuant to IAS 17 relates mainly to the discounting effect. In addition, the lower value of recognised liabilities compared to the value of undiscounted future minimum lease payments is attributable also to the existence of short-term leases and leases of low value assets, to a fine-tuning of approach regarding the evaluation of extension and termination options of some contracts existing within the Group and to the peculiar treatment of a sale and leaseback transaction, which has mainly impacted the right of use asset value.
Regarding extension and termination options of lease contracts existing within the Group, according to the Standard statement that if the lessee cannot enforce the extension of the lease without the agreement of the lessor, then the lessee does not have the right to use the asset beyond the non-cancellable period, in evaluating the duration of lease terms the Group considered that if the lessor and the lessee both have an option to terminate the lease in the lease contract, the lessee cannot consider that the lease term is enforceable beyond the notice period, notwithstanding any consideration in respect of non-contractual conditions such as economic assessment of incentives or compulsion not to cancel or to prolong a lease contract.
Accordingly, the maximum term of the lease would be the non-cancellable period (if any) plus any notice period for leases for which both the lessee and the lessor must agree to extend the lease beyond any non-cancellable period. The same conclusion would be considered valid also for tacit renewal contracts.
On adoption of IFRS 16, the Group recognised right-of-use assets for leases previously classified as an operating lease applying IAS 17. At initial application, right of use assets were measured at an amount equal to related lease liabilities and, where applicable, adjusted by any prepaid or accrued lease payments recognised in the statement of financial position immediately before the date of initial application.
Adoption of IFRS16 generated an increase of assets, due to recognition of the right of use assets for lessees, for about € 600 million, of which around € 510 million related to real estates (mainly offices, agencies and similar items), € 50 million to land and around € 40 million to company cars and other assets.
Simultaneously also liabilities increased by approximately € 600 million. The final amount of lease liabilities of € 670 million includes liabilities related to new right of use recognized on balance sheet and a reclassified liability already recognised under IAS 17 related to a specific accounting treatment of a sale and leaseback agreement which contained significant financing component.

Main items impacted by IFRS 16 logics

Lessees

In applying IFRS 16 the Group chose not to present right of use assets and lease liabilities separately from other assets and liabilities in the balance sheet. Right of use assets and lease liabilities arising from the application of the new standard affected the following items in the balance sheet.

Right of use assets and lease liabilities	Balance sheet line item affected
Properties used for own activities subject to leasing	2.1 Land and buildings (self used)
Land and agricultural property subject to leasing	2.1 Land and buildings (self used)
Company cars subject to leasing	2.2 Other tangible assets
Other tangible assets subject to leasing	2.2 Other tangible assets
Lease Liabilities	4.2 Other financial liabilities

Lessees present interest expenses from lease liabilities separately from depreciation and amortisation charges of the right of use assets. Depreciation and amortisation charges are allocated according to the nature of the underlying items subject to leasing arrangements, while interest expenses from lease liabilities are allocated within interest expenses on loans, bonds and other payables.

Lessors

Group companies act also as lessors, mainly related to real estate rentals through operating leases.
Majority of investments held for investment purposes consequently are leased out for different uses. Income from operating leases has been allocated according to the nature of the underlying item rented.
There are limited activities related to automobile/vehicle leasing solutions provided by a Group financial leasing company to the private and business sector.
For additional details please refer to section Additional Information, paragraph Leasing.

IFRIC 23 – Uncertainty over Income Tax Treatment

The introduction of the IFRIC 23 Uncertainty over Income Tax Treatment interpretation, which defines how uncertainties in the accounting of income taxes are recognized in the financial statements in the event of uncertain tax treatment in terms of acceptability by the tax authority, has had non-material impacts on the Group's equity and financial situation, since the method of recording taxes already appropriately considers any uncertainties in the application of the legislation.
The application of IFRIC 23 has had a limited impact on a Country of Group operations which has recognized the effect of uncertainty in the determination of taxes in the income statement in order to anticipate any additional tax charges.
In application of IAS 12 and on the basis of the IFRIC update published in September 2019, provisions for income taxes have been reclassified from the item Provisions to the item Current tax liabilities for an amount of € 66 million. The non-reclassified provisions refer exclusively to indirect taxes.

New accounting principles and amendments not yet applicable

IFRS 9 – Financial instruments

IFRS 9 replaces IAS 39 - Financial Instruments: Classification and Measurement and includes a principle-based model for the classification and measurement of financial instruments, an impairment model based on expected losses and a hedge accounting approach more in line with risk management strategies.

Classification and measurement

IFRS 9 introduces an approach to the classification of debt instruments that is based on contractual cash flows characteristics and models through which financial instruments are managed (business model).
In particular, the classification of financial instruments is driven by the business model through which the company manages its investments and the contractual terms of their cash flows.
A financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held to collect cash flows (business model assessment);
- the contractual cash flows represent only payments of principal and interest (solely payments of principal and interest – SPPI).

Considering to the contractual characteristics, a financial instrument is eligible for measurement at amortized cost if it consists in a basic lending agreement. The entity shall make its own assessment on the single financial instrument to assess if the nature of the contractual cash flows characteristics exclusively consists in payments of principal and interest (SPPI). If a modification of the time value of the interest results in cash flows that are significantly different than those of a basic lending agreement, then the instrument must be classified and measured at fair value through profit or loss.
If the business model (assessed on portfolio basis) has the objective to collect the cash flows from the investments and to sell financial assets and the contractual cash flows characteristics represent only payments of principal and interest, the financial instrument under assessment shall be measured at fair value through other comprehensive income with recycling to profit or loss when the instrument is realized.

As in the current IAS 39 Financial Instruments: classification and measurement the entity has the ability at initial recognition, to designate a financial instrument at fair value through profit or loss if that would eliminate or significantly reduce the accounting mismatch in the measurement of assets or liabilities or recognition of gains and losses related to them.

The equity instruments shall be classified and measured at fair value through profit or loss. The entity has the irrevocable option at initial recognition to present changes in the fair value of the equity instruments that are not held for the purpose of trading at fair value recorded in other comprehensive income, with no recycling in the income statement except dividends.

In other cases, the financial instruments are classified and measured at fair value through profit or loss, which is the residual model.

The Group is assessing the impacts of the new classification model. For further information see the following paragraph Implementation of the standard and the paragraph Disclosure regarding the deferred application of IFRS 9 - Financial Instruments. Overall, the Group expects to have limited impacts on the classification and measurement of instruments, in particular about the application of the SPPI test.

Impairment

IFRS 9 introduced a new impairment approach for debt instruments measured at amortized cost or fair value recorded in other comprehensive income, which is based on expected losses. In particular, such new standard outlines an approach for the impairment in three stages based on the assessment of credit quality from the date of initial recognition at each balance sheet date:

- Stage 1 includes the financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date (investment grade). For these assets expected losses (ECL) over the next 12 months (12-month expected credit losses - losses expected in view of the possible occurrence of events of default in the next 12 months) are recognized in the profit or loss account. Interest is calculated on the gross carrying amount (i.e. without deduction of the loss allowance);
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account, but interest revenue is still calculated on the gross carrying amount of the asset. (i.e. without deduction of the loss allowance);
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account. Interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The model also introduces a simplified approach to trade receivables and leases for which it is not necessary to calculate the 12-month expected credit losses but are always recognized the lifetime expected credit losses.

The Group is assessing the impact of the new impairment model introduced by the standard and expects significant operational impacts related to the implementation of the calculation process of the abovementioned expected credit losses. In light of the high creditworthiness of the debt securities, the new model Expected Credit Losses should not result in significant impacts for the Group.

Hedge accounting

IFRS 9 introduces a model substantially reformed for hedge accounting that allows better than in IAS 39 to reflect in financial statements the hedging activities undertaken by risk management.

In particular there is a significant simplification of the effectiveness test. There are no more predetermined thresholds of coverage to achieve effective hedge (i.e. 80-125% in the current IAS 39), but it is sufficient that:

- there is an economic relationship between the hedging instrument and the hedged item; and
- credit risk should not be the key component of the hedged risk (i.e. the change in fair value of the hedging relationship must not be dominated by the component of credit risk).

A transitional provision allows continuing to apply IAS 39 for all hedging transactions until completion of the macrohedging project. The principle has been endorsed by the European Union by the EU Regulation 2016/1905

The Group has opted for a deferred implementation in application of the amendment to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 - Insurance Contracts.

The quantitative criteria for the purpose of adopting the deferral and the disclosure required to entities that apply IFRS 9 in arrears are included in the Information section relating to the deferred application of IFRS 9.

Implementation of the standard

The implementation of IFRS 9 aims to by the Group aims to ensure the correct and consistent application of the new accounting standard in conjunction with the entry into force of IFRS 17, the future standard on insurance contracts. The Group expects impacts that may be material with reference to the classification and measurement of financial instruments and consisting of a larger part of the portfolio of financial investments measured at fair value through profit or loss. With reference to impairment, the Group assessed that the Expected Credit Losses model should lead to less relevant impacts on the financial statements considering the high creditworthiness of the Group debt portfolio.

IFRS 17 – Insurance contracts

On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which replaces the current IFRS 4 - Insurance Contracts. The new standard introduces a new model for measuring insurance contracts, structured on a Building Block Approach based on the expected value of future cash flows, weighted by the probability of occurrence, on a risk adjustment) and on the expected value of the margin for the services offered (Contractual Service Margin - CSM). The adoption of a simplified approach (Premium Allocation Approach) is allowed if the contractual coverage period is less than one year or if the model used for the assessment provides a reasonable approximation with respect to the block approach. The Variable Fee Approach (VFA) was also introduced, an alternative model to the Building Block Approach which applies in particular to profit sharing contracts, whose scope of application is very significant for the Group in light of the current portfolio mix.
Considering some critical issues raised by stakeholders regarding some requirements of IFRS 17 and the interpretative elements that emerged from the Transition Resource Group (TRG), the IASB proposed changes to the standard in the exposure draft Amendments to IFRS 17 published on 26 June 2019. The changes introduced do not affect the fundamental principles of the standard and do not reduce the usefulness of the information for investors. First of all, the amendment confirmed the proposal to defer the entry into force of the standard on 1 January 2022; furthermore, the major changes concerned:

- the scope of application, with particular reference to loans that transfer significant insurance risks;
- the allocation, recognition and assessment of the recoverability and disclosure related to the financial cash flows in the event of expected contractual renewals;
- the allocation of the CSM relating to the investment components on the basis of the insurance coverage units and the return on investments;
- the extension of risk mitigation, a risk hedging option, to reinsurance contracts;
- the recognition of losses on onerous contracts on the date of initial recognition and of profits on reinsurance contracts held;
- simplified representation of insurance contracts by portfolio;
- transitional measures for business combinations and application of both the risk mitigation option (mentioned above) and the fair value transition approach.

The Group is monitoring the IASB's new re-deliberation process, continuing with the standard implementation program.
The Group expects a radical change in the financial statement information both in terms of evaluation of the technical provisions and in the representation of the economic performance and the notes to the financial statements. In light of the extraordinary significance of the changes introduced by the standard, very significant impacts are also expected in terms of resources, processes and information systems to support the assessment framework.
In order to adopt IFRS 17 in the Group's consolidated financial statements, a global finance transformation program is in place. This program involves various central and local functions and has the objective of implementing IFRS 17 and IFRS 9 consistently at Group level. In particular, the program includes functional workstream dedicated to developing the methodological and interpretative aspects of the standard in coherence with the market practices of the sector and evaluating the evolutions coming from the process of new resolution of the IASB and endorsement at European level, and implementation workstream dedicated to the implementation of the operating model and architecture of the target information systems.
The Group is evaluating the impacts of the joint application of IFRS 17 and IFRS 9 on the consolidated financial statements through regular quantitative impact exercises. At the balance sheet date, however, the potential impact of the combined effect of the two standards on the Group's financial and economic situation is not foreseeable, in light of the current revision process of IFRS 17 as well as the state of maturity of the implementation process.

Interest rates reform IBOR

As is known, the project to replace the EURIBOR and EONIA reference rates by the European Commission, started in 2018, is going on. This change may have an impact on the existing hedging relationships and on the pricing of the financial assets and liabilities linked to these indices. The IASB has launched a project in order to limit the accounting impacts deriving from the reform, structured in 2 phases:

- pre-replacement phase, aimed at limiting any impacts on the financial statements in the period preceding the replacement of the current interest rate benchmarks with alternative rates (according to recent developments, the current transition phase has an expected duration until 2021);
- replacement phase, aimed at limiting any impacts on the balance sheet in the period following the replacement.

The board completed the first phase, by publishing on 26 September 2019 the amendment to IAS 39 and IFRS 9 Interest Rate Benchmark Reform, endorsed by EU Regulation 2020/34 on 15 January 2020. The new standard introduces changes to hedge accounting requirements in such a way that the reform of the reference rates has no effect on the hedging relationships that should be directly impacted by the modification of the interest rate benchmarks.

The entity can assume that the cash flows linked to these reference rates are not affected by the change so as not to determine the ineffectiveness of the existing hedging relationships and their discontinuation. Substantially the impacts are neutralized by the amendment in question.
In particular, the significant changes to IAS 39 are as follows:

- the high probability for the effectiveness of a hedge of a forecast transaction is not affected by the change in the reference rate and the hedging relationship does not cease;
- as regards the effectiveness test, the change in rates does not determine the ineffectiveness and discontinuation of the hedging relationship.

The amendment will be effective from 1 January 2020.
However, the assessments done highlighted insignificant impacts on the pricing of derivatives and on the effectiveness of the hedging relationships in place for the Group.
A specific Group project is in place to evaluate the impacts of the entire reform. Based on the first estimates, the impacts should be more operational (e.g. on pricing systems) and not on the financial statements.
At the end of 2019, the IASB started discussions on the aforementioned second phase of the project which will deal with issues such as modification and derecognition and an exposure draft is expected in 2020.

Other not significant changes for the Group

Amendment	EU Effective date	Date of pubblication
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	1 January 2019	March 2018
AnAnnual improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	1 January 2019	December 2017
Amendments to IAS 19: Plain Amendment, Curtailment or Settlement	1 January 2019	February 2018
Amendments to IAS 28: Long-term Interests in Associates and Joint Venture	1 January 2019	October 2017
Amendments to IAS 1 and IAS 8: Definition of Material	w1 January 2020	October 2018
Amendments to Conceptual Framework in IFRS Standards	1 January 2020	March 2018

Balance sheet - Assets

Intangible assets

In accordance with IAS 38, an intangible asset is recognised if, and only if, it is identifiable and controllable, and it is probable that the expected future economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.
This category includes goodwill and other intangible assets, such as goodwill recognised in the separate financial statements of the consolidated companies, software and purchased insurance portfolio.

Goodwill

Goodwill is the sum of future benefits not separately identifiable in a business combination. At the date of acquisition, the goodwill is equal to the excess between the sum of the consideration transferred, including contingent consideration, liabilities assumed towards the previous owners the fair value of non-controlling interests as well as, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree and the fair value (present value) of net amount of the separately identifiable assets and liabilities acquired.
After initial recognition, goodwill is measured at cost less any impairment losses and it is no longer amortised. According to IAS 36, goodwill is not subject to amortization. Realized gains and losses on investments in subsidiaries include the related goodwill. Goodwill is tested at least annually in order to identify any impairment losses.
The purpose of the impairment test on goodwill is to identify the existence of any impairment losses on the carrying amount recognised as intangible asset. In this context, cash-generating units to which the goodwill is allocated are identified and tested for impairment. Cash-generating units (CGU) units usually represent the consolidated units within the same primary segment in each country. Any impairment is equal to the difference, if negative, between the carrying amount and the recoverable amount, which is the higher between the fair value of the cash-generating unit and its value in use, i.e. the present value of the future cash flows expected to be derived from the cash-generating units. The fair value of the CGU is determined on the basis of current market quotation or usually adopted valuation techniques (mainly DDM or alternatively Market Value Balance Sheet or appraisal value). The Dividend Discount Model is a variant of the Cash flow method. In particular the Dividend Discount Model, in the excess capital methodology, states that the economic value of an entity is equal to the discounted dividends flow calculated considering the minimum capital requirements. Such models are based on projections on budgets/forecasts approved by management or conservative or prudential assumptions covering a maximum period of five years. Cash flow projections for a period longer than five years are extrapolated using estimated among others growth rates. The discount rates reflect the free risk rate, adjusted to take into account specific risks. Should any previous impairment losses no longer exist, they cannot be reversed.
For further details see paragraph Information on consolidation perimeter and Group companies in the Notes.

Other intangible assets

Intangible assets with finite useful life are measured at acquisition or production cost less any accumulated amortisation and impairment losses. The amortisation is based on the useful life and begins when the asset is available for use. Specifically, the purchased software expenses are capitalised on the basis of the cost for purchase and usage.
The costs related to their development and maintenance are charged to the profit and loss account of the period in which they are incurred.
Other intangible assets with indefinite useful life are not subject to amortization. They are periodically tested for impairment.
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.
Other intangible assets include the right of use of leased assets and is subject to the recoverability test, carried out with a view to the overall cash generating unit, as illustrated in the dedicated paragraphs.

Contractual relations with customers - insurance contracts acquired in a business combination or portfolio transfer

In case of acquisition of life and non-life insurance contract portfolios in a business combination or portfolio transfer, the Group recognises an intangible asset, i.e. the value of the acquired contractual relationships

(Value Of Business Acquired). The VOBA is the present value of the pre-tax future profit arising from the contracts in force at the purchase date, taking into account the probability of renewals of the one-year contracts in the non-life segment. The related deferred taxes are accounted for as liabilities in the consolidated balance sheet.
The VOBA is amortised over the effective life of the contracts acquired, by using an amortization pattern reflecting the expected future profit recognition. Assumptions used in the development of the VOBA amortization pattern are consistent with the ones applied in its initial measurement. The amortization pattern is reviewed on a yearly basis to assess its reliability and, if applicable, to verify the consistency with the assumptions used in the valuation of the corresponding insurance provisions.
The difference between the fair value of the insurance contracts acquired in a business combination or a portfolio transfer, and the insurance liabilities measured in accordance with the acquirer's accounting policies for the insurance contracts that it issues, is recognised as intangible asset and amortised over the period in which the acquirer recognises the corresponding profits.
The Generali Group applies this accounting treatment to the insurance liabilities assumed in the acquisition of life and non-life insurance portfolios.
The future VOBA recoverable amount is nonetheless tested on yearly basis.
As for as the life and non-life portfolios, the recoverable amount of the value of the in-force business acquired is carried out through the liability adequacy test (LAT) of the insurance provisions — mentioned in the paragraph related to life and non-life insurance provisions— taking into account, if any, the deferred acquisition costs recognised in the balance sheet. If any, the impairment losses are recognised in the profit or loss account and cannot be reversed in a subsequent period.
Similar criteria are applied for the initial recognition, the amortization and the impairment test of other contractual relationships arising from customer lists of asset management sector, acquired in a business combination where the acquiree belongs to the financial segment.

Tangible assets

This item comprises land and buildings used for own activities and other tangible assets.

Land and buildings (self-used)

In accordance with IAS 16, this item includes land and buildings used for own activities.
Land and buildings (self-used) are measured applying the cost model set out by IAS 16. The cost of the self-used property comprises purchase price and any directly attributable expenditure.
The depreciation is systematically calculated applying specific economic/technical rates which are determined locally in accordance with the residual value over the useful economic life of each individual component of the property
Land and buildings (self-used) are measured at cost less any accumulated depreciation and impairment losses. Land and agricultural properties are not depreciated but periodically tested for impairment losses. Costs, which determine an increase in value, in the functionality or in the expected useful life of the asset, are directly charged to the assets to which they refer and depreciated in accordance with the residual value over the assets' useful economic life. Cost of the day-to-day servicing are charged to the profit and loss account.
Finance leases of land and buildings are accounted for in conformity with IAS 17 and require that the overall cost of the leasehold property is recognised as a tangible asset and, as a counter-entry, the present value of the minimum lease payments and the redemption cost of the asset are recognised as a financial liability.

Other tangible assets

Property, plant, equipment, furniture and property inventories are classified in this item as property inventory. They are initially measured at cost and subsequently recognised net of any accumulated depreciation (except inventories that are not depreciated) and any impairment losses. They are systematically depreciated on the basis of economic/technical rates determined in accordance with their residual value over their useful economic life. In particular the inventories are measured at the lower of cost (including cost of purchase, cost of conversion and cost incurred the inventories to their present location and condition) and net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to sell.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
This item also includes leased assets that are allocated to the specific balance sheet items based on the nature of the assets.

Reinsurance provisions

The item comprises amounts ceded to reinsurers from insurance provisions that fall under IFRS 4 scope. They are accounted for in accordance with the accounting principles applied to direct insurance contracts.

Investments

Land and Buildings (Investment Properties)

In accordance with IAS 40, this item includes land and buildings held to earn rentals or for capital appreciation or both. Land and buildings for own activities and property inventories are instead classified as tangible assets. Furthermore, assets for which the sale is expected to be completed within one year are classified as non-current assets or disposal groups classified as held for sale.
To measure the value of land and buildings (investment properties), the Generali Group applies the cost model set out by IAS 40, and adopts the depreciation criteria defined by IAS 16. Please refer to the paragraph on land and buildings (self-used) for information about criteria used by the Group and finance leases of land and buildings.
This item also includes leased assets that are allocated to the specific balance sheet item based on the nature of the assets.

Investments in subsidiaries, associated companies and joint ventures

This item includes investments in subsidiaries and associated companies valued at equity or at cost. Immaterial investments in subsidiaries and associated companies, as well as investments in associated companies and interests in joint ventures valued using the equity method belong to this category.
A list of such investments is shown in attachment to this Consolidated financial statement

Financial investments – classification and measurement

Financial Instruments included in scope of IAS 39 are classified as follows:
- Held to maturity;
- Loans and receivables;
- Available for sale financial assets;
- Financial assets at fair value through profit or loss.

The classification depends on the nature and purpose of holding financial instruments and is determined at initial recognition except for allowed reclassifications in rare circumstances and when the purpose of holding the financial assets changes.
The financial investments are initially recognized at fair value plus, in the case of instruments not measured at fair value through profit or loss, the directly attributable transactions costs.
Non-derivative financial assets with fixed and determinable payments, those that the entity has the intention and the ability to hold to maturity, unquoted and not available for sale are subsequently measured at amortised cost.

Held to maturity financial assets

The category comprises the non-derivative financial assets with fixed or determinable payments and fixed maturity that a company has the positive intention and ability to hold to maturity, other than loans and receivables and those initially designated as at fair value through profit or loss or as available for sale. The intent and ability to hold investments to maturity must be demonstrated when initially acquired and at each reporting date.
In the case of an early disposal (significant and not due to particular events) of said investments, any remaining investments must be reclassified as available for sale.

Held to maturity investments are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity.

Loans and receivables

This category comprises non-derivative financial assets with fixed or determinable payments, not quoted in an active market. It does not include financial assets held for trading and those designated as at fair value through profit or loss or as available for sale upon initial recognition.
In detail, the Generali Group includes in this category some unquoted bonds, mortgage loans, policy loans, term deposits with credit institutions, deposits under reinsurance business accepted, repurchase agreements, receivables from banks or customers accounted for by companies of the financial segment, and the mandatory deposit reserve with the central bank. The Group's trade receivables are instead classified as other receivables in the balance sheet.
Loans and receivables are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity. Short-term receivables are not discounted because the effect of discounting cash flows is immaterial. Gains or losses are recognised in the profit and loss account when the financial assets are de-recognised or impaired as well as through the normal amortization process envisaged by the amortised cost principle.

Available for sale financial assets

Available for sale financial assets are accounted for at the settlement date at the fair value at the related transaction dates, plus the transaction costs directly attributable to the acquisition.
The unrealized gains and losses on available for sale financial assets arising out of subsequent changes in value are recognised in other comprehensive income in a specific reserve until they are sold or impaired. At this time the cumulative gains or losses previously recognised in other comprehensive income are accounted for in the profit and loss account.
This category includes quoted and unquoted equities, investment fund units (IFU) not held for trading, nor designated as financial assets at fair value through profit or loss, and bonds, mainly quoted, designated as available for sale.
Interests on debt financial instruments classified as available for sale are measured using the effective interest rate with impact on profit or loss. Dividends related to equities classified in this category are reported in profit or loss when the shareholder's right to receive payment is established, which usually coincides with the shareholders' resolution.
The Group evaluates whether the ability and intention to sell its Available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.
For a financial asset reclassified from the available-for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, i.e. acquired mainly to be sold in a short term, and financial assets that upon initial recognition are designated as at fair value through profit or loss.
In particular both bonds and equities, mainly quoted, and all derivative assets, held for both trading and hedging

purposes, are included in this category. Financial assets at fair value through profit or loss also take into account investments back to policies where the investment risk is borne by the policyholders and back to pension funds in order to significantly reduce the valuation mismatch between assets and related liabilities.
Structured instruments, whose embedded derivatives cannot be separated from the host contracts, are classified as financial assets at fair value through profit or loss.
The financial assets at fair value through profit or loss are accounted for at settlement date and are measured at fair value. Their unrealized and realized gains and losses at the end of the period are immediately accounted for in the profit and loss account.
The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:
- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Receivables

This item includes receivables arising out of direct insurance and reinsurance operations, and other receivables.

Receivables arising out of direct insurance and reinsurance operations

Receivables on premiums written in course of collection and receivables from intermediates and brokers, co-insurers and reinsurers are included in this item. They are accounted for at their fair value at acquisition date and subsequently at their presumed recoverable amounts.

Other receivables

This item includes all other receivables, which do not have an insurance or tax nature. They are accounted for at fair value at recognition and subsequently at their presumed recoverable amounts.

Other assets

Non-current assets or disposal groups classified as held for sale, deferred acquisition costs, tax receivables, deferred tax assets, and other assets are classified in this item and includes leased assets that are allocated to the specific balance sheet items based on the nature of the assets.

Non-current assets or disposal groups classified as held for sale

This item comprises non-current assets or disposal groups classified as held for sale under IFRS 5. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification

They are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in profit or loss after tax from discontinued operations in the income statement.

Deferred acquisition costs

Concerning deferred acquisition costs, according to requirements of IFRS 4, the Group continued to apply accounting policies prior to the transition to international accounting principles. In this item acquisition costs paid before the subscription of multi-year contracts to amortize within the duration of the contracts are included.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for tax purposes.

In the presence of tax losses carried forward or unused tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the aforementioned tax losses or unused tax credits.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are measured at the tax rates that are expected to be applied in the year when the asset is realized, based on information available at the reporting date

Deferred tax assets are not recognized in the following cases provided in paragraph 24 of IAS 12:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
- for all deductible temporary differences between the carrying amount of assets or liabilities and their tax base to the extent that it is probable that taxable income will be available, against which the deductible temporary differences can be utilised.

Tax receivables

Receivables related to current income taxes as defined and regulated by IAS 12 are classified in this item. They are accounted for based on the tax laws in force in the countries where the consolidated subsidiaries have their offices.

Current income tax relating to items recognised directly in equity are recognised in equity and not in the income statement..

Other assets

The item mainly includes accrued income and prepayments, specifically accrued interest from bonds.

It also comprises deferred commissions for investment management services related to investment contracts.

Deferred fee and commission expenses include acquisition commissions related to investment contracts without DPF fair valued as provided for by IAS 39 as financial liabilities at fair value through profit or loss. Acquisition commissions related to these products are ac-

counted for in accordance with the IAS 18 treatment of the investment management service component. They are recognised along the product life by reference to the stage of completion of the service rendered. Therefore, acquisition commissions are incremental costs recognised as assets, which are amortised throughout the whole policy term on a straight-line approach, reasonably assuming that the management service is constantly rendered.
Deferred commissions for investment management services are amortised, after assessing their recoverability in accordance with IAS 36.

Cash and cash equivalents

Cash in hand and equivalent assets, cash and balances with banks payable on demand and with central banks are accounted for in this item at their carrying amounts.
Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are included in this item. Investments are qualified as cash equivalents only when they have a short maturity of 3 months or less from the date of the acquisition.

Balance sheet – Liabilities and equity

Shareholder's equity

Shareholder's equity attributable to the Group

Share capital

Ordinary shares are recognized as share capital and their value equals the nominal value.

Other equity instruments

The item includes preference shares and equity components of compound financial instruments.

Capital reserve

The item includes the share premium account of the Parent Company.

Revenue reserve and other reserves

The item comprises retained earnings or losses adjusted for the effect of changes arising from the first-time application of IAS/IFRS, reserves for share-based payments, equalisation and catastrophe provisions not recognised as insurance provisions according to IFRS 4, legal reserves envisaged by the Italian Civil Code and special laws before the adoption of IAS, as well as reserves from the consolidation process.

Own shares

As provided for by IAS 32, the item includes equity instruments of the Parent company held by the same company or by its consolidated subsidiaries.

Reserve for currency translation differences

The item comprises the exchange differences to be recognised in equity in accordance with IAS 21, which derive from accounting for transactions in foreign currencies and from the translation of subsidiaries' financial statements denominated in foreign currencies.

Reserve for unrealised gains and losses on available for sale financial assets

The item includes gains or losses arising from changes in the fair value of available for sale financial assets, as previously described in the corresponding item of financial investments.
The amounts are accounted for net of the related deferred taxes and deferred policyholder liabilities.

Reserve for other unrealised gains and losses through equity

The item includes the cash flow hedging derivatives reserve, the reserve for hedges of net investments in foreign operations. This item includes gains or losses on cash flow hedging instruments and gains or losses on hedging instruments of a net investment in a foreign operation. In addition, this item also includes the profits and losses relating to defined benefit plans and the part of the balance sheet reserves whose the variation is part of the comprehensive income of participations and those relating to non-current assets or disposal groups classified as held for sale.

Result of the period

The item refers to the Group consolidated result of the period. Dividend payments are accounted for after the approval of the shareholders' general meeting.

Shareholder's equity attributable to minority interests

The item comprises equity instruments attributable to minority interests.
It also includes the reserve for unrealized gains and losses on available for sale investments and any other gains or losses recognized directly in equity attributable to minority interests.

Provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

Insurance provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

Life insurance policies

In accordance with IFRS 4, policies of the life segment are classified as insurance contracts or investment contracts based on the significance of the underlying insurance risk.
Classification requires the following steps:
- identification of the characteristics of products (option, discretionary participation feature, etc.) and services rendered;
- determination of the level of insurance risk in the contract; and
- application of the international principle.

Insurance contracts and investment contracts with DPF

Premiums, payments and change in the insurance provision related to products whose insurance risk is considered significant (e.g. term insurance, whole life and endowment with annual premiums, life contingent annuities and contracts containing an option to elect at maturity a life contingent annuity at rates granted at inception, long-term health insurance and unit-linked with sum assured in case of death significantly higher than the value of the fund) or investment contracts with discretionary participation feature –DPF – (e.g. policies linked to segregated funds, contracts with additional benefits that are contractually based on the economic result of the company) are accounted for in accordance with previous local GAAP. Gross premiums are recognised as a revenue, net of cancellations of the period, and ceded premiums are recognised as expenses of the period.

Shadow accounting

In order to mitigate the valuation mismatch between financial investments carried at fair value according to IAS 39 and insurance provisions which are accounted for in accordance with previous local GAAP, shadow accounting is applied to insurance contracts and investments contracts with DPF. This accounting practice attributes to the policyholders' part of the difference between IAS/IFRS valuation of the basis on which the profit sharing is determined and valuation which is used to determine the profit sharing actually paid. This accounting treatment is included in the deferred policyholder liabilities in the life insurance provisions.
The policyholders' share is calculated on the average contractual percentage for the policyholder participation, as the local regulation already foresees the protection of guaranteed obligations through the recognition of additional provisions for interest rate risk if future financial returns based on a proper time horizon are not sufficient to cover the financial guaranties included in the contract.
The accounting item arising from the shadow accounting application is included in the carrying amount of insurance liabilities whose adequacy is tested by the liability adequacy test (LAT) according to IFRS 4 (refer to paragraph Details on insurance and investment contracts), to rectify the IAS/IFRS carrying amount of insurance provisions.
The main accounting effect of the shadow accounting is double fold: on the one hand, the recognition of the policyholders' share of unrealized gains and losses on available for sale financial assets in the deferred policyholders' liabilities; on the other, the insurer's share is recognised in equity. If financial instruments are fair valued through profit or loss or financial investments are impaired, the policyholders' share on the difference between the market value and valuation used to determine the return which the profit sharing is based on (e.g. the carrying amount in segregated fund) is recognised in the profit and loss account. The shadow accounting also allows the recognition of an insurance liability related to unrealized gains on available for sale financial assets linked to contracts with discretionary participation feature, up to the amount of the increase in value of these assets due to the change of market rates.

Investment contracts

Investment contracts without DPF and that do not have a significant investment risk, mainly include unit/index-linked policies and pure capitalization contracts. These products are accounted for in accordance with IAS 39 as follows:

- the products are recognised as financial liabilities at fair value or at amortised cost. In detail, linked products classified as investment contracts are fair valued through profit or loss, while pure capitalization policies are generally valued at amortised cost;
- fee and commission income and expenses are recognised in the profit and loss account. Specifically, IAS 39 and IAS 18 require that they are separately identified and classified in the different components of: (i) origination, to be charged in the profit and loss account at the date of the issue of the product; and (ii) investment management service, to be recognised throughout the whole policy term by reference to the stage of completion of the service rendered;
- fee and commission income and incremental costs of pure capitalization contracts without DPF (other than administration costs and other non-incremental costs) are included in the amortised cost measurement;
- the risk component of linked products is unbundled, if possible, and accounted for as insurance contracts.

Life insurance provisions

Life insurance provisions are related to insurance contracts and investment contracts with discretionary participation features. These provisions are accounted for based on local GAAP, in compliance with IFRS 4.
Liabilities related to insurance contracts and investment contracts with discretionary participation features are determined analytically for each kind of contract on the basis of appropriate actuarial assumptions. They meet all the existing commitments based on best estimates.
These actuarial assumptions take into consideration the most recent demographic tables of each country where the risk is underwritten, aspects of mortality, morbidity, determination of risk-free rates, expenses and inflation. The tax charge is based on laws in force.
Among life insurance provisions, provisions in addition to mathematical provisions, already envisaged by the local regulations in case of adverse changes in the interest rates or mortality, are classified as provisions for the liability adequacy test.
As previously mentioned, insurance provisions include deferred policyholder liabilities related to contracts with DPF. The recognition of the deferred policyholder liabilities is made in accordance to shadow accounting, as already mentioned in paragraph Shadow accounting of section Insurance Provision.

Liability adequacy test (LAT) – Life segment

In accordance with IFRS 4, in order to verify the adequacy of the reserves a Liability Adequacy Test (LAT) is performed. The aim of the test is to verify if the technical provisions - inclusive of deferred policyholders’ liabilities - are adequate to cover the current value of future cash flows related to insurance contracts.
The liability adequacy test is performed through the comparison of the IFRS reserves (which include the impact of shadow accounting), net of any deferred acquisition costs or intangible assets related to these contracts, with the current value of future cash flows related to insurance contracts.
The abovementioned amount also includes the costs of embedded financial options and guarantees, which are measured with a market-consistent methodology. Technical reserves which are subject to the Liability Adequacy Test also include the interest rate risk provisions as required by local regulations.
The insurance contracts modelling and best estimates assumptions used are consistent with the evaluation process of the insurance provisions in accordance with Solvency II and subject to audit process in compliance with the current regulation.
Each inadequacy is charged to the profit and loss account, initially reducing deferred acquisition costs and value of business acquired, and subsequently accounting for a provision.

Non-life insurance provisions

The local GAAP for each country is applied to non-life insurance provisions, since all the existing policies fall under IFRS 4 scope. In conformity with the international standard, no provisions for future claims are recognised, in line with the derecognition of the equalisation and catastrophe provisions and some additional components of the unearned premiums provisions, carried out on the date of the first-time application.
The provisions for unearned premiums include the pro-rata temporis provision, which is the amount of gross premiums written allocated to the following financial pe-

riods, and the provision for unexpired risks, which provides for claims and expenses in excess of the related unearned premiums.
The provisions for outstanding claims are determined by a prudent assessment of damages, based on objective and prospective considerations of all predictable charges.
Provisions are deemed adequate to cover payments of damages and the cost of settlement of claims related to accident occurred during the year but not yet reported.
The non-life insurance provisions meet the requirements of the liability adequacy test according to IFRS 4.
Amounts ceded to reinsurers from insurance provisions are determined in accordance with the criteria applied for the direct insurance and accepted reinsurance.

Financial liabilities

Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost are included in this item.

Financial liabilities at fair value through profit or loss

The item refers to financial liabilities at fair value through profit or loss, as defined and regulated by IAS 39. In detail, it includes the financial liabilities related to investment contracts where the investment risk is borne by the policyholders as well as derivative liabilities.

Other financial liabilities

The item includes financial liabilities within the scope of IAS 39 that are not classified as at fair value through profit or loss and are instead measured at amortised cost.
This item comprises both subordinated liabilities, which, in the case of bankruptcy, are to be repaid only after the claims of all other creditors have been met, and hybrid instruments.
Bond instruments issued are measured at issue price, net of costs directly attributed to the transaction. The difference between the aforesaid price and the reimbursement price is recognised along the duration of the issuance in the profit and loss account using the effective interest rate method.
Furthermore, it includes liabilities to banks or customers, deposits received from reinsurers, bonds issued, other loans and financial liabilities at amortised cost related to investment contracts that do not fall under IFRS 4 scope.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Payables

Payables arising out insurance operations

Provisions for risks and charges are provided only when it is deemed necessary to respond to an obligation (legal or implicit) arising from a past event and it is probable that an outflow of resources whose amount can be reliably estimated, as required by IAS 37.

Other paybles

This item mainly includes provisions for the Italian trattamento di fine rapporto (employee severance pay). These provisions are accounted for in accordance with IAS 19 (see paragraph Other liabilities).

Other liabilites

The item comprises liabilities not elsewhere accounted for. In detail, it includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, tax payables and deferred tax liabilities and deferred fee and commission income.

Liabilities directly associated with non-current assets and disposal groups classified as held for sale

The item includes liabilities directly associated with a disposal group, for which assets are equally classified as held for sale, as by defined by IFRS 5.

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of assets and liabilities and their tax base, Deferred tax liabilities are measured at the tax rates that are expected to be applied in the year when temporary differences will be taxable, are based on the tax rates and tax laws enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.
Deferred tax liabilities are not recognized in the following cases provided for in paragraph 15 of IAS 12:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Tax payables

The item includes payables due to tax authorities for current taxes. Current income tax relating to items recognised directly in equity is recognised in equity and in the comprehensive income, while not in the income statement. This item includes also the uncertainties in the accounting treatment of income taxes, as required by IFRIC 23.

Other liabilities

This item includes provisions for defined benefit plans, such as termination benefit liabilities and other long-term employee benefits (the Italian provision for trattamento di fine rapporto is excluded and classified as other payables).
In compliance with IAS 19, these provisions are measured according to the project unit credit method. This method implies that the defined benefit liability is influenced by many variables, such as mortality, employee turnover, salary trends, expected inflation, expected rate of return on investments, etc. The liability recognised in the balance sheet represents the net present value of the defined benefit obligation less the fair value of plan assets (if any), adjusted for any actuarial gains and losses and any past service costs not amortised. The rate used to discount future cash flows is determined by reference to market yields on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency. The actuarial gains and losses arising from subsequent changes in variables used to make estimates are recognised shall be accounted for in other comprehensive income without any possibility of recycling to profit and loss.
Deferred fee and commission income include acquisition loadings related to investment contracts without DPF, which are classified as financial liabilities at fair value through profit or loss, according to IAS 39.
Acquisition loadings related to these products are accounted for in accordance with IFRS 15 treatment of the investment management service component during the product life. They are recognised by reference to the stage of completion of the service rendered.
Therefore, the acquisition commissions have been reclassified in the balance sheet, as liabilities to be released to the profit and loss account during the life of the product.

Profit and loss account

Income

Earned premiums

The item includes gross earned premiums on insurance contracts and investment contracts with discretionary participation features, net of earned premiums ceded.

Fee and commission income

The item includes fee and commission income for financial services rendered by companies belonging to the financial segment and fee and commission income related to investment contracts.

Net income from financial instruments at fair value through profit or loss

The item comprises realized gains and losses, interests, dividends and unrealized gains and losses on financial assets and liabilities at fair value through profit or loss.

Income from subsidiaries, associated companies and joint ventures

The item comprises income from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset item of the balance sheet and it is related to the Group share of result attributable to each associate or joint venture.

Income from financial instruments and other investments

The item includes income from financial instruments not at fair value through profit or loss and from land and buildings (investment properties). In detail, it includes mainly interests from financial instruments measured using the effective interest method, other income from investments, including dividends recognised when the right arises, income from properties used by third parties, realized gains from financial assets, financial liabilities and investment properties and reversals of impairment.

Other income

The item includes: revenue arising from sale of goods and rendering of services other than financial services; other insurance income; gains on foreign currency accounted for under IAS 21; realized gains and reversals of impairment on tangible assets and other assets; and any gains recognised on the re-measurement of non-current assets or disposal groups classified as held for sale.

Expenses

Net insurance benefit and claims

The item includes the amounts paid in respect of claims occurring during the period, maturities and surrenders, as well as the amounts of changes in insurance provisions that fall under IFRS 4 scope, net of recoveries and reinsurance. It also comprises changes in the provision for deferred policyholders' liabilities with impact on the profit and loss account.

Fee and commission expenses and expenses from financial service activities

The item includes fee and commission expenses for financial services received by companies belonging to the financial segment and fee and commission expenses related to investment contracts.

Expenses from subsidiaries, associated companies and joint ventures

The item includes expenses from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset item of the balance sheet and it is related to the Group share of result attributable to each associate or joint venture.

Expenses from financial instruments and other instruments

The item comprises expenses from land and buildings (investment properties) and from financial instruments not at fair value through profit or loss. It includes: interest expense; expenses on land and buildings (investment properties), such as general property expenses and maintenance and repair expenses not recognised in the carrying amount of investment properties; realized losses from financial assets, financial liabilities and land and buildings (investment properties); depreciations and impairment of such investments.

Acquisition and administration costs

The item comprises acquisition commissions, other acquisition costs and administration costs related to contracts that fall under IFRS 4 scope. Other acquisition costs and administration costs related to investment contracts without discretionary participation features are also included, as well as overheads and personnel expenses for investment management, and administration expenses of non-insurance companies.

Other expenses

The item includes: other insurance expenses; allocation to provisions; losses on foreign currency accounted for under IAS 21; realized losses, impairment and depreciation of tangible assets not elsewhere allocated; and amortization of intangible assets. It also comprises any loss on the re-measurement of non-current assets or disposal groups classified as held for sale, other than discontinued operations.

Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes

The item includes income taxes for the period and for previous years, deferred taxes and tax losses carried back, as well as the tax benefit from tax losses. This item includes also the uncertainties in the accounting treatment of income taxes, as required by IFRIC 23.

Comprehensive income

The statement of comprehensive income was introduced by the revised IAS 1 issued in September 2007 by the IASB, approved by the EC Regulation No 1274/2008. The statement comprises items of income and expenses different from those included in profit or loss, recognised directly in equity other than those changes resulting from transactions with shareholders.
In accordance with the ISVAP (now IVASS) Regulation n.7/2007 as subsequently amended, items of income and expenses are net of taxes as well as net of gains and losses on available for sale assets attributable to the policyholders according to the deferred policyholders' liabilities calculation.
The transactions with owners and the result of comprehensive income are presented in the statement of changes in equity.

Statement of changes in equity

The statement was prepared in accordance with the requirements of the ISVAP (now IVASS). 7 of 13 July 2007 as subsequently amended, and explains all the variations of equity.

Change of the closing balance

This section comprises changes of the closing balance of the previous financial year determined by the correction of errors or changes in accounting policies (IAS 8) and by the change in the values of the assets and liabilities deriving from the retrospective application of new or amended accounting principles.

Allocation

This section comprises the allocation of the profit or loss of the year, the allocation of the previous year profit or loss into the capital reserves, increases in capital and other reserves (for the issuance of new shares, equity instruments, stock options or derivatives on own shares, for the sale of shares pursuant to IAS 32.33, for the reclassification to equity instruments previously recognized in liabilities and, in the consolidated financial statements, for changes in scope of consolidation), changes within equity reserves (es. allocation of surplus capital, stock option exercise, transfer of revaluation reserves related to tangible and intangible assets to retained earnings in accordance with IAS 38.87 and IAS 16.41 etc.), the changes in gains and losses recognized directly in equity.

Reclassification adjustments to profit or loss

This section comprises gains or losses previously recognized in equity, that are reclassified to the profit or loss according to IFRSs (e.g. following the transfer of a financial asset available for sale).

Transfer

This section comprises the distribution of ordinary or extraordinary dividends, decreases in capital and other reserves (for redemption of shares, equity instruments and distributable reserves, the purchase of own shares, for the reclassification of liabilities previously recognized in equity instruments and, in the consolidated financial statements, for changes in scope of consolidation) and the attribution of profit or loss recognized directly in equity and in other balance sheet items (i.e. gains or losses on cash flow hedging instruments allocated to the carrying amount of hedged instruments).

Changes in ownership interests

This section comprises the effects capita transaction of the subsidiaries, that do not result in the loss of control.

Existence

This section comprises the equity components and gains or losses directly recognized in equity at the end of the reporting period.
The statement illustrates all changes net of taxes and gains and losses arising from the valuation of financial assets available for sale, attributable to policyholders and accounted for in the insurance liabilities.

Cash Flows statement

The report, prepared using the indirect method, is drawn up in accordance with the ISVAP (now IVASS) requirements n. 7 of 13 July 2007, as amended by Measure ISVAP (now IVASS) No. 2784 of 8 March 2010, and distinguishing its component items among operating, investing and financing activities.

Other information

Fair value

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in fair value hierarchy levels.
With reference to the investments, Generali Group measures financial assets and liabilities at fair value in the financial statements, or discloses the contrary in the notes.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.
A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
(a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.
The fair value is equal to market price if market information is available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.
If there isn't an active market, a valuation technique should be used which shall maximise the observable inputs. If the fair value cannot be measured reliably, amortised cost is used as the best estimate in determining the fair value.
As for measurement and disclosure, the fair value depends on the unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group

of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.
However, when determining fair value, the valuation should reflect its use if in combination with other assets.
With reference to non-financial assets, fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.
For the liabilities, the fair value is represented by the price that would be paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price).
When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.

Fair value hierarchy

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.
The fair value hierarchy levels are based on the type of inputs used to determine the fair value with the use of adequate valuation techniques, which shall maximize the market observable inputs and limit the use of unobservable inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3: inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.
A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.
If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.
Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3. In this case, generally the main inputs used in the valuation techniques are volatility, interest rate, yield curves, credit spreads, dividend estimates and foreign exchange rates.

Valuation techniques

Valuation techniques are used when a quoted price is not available or shall be appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Single or multiple valuation techniques valuation technique will be appropriate. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.
Three widely used valuation techniques are:
- market approach: uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities;
- cost approach: reflects the amount that would be required currently to replace the service capacity of an asset; and
- income approach: converts future amounts to a single current (i.e. discounted) amount.

Application to assets and liabilities

– Debt securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.
In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk, using interest rates and yield curves commonly observable at frequent intervals. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

– Equity securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.
In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method estimating the present value of future dividends. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

– Investments fund units

Generally, if available and if the market is defined as active, fair value is equal to the market price.
In the opposite case, the fair value of IFU is mainly determined using net asset values (NAV) provided by the fund's managers provided by the subjects responsible for the NAV calculation. This value is based on the valuation of the underlying assets carried out through the use of the most appropriate approach and inputs, eventually adjusted for illiquidity and consequently hierarchized in accordance with the quality of used inputs. Moreover, depending on how the share value is collected, directly from public providers or through counterparts, the appropriate hierarchy level is assigned. If this NAV equals the price at which the quote can be effectively traded on the market in any moment, the Group considers this value comparable to the market price.

– Private equity funds and Hedge funds

Generally, if available and if the market is defined as active, fair value is equal to the market price.
In the opposite case, the fair value of private equity funds and hedge funds is generally expressed as the net asset value at the balance sheet date, determined using periodical net asset value and audited financial statements provided by fund administrators, in case adjusted for the illiquidity of the same fund and consequently hierarchized according to the quality of the inputs used.If at the balance sheet date, such information is not available, the latest official net asset value is used. The fair value of these investments is also closely monitored by a team of professionals within the Group.

– Derivatives

Generally, if available and if the market is defined as active, fair value is equal to the market price.
In the opposite case, the fair value of derivatives is determined using internal valuation models or provided by third parties. In particular, the fair value is determined primarily on the basis of income approach using deterministic or stochastic models of discounted cash flows commonly shared and used by the market.

The main input used in the valuation include volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates observed at frequent intervals.
With reference to the fair value adjustment for credit and debt risk of derivatives (credit and debt valuation adjustment CVA / DVA), the Group considered this adjustment as not material for the valuation of its positive and negative derivatives, as almost entirely of them is collateralized. Their evaluation does not take into account for these adjustments.

- Financial assets where the investment risk is borne by the policyholders and related to pension funds

Generally, if available and if the market is defined as active, fair value is equal to the market price. On the contrary, valuation methodologies listed above for the different asset classes shall be used.

- Financial liabilities

Generally, if available and if the market is defined as active, fair value is equal to the market price.
The fair value is determined primarily on the basis of the income approach using discounting techniques.
In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of funding of the Group for similar types of loans, with maturities consistent with the maturity of the debt instruments subject to valuation.
The fair value of other liabilities relating to investment contracts is determined using discounted cash flow models that incorporate several factors, including the credit risk embedded derivatives, volatility, servicing costs and redemptions. In general, however, are subject to the same valuation techniques used for financial assets linked policies.

Accounting for derivatives

Derivatives are financial instruments or other contracts with the following characteristics:
- their value changes in response to the change in interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other pre-defined underlying variables;
- they require no initial net investment or, if necessary, an initial net investment that is smaller than one which would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- they are settled at a future date. Derivatives are classified as at fair value through profit or loss.

The Group carries out hedging transactions accounted for using the hedge accounting technique.
According to this accounting model the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income while the ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss.
The amount accumulated in the other components of comprehensive income is reversed to profit and loss account in line with the economic changes of the hedged item.
When the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instruments, that remains recognized directly in the other components of other comprehensive income from the period when the hedge was effective, remains separately recognized in comprehensive income until the forecast transaction occurs. However, if the forecasted transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in the other components of comprehensive income from the period when the hedge was effective is immediately recognized in profit or loss.
With reference to emissions of some subordinated liabilities, the Group has entered into hedging transactions of the interest rates volatility and exchange rate fluctuations GBP/EURO, which for accounting purposes is designated as hedging the volatility of cash flows (cash flow hedge) and accounted adopting the hedge accounting technique.
Further the Group set cash flow hedges on forecast refinancing operations of subordinated liabilities that are accounted for as hedge of forecast operations, that are highly probable and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income. The ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss. If a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges: the effective portion of gain or loss on the hedging instrument is recognized among the components of profit or loss, while the part is not effective be recognized in the separate income statement.

Impairment losses on financial assets

As for financial assets, except investments at fair value through profit or loss, IAS 39 is applied whether there is any objective evidence that they are impaired.
Evidence of impairment includes, for example, significant financial difficulties of the issuer, its default or delinquency in interest or principal payments, the probability that the borrower will enter bankruptcy or other financial reorganisation and the disappearance of an active market for that financial asset.
The recognition of impairment follows a complex analysis in order to conclude whether there are conditions to effectively recognize the loss. The level of detail and the detail with which testing is being undertaken varies depending on the relevance of the latent losses of each investment.
A significant or prolonged decline in the fair value of an investment in an equity instrument below its average cost is considered as an objective evidence of impairment.
The threshold of significance is defined at 30%, while the prolonged decline in fair value is defined as a continuous decline in market value below average cost for 12 months.
The prolonged decline in value of bonds and loans are evaluated as a result of specific analysis that involve the single issuances.
If an investment has been impaired in previous periods, further fair value declines are automatically considered prolonged.
If there is objective evidence of impairment the loss is measured as follows:

- on financial assets at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate;
- on available for sale financial assets, as the difference between the cost and the fair value at the measurement date.

Reversals of impairment are recognized respectively: in the profit or loss in the case of debt instruments, in the equity reserve in the case of equity securities including shares of mutual funds (IFU).

Revenues from contracts with customers within to scope of IFRS 15

The Generali Group is a predominantly insurance group. The revenues arising from this business are defined by IFRS 4 - Insurance contracts; the other revenues arising from the sale of goods and services different from financial and insurance services, and arising from asset management are defined and disciplined by IFRS 15. These revenues are included in the income statement item Other income. In particular, within Generali Group, entities specialized in in banking, asset management and other residual businesses included in the segment Holding and other activities operates.
Revenues from contracts with customers for Generali Group are mainly financial and real estate asset manager, investment and pension funds commissions, as well as service and assistance. These revenues are not multi-annual and recognized on accrual basis during the financial year, and included in the item Commission income (note 27). In some cases, in particular in case of asset and pension fund management, the revenues are linked to managed amounts or to the performance of the assets. Despite this, significant judgements in estimate and measurement of revenues has been rarely needed, i.e. for the definition of transfer price, timing.
Within the Group, there are also other entities which operates in different activities, with an absolutely residual impact on revenues and income. The revenues arising from these activities are included in the item Other income and further detailed in note 37.
The asset/liabilities arising from contracts with customers are not significant, in particular due to the above illustrated business.

Use of estimates

The preparation of financial statements compliant to IFRS requires the Group to make estimates and assumptions that affect items reported in the consolidations financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The use of estimates mainly refers to as follows:

- insurance provisions for the life and non-life segment;
- financial instruments measured at fair value classified in level 3 of the fair value hierarchy;
- the analysis in order to identify durable impairments on intangible assets (e.g. goodwill) booked in in the balance sheet (impairment test);
- deferred acquisition costs and value of business acquired;
- other provisions
- deferred and anticipated taxes;
- defined benefit plan obligation;
- share-base payments.

Estimates are periodically reviewed and are based on key management's best knowledge of current facts and circumstances.

However, due to the complexity and uncertainty affecting the abovementioned items, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

Further information on the process used to determine assumptions affecting the abovementioned items and the main risk factors are included in the paragraphs on accounting principles and in the risk report.

Share based payments

The stock option plans granted by the Board in past periods configure as share based payments to compensate officers and employees. The fair value of the share options granted is estimated at the grant date and is based on the option pricing model that takes into account, at the grant date, factors such as the exercise price and the life of the options, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on a binomial simulation that takes into account the possibility of early exercise of the options. If present, the pricing model estimates separately the option value and the probability that the market conditions are satisfied. Therefore, the abovementioned values determine the fair value of equity instruments granted.

Long term incentive plans, aimed at strengthening the bond between the remuneration of management and expected performance in accordance with the Group strategic plan, as well as the link between remuneration and generation of value in comparison with peers, are also treated as an equity-settled share-based payment.

The fair value of the right to obtain free shares in relation to market condition is assessed at grant date and is based on a model that takes into account factors such as historical volatility of the Generali share price and of the peer group, the correlation between these shares, the dividends expected on the shares, the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on simulation models generally used for this type of estimation. Other conditions different than market condition are considered external to this valuation. The probability that these conditions are satisfied, combined with the estimated fair value of the right to obtain free shares, defines the overall plan cost.

The cost is charged to the profit and loss account and, as a double-entry, to equity during the vesting period, taking into account, where possible, the probability of satisfaction of the vesting condition related to the rights granted.

The charge or credit to the profit or loss for a period represents the change in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or a non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense to be recognised is the expense had the terms had not been modified, only if the original terms of the award are met.

An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share..

Information of financial and insurance risk

In accordance with IFRS 7 and IFRS 4, the information which enables the users of financial statements to evaluate the Group exposure to financial and insurance risks and how these risks are managed is disclosed in the section Risk report in the management report. It provides a description of the principal risks to which the Group is exposed and risk governance.

Further information regarding risk exposures are included in the Notes.

Segment reporting

Generali activities could be split in different lines of business according to the products and services offered. In particular, in accordance to IFRS 8, four main sectors of activity have been defined:

- Non-life segment, which includes insurance activities performed in the non-life business;
- Life segment, which includes insurance activities performed in the life business;
- Asset management;
- Holding and other business segment.

Life segment

Activities of Life segment include saving and protection business, both individual and for family, as well as unit linked products with investment purposes and complex plans for multinationals.

Investment vehicles and entities supporting the activities of Life companies are also reported in this segment.

Non-life segment

Activities of Non-life segment include both motor and non-motor businesses, among which motor third party liabilities, casualty, accident and health. It includes also more sophisticated covers for commercial and industrial risks and complex plans for multinationals.

Investment vehicles and entities supporting the activities of Non-life companies are also reported in this segment.

Asset management

This segment operates as a supplier of products and services both for the insurance companies of the Generali Group and for third-party customers identifying investment opportunities and sources of income for all of its customers, simultaneously managing risks. The products include equity and fixed-income funds, as well as alternative products.

The segment includes companies that may specialise in institutional or retail clients, rather than on Group insurance companies or on third-party customers, or on products such as real assets, high conviction strategies or more traditional solutions

Holding and other business

This grouping is an heterogeneous pool of activities different form insurance and asset management and in particular it includes banking activities, expenses related to the management and coordination activities, Group business financing as well as other activities that the Group considers ancillary to the core insurance business. The holding expenses mainly include the holding and regional sub-holding expenses regarding coordination activities, the expenses related to parent company stock option and stock grant plans as well interest expenses on the Group financial debt.

Methods of disclosure presentation

According to IFRS 8, the disclosure regarding operating segments of the Group is consistent with the evidence reviewed periodically at the highest managerial level for the purpose of making operational decisions about resources to be allocated to the segments and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the tables below, prepared as defined by the ISVAP Regulation No. 7 of 13 July 2007 and subsequent amendments.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of transactions between companies belonging to the same segment and eliminating the carrying amount of the investments in subsidiaries of the same segment. The reporting and control process implemented by Generali Group implies that assets, liabilities, income and expenses of companies operating in different business segments are allocated to each segment through specific segment reporting. Intra-group balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile segment information with consolidated information.

In this context, Generali Group adopts a business approach on segment reporting, characterized by the fact that some transactions between companies belonging to different segments are eliminated within each segment.

The main impacts are explained below:

- the elimination in the non-life segment and holding and other businesses segment of participations and loans to companies of other segments, belonging to the same country, as well as related income (dividends and interests);
- the elimination in the non-life segment and holding and other businesses segment of realized gains and losses arising from intra-segment operations;
- the elimination in the life segment of participations and loans to companies of other segments, belonging to the same country, as well the related income (dividends and interests) if not backing technical reserves
- the elimination in the life segment of realized gains and losses arising from intra-segment operations if not backing technical reserves.

Furthermore, loans and related interest expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

This approach allows to reduce consolidation adjustments, which in this view principally consist of investments and dividends received by life and non-life companies from companies belonging to other segments, intragroup financing and related interest income and fee and commissions income and expenses on financial services rendered or received by Group companies, still allowing for an adequate performance presentation for each segment.

Annex 1

Segment reporting - Balance sheet

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
1 INTANGIBLE ASSETS	3,679	3,501	4,818	4,768
2 TANGIBLE ASSETS	2,116	1,898	701	583
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,593	2,765	1,789	1,244
4 INVESTMENTS	37,549	36,041	414,003	366,505
4.1 Land and buildings (investment properties)	3,967	3,964	7,398	7,301
4.2 Investments in subsidiaries, associated companies and joint ventures	2,577	2,008	6,483	5,447
4.3 Held to maturity investments	165	29	1,256	1,307
4.4 Loans and receivables	3,147	3,743	27,332	26,561
4.5 Available for sale financial assets	26,047	25,340	277,748	247,702
4.6 Financial assets at fair value through profit or loss	1,645	956	93,787	78,187
5 RECEIVABLES	5,625	5,317	5,833	5,349
6 OTHER ASSETS	3,370	4,352	9,682	65,373
6.1 Deferred acquisition costs	306	276	1,815	1,867
6.2 Other assets	3,064	4,075	7,867	63,506
7 CASH AND CASH EQUIVALENTS	2,225	2,180	3,310	2,671
TOTAL ASSETS	**57,157**	**56,053**	**440,137**	**446,493**
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	814	886	538	545
3 INSURANCE PROVISIONS	31,652	31,720	387,560	346,108
4 FINANCIAL LIABILITIES	8,944	9,810	19,029	17,718
4.1 Financial liabilities at fair value through profit or loss	325	319	4,609	3,846
4.2 Other financial liabilities	8,618	9,491	14,420	13,872
5 PAYABLES	4,296	3,715	5,830	4,592
6 OTHER LIABILITIES	4,716	4,180	5,519	58,678
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
424	18	478	457	1	1	9,401	8,745
93	5	1,427	1,281	-155	0	4,183	3,768
0	0	0	0	0	0	4,382	4,009
504	489	28,348	23,671	-16,475	-14,477	463,929	412,228
0	0	2,802	2,385	0	0	14,168	13,650
11	55	555	595	-8,261	-6,785	1,365	1,320
0	0	823	835	0	0	2,243	2,171
255	260	9,763	8,942	-8,211	-7,691	32,285	31,815
232	171	14,168	10,560	0	0	318,195	283,773
6	3	237	353	-2	0	95,672	79,500
111	139	383	326	1	-4	11,954	11,127
169	81	677	587	-47	-1,140	13,852	69,253
0	0	0	0	0	0	2,121	2,143
169	81	677	587	-47	-1,140	11,731	67,110
278	297	1,319	1,979	-258	-430	6,874	6,697
1,580	**1,030**	**32,633**	**28,300**	**-16,932**	**-16,049**	**514,574**	**515,827**
						29,851	24,643
54	28	512	397	-182	-113	1,736	1,744
0	0	0	0	0	0	419,213	377,828
76	0	17,642	15,702	-4,787	-4,689	40,904	38,540
0	0	21	1	27	-8	4,983	4,159
76	0	17,621	15,700	-4,815	-4,682	35,921	34,382
199	139	853	840	-0	-0	11,178	9,287
257	114	1,222	855	-20	-43	11,693	63,785
						514,574	**515,827**

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
1.1 Net earned premiums	20,341	19,597	45,898	43,807
1.1.1 Gross earned premiums	21,486	20,607	46,651	44,585
1.1.2 Earned premiums ceded	-1,145	-1,009	-753	-778
1.2 Fee and commission income and income from financial service activities	1	3	71	63
1.3 Net income from financial instruments at fair value through profit or loss	-33	111	10,171	-6,124
1.4 Income from subsidiaries, associated companies and joint ventures	138	143	273	288
1.5 Income from other financial instruments and land and buildings (investment properties)	1,476	1,366	11,376	10,818
1.6 Other income	1,484	1,706	1,599	1,632
1 TOTAL INCOME	**23,407**	**22,926**	**69,387**	**50,485**
2.1 Net insurance benefits and claims	-13,073	-12,768	-58,009	-39,264
2.1.1 Claims paid and change in insurance provisions	-13,644	-13,403	-58,697	-39,837
2.1.2 Reinsurers' share	571	635	688	573
2.2 Fee and commission expenses and expenses from financial service activities	0	0	-21	-26
2.3 Expenses from subsidiaries, associated companies and joint ventures	-36	-10	-0	-3
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-472	-539	-1,682	-2,095
2.5Acquisition and administration costs	-5,892	-5,568	-5,174	-4,807
2.6Other expenses	-2,158	-2,244	-1,721	-1,691
2 TOTAL EXPENSES	**-21,631**	**-21,129**	**-66,607**	**-47,886**
EARNINGS BEFORE TAXES	**1,776**	**1,797**	**2,780**	**2,599**

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
0	0	0	1	0	0	66,239	63,405
0	0	0	0	0	0	68,137	65,192
0	0	0	1	0	0	-1,898	-1,786
843	635	1,038	862	-599	-536	1,354	1,028
1	-0	39	5	0	0	10,177	-6,008
72	55	26	24	-361	-345	148	166
8	9	813	628	-108	-110	13,566	12,712
131	89	326	390	-388	-420	3,151	3,397
1,055	**788**	**2,242**	**1,910**	**-1,456**	**-1,410**	**94,635**	**74,699**
0	0	0	0	20	0	-71,062	-52,032
0	0	0	0	20	0	-72,321	-53,239
0	0	0	0	0	0	1,259	1,207
-220	-166	-459	-421	50	37	-650	-576
-0	0	-24	-3	0	0	-60	-16
-9	-3	-1,130	-871	28	42	-3,265	-3,467
-367	-212	-447	-371	329	277	-11,551	-10,682
-65	-74	-1,116	-1,053	601	584	-4,459	-4,477
-661	**-455**	**-3,177**	**-2,719**	**1,028**	**940**	**-91,048**	**-71,250**
394	**333**	**-935**	**-809**	**-429**	**-470**	**3,587**	**3,450**

Information on consolidation area and group companies

1 Consolidation area

Based on the IFRS 10, the Consolidated financial statements include the figures for both the Parent company and the subsidiaries directly or indirectly controlled.
As at 31 December 2019, the consolidation area increased from 455 to 463 companies, of which 423 are subsidiaries consolidated line by line and 40 associated companies valued at equity.
Changes in the consolidation area compared to the previous year and the table listing companies included in the consolidation area are attached to these Notes, in the Appendix related to the change in the consolidation area, compared to 2018.

2 Disclosures on interests in other entities

2.1 Interests in subsidiaries

Non-controlling-interests

A summary of the financial information relating to each subsidiary that have non-controlling interests material for the Group is provided here below. The amounts disclosed are before inter-company eliminations (except for the item Cumulated non-controlling interests of the subsidiary and profit or loss attributable to non-controlling interests that are disclosed from a consolidated perspective).

Non-controlling interests

Principal place of business	Banca Generali Group Italy		Generali China Life Insurance Co. Ltd China	
(€ million)	31/12/2019	31/12/2018	31/12/2019	31/12/2018
BALANCE SHEET				
Investments	10,432	7,763	9,064	7,252
Other assets	924	712	315	336
Cash and cash equivalents	695	1,315	53	83
TOTAL ASSETS	12,052	9,790	9,432	7,671
Technical provisions	0	0	6,667	5,710
Financial liabilities	10,530	8,609	1,430	960
Other liabilities	542	487	451	365
Net Assets	980	694	883	636
TOTAL NET ASSETS AND LIABILITIES	**12,052**	**9,790**	**9,432**	**7,671**
NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**527**	**335**	**481**	**318**
INCOME STATEMENT				
Net earned premiums	0	0	1,734	1,657
Fee and commission income	973	840	3	3
NET RESULT	483	334	126	71
OTHER COMPREHENSIVE INCOME	147	-78	139	26
TOTAL COMPREHENSIVE INCOME	630	256	266	97
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**133**	**92**	**63**	**33**
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	**73**	**73**	**21**	**15**
CASH FLOW				
cash flow from operating activities	-329	448	124	68
cash flow from investing activities	-46	136	-711	-160
cash flow from financing activities	-113	-158	556	81

Transactions with non-controlling interests

No relevant transactions with minority shareholders occurred during 2019.

Significant restrictions

In relation to the Group's interests in subsidiaries, no significant restrictions exist on the Group's ability to access or use its assets and settle its liabilities. For further details regarding restrictions on Group assets, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.2 Interest in associates

The Group has material interests into two associates that are accounted for according to the equity method.

Material Group associates

Company	Deutsche Vermogensberatung Aktiengesellshaft DVAG	Guotai Asset Manegement Company
Nature of the relationship with the Group	DVAG is the leading sales network for financial services in Germany and has an exclusive distribution partnership with a company held by Generali Deutschland Group	Guotai is one of the first professional fund management companies in China. The company manages mutual funds and several Social Security Fund (SSF) portfolios adding up to approximately 60 billion of renmimbi (approximately € 8 billion) value of assets under management
Principal Place of business	Germany	China
Profit rights/voting rights held (if different)	30% / 40%	30%

The summarised financial information relating to the most material associates in which the Group has an interest including the reconciliation with the related carrying amounts (including goodwill, where present) are provided here below.

Summarised financial information - material associates

(€ million)	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
	31/12/2018 (*)	31/12/2017 (*)	31/12/2019	31/12/2018
INCOME STATEMENT				
Revenues	1,638	1,371	199	186
Profit from continuing operations	202	196	51	51
Profit from discontinued operations after taxes	0	0	0	0
OTHER COMPREHENSIVE INCOME	0	0	8	-9
TOTAL COMPREHENSIVE INCOME	**202**	**196**	**58**	**42**
BALANCE SHEET				
Current assets	529	408	356	302
Non-current assets	475	748	25	26
Current liabilities	361	308	49	50
Non-current liabilities	220	211	65	56
NET ASSETS	**423**	**636**	**267**	**221**

(*) The financial information are referred to the last approved financial statements by the Shareholders meeting of the associated company Deutchsche Vermogensberatung Aktiengesellshaft DVAG.

Carrying amount reconciliation - material associates

(€ million)	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Carrying amount of interest in immaterial associates	**146**	**234**	**163**	**155**
Total comprehensive income attributable to the Group	67	53	18	12
Dividends received during the year	-44	-141	-4	-4
Carrying amount in investee at the end of the year	**169**	**146**	**177**	**163**

As part of the commercial relationships in the German area with the distribution partner DVAG, we inform that the current controlling shareholder hold a put option exercisable in respect of Generali Group.
At the reporting date no liability has been accounted for because the put option refers to an associate and therefore it does not fall into the category of the options on non-controlling interests referred to in par. 23 of IAS 32. The potential outflow of resources will be defined by the parties when and if the option is exercised on the basis of the fair value measurement criteria of the option itself. Furthermore, the Group holds interests in associates which are not individually material that, as mentioned above, are accounted for according to the equity method. The associates in which the Group has interest mainly operate in the insurance and financial services industries.

For these associates aggregated summarised financial information are provided here below:

Summarized financial information - immaterial associates

(€ million)	31/12/2019	31/12/2018
Carrying amount of interests in immaterial associates	**499**	**432**
Aggregated Group's share of:		
Profit from continuing operations	23	10
Profit from discontinued operations after taxes	-	-
Other comprehensive income	19	2
Total comprehensive income	**42**	**13**

In relation to the Group's interests in associates, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities. With respect to contingent liabilities, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.3 Joint ventures

Here below please find the information on Group joint ventures:

Aggregated information on immaterial joint ventures

(€ million)	31/12/2019	31/12/2018
Carrying amount of interests in immaterial joint ventures	**354**	**218**
Aggregated Group's share of:		
Profit from continuing operations	23	51
Profit from discontinued operations after taxes	-	-
Other comprehensive income	13	-1
Total comprehensive income	**35**	**50**

Significant restrictions

In relation to the Group's interests in joint ventures, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities, nor significant commitments exist. For further details regarding restrictions on Group assets, please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information section.

2.4 Unconsolidated structured entities

As of 31 December 2019, Generali Group holds no interests in unconsolidated structured entities that expose the Group to the variability of returns arising from their performance.

However, please find below the following case:

- In 2016 Generali Group stipulated a contract with Horse Capital I, an Irish designated activity company, to protect the aggregate motor third party liability (MTPL) loss ratio of 12 of its subsidiaries that write business in the 7 European countries in which Generali has a relevant market share in motor business (Italy, Germany, France, Austria, Czech Republic, Spain and Switzerland) Generali Group is considered a sponsor because it originated the insurance risk of the structured entity. The Group transfers,by this protection, part of the risk linked to unexpected fluctuations of the MTPL loss ratio. Generali pays a different premium every year depending on the subscribed tranche - being 4% on Class A, 6.25% on Class B and 12% on Class C – on the amount of cover provided corresponding to each tranche amounting to € 85 million. The related cost is presented within the Earned premiums ceded line in the statement of Profit or loss.

- In 2017 Assicurazioni Generali stipulated a reinsurance contract in the current year with Lion II Re DAC, an Irish special purpose company, which for a period of four years will cover the possible catastrophic losses suffered by the Generali Group following storms and floods in Europe and earthquakes in Italy. The Lion II Re transaction transfers part of the risk to bond investors, thus optimizing the Group's protection against disasters. Generali paid an annual premium of 3.29% for a total of € 200 million of reinsurance coverage. This amount will be returned by Lion II Re DAC to investors if during the 4 years of operation of the transaction no events occurred on the Generali Group, deriving respectively from storms or floods in Europe or earthquake in Italy, in excess of pre-established damage thresholds each type of risk.

The aforementioned vehicles are not consolidated as the Generali Group has no control over the entities and is not exposed to the resulting variable returns.

3 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures

(€ million)	31/12/2019	31/12/2018
Investments in non-consolidated subsidiaries	164	192
Investments in associated companies valued at equity	826	741
Investments in joint ventures	354	218
Investments in other associated companies	22	170
Total	**1,365**	**1,320**

4 Goodwill

Goodwill

(€ million)	31/12/2019	31/12/2018
Gross book value as at 31 December previous year	**6,680**	**6,679**
Accumulated depreciation and impairment as at 31 December previous year	**0**	**0**
Carrying amount as at 31 December previous year	**6,680**	**6,679**
Change in consolidation scope	511	0
Other variations	9	1
Gross book value as at the end of the period	**7,201**	**6,680**
Accumulated depreciation and impairment as at the end of the period	**20**	**-0**
Carrying amount as at the end of the period	**7,180**	**6,680**

As at 31st December 2019 Group's goodwill amounted to € 7,180 million.

Change in consolidation scope is mainly due to the acquisition in the CEE region of the participations in Adriatic Slovenica, KD Funds Management company LLC and Union Investment TFI S.A, while the goodwill of the CGU Multiboutique has been booked following the acquisition of the participations in CM Investment Solutions Limited

(CMISL), afterwards renamed Lumyna, and Sycomore Factory SAS. The net asset of the entities acquired, excluding goodwill, amounted to €236 million. During the 2019, the acquired entities contributed for € 499 million to the Group's revenues.

The impairment of € 20 million refers to the goodwill allocated to the participation held in Argentina, that has been fully impaired as a result of the persistence of the country's macroeconomic uncertainties.

The table below details the goodwill by relevant companies:

Goodwill: details

(€ million)	31/12/2019	31/12/2018
Generali Deutschland Holding	2,179	2,179
Alleanza Assicurazioni	1,461	1,461
Generali Italia	1,332	1,332
Gruppo Generali CEE Holding	845	629
Generali France Group	415	415
Generali Schweiz Holding AG	322	309
Multiboutique	227	0
Generali Holding Vienna AG	153	153
Other	245	201
Total goodwill	**7,180**	**6,680**

The goodwill booked was subject to impairment tests as stated by IAS 36.
Cash generating units were established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments, which Assicurazioni Generali identified as Life, Non-Life and Asset Management.

The table below shows the details of the Group's goodwill by cash generating unit:

Goodwill by cash generating unit

(€ million)	Life	Non-Life	Asset Management	Total
Generali Deutschland Holding	562	1,617	0	2,179
Alleanza Assicurazioni	1,461	0	0	1,461
Generali Italia	640	692	0	1,332
Generali CEE Holding Group	410	357	79	845
Generali France Group	319	96	0	415
Generali Schweiz Holding AG	91	231	0	322
Generali Versicherung AG	76	77	0	153
Multiboutique	0	0	227	227
Europ Assistance Group	0	150	0	150
Other				95
Goodwill	**3,559**	**3,220**	**306**	**7,180**

The cash generating units have been defined consistently with IAS 36; with regard to the measurement of the recovery value, of the cash generating unit (CGU) of Generali Italia, Alleanza Assicurazioni, Generali Deutschland Holding, Generali CEE Holding Group, Generali Schweiz Holding AG, Europ Assistance, Generali Holding Vienna, Generali France and the CGU Multiboutique the Dividend Discount Model (DDM) has been used, as described in the basis of presentation and accounting principles, for the determination of the recovery value.

This method represents a variant of the method of cash flows. In particular, the Excess Capital variant, defines the entity's economic value as the discounted dividend maintaining an appropriate capital structure taking into consideration the capital constraints imposed by the Supervisor as the solvency margin. This method results in the sum of discounted value of future dividends and the cash generating unit terminal value.

The application of this criterion entailed in general the following phases:

- explicit forecast of the future cash flows to be distributed to the shareholders in the planned time frame, taking into account the limit due to the necessity of maintaining an adequate capital level;
- calculation of the cash generating unit's terminal value, that was the foreseen value of the cash generating unit at the end of the latest year planned.

The cash flows related to dividends, used in the analysis for each CGU, were those detailed in the Generali Strategic plan approved by the Board of Directors and its subsequent updates. In particular, the data considered for the impairment tests was detailed in the rolling Group plan 2020-2022 as presented to the Board of Directors in December 2019. In order to extend the analysis horizon to a 5 years period, the main economic and financial data were estimated for a further two years (2023 and 2024). The net result (2023 and 2024) was calculated using a sustainable growth rate for each CGU.

The table below shows the evaluation parameters used for the main CGU:

A) Nominal growth rate (g):

Goodwill: Nominal growth rate (g)

	g
Generali Deutschland Holding	2.00%
Alleanza Assicurazioni	1.50%
Generali Italia	1.50%
Generali CEE Holding Group	2.50%
Generali France Group	2.00%
Generali Schweiz Holding AG	1.00%
Generali Versicherung AG	2.00%
Multiboutique	2.00%
Europ Assistance Group	2.00%

B) Cost of equity (Ke) of the company net of taxes:

Goodwill: cost of equity (Ke) net of taxes

	ke
Generali Deutschland Holding	
Life Companies	7.10%
Non-Life Companies	5.90%
Alleanza Assicurazioni	
Life Companies	8.20%
Generali Italia	
Life Companies	8.20%
Non-Life Companies	7.00%
Generali CEE Holding Group	
Life Companies	8.50%
Non-Life Companies	7.20%
Asset Management	10.90%
Generali France Group	
Life Companies	7.10%
Non-Life Companies	5.90%
Generali Schweiz Holding AG	
Life Companies	7.10%
Non-Life Companies	5.90%
Generali Versicherung AG	
Life Companies	7.10%
Non-Life Companies	5.90%
Multiboutique	
Asset Management	9.30%
Europ Assistance Group AG	
Non-Life Companies	7.20%

The cost of equity (Ke) for each entity is extrapolated based on the Capital Asset Pricing Model (CAPM) formula eventually adjusted to reflects specifics and identified risks.

In detail:

- Risk free rate was defined as the average value - observed during the last three months of 2019 of the 10-years government bond of the reference country of operation of the CGU, on which the goodwill has been allocated;
- the Beta coefficient was determined based on a homogeneous basket of securities of the non-life and life insurance sectors, which was compared to market indexes. The observation period was 5 years with weekly frequency;
- the market risk premium amounts to 5.5% for all Group's CGUs.

The impairment test results have confirmed the recoverability of all CGU carrying amount, except for the participation in Argentina, which has been impaired for € 20 mln. This impairment was due to the persistent uncertain macroeconomic condition affecting the Country. Furthermore, within the goodwill impairment test, a sensitivity analysis was performed on the results, by changing the cost of own capital of the company (Ke) (+/-1%) and the perpetual growth rate of distributable future cash flows

(g) (+/-1%). For the Non-Life segment also a sensitivity analysis for the main non-financial assumptions has been carried out. The variation of the financial assumption has not been reflected, for prudency reasons, on the cash flows detailed in the plan used for the test, and on the CGUs carrying amounts.
For the Life segment, this analysis highlighted that for the CGU Generali Schweiz Holding AG a balance between recoverable amount and carrying amount is reached by increasing Ke of 0.86%. For the Asset Management segment this analysis highlighted that for the CGU Multi-boutique a balance between recoverable amount and carrying amount is reached by increasing Ke of 1% and decreasing g rate of 0.25% at the same time. For the Non-life segment instead, the sensitivity analysis, of both financial and non-financial assumptions, did not highlight any negative difference between the carrying amount and the recoverable amount

5 Non-current assets or disposal group classified as held for sale

With reference to policy of divestment of non-core and not strategic assets set by Generali Group, please note the following:

– Belgium
In January 2019, the Group finalized the sale of its entire investment in Generali Belgium. Therefore, the related investment and the related assets and liabilities, profits and losses are no longer recorded in the Group financial statements. The consideration for the sale is € 529 million with an overall positive impact on the result of the period of € 128 million, net of taxes.

– Guernsey
In March 2019, the Group finalized the sale of its entire investment in Generali Worldwide Insurance company limited and Generali Linked Limited. Therefore, the related investment and the related assets and liabilities, profits and losses are no longer recorded in the Group financial statements. The consideration for the sale is € 404 million while the related economic impact was recorded in 2018.

– Generali Lebensversicherung
In April 2019, the Group finalized the sale of the 89.9% of its investment in Generali Lebensversicherung Aktiengesellschaft. The consideration for the 100% sale of the investment is € 1,026 million. The overall positive impact on the result of the period is € 347 million. The remaining 10.1% share has been reclassified within other available for sale financial assets.

6 Related parties disclosure

With regard to transactions with related parties, the main intra-group activities, conducted at market prices or at cost, were undertaken through relations of insurance, reinsurance and co-insurance, administration and management of securities and real estate assets, leasing, loans and guarantees, IT and administrative services, personnel secondment and claims settlement.
These services substantially aim at guaranteeing the streamlining of operational functions, greater economies in overall management, appropriate levels of service and an exploitation of Group-wide synergies.
For further information regarding related parties transactions - and in particular regarding the procedures adopted by the Group to ensure that these transactions are performed in accordance with the principles of transparency and substantive and procedural correctness - please refer to the paragraph Related Party Transaction Procedures included in section Internal control and risk management system of the Corporate governance and share ownership report.
The most significant economic and financial transactions with Group companies that are not included in the consolidation area and other related parties are listed below.
As shown in the table below, the impact of such transactions, if compared on a Group basis, is not material.

Related parties

(€ million)	Subsidiaries with significant control not consolidated	Associated companies	Other related parties	Total	% on balance - sheet item
Loans	4	372	56	432	0.1%
Loans issued	-3	-7	-29	-38	0.1%
Interest income	0	5	2	7	0.1%
Interest expense	0	0	-1	-1	0.1%

The subtotal associated companies includes loans to Group companies valued with equity method for € 372 million, mostly related to real estate French companies.

The subtotal other related parties includes the transactions with Mediobanca Group regarding investment bonds for € 56 million and financial liabilities amounting to € 29 million.

With reference to the paragraph 18 of Related Party Transactions Procedures adopted by the Board of Directors in November 2010 there were no (i) Operations of major importance concluded during the reporting period (ii) Related Party Transactions, concluded during the reference period, which influenced the Group's financial statements or profit to a significant extent (iii) changes or developments of the Transactions described in the previous annual report that have had a significant effect on the Group's financial statements or profit.

Investments

In the table below Group investments are split into the four IAS categories, as reported on balance sheet, as well as by nature (equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments).
Given their short-term investments nature, the reverse repurchase agreements are reclassified within 'cash and similar instruments'. For the same reason repurchase agreements are reclassified in the same item, as well. Derivatives instruments are presented net of derivatives held as financial liabilities, hedging derivatives are excluded, as they are presented within hedged item asset classes.
Investments fund units (IFU) are allocated to respective asset classes based on prevailing underling assets. IFU are therefore allocated within the items equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments.
Comments on specific balance sheet items are presented in the following paragraphs.

Investments

(€ million)	31/12/2019		31/12/2018	
	Total Book value	Impact (%)	Total Book value	Impact (%)
Equity instruments	**25,816**	**6.6%**	**19,807**	**5.7%**
Available for sale financial assets	24,321	6.2%	18,171	5.2%
Financial assets at fair value through profit or loss	1,495	0.4%	1,636	0.5%
Fixed income instruments	**329,071**	**84.4%**	**299,736**	**85.6%**
Bonds	291,388	74.7%	271,448	77.5%
Other fixed income instruments	37,682	9.7%	28,288	8.1%
Held to maturity investments	2,243	0.6%	2,171	0.6%
Loans	28,839	7.4%	27,996	8.0%
Available for sale financial assets	291,092	74.7%	263,391	75.2%
Financial assets at fair value through profit or loss	6,896	1.8%	6,178	1.8%
Real estate investments	**16,004**	**4.1%**	**15,258**	**4.4%**
Other investments	**4,997**	**1.3%**	**4,290**	**1.2%**
Investments in subsidiaries, associated companies and joint ventures	1,365	0.4%	1,320	0.4%
Derivatives	456	0.1%	593	0.2%
Receivables from banks or customers	1,842	0.5%	1,673	0.5%
Other investments	1,334	0.3%	704	0.2%
Cash and similar instruments	**13,931**	**3.6%**	**11,114**	**3.2%**
Total	**389,819**	**100.0%**	**350,205**	**100.0%**
Investments back to unit and index-linked policies	78,475		65,789	
Total investments	**468,293**		**415,994**	

7 Held to maturity investments

Held to maturity investments

(€ million)	31/12/2019	31/12/2018
Quoted bonds	2,243	2,171
Other held to maturity investments	0	0
Total	**2,243**	**2,171**

The Group limits the use of this category only to high quality quoted bonds that Group companies are able to hold till maturity.
Debt securities in this category are almost entirely investment grade.
The fair value of the held to maturity investments amounted to € 2,360 million.

8 Loans and receivables

Loans and receivables

(€ million)	31/12/2019	31/12/2018
Loans	**30,443**	**30,142**
Unquoted bonds	15,129	16,564
Deposits under reinsurance business accepted	2,076	734
Other loans and receivables	13,238	12,845
Mortgage loans	5,747	5,692
Policy loans	1,771	1,868
Term deposits with credit institutions	1,002	914
Other loans	4,717	4,371
Receivables from banks or customers	**1,842**	**1,673**
Receivables from banks	254	212
Receivables from customers	1,588	1,460
Total	**32,285**	**31,815**

This category mainly consisted of unquoted bonds and mortgage loans, which represent 49.7% and 18.9% of total loans, respectively. Debt securities, mainly of long-term average, account for more than 92.2% represented by fixed-rate securities.
The increase is mainly attributable to the net purchases made during the year. The increase in the deposit under reinsurance business accepted is driven by the change in perimeter, in particular with reference to the activities in Germany. The increase in other loans is partially compensated by the decrease in unquoted bonds, due to sales and reimbursements.
The debt securities of this category are almost entirely investment grade and more than 64.1% of the class boasts a rating greater or equal to A.
Receivables from banks or customers are mainly short-term.
The fair value of total loans and receivables amounted to € 35,342 million, of which € 17,582 million related to bonds.

9 Available for sale financial assets

Available for sale financial assets

(€ million)	31/12/2019	31/12/2018
Unquoted equities at cost	16	13
Equities at fair value	13,399	10,366
Quoted	11,412	8,521
unquoted	1,987	1,844
Bonds	270,632	249,315
Quoted	268,376	246,866
unquoted	2,256	2,449
Investment fund units	32,519	22,830
Other available for sale financial assets	1,629	1,249
Total	**318,195**	**283,773**

This category accounted for 67.9% of the total investments. The increase compared to 31 December 2018 was mainly attributable to the increase in the assets value, in particular for bonds, and to the net purchases of the period.

The item Available for sale assets consists of bonds for 85.1%, of which with a rating higher or equal to BBB, class assigned to the Italian government bonds.

As already mentioned, available for sale financial assets are measured at fair value and unrealized gains and losses on these assets are accounted for in shareholders' equity in an appropriate reserve. The amortized cost of the available for sale financial assets amounted to € 281,817 million.

The table below shows unrealized gains and losses and gains and losses recognized in profit or loss in the reporting period of available for sale financial assets.

Available for sale financial assets - unrealised gains and losses 31/12/2019

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	16	0	16
Equities at fair value	13,399	1,660	11,739
Bonds	270,632	31,906	238,726
Investment fund units	32,519	2,644	29,875
Other available for sale financial assets	1,629	168	1,461
Total	**318,195**	**36,378**	**281,817**

Available for sale financial assets - unrealised gains and losses 31/12/2018

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	13	0	13
Equities at fair value	10,366	171	10,195
Bonds	249,315	14,254	235,061
Investment fund units	22,830	851	21,979
Other available for sale financial assets	1,249	178	1,071
Total	**283,773**	**15,454**	**268,319**

Available for sale financial assets: gains and losses at profit or loss 31/12/2019

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	710	-200	-342
Bonds	1,462	-474	20
Investment fund units	189	-106	-138
Other available for sale financial assets	34	-26	-25
Total	**2,395**	**-806**	**-484**

Available for sale financial assets: gains and losses at profit or loss 31/12/2018

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	738	-245	-805
Bonds	919	-201	-25
Investment fund units	293	-194	-390
Other available for sale financial assets	41	-14	-9
Total	**1,990**	**-654**	**-1,229**

10 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

(€ million)	Financial assets held for trading		Financial assets designated as at fair value through profit or loss		Total financial assets at fair value through profit or loss	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Equities	0	0	83	87	84	87
Quoted	0	0	28	44	28	45
Unquoted	0	0	55	43	55	43
Bonds	19	34	3,365	3,364	3,384	3,398
Quoted	18	32	2,641	2,627	2,659	2,660
Unquoted	1	2	724	737	725	739
Investment fund units	1	0	11,265	8,457	11,266	8,457
Derivatives	1,294	1,261	0	0	1,294	1,261
Hedging derivatives	0	0	813	363	813	363
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0	0	78,475	65,789	78,475	65,789
Other financial investments	0	0	358	144	358	144
Total	**1,313**	**1,295**	**94,359**	**78,204**	**95,672**	**79,500**

This category accounted for 20.4% of total investments. In detail, these investments were mainly allocated in the life segment (€ 93,787 million, which accounted for 98% of this category) whereas the residual part referred to the non-life segment (€ 1,645 million which accounted for 1.7% of this category).

Bond securities in this category belong to classes of rating greater than or equal to BBB.
The growth compared to 31 December 2018 was mainly due to the increase in value of Investments where the risk is borne by the policyholders and of Investments fund units.

Assets covering contracts where the financial risk is borne by the policyholders

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Assets	76,583	64,103	1,892	1,686	78,475	65,789
Total assets	**76,583**	**64,103**	**1,892**	**1,686**	**78,475**	**65,789**
Financial liabilities	1,676	1,515	1,856	1,239	3,532	2,754
Insurance provisions (*)	75,351	63,146	12	0	75,363	63,146
Total liabilities	**77,027**	**64,662**	**1,869**	**1,239**	**78,896**	**65,900**

(*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

11 Land and buildings (investment properties)

The table below shows the main changes in land and buildings (investment properties) in the reporting period, i.e. those held to earn rentals or capital appreciation or both, and their fair value:

Investment properties

(€ million)	31/12/2019	31/12/2018
Gross book value as at 31 December previous year	**15,799**	**15,509**
Accumulated depreciation and impairment as at 31 December previous year	**-2,149**	**-2,516**
Carrying amount as at 31 December previous year	**13,650**	**12,993**
Foreign currency translation effects	61	31
Acquisition of the period	647	2,341
Capitalized expenses	74	100
Changes in consolidation scope	97	-1,008
Reclassifications	165	118
Sales of the period	-322	-757
Depreciation of the period	-199	-177
Impairment loss of the period	-21	-19
Reversal of impairment of the period	16	26
Carrying amount as at the end of the period	**14,168**	**13,650**
Accumulated depreciation and impairment as at the end of the period	**2,260**	**2,149**
Gross book value as at the end of the period	**16,428**	**15,799**
Fair value	**22,693**	**20,631**

Fair value of land and buildings (investment properties) at the end of the reporting period is mainly based on external appraisals.

12 Cash and Cash equivalents

Cash and cash equivalents

(€ million)	31/12/2019	31/12/2018
Cash and cash equivalents	172	115
Cash and balances with central banks	537	1,029
Cash at bank and short-term securities	6,165	5,553
Total	**6,874**	**6,697**

Details on Investments

Bonds

Group's exposures to bonds - detailed by rating and maturity - are reported at book value in the following tables:

Bonds: breakdown by rating

(€ million)	Avalaible for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
AAA	14,286	21	264	3,661	18,232
AA	63,578	286	85	3,173	67,123
A	61,662	2,031	657	2,078	66,427
BBB	123,364	941	991	5,803	131,098
Non investment grade	7,104	89	241	321	7,755
Not Rated	638	16	5	94	754
Total	**270,632**	**3,384**	**2,243**	**15,129**	**291,388**

Bonds: breakdown by maturity

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
Until 1 year	12,584	215	242	2,039	15,079
From 1 to 5 years	59,031	430	957	3,796	64,215
From 5 to 10 years	80,259	665	587	3,796	85,307
More than 10 years	116,914	2,039	458	5,497	124,908
Perpetual	1,843	34		2	1,880
Total	**270,632**	**3,384**	**2,243**	**15,129**	**291,388**

The incidence of maturities of debt securities by asset classes remains substantially in line with that of the previous year.

Bond investments totalled € 291,388 million at the end of the period. The portfolio was composed for € 176,355 million by government bonds, while corporate bonds amounted to € 115,033 million.

Group's exposures to government bonds, detailed by country of risk and rating, are reported at book value in the following tables:

Government bonds: breakdown by country

(€ million)	31/12/2019	
	Total book value	Impact (%)
Government bonds	**176,355**	
Italy	62,770	35.6%
France	33,079	18.8%
Germany	3,655	2.1%
Central and Eastern Europe	19,469	11.0%
Rest of Europe	42,767	24.3%
Spain	22,119	12.5%
Austria	3,118	1.8%
Belgium	7,259	4.1%
Others	10,272	5.8%
Rest of world	6,237	3.5%
Supranational	8,379	4.8%

The government bonds portfolio amounted to € 176,355 million at the end of the period, with the 56.4% of the portfolio represented by Italian, French and German debt instruments. The exposure to individual sovereign bonds is mainly allocated to their respective countries of operation.

Government bonds: breakdown by rating

(€ million)	31/12/2019		31/12/2018	
	Total book value	Impact (%)	Total book value	Impact (%)
Government bonds	**176,355**		**159,431**	
AAA	8,567	4.9%	8,835	5.5%
AA	55,117	31.3%	52,414	32.9%
A	35,865	20.3%	30,123	18.9%
BBB	75,597	42.9%	66,518	41.7%
Not investment grade	1,067	0.6%	1,487	0.9%
Not rated	143	0.1%	55	0.0%

In terms of exposure to different rating classes, the Class AAA credit rating includes German, Dutch and some supranational issuances. Class AA includes French, Belgian, Czech, Austrian government bonds and some supranational issuances while the class BBB mainly includes Italian bonds.

Group's exposures to investments in corporate bonds, detailed by sector and rating, are reported at book value in the following tables:

Corporate bonds: breakdown by sector

(€ million)	31/12/2019	
	Total book value	Impact (%)
Corporate bonds	**115,033**	
Financial	27,242	23.7%
Covered Bonds	16,372	14.2%
Utilities	18,550	16.1%
Industrial	9,278	8.1%
Consumer	10,067	8.8%
Telecommunication services	9,879	8.6%
Energy	5,189	4.5%
Other	18,457	16.0%

Corporate bonds: breakdown by rating

(€ million)	31/12/2019		31/12/2018	
	Total book value	Impact (%)	Total book value	Impact (%)
Corporate bonds	**115,033**		**112,017**	
AAA	9,665	8.4%	9,987	8.9%
AA	12,006	10.4%	11,869	10.6%
A	30,562	26.6%	28,364	25.3%
BBB	55,501	48.2%	53,715	48.0%
Non investment grade	6,688	5.8%	7,101	6.3%
Not Rated	611	0.5%	980	0.9%

The investments in corporate bonds totalled € 115,033 million at the end of the period. The portfolio was composed for 62.1% by non-financial corporate bonds and for 37.9% by financial corporate bonds.

Equities

Group's exposures to investments in equities, detailed by sector and country of risk, are reported at fair value in the following tables:

Equity investments: breakdown by sector

(€ million)	31/12/2019	
	Total fair value	Impact (%)
Equity instruments	**25,816**	
Financial	3,821	14.8%
Consumer	1,948	7.5%
Utilities	1,885	7.3%
Industrial	1,442	5.6%
Other	4,402	17.1%
Alternative investments	7,387	28.6%
Asset allocation funds	4,930	19.1%

Direct equity investments: breakdown by country of risk

(€ million)	31/12/2019	
	Total fair value	Impact (%)
Direct equity investments	**13,499**	
Italy	1,277	9.5%
France	4,581	33.9%
Germany	2,613	19.4%
Central and Eastern Europe	362	2.7%
Rest of Europe	3,772	27.9%
Spain	946	7.0%
Austria	209	1.5%
Switzerland	149	1.1%
The Netherlands	925	6.9%
United Kingdom	501	3.7%
Others	1,042	7.7%
Rest of world	893	6.6%

Real estate investments

Group's exposures to direct real estate investments, detailed by country of location, is reported at fair values in the following table:

Direct real estate investments: breakdown by country of location

(€ million)	31/12/2019		31/12/2019	
	Investment properties		Self-used real estates	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Direct Real-estate investments	**22,693**		**3,742**	
Italy	5,787	25.5%	1,957	52.3%
France	8,710	38.4%	462	12.3%
Germany	2,421	10.7%	646	17.3%
Central and Eastern Europe	974	4.3%	169	4.5%
Rest of Europe	4,659	20.5%	355	9.5%
Spain	877	3.9%	78	2.1%
Austria	1,769	7.8%	164	4.4%
Switzerland	1,278	5.6%	17	0.5%
Others	735	3.2%	95	2.5%
Rest of world	143	0.6%	154	4.1%

Further information on reclassified financial instruments

As of 1 January 2009, the Group transferred to the loans and receivables category € 14,658 million of corporate bonds, according to the IAS 39 reclassification option. At 31 December 2019, after sales and pay backs made up till the balance sheet date, the stock of these reclassified financial instruments amounted to € 1,090 million.

Assets transferred that do not qualify for derecognition

Generali Group in the context of its business activities enters into securities lending transactions (REPO e Reverse REPO). In general, if the Group retains substantially all risks and rewards of the financial assets underlying these transactions, the Group continues to recognise the underlying assets.

For REPO contracts, the Group continues to recognise in its financial statements the underlying financial asset as the risks and benefits are retained by the Group. The consideration received upon sale is recognised as a liability.

As far as Reverse REPO transactions are concerned, if all the underlying risks and rewards are retained by the counterparty for the entire life of the transaction, the related financial asset is not recognised as an asset in the Group's financial statements. The consideration paid is accounted for within the loans and receivable category.

Finally, the Group is committed in a variety of transactions in which some financial assets are pledged as collateral but they are still recognised in the financial statements because all risks and rewards are retained by the Group.

As at 31 December 2019, the Group has retained substantially all risks and rewards arising from the ownership of the transferred assets and there are no transfers of financial assets which have been completely or partially derecognised on which the Group continues to control. In particular, the Group continues to recognize, in terms of market value, approximately € 15,128 million of financial assets linked to various contracts such as, securities lending transactions, mainly in France for € 8,292 million, repurchase agreements for € 1,461 and assets pledged as collateral for € 5,375 million (please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in section Additional Information).

Derivative financial instruments

The Group's balance sheet exposure to derivative instruments is mainly associated with economic hedging transactions of financial assets or liabilities, in line with strategies aiming at mitigating financial and currency risks. The total exposure amounts to € 824 million for a corresponding notional amount of € 50,637 million. The notional exposure is presented in absolute amounts, including positions with both positive and negative balances, and it arises for an amount of € 9,035 million from instruments for which a hedge accounting relationship has been formally designated, in accordance with the international accounting standard IAS 39. The remaining notional amount is attributable to derivative instruments for which, notwithstanding their purpose as economic hedging instruments, a formal hedge accounting relationship has not been activated.

Derivative instruments designated for hedge accounting

The exposure in terms of amounts recognised in the financial statements amounts to € 367 million.

– Fair value hedge
Fair value hedging relationships mainly relate to hedging strategies implemented in Life portfolios of subsidiaries operating in Central-Eastern Europe, with particular reference to risks arising from fluctuations in interest rates and foreign exchange rates.

– Cash flow hedge
The cash flow hedging relationships mainly relate to cross currency swaps hedging subordinated liabilities issued by the Group in British pound and to micro-hedge and reinvestment risk reduction operations in the life portfolios.

– Hedge of net investment in foreign operations.
The Group continued the hedging strategy aimed at neutralising risks arising from foreign exchange fluctuations of its subsidiaries whose functional currency is the Swiss franc, Czech crowns and British pound.

Other derivative instruments

The recognised amounts in the financial statements for these exposures at 31 December 2019 amounted to € 456 million for a corresponding notional amount of € 41,602 million, which mainly relates to over-the-counter positions. The exposure is mainly associated with operations relating to interest rates hedges and foreign exchange rates hedges. Furthermore, the Group undertakes macro hedge strategies aimed at protecting the capital and the income statement from the risk of a significant reduction in share prices.
In general, in order to mitigate the credit risk arising from over-the-counter transactions, the Group collateralises most of them. Furthermore, a list of selected authorised counterparties is identified for the opening of new derivative transactions.
Below the detail on exposures in derivatives instruments designated as hedge accounting and other derivative instruments.

Details on exposure in derivative instruments

(€ million)	Maturity distribution by nominal amount			Total notional	Positive fair value	Negative fair value	Net fair value
	Within 1 year	Between 1 and 5 years	More than 5 years				
Total equity/index contracts	5,924	5,058	800	11,782	199	-60	139
Total interest rate contracts	9,999	5,549	11,981	27,529	1,764	-791	973
Total foreign exchange contracts	5,713	1,594	4,020	11,327	143	-432	-289
Total credit derivatives	0	0	0	0	1	0	1
Total	**21,636**	**12,201**	**16,800**	**50,637**	**2,106**	**-1,283**	**824**

Sensitivity analysis to market and credit risks

The Generali Group makes its own analysis of sensitivity to market and credit risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report. With reference to the possible impacts of Coronavirus please refer to the Outlook chapter.

Insurance and Investment contracts

13 Insurance provisions

Insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life insurance provisions	**30,179**	**30,333**	**1,473**	**1,386**	**31,652**	**31,720**
Provisions for unearned premiums	5,261	5,111	196	190	5,457	5,301
Provisions for outstanding claims	24,651	24,974	1,272	1,191	25,924	26,164
Other insurance provisions	266	248	6	6	272	255
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions	**384,128**	**343,871**	**3,432**	**2,237**	**387,560**	**346,108**
Provisions for outstanding claims	5,465	5,477	1,401	1,414	6,867	6,891
Mathematical provisions	253,870	242,928	1,900	673	255,769	243,601
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	75,402	63,142	5	7	75,407	63,149
Other insurance provisions	49,391	32,324	126	143	49,517	32,467
of which provisions for liability adequacy test	893	843	5	5	898	847
of which deferred policyholder liabilities	26,254	10,584	0	0	26,254	10,584
Total	**414,307**	**374,204**	**4,905**	**3,624**	**419,213**	**377,828**

In the non-life segment insurance provisions decreased slightly (-0.2% compared to 31 December 2018).

In the life segment insurance provisions increased by 12% for inflows deriving from linked products and for value changes of investments, which is reflected on the deferred policyholders' liabilities.
The overall total of other life insurance provisions included both the provision for profit sharing and premium refunds, which amounts to € 5,028 million (€ 5,172 million in 2018) and the ageing provisions for life segment, which amount to € 15,836 million (€ 14,785 million in 2018). As part of the technical provisions of the life segment, subject to liability adequacy test, are also included the reservations made in accordance with applicable locally regulations related to the risk of interest rates change.

14 Amounts ceded to reinsurers from insurance provisions

Insurance provisions ceded to reinsurers

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life amounts ceded to reinsurers from insurance provisions	**1,820**	**2,012**	**773**	**752**	**2,593**	**2,765**
Life amounts ceded to reinsurers from insurance provisions	**1,073**	**496**	**715**	**749**	**1,789**	**1,244**
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	44	2	0	0	44	2
Mathematical provisions and other insurance provisions	1,030	493	715	749	1,745	1,242
Total	**2,893**	**2,508**	**1,489**	**1,501**	**4,382**	**4,009**

15 Deferred acquisition costs

Deferred acquisition costs

(€ million)	Segment Life		Segment Non-Life		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Carrying amount as at 31 December previous year	**1,867**	**1,843**	**276**	**276**	**2,143**	**2,119**
Acquisition costs deferred	365	364	97	193	462	557
Changes in consolidation scope	1	0	4	3	5	3
Amortization of the period	-418	-340	-71	-195	-489	-535
Other movements	-0	-0	1	-1	0	-1
Carrying amount as at 31 December current year	**1,815**	**1,867**	**306**	**276**	**2,121**	**2,143**

Details on insurance and investment contracts

Insurance provisions and financial liabilities related to policies of the life segment

Insurance provisions and financial liabilities related to the life segment

(€ million)	Net amount
	31/12/2019
Insurance contracts	172,199
Investment contracts with discretionary participation feature	173,656
Total insurance provisions	**345,855**
Investments contracts fair valued	3,662
Investments contracts at amortised cost	6,205
Total financial liabilities	**9,867**
Total	**355,722**

Total insurance provisions, net of reinsurance, include the mathematical provisions and provisions for policies where the investment risk is borne by policyholders and for pension funds (which amounted to € 254,679 million and € 75,363 million respectively), and net ageing provisions for life segment, which amounted to € 15,812 million. In the Life portfolio the policies with significant insurance risk amounted to 49.8%, whereas investment contracts with discretionary participation feature amounted to 50.2%.
The investment contracts contribute 2.8% to Life portfolio and the 37.1% consist of unit- and index linked policies without significant insurance risk.

Mathematical provisions and ageing for life segment

(€ million)	Gross direct amount	
	31/12/2019	31/12/2018
Carrying amount as at 31 December previous year	**257,711**	**292,303**
Foreign curreny translation effects	246	144
Premiums and payments	4,553	634
Interests and bonuses credited to policyholders	7,810	7,652
Acquisitions, disinvestments and other movements	-616	-157
Transfer to Non-current assets or disposal group classified as held for sale	0	-42,865
Carrying amount as at the end of the period	**269,703**	**257,711**

The increase in mathematical provisions and aging for life segment is mainly attributable to the financial revaluation component linked to the investment result and the positive effect deriving from the change in premiums and payments.

Provisions for policies where the investment risk is borne by policyholders and for pension funds

(€ million)	Gross direct amount	
	31/12/2019	31/12/2018
Carrying amount as at 31 December previous year	**63,142**	**67,989**
Foreign curreny translation effects	286	228
Premiums and claims	1,804	3,675
Interests and bonuses credited to policyholders	10,069	-5,842
Acquisitions, disinvestments and other	102	584
Transfer to Non-current assets or disposal group classified as held for sale	0	-3,492
Carrying amount as at the end of the period	**75,402**	**63,142**

The increase in provisions for policies where the investment risk is borne by policyholders and for pension funds is mainly determined by the development in the market value of funds linked to unit- and index policies, due to financial market movements.

Group's financial guarantee of life insurance provisions and financial liabilities of gross direct insurance is reported in the following table.

Life insurance provisions and financial liabilities: financial guarantees

(€ million)	Gross direct insurance	
	31/12/2019	31/12/2018
Liabilities with guaranteed interest (*)	**257,885**	**246,791**
lesser than 1%	119,252	105,099
between 1% and 3%	98,873	100,103
between 3% and 4%	25,760	26,765
more than 4%	13,999	14,823
Provisions without guaranteed interest	**87,651**	**75,604**
Provisions matched by specific assets	**9,437**	**7,585**
Total	**354,973**	**329,980**

(*) The upper bound of each range is excluded.

The total insurance provisions include the gross direct amount of mathematical provisions, which amount to € 253,870 million (€ 242,928 million at 31 December 2018), the provisions for policies where the investment risk is borne by the policyholders and for pension fund, which amount to € 75,402 million (€ 63,142 million at 31 December 2018), the ageing provision for life segment, which amounts to € 15,834 million (€ 14,782 million at 31 December 2018), and financial liabilities related to investment contacts, which amount to € 9,867 million (€ 9,128 million at 31 December 2018).

The table above shows a shift of the exposures towards less than 1% guarantee classes, due to the inflow of new business with a guarantee of less than or equal to zero.

Liabilities without guaranteed interest amount to € 87,651 million in 2019, showing an increase compared to the previous year (€ 75,604 million as at 31 December 2018), mainly determined by the financial revaluation component related to investment result of unit-linked business and by the new production without guarantee.

The table below shows the amount of the life gross direct insurance provisions broken down by expected contractual residual duration.

Life insurance provisions and financial liabilities related to investment contracts: contractual term to maturity

(€ million)	Gross direct insurance
	31/12/2019
Up to 1 year	24,912
Between 1 and 5 years	69,859
Between 5 and 10 years	53,550
Between 11 and 20 years	90,801
More than 20 years	115,851
Total	**354,973**

Deferred policyholders liabilities

(€ million)	31/12/2019	31/12/2018
Carrying amount as at the beginning of the period	**10,584**	**21,231**
Foreign currency translation effects	16	10
Change of the period	15,721	-10,657
Acquisitions and disinvestments	-66	-0
Carrying amount as at the end of the period	**26,254**	**10,584**

Deferred policyholders' liabilities showed an increase which mainly reflects the trend of the policyholders' share recognized on the fair value of the investment available for sale, with particular reference to the bonds component.

Provisions for outstanding claims

Provisions for outstanding claims

(€ million)	Gross direct insurance	
	31/12/2019	31/12/2018
Motor	10,965	11,194
Non motor	13,687	13,779
Personal and commercial lines	11,047	11,104
Accident/Health (*)	2,640	2,675
Total	**24,651**	**24,974**

(*) Life segment includes health insurance with life features.

With reference to the gross direct claims provisions 44.5% was referred to the motor business in line with the prior year (44.8%). In the non-motor business, the personal and commercial lines weighted 80.7%.

With reference to non-life segment, the table below shows the amount of gross direct claims and unearned premiums reserves split by remaining maturity. The total liability is broken down by remaining duration in proportion to the cash flows expected to arise during each duration band.

Non-life insurance provisions: maturity

(€ million)	Gross direct insurance	
	31/12/2019	31/12/2018
Up to 1 year	9,069	9,478
Between 1 and 5 years	13,155	13,160
Between 5 and 10 years	3,864	3,863
Between 11 and 20 years	2,618	2,478
More than 20 years	1,205	1,105
Total	**29,913**	**30,085**

The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and their development from 2010 to 2019. The ultimate cost includes paid losses, outstanding reserves on reported losses, estimated reserves for IBNR claims and ULAE.

The amounts refer to direct business gross of reinsurance and recoveries amounting to € 560 million in 2019.

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2019 constitutes the claim reserve for accident years 2010 to 2019. The reserve reported in the balance sheet also includes a residual claim reserve that is composed almost exclusively by the accident years not reported in the development triangle.

The observed trend in the ultimate cost for generations 2010-2019 indicates the adequate level of prudence adopted by the Generali Group in its reserving policy.

Claims development

(€ million)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Cumulative claim payments											
at the end of accident year	5,763	5,324	5,523	5,422	5,147	5,324	5,475	5,703	5,718	5,990	
one year later	9,466	8,808	9,034	8,751	8,275	8,424	8,705	9,246	9,145		
two years later	10,518	9,800	10,008	9,657	9,133	9,281	9,598	10,145			
three years later	10,988	10,254	10,457	10,066	9,546	9,676	10,013				
four years later	11,285	10,531	10,714	10,304	9,783	9,956					
five years later	11,493	10,740	10,902	10,482	9,963						
six years later	11,655	10,894	11,046	10,633							
seven years later	11,768	11,022	11,162								
eight years later	11,870	11,124									
nine years later	11,943										
Estimate of ultimate cumulative claims costs:											
at the end of accident year	13,111	12,451	12,911	12,460	11,869	12,057	12,160	12,606	12,579	12,604	124,737
one year later	12,948	12,196	12,522	12,254	11,853	11,864	12,147	12,693	12,662		
two years later	12,756	12,032	12,286	11,879	11,497	11,511	11,764	12,466			
three years later	12,722	11,964	12,126	11,735	11,269	11,284	11,590				
four years later	12,659	11,906	12,051	11,593	11,108	11,194					
five years later	12,641	11,874	11,959	11,504	10,928						
six years later	12,587	11,801	11,914	11,400							
seven years later	12,511	11,782	11,830								
eight years later	12,489	11,700									
nine years later	12,442										
Estimate of ultimate cumulative claims costs at reporting date	**12,442**	**11,700**	**11,830**	**11,400**	**10,928**	**11,194**	**11,590**	**12,466**	**12,662**	**12,604**	**118,817**
Cumulative payments to date	**-11,943**	**-11,124**	**-11,162**	**-10,633**	**-9,963**	**-9,956**	**-10,013**	**-10,145**	**-9,145**	**-5,990**	**-100,075**
Provision recognised in the balance sheet	**499**	**576**	**668**	**767**	**965**	**1,238**	**1,577**	**2,321**	**3,517**	**6,614**	**18,742**
Provision not included in the claims development table											6,470
Total provision included in the balance sheet											**25,212**

Reinsurance policy of the Group

With reference to the reinsurance policy, the table proves that the careful criteria for the selection of reinsurers adopted by the Group over the past allowed Generali to have a significant presence of counterparties in rating classes of high quality.

Insurance provisions ceded to reinsurers: breakdown by rating

(€ million)	31/12/2019	31/12/2018
AAA	0	0
AA	2,465	1,945
A	770	753
BBB	135	6
Non investment grade	25	0
No Rating	988	1,305
Total	**4,382**	**4,009**

In some circumstances, local regulations, market practice or specific types of business allow the Group to benefit from mitigation of the related reinsurance credit risk through deposits from reinsurers and/or letters of credit as a guarantee on ceded reserves.

No Rating counterparties still remain; as in the past, they also include a considerable amount of captive insurance companies of large industrial Groups that do not qualify for any rating while showing a good financial strength, companies that are no longer active in the reinsurance market and not valued by the rating agencies, but not necessarily less financially sound, companies that are part of major insurance groups which benefit from high rating but who have abandoned their reinsurance activities, or, finally, of mutual and reinsurance pools.

No Rating is partially mitigated by the presence of forms of guarantee such as parental guarantee or other collateral.

Sensitivity analysis of underwriting risks

The Generali Group makes its own analysis of sensitivity to insurance, not market, risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report.
With reference to the possible impacts of Coronavirus please refer to the Outlook chapter.

Shareholders' equity and share

16 Shareholders' equity

Shareholders' equity

(€ million)	31/12/2019	31/12/2018
Shareholders' equity attributable to the Group	**28,360**	**23,601**
Share capital	1,570	1,565
Capital reserves	7,107	7,107
Revenue reserves and other reserves	10,831	10,035
(Own shares)	-7	-7
Reserve for currency translation differences	-28	-146
Reserve for unrealized gains and losses on available for sale financial assets	7,458	3,454
Reserve for other unrealized gains and losses through equity	-1,240	-716
Result of the period	2,670	2,309
Shareholders' equity attributable to minority interests	1,491	1,042
Total	**29,851**	**24,643**

The share capital is made up of 1,569,773,403 ordinary shares with a par value of € 1 each.

The Group's own shares are € -7 million, amounting to 309,132 shares.
During 2019 the Parent company distributed dividends amounting to € 1,413 million.

The reserve for currency translation differences arising from the translation of the subsidiaries' financial statement denominated in foreign currencies amounted to € -28 million, showing an increase compared to 31st December 2018 (€ -146 million) due to the depreciation of the euro against most major currencies.

The reserve for unrealized gains and losses on available for sale financial assets, i.e. the balance between unrealized gains and losses on financial assets, net of life deferred policyholder liabilities and deferred taxes, amounted to € 7,458 million (€ 3,454 million at 31st December 2018). The increase of investment classified as financial assets available for sale is mainly driven by the decrease of interest rate.

The reserve for other unrealised gains and losses though equity comprised, among other component, gains or losses on re-measurement of the net defined benefit liability in accordance with IAS 19, and gains or losses on hedging instruments accounted for as hedging derivatives (cash flow hedge), put in place in order to hedge interest rate change and British pound/Euro rate change on various subordinated bonds issued. The item amounted to € -1,240 million (€ -716 million at 31st December 2018); the changes is mainly attributable to the increase in defined benefit plans remeasurements reserve in application of IAS19 which amounted € - 1,283 million (€ - 892 million at 31st December 2018) and from the movement of reserves attributable to disposal groups classified as held for sale that does not include the gains and losses coming from disposal group anymore, because sold.

Other comprehensive income

Other comprehensive income

(€ million)	31/12/2019	31/12/2018
Consolidated result of the period	**2,939**	**2,497**
Items that may be reclassified to profit and loss in future periods	**0**	**0**
Foreign currency translation differences	57	-45
Allocation	80	-39
Transfer to profit and loss account	-23	-5
Net unrealized gains and losses on investments available for sale	4,223	-2,322
Allocation	4,229	-2,543
Transfer to profit and loss account	-6	221
Net unrealized gains and losses on cash flows hedging derivatives	137	26
Allocation	139	-11
Transfer to profit and loss account	-2	37
Net unrealized gains and losses on hedge of a net investment in foreign operations	-41	-4
Allocation	-19	5
Transfer to profit and loss account	-22	-10
Share of other comprehensive income of associates	22	-18
Allocation	29	-18
Transfer to profit and loss account	-7	0
Result of discontinued operations	-255	-308
Allocation	-255	-223
Transfer to profit and loss account	0	-85
Others	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Subtotal	4,144	-2,670
Allocation	4,205	-2,829
Transfer to profit and loss account	-61	159
Items that may not be reclassified to profit and loss in future periods	**0**	**0**
Share of other comprehensive income of associates	-0	0
Allocation	-0	0
Result of discontinued operations	4	25
Allocation	4	25
Reserve for revaluation model on intangible assets	0	0
Allocation	0	0
Reserve for revaluation model on tangible assets	0	0
Allocation	0	0
Actuarial gains or losses arising from defined benefit plans	-392	81
Allocation	-392	81
Subtotal	-387	106
Allocation	-387	106
Total other comprehensive income	**3,757**	**-2,564**
Total comprehensive income	**6,696**	**-66**
attributable to the Group	6,268	-208
attributable to minority interests	428	141

The following table shows the change of deferred tax assets and liabilities related to gains or losses recognized in shareholders' equity or transferred from shareholders' equity.

Income taxes related to other comprehensive income

(€ million)	31/12/2019	31/12/2018
Income taxes related to other comprehensive income	**-1,530**	**872**
Foreign currency translation differences	1	1
Unrealized gains and losses on available for sale financial assets	-1,658	816
Net unrealized gains and losses on cash flows hedging derivatives	-34	-8
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
Reserve on associates	0	0
Reserve for revaluation model on intangible assets	0	0
Reserve for revaluation model on tangible assets	0	0
Result of discontinued operations	0	94
Actuarial gains or losses arising from defined benefit plans	161	-30

Earnings per share

Basic earnings per share are calculated by dividing the result of the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the Parent Company's average number of shares owned by itself or by other Group companies during the period.

Diluted earnings per share reflect the eventual dilution effect of potential ordinary shares.

Earnings per share

	31/12/2019	31/12/2018
Result of the period (€ million)	2,670	2,309
- from continuing operations	2,196	2,135
- from discontinued operations	475	173
Weighted average number of ordinary shares outstanding	1,567,927,100	1,563,742,903
Adjustments for potential diluitive effect	23,991,734	23,991,734
Weighted average number of ordinary shares outstanding	1,591,918,834	1,587,734,637
Earnings per share (in €)	1.70	1.48
- from continuing operation	1.40	1.37
- from discontinued operations	0.30	0.11
Diluted earnings per share (in €)	1.68	1.45
- from continuing operation	1.38	1.34
- from discontinued operations	0.30	0.11

For more details on dividend per share please refer to the Management Report.

Reconciliation statement of the result of the period and shareholders' equity of the Group and the Parent Company

In accordance with the CONSOB Communication No. 6064293 of 28 July 2006, the table below summarizes the reconciliation of the result of the period and shareholders' equity of the Group and the Parent Company.

Reconciliation report

(€ million)	31/12/2019		31/12/2018	
	Shareholders' equity before the result of the period	Result of the period	Shareholders' equity before the result of the period	Result of the period
Parent Company amounts in conformity with the Italian accounting principles	**13,564**	**1,515**	**13,504**	**1,473**
Adjustments to Parent Company for IAS/IFRS application	813	208	817	-9
Parent Company amounts in conformity with IAS/IFRS principles	**14,377**	**1,723**	**14,320**	**1,464**
Result of the period of entities included in the consolidation area		10,399		8,633
Dividends	7,134	-7,134	6,858	-6,858
Elimination of participations, equity valuation impacts and other consolidation adjustments	-2,240	-2,318	-2,686	-931
Reserve for currency translation differences	-28		-146	
Reserve for unrealized gains and losses on available for sale financial assets	7,488		3,473	
Reserve for other unrealized gains and losses through equity	-1,043		-528	
Shareholders equity attributable to the group	**25,690**	**2,670**	**21,292**	**2,309**

Financial liabilities

17 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss

(€ million)	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Financial liabilities related to investment contracts issued by insurance companies	0	0	3,662	2,907	3,662	2,907
where the investment risk is borne by the policyholders	0	0	1,676	1,515	1,676	1,515
pension funds	0	0	1,856	1,239	1,856	1,239
other financial liabilities related to investment contracts	0	0	130	153	130	153
Derivaties	838	668	0	0	838	668
Hedging derivatives	0	0	445	548	445	548
Other financial liabilities at FV	0	0	37	36	37	36
Total	**838**	**668**	**4,145**	**3,491**	**4,983**	**4,159**

18 Other financial liabilities

Other financial liabilities

(€ million)	31/12/2019	31/12/2018
Subordinated liabilities	**7,717**	**8,124**
Loans and bonds	**13,342**	**13,263**
Deposits received from reinsurers	705	747
Bonds	3,052	3,111
Other loans	3,380	3,184
Financial liabilities related to investment contracts issued by insurance companies	6,205	6,221
Liabilities to banks or customers	**14,862**	**12,995**
Liabilities to banks	31	116
Liabilities to customers	14,830	12,880
Total	**35,921**	**34,382**

In 2019 the item Subordinated liabilities showed a decrease of € 406 million due to the following transactions. In the first part of 2019 three perpetual subordinated obligations issued in 2009 for an amount of € 750 million were repaid partially with the issue of a subordinated liability of € 500 million.
Moreover, at the end of September, thanks to a liability management transaction, a buyback offer for an amount up to € 1 billion was concluded on subordinated notes callable in 2022, financed partially through an issuance of a new subordinated green bond of € 750 million. Finally, as a result of the acquisition of Adriatic Slovenica, a subordinated liability of € 50 million also included in the consolidation perimeter of Generali Group.

The main Group's financial liabilities at amortized cost are represented by senior bonds and subordinated liabilities. The following tables sort Senior and Subordinated liabilities into categories based on maturity, or first call date, when applicable. For each category of maturity, the undiscounted cash flows (including the related hedging derivatives), the book value and the fair value of financial liabilities are reported.

Subordinated liabilities - undiscounted cash flows

(€ million)	31/12/2019			31/12/2018		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	415	0	0	1,275	750	762
between 1 and 5 years	3,618	1,644	1,946	4,373	2,570	2,942
between 5 and 10 years	6,271	5,326	6,282	5,930	4,803	4,883
more than 10 years	766	747	779	0	0	0
Total subordinated liabilities	**11,070**	**7,717**	**9,007**	**11,578**	**8,124**	**8,587**

The following main subordinated issuances are included as part of the subordinated liabilities category:

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	411	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	243	GBP	285	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	302	EUR	301	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	984	EUR	983	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	992	02/05/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,244	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	842	08/06/2016	08/06/2028	08/06/2048
Assicurazioni Generali	3.88%	500	EUR	497	29/01/2019	n.a.	29/01/2029
Assicurazioni Generali	2.12%	750	EUR	747	01/10/2019	n.a.	01/10/2030
Adriatic Slovenica	EUR3M+7.8%	50	EUR	50	24/05/2016	24/05/2021	24/05/2026

(*) In currency million.

(**) In € million.

Subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries are classified in this category. The remaining subordinated liabilities relate to securities issued by Austrian subsidiaries corresponding to an amortized cost of approximately € 25 million.
As previously mentioned, during 2019 three subordinated notes, issued by the Group in 2009 for a nominal amount of € 750 million were repaid in cash and with the issuance of a new subordinated financial liability of € 500 million.
Furthermore, the abovementioned liability management transaction concluded in 2019 lowered by € 1 billion the Generali Group exposure to subordinated liabilities with call date in 2022.
This latter was financed through cash and the issue of a new subordinated green bond, which amounted to € 750 million. These two transactions reduced the nominal debt by € 500 million in line with the FY19 Group strategy announced at the market during the investor day of November 2018.

The fair value of subordinated liabilities amounts to € 9,007 million.

Senior bonds - undiscounted cash flows

(€ million)	31/12/2019			31/12/2018		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	1,443	0	0	197	0	0
between 1 and 5 years	2,109	1,314	1,315	1,712	1,376	1,411
between 5 and 10 years	0	1,738	2,144	1,840	1,735	2,064
more than 10 years	0	0	0	0	0	0
Total bond issued	**3,552**	**3,052**	**3,459**	**3,749**	**3,111**	**3,475**

The category of bonds includes several listed senior issues shown below:

Main senior bonds issues

Issuer	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,731	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,250	14/01/2014	14/01/2020

(*) In currency million.

(**) In € million.

The category of bonds issued includes both the issues described in the table Main senior bonds issues and a senior bond issued in May 2010, for a nominal amount of € 560 million (at 31 December 2018 the remaining amount was about € 64 million), to fund the tax recognition of goodwill related to the unusual transaction Alleanza Toro. This issue was classified as operating debt because the debt structure provides a perfect correlation between cash flows arising from their recognition of taxes and loan repayments both in terms of interest and of capital.

The fair value of bonds issued amounted to € 3,459 million.

To date, the senior bond with expiry date 14 January 2020 was already repaid without refinancing, leading to a debt reduction of € 1,750 million overall.

Details on financial liabilities

The major monetary and non-monetary changes occurred during the period for the main items of financial liabilities (non-insurance) as well as for derivatives at fair value are shown below:

Other financial liabilities

(€ million)			Non-monetary changes				
	Carrying amount as at 31.12 previous year	Cash-flows movements	Fair value changes	Changes in consolidation scope	Foreign currency translation effects	Other non cash movements	Carrying amount as at the end of the period
Subordinated liabilities	8,124	-512	0	50	56	0	7,717
Net position of hedging derivatives on subordinated liabilities	376	-142	-56	0	22	0	200
Bonds and other loans at long term	4,198	-474	0	1,291	7	14	5,036
Derivatives and hedging derivatives classified as financial liabilities	840	-57	300	0	-4	0	1,079
REPO and other short term financial liabilities	2,097	-701	0	0	0	0	1,396
Other financial liabilities at fair value	36	-1	2	0	0	0	37
Total	**15,670**	**-1,886**	**246**	**1,341**	**80**	**14**	**15,465**

Other balance sheet items

19 Intangible assets

Intangible assets

(€ million)	31/12/2019	31/12/2018
Goodwill	**7,180**	**6,680**
Other intangible assets	**2,221**	**2,065**
Software	463	427
Value of in-force business arising from insurance business combination	644	681
Other intangible assets	1,113	957
Total	**9,401**	**8,745**

Other intangible assets

(€ million)	31/12/2019	31/12/2018
Gross book value as at 31 December previous year	**6,144**	**6,192**
Accumulated depreciation and impairment as at 31 December previous year	**-4,079**	**-4,087**
Carrying amount as at 31 December previous year	**2,065**	**2,105**
Foreign currency translation effects	11	-11
Acquisitions of the period	419	382
Changes in consolidation scope	197	22
Sales of the period	-52	-31
Amortization of the period	-429	-420
Impairment losses of the period	-1	0
Other variations	9	18
Carrying amount as at the end of the period	**2,221**	**2,065**
Accumulated depreciation and impairment as at the end of the period	**4,208**	**4,079**
Gross book value as at the end of the period	**6,428**	**6,144**

Other intangible asset, which included according to IFRS 3, among the others, the value of the insurance portfolio (or the value in force) acquired in business combinations, amounted to € 644 million. This amount was attributable to:

- the acquisitions which took place in 2006 of portfolio of Toro Group (€ 47 million net of accumulated amortisation) and in Central-Eastern Europe (€ 6 million net of accumulated amortisation);
- the acquisition of Ceska group, which brought a further activation of € 545 million, net of amortization;
- other acquisition occurred during the period in Central-Eastern Europe equal to € 47 million net of accumulated amortization (of which Adriatic Slovenica for € 42 million net of amortization).

Deferred tax liabilities were accounted for with reference to the abovementioned intangible assets. Further information on calculation method are detailed in the paragraph Other intangible assets of the section Basis for presentation and accounting principles.

20 Tangible assets

The main changes that occurred in the period and the fair value of the properties used for own activity by the Parent Company and its subsidiaries to run the activity are shown in the table below:

Land and buildings (Self used)

(€ million)	31/12/2019	31/12/2018
Gross book value as at 31 December previous year	**3,484**	**3,682**
Accumulated depreciation and impairment as at 31 December previous year	**-979**	**-1,076**
Carrying amount as at 31 December previous year	**2,505**	**2,606**
Foreign currency translation effects	1	18
Acquisition of the period	144	13
Capitalized expenses	52	57
Changes in consolidation scope	-72	-226
Reclassifications	-147	148
Sales of the period	-33	-70
Depreciation of the period	-125	-39
Impairment loss of the period	-0	-3
Reversal of impairment of the period	1	1
Other changes	562	0
Carrying amount as at the end of the period	**2,888**	**2,505**
Accumulated depreciation and impairment as at the end of the period	**1,054**	**979**
Gross book value as at the end of the period	**3,942**	**3,484**
Fair value	**3,742**	**3,350**

The item Other changes includes the registration of asset in leasing following to the IFRS 16 first time adoption, for which further information are detailed in the paragraph Leasing in Other information.
The fair value of land and buildings (self-used) at the end of the reporting period was mainly based on external appraisals.

Other tangible assets

(€ million)	31/12/2019	31/12/2018
Gross book value as at 31 December previous year	**2,517**	**2,706**
Accumulated depreciation and impairment as at 31 December previous year	**-1,254**	**-1,237**
Carrying amount as at 31 December previous year	**1,263**	**1,469**
Foreign currency translation effects	-1	-3
Acquisition of the period	97	116
Changes in consolidation scope	47	-3
Sales of the period	-18	-25
Amortization of the period	-100	-91
Net mpairment losses of the period	-9	-6
Other variations	16	-194
Carrying amount as at the end of the period	**1,295**	**1,263**
Accumulated depreciation and impairment as at the end of the period	**1,321**	**1,254**
Gross book value as at the end of the period	**2,616**	**2,517**

Other tangible assets, which amounted to € 1,295 million (€ 1,263 million at 31 December 2018), mainly includes property inventories for an amount of € 890 million (mainly related to Citylife project) and furniture, fittings and office equipment, net of accumulated amortisation and impairment losses (€ 324 million). The item Other changes highlights the reclassification of properties for which the completion stage was completed within self-used properties.
The item Other changes also includes the registration of asset in leasing following to the IFRS 16 first time adoption, for which further information are detailed in the paragraph Leasing in Other information.

21 Receivables

Receivables

(€ million)	31/12/2019	31/12/2018
Recivables arising out of direct insurance operations	7,377	7,130
Recivables arising out of reinsurance operations	1,653	1,481
Other receivables	2,924	2,515
Receivables	**11,954**	**11,127**

The category includes receivables arising out of the different activities of the Group, such as direct insurance and reinsurance operations.
The item Other receivables and its change mainly relates to collateral as guarantee of derivative operations.

22 Other assets

Other assets

(€ million)	31/12/2019	31/12/2018
Non-current assets or disposal groups classified as held for sale	0	55,914
Deferred acquisition costs	2,121	2,143
Tax receivables	3,146	3,021
Deferred tax assets	2,478	2,345
Other assets	6,108	5,830
Total	**13,852**	**69,253**

The decrease on other assets is attributable to Non-current assets or disposal groups classified as held for sale and related to assets in Belgium, Guernsey and Germany, which in 2018 were in the disposal process. For more details on the item Non-current assets or disposal groups classified as held for sale, reference should be made to paragraph Non-current assets or disposal group classified as held for sale.
For details on deferred taxes please refer to paragraph Income taxes of the section Notes to the income statement.

23 Other provisions

Other provisions

(€ million)	31/12/2019	31/12/2018
Provision for taxation other than income taxes	17	28
Provisions for commitments	643	617
Other provisions	1,076	1,099
Total	**1,736**	**1,744**

Provisions for commitments and other provisions included provisions for corporate restructuring, litigation or similar events as well as other commitments for which, at balance sheet date, an outflow of resources to settling the related obligation is considered probable and reliably estimated.
The amounts recognized in the financial statements represents the best estimate of their value. In particular, in the assessment all the peculiarities of the specific provisions are taken into account, including the effective period of incurrence of the contingent liabilities and consequently the expected cash flows on the different estimates and assumptions.
According to IAS 12 and by considering the IFRIC update published on September 2019, there was reclassified provision for income taxes from Provision to current tax liabilities for € 66 million. The provision not reclassified are referred exclusively to indirect taxes.

Other provisions - main changes occurred during the period

(€ million)	31/12/2019	31/12/2018
Carrying amount as at 31 December previous year	**1,744**	**1,863**
Foreign currency translation effects	1	-3
Changes in consolidation scope	4	6
Changes	-12	-123
Carrying amount as at the end of the period	**1,736**	**1,744**

In the normal course of business, the Group may enter into arrangements that do not lead to the recognition of those commitments as assets and liabilities in the consolidated financial statements under IFRS (contingent assets and liabilities). For further information regarding contingent liabilities please refer to paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information.
With reference to the main outstanding litigation proceedings, it should be noted that during 2016 Generali received from Banco BTG Pactual S.A. requests for damages, by means of a notice arbitration, as provided by the Share and Purchase Agreement of BSI S.A.. In this regard, the following main developments are summarized with respect to those already reported in previous financial statements.
The deadlines for the filing of final and reply briefs originally granted by the Arbitral Tribunal have been extended respectively to January 31, 2020 and April 26, 2020. The parties have therefore filed their final briefs in which they have reiterated their positions both in fact and in law. Generali have again firmly objected to the counterparty's claims, including by reiterating its preliminary exceptions.
Considering the complexity and the uncertainty of the litigation both in terms of an and quantum and the legal opinions acquired in this regard, it is considered that the conditions of probability and ability to make a reliable estimate that are required by IAS 37 to make any provisions for risks related to the abovementioned request for damages are not met.

24 Payables

Payables

(€ million)	31/12/2019	31/12/2018
Payables arising out of direct insurance operations	**4,240**	**3,424**
Payables arising out of reinsurance operations	**697**	**658**
Other payables	**6,241**	**5,205**
Payables to employees	1,146	1,107
Provision for defined benefit plans	97	97
Payables to suppliers	1,480	1,348
Social security	291	284
Other payables	3,227	2,369
Total	**11,178**	**9,287**

The item Other payables and its change mainly relates to collateral as guarantee of derivative operations.

25 Other payables

Other liabilities

(€ million)	31/12/2019	31/12/2018
Liabilities directly associated to non-current assets and disposal groups classified as held for sale	0	54,883
Deferred tax liabilities	3,174	1,789
Tax payables	2,012	1,800
Other liabilities	6,508	5,313
Total	**11,693**	**63,785**

The decrease on other payables is attributable to Liabilities directly associated to non-current assets or disposal groups classified as held for sale and related to assets in Belgium, Guernsey and Germany, which in 2018 were in the disposal process. For more details on the item Non-current assets or disposal groups classified as held for sale, reference should be made to paragraph Non-current assets or disposal group classified as held for sale.

Other liabilities also include liabilities related to defined employee benefit plans amounting to € 4,223 million (€ 3,640 million as of 31 December 2018).

For details on deferred taxes please refer to paragraph 38 Income taxes of the section Notes to the income statement.

Notes to the Income Statement

Income

26 Net earned premiums

Net earned premiums

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life earned premiums	**21,486**	**20,607**	**-1,145**	**-1,009**	**20,341**	**19,597**
Premiums written	21,575	20,649	-1,189	-1,020	20,386	19,629
Change in the provision for unearned premiums	-89	-42	44	10	-45	-32
Life premiums	**46,651**	**44,585**	**-753**	**-778**	**45,898**	**43,807**
Other premiums written	**0**	**0**	**0**	**1**	**0**	**1**
Total	**68,137**	**65,192**	**-1,898**	**-1,786**	**66,239**	**63,405**

27 Fee and commissions income and income from financial service activities

Fee and commissions income from financial services activities

(€ million)	31/12/2019	31/12/2018
Fee and commission income from banking activity	228	204
Fee and commission income from asset management activity	1,053	752
Fee and commission income related to investment contracts	30	32
Fee and commission income related to pension funds management	18	16
Other fees and commission income	25	24
Total	**1,354**	**1,028**

28 Net income from financial assets at fair value through profit and loss

Net income from financial asset at fair value through profit or loss

(€ million)	Financial investments held for trading		Financial investments back to policies where the investment risk is borne by the policyholders and related to pension funds		Financial investments designated at fair value through profit or loss		Total financial investments at fair value through profit or loss	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Interest income	-14	-7	325	304	288	325	599	623
Realized gains	245	321	1,013	272	121	47	1,378	640
Realized losses	-427	-287	-219	-499	-26	-55	-672	-841
Unrealized gains	893	689	10,127	3,304	826	343	11,846	4,336
Unrealized losses	-1,045	-728	-1,497	-9,216	-431	-822	-2,973	-10,767
Total	**-350**	**-11**	**9,748**	**-5,835**	**779**	**-161**	**10,177**	**-6,008**

The net income from financial assets at fair value through profit or loss mainly referred to the life segment (€ 10,171 million). This item is not material for non-life segment (€ -33 million).

29 Income and expenses from subsidiaries, associated companies and joint ventures

Income and expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2019	31/12/2018
Dividends and other income	115	138
Realized gains	26	17
Reversal of impairment	7	10
Total	**148**	**166**

30 Income from other financial instruments and land and buildings (investment properties)

Income from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2019	31/12/2018
Interest income	**8,149**	**8,158**
Interest income from held to maturity investments	174	83
Interest income from loans and receivables	1,060	1,062
Interest income from available for sale financial assets	6,860	6,974
Interest income from other receivables	5	5
Interest income from cash and cash equivalents	49	34
Other income	**2,624**	**2,250**
Income from land and buildings (investment properties)	934	827
Other income from available for sale financial assets	1,691	1,423
Realized gains	**2,672**	**2,146**
Realized gains on land and buildings (investment properties)	186	86
Realized gains on held to maturity investments	14	2
Realized gains on loans and receivables	76	67
Realized gains on available for sale financial assets	2,395	1,990
Realized gains on other receivables	1	0
Realized gains on financial liabilities at amortised cost	0	0
Reversal of impairment	**121**	**157**
Reversal of impairment of land and buildings (investment properties)	16	30
Reversal of impairment of held to maturity investments	0	2
Reversal of impairment of loans and receivables	10	31
Reversal of impairment of available for sale financial assets	23	27
Reversal of impairment of other receivables	72	69
Total	**13,566**	**12,712**

31 Other income

Other income

(€ million)	31/12/2019	31/12/2018
Gains on foreign currencies	630	876
Income from tangible assets	167	382
Reversal of other provisions	251	334
Income from service and assistance activities and recovery of charges	981	815
Income from non-current assets or disposal group classified as held for sale	0	0
Other technical income	910	829
Other income	212	161
Total	**3,151**	**3,397**

Expenses

32 Net insurance benefits and claims

Net insurance benefits and claims

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life net insurance benefits and claims	**13,644**	**13,403**	**-571**	**-635**	**13,073**	**12,768**
Claims paid	13,990	13,622	-646	-745	13,344	12,877
Change in the provisions for outstanding claims	-439	-221	61	111	-378	-110
Change in claims paid to be recovered	-13	-50	15	0	2	-50
Change in other insurance provisions	106	51	-1	-0	105	51
Life net insurance benefits and claims	**58,677**	**39,837**	**-688**	**-573**	**57,989**	**39,264**
Claims payments	33,722	33,714	-630	-563	33,092	33,151
Change in the provisions for outstanding claims	174	272	1	-36	176	235
Change in the mathematical provisions	11,361	7,481	-58	11	11,302	7,492
Change in the provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	11,852	-2,172	0	0	11,852	-2,171
Change in other insurance provisions	1,568	541	-1	16	1,567	557
Total	**72,321**	**53,239**	**-1,259**	**-1,207**	**71,062**	**52,032**

33 Fee and commissions expenses and expenses from financial service activities

Fee and commissions expenses and expenses from financial service activities

(€ million)	31/12/2019	31/12/2018
Fee and commission expenses from banking activity	416	392
Fee and commission expenses from asset management activity	214	159
Fee and commission expenses related to investment contracts	10	14
Fee and commission expenses related to pension funds management	10	11
Total	**650**	**576**

34 Expenses from subsidiaries, associated companies and joint ventures

Expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2019	31/12/2018
Realized losses	8	4
Impairment losses	52	12
Total	**60**	**16**

35 Expenses from other financial instruments and land and buildings (investment properties)

Expenses from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2019	31/12/2018
Interest expense	**1,024**	**1,010**
Interest expense on subordinated liabilities	494	557
Interest expense on loans, bonds and other payables	404	346
Interest expense on deposits received from reinsurers	17	10
Other interest expense	108	97
Other expenses	**416**	**355**
Other expenses on financial instruments	1	0
Depreciation of land and buildings (investment properties)	198	176
Expenses from land and buildings (investment properties)	217	178
Realized losses	**1,083**	**680**
Realized losses on land and buildings (investment properties)	13	8
Realized losses on held to maturity investments	0	0
Realized losses on loans and receivables	12	16
Realized losses on available for sale financial assets	806	654
Realized losses on other receivables	4	2
Realized losses on financial liabilities at amortized cost	247	0
Impairment losses	**742**	**1,423**
Impairment of land and buildings (investment properties)	22	19
Impairment on held to maturity investments	51	0
Impairment of loans and receivables	148	111
Impairment of available for sale financial assets	507	1,256
Impairment of other receivables	14	37
Total	**3,265**	**3,467**

36 Acquisition and administration costs

Acquisition and administration costs

(€ million)	Non-life segment		Life segment		Other businesses **	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net acquisition costs and other commissions	4,695	4,437	3,893	3,578	0	-0
Investment management expenses(*)	86	84	337	320	135	101
Other administration costs	1,112	1,046	944	909	679	483
Total	**5,892**	**5,568**	**5,174**	**4,807**	**814**	**584**

(*) Before the elimination of intra-group transactions between segments.

(**) Including Asset Management segment and Holding and other companies.

In the Property&Casualty segment, acquisition and administration costs increased mainly due to increase in costs related to insurance activities; non-insurance administration expenses amounted to € 28 million (€ 16 million at 31 December 2018), of which € 13 million related to real estate activity (€ 11 million at 31 December 2018).

Within Other administrative costs of the Life segment, the investment management expenses amounted to € 37 million (€ 54 million at 31 December 2018), the non-insurance management expenses amounted to € 9 million (€ 3 million at 31 December 2018) and are mainly referred to real estate activity.

37 Other expenses

Other expenses

(€ million)	31/12/2019	31/12/2018
Amortization and impairment of intangible assets	379	310
Amortization of tangible assets	194	69
Expenses from tangible assets	61	180
Losses on foreign currencies	570	875
Restructuring charges, termination employee benefit expenses and allocation to other provisions	488	569
Other taxes	230	219
Expenses from service and assistance activities and charges incurred on behalf of third parties	580	559
Expenses from non-current assets or disposal group classified as held for sale	0	0
Other technical expenses	538	547
Holding costs	632	596
Other expenses	788	555
Total	**4,459**	**4,477**

38 Income taxes

This item shows the income taxes due by the Italian and the foreign consolidated companies by applying the income tax rates and rules in force in each country.

The components of the income tax expense for 2019 and 2018 are as follow:

Income taxes

(€ million)	31/12/2019	31/12/2018
Income taxes	1,354	1,258
Deferred taxes	-232	-132
Total taxes of period	**1,122**	**1,126**
Income taxes on discontinued operations	11	90
Total income taxes	**1,133**	**1,216**

In Italy, with respect to the 2019 fiscal year, income taxes are calculated by using the ordinary corporate income tax rate of 24% (IRES). Furthermore, income taxes of Italian companies include the regional tax on productive activities (IRAP).

Income realised in Germany is subject to the corporate income tax - which is calculated on a rate of 15% plus a solidarity surcharge of 5.50% - and the trade tax (Gewerbesteuer). The trade tax rate varies depending on the municipality in which the company is situated. In 2018 the weighted average tax rate remained substantially unchanged at approximately 16.20%.

In France, income taxes are calculated by using an overall corporate income tax rate of 34.43%. In particular, this overall rate includes the basic rate expected in the tax on corporate income, equal to 33.33%, increased by an additional (contribution sociale) of 3.30% and a further additional temporary always calculated with reference the standard rate.

All other foreign subsidiaries apply their national tax rates, including: Austria (25%), Bulgaria (10%), China (25%), Czech Republic (19%), the Netherlands (25%), Poland (19%), Romania (16%), Spain (25%), Switzerland (21%) and United States (21%).

The following table shows a reconciliation from the theoretical income tax expense, by using the Italian corporate income tax rate of 24%, to the effective tax rate.

Reconciliation from theoretical income tax expenses to the effective tax rate

(€ million)	31/12/2019	31/12/2018
Expected income tax rate	**24.0%**	**24.0%**
Earning before taxes	**3,587**	**3,450**
Expected income tax expense	**861**	**828**
Effect of permanent differencies and foreign tax rate differential	17	-54
Effect of fiscal losses	0	-3
IRAP, trade tax and other local income taxes	231	164
Substitute taxes	96	103
Foreign withholding taxes not recoverable	72	59
Income taxes for prior years	-133	43
Other	-22	-14
Tax expenses	**1,122**	**1,126**
Effective tax rata	**31.3%**	**32.6%**

With respect to the 2019 fiscal year, the effective tax rate decreased by 1.3 percentage points vis-à-vis the previous year and was equal to 31.3%. The reduction in the effective tax rate is essentially due to an increase of tax deductible acquisition costs in China and refunds/assessments of taxes for previous years in Italy and Germany.

Fiscal losses carried forward are recognised to the extent that future taxable income will be sufficient to offset the amount of the losses before their expiration.
Fiscal losses carried forward are scheduled according to their expiry periods as follows.

Fiscal losses

(€ million)	31/12/2019	31/12/2018
2019	8	0
2020	0	1
2021	22	11
2022	1	1
2023	8	26
2024	28	9
2025	0	8
2026	9	12
2027 and over	42	8
Unlimited	1,244	834
Fiscal losses carried forward	**1,362**	**910**

With regards to fiscal losses, it is worth noting that Italian Law by Decree 98/2011 introduced that fiscal losses can be carried forward with no time limits (as opposed to the previous five-year limitation). Losses from a given year may, however, only be used to offset up to 80% of the taxable income of any following fiscal year.
Deferred income taxes are calculated on the temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their tax base, by using the tax rates applicable at the expected time of realisation according to each country's current legislation.
The ultimate realisation of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.
Furthermore, in making this assessment, management considers the scheduled reversal of deferred tax liabilities and tax planning strategies.
Assessments show that deferred tax assets will be recovered in the future through either (i) expected taxable income of each consolidated company or (ii) expected taxable income of other companies included in the same tax group (e.g. Consolidato fiscale in Italy, Steuerliche Organschaft in Germany and Régime d'intégration fiscale in France).
Deferred taxes are related to the following assets and liabilities.

Net deferred tax assets

(€ million)	31/12/2019	31/12/2018
Intangible assets	356	220
Tangible assets	142	166
Land and buildings (investment properties)	522	525
Available for sale financial assets	4,065	1,942
Other investments	282	300
Deferred acquisition costs	14	12
Other assets	326	309
Fiscal losses carried forward	77	58
Allocation to other provisions and payables	541	543
Insurance provisions	478	482
Financial liabilities and other liabilities	790	662
Other	121	136
Total deferred tax assets	**7,714**	**5,356**
Netting	-5,236	-3,011
Total net deferred tax assets	**2,478**	**2,345**

Net deferred tax liabilities

(€ million)	31/12/2019	31/12/2018
Intangible assets	151	133
Tangible assets	135	103
Land and buildings (investment properties)	167	193
Available for sale financial assets	6,276	2,767
Other investments	304	157
Deferred acquisition costs	493	472
Other assets	62	52
Other provisions and payables	37	120
Insurance provisions	958	937
Financial liabilities and other liabilities	-141	-102
Other	-33	-30
Total deferred tax liabilities	**8,410**	**4,800**
Netting	-5,236	-3,011
Total net deferred tax liabilities	**3,174**	**1,789**

Fair value measurement

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in the levels of fair value hierarchy.

With reference to the investment, Generali Group measures financial assets and liability at fair value of in the financial statements, or discloses it in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value is equal to market price if market information is available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

If there isn't an active market, it should be used a valuation technique which however shall maximise the observable inputs.

If the fair value cannot be measured reliably, amortized cost is used as the best estimate in determining the fair value.

As for measurement and disclosure, the fair value depends on its unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.

The table below illustrates both the carrying amount and the fair value of financial assets and liabilities recognised in the balance sheet at 31 December 2019[1].

1 With reference to investments in subsidiaries, associates and joint ventures, the book value, based on the fraction of equity for associates and interests in joint ventures or on cost adjusted for any impairment losses for non-consolidated subsidiaries, was used as a reasonable proxy of their fair value.

Carrying amount and Fair value

(€ million)	31/12/2019	
	Total carrying amount	Total fair value
Available for sale financial assets	318,195	318,195
Financial assets at fair value through profit or loss	17,198	17,198
Held to maturity investments	2,243	2,360
Loans	29,207	32,125
Land and buildings (investment properties)	14,168	22,693
Own used land and buildings	2,888	3,742
Investments in subsidiaries, associated companies and joint ventures	1,365	1,365
Cash and cash equivalents	6,874	6,874
Investments back to unit and index-linked policies	78,475	78,475
Total investments	**470,613**	**483,027**
Financial liabilities at fair value through profit or loss	4,983	4,983
Other liabilities	13,493	15,163
Liabilities to banks or customers	14,862	14,862
Total financial liabilities	**33,337**	**35,007**

From the table above, in line with IFRS 13 definitions, the following items, part of below mentioned balance sheet categories, are excluded:

- Loans and receivables: reinsurance deposits provided and term deposits;
- Other financial liabilities: reinsurance deposits received and liabilities arising from investment contracts measured at cost sold by insurance entities and liabilities subject to leasing.

39 Fair value hierarchy

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized. Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3.

The table shows the classification of financial assets and liabilities measured at fair value among the levels of fair value hierarchy as defined by IFRS 13.

Fair Value Hierarchy

31/12/2019	Level 1	Level 2	Level 3	Total
Available for sale financial assets	285,224	24,518	8,453	318,195
Equities	11,415	501	1,499	13,415
Bonds	250,489	19,420	724	270,632
Investment funds units	22,378	4,249	5,893	32,519
Other assets available for sale financial	943	349	337	1,629
Financial assets at fair value through profit or loss	87,062	6,531	2,080	95,672
Equities	28	2	54	84
Bonds	2,297	1,052	34	3,384
Investment fund units	9,838	1,281	147	11,266
Derivatives	15	1,278	0	1,294
Hedging derivatives	0	813	0	813
Investments back to policies where the risk is borne by the policyholders	74,883	1,828	1,764	78,475
Other assets at fair value through profit or loss	0	277	81	358
Total assets at fair value	**372,286**	**31,049**	**10,533**	**413,868**
Financial liabilities at fair value through profit or loss	3,035	1,847	101	4,983
Financial liabilities related to investments contracts issued by insurance companies	3,031	542	90	3,662
Derivatives	1	836	0	838
Hedging derivatives	0	434	11	445
Other financial liabilities	3	35	0	37
Total liabilities at fair value	**3,035**	**1,847**	**101**	**4,983**

Fair Value Hierarchy: comparative period

31/12/2018	Level 1	Level 2	Level 3	Total
Available for sale financial assets	255,396	20,876	7,501	283,773
Equities	8,550	560	1,270	10,379
Bonds	230,825	17,259	1,231	249,315
Investment funds units	15,491	2,735	4,604	22,830
Other assets available for sale financial	530	323	396	1,249
Financial assets at fair value through profit or loss	72,525	5,349	1,625	79,499
Equities	44	3	40	87
Bonds	2,320	1,041	37	3,398
Investment fund units	7,380	874	203	8,457
Derivatives	41	1,172	48	1,261
Hedging derivatives	0	363	0	363
Investments back to policies where the risk is borne by the policyholders	62,740	1,827	1,221	65,788
Other assets at fair value through profit or loss	0	70	74	144
Total assets at fair value	**327,921**	**26,226**	**9,126**	**363,272**
Financial liabilities at fair value through profit or loss	2,830	1,244	84	4,159
Financial liabilities related to investments contracts issued by insurance companies	2,823	11	72	2,907
Derivatives	3	652	12	668
Hedging derivatives	0	548	0	548
Other finanical liabilities	3	33	0	36
Total liabilities at fair value	**2,830**	**1,244**	**84**	**4,159**

40 Transfers of financial instruments measured at fair value between Level 1 and Level 2

Generally, transfers between levels are attributable to changes in market activities and observability of the inputs used in valuation techniques to determine the fair value of certain instruments.

Financial assets and financial liabilities are mainly transferred from level 1 to level 2 when the liquidity and the frequency of transactions are no longer indicative of an active market. Conversely, for transfers from level 2 to level 1.

The transfers were as follows:

- from level 2 to level 1 € 478 million and from level 1 to level 2 € 564 million of bonds, mainly corporate, mainly due to the different availability of information on their value and price.

41 Additional information on level 3

The amount of financial instruments classified in Level 3 represents 2.5% of total financial assets and liabilities at fair value, stable compared to 31 December 2018.
Generally, the main inputs used in valuation techniques are volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates.
The more significant assets classified within Level 3 are the following:

– Unquoted equities

It includes unquoted equity securities, mainly classified into available for sale. Their fair value is determined using the valuation methods described above or based on the net asset value of the company. These contracts are valued individually using appropriate input depending on the security and therefore neither a sensitivity analysis nor an aggregate of unobservable inputs used would be indicative of the valuation.
In addition, for certain securities the amortized cost is considered to be a reasonable proxy for fair value, and does not therefore apply a sensitivity analysis.

– IFU funds, private equity and hedge funds

It includes unquoted IFU funds, private equity and hedge funds, which are classified into available for sale and fair value through profit or loss. Their fair value is substantially provided by the fund administrators on the basis of the net asset value of the fund. The fair value of these investments is closely monitored by a team of professionals inside the Group.
Being the asses described, by their nature, on a straight-line basis sensitive to changes in the value of the underlying assets, the Group considers that, for a given change in the fair value of the underlying of such assets, their value undergoes a similar variation.
For more details on the nature of Group funds please refer to the section Investments in the Notes.

– Bonds

Are corporate bonds, classified into available for sale and fair value through profit or loss. Their fair value is mainly determined based on the market or income approach. In terms of sensitivity analysis any changes in the inputs used in the valuation do not cause a significant impact on the fair value at the Group level considering the lack of materiality of these securities classified in level 3.
Moreover, given the analyses described above, the Group has decided to classify all the asset-backed securities items in Level 3 considering that their evaluation is generally not corroborated by market inputs. For what regards prices provided by providers or counterparties, bonds for which it is not possible to replicate the price using market inputs have been classified in Level 3. Therefore, given the lack of information concerning the inputs used for the determination of the price, the Group is not able to perform a sensitivity analysis on these bonds.

– Financial assets where the investment risk is borne by the policyholders and related to pension funds

Their fair value is determined using the valuation methods and observations on sensitivity analysis and input described above.
The following table shows a reconciliation of financial instruments measured at fair value and classified as level 3.

Rollforward of financial instruments classified as level 3

(€ million)	Carrying amount at the beginning of the period	Purchases and issues	Net transfers in (out of) Level 3	Disposals through sales and settlements
Available for sale assets	**7,501**	**1,846**	**-270**	**-1,119**
- Equities	1,270	189	-0	-48
- Bonds	1,231	103	-134	-501
- Investment fund units	4,604	1,542	-134	-562
- Other available for sale financial assets	396	13	-1	-8
Financial assets at fair value through profit or loss	**1,625**	**528**	**44**	**-123**
- Equities	40	0	0	-0
- Bonds	37	1	-4	-3
- Investment fund units	203	2	1	-44
- Derivatives	48	0	0	0
- Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	1,221	524	48	-76
Other assets at fair value through profit or loss	74	1	0	-0
Total assets at fair value	**9,126**	**2,374**	**-226**	**-1,242**
Financial liabilities at fair value through profit or loss	**85**	**48**	**1**	**0**
- Financial liabilities related to investment contracts issued by insurance companies	72	48	1	0
- Derivatives	13	0	0	0
- Hedging derivatives	0	0	0	0
Other financial liabilities	0	0	0	0
Total liabilities at fair value	**85**	**48**	**1**	**0**

Net unrealised gains and losses recognized in P&L	Net unrealised gains and losses recognized in OCI	Other changes	Carrying amount at the end of the period	Net impairment loss of the period recognised in P&L	Net realised gains of the period recognised in P&L
0	**482**	**12**	**8,453**	**15**	**-8**
0	10	78	1,499	3	-9
0	24	0	724	0	-4
0	455	-11	5,893	-1	5
0	-7	-55	337	13	0
36	**0**	**-29**	**2,080**	**0**	**1**
0	0	13	54	0	0
3	0	1	34	0	1
-14	0	-1	147	0	0
0	0	-48	0	0	0
0	0	0	0	0	0
46	0	0	1,764	0	-0
1	0	5	81	0	0
36	**482**	**-17**	**10,533**	**15**	**-7**
2	**0**	**-35**	**101**	**0**	**0**
2	0	-34	90	0	0
0	0	-13	0	0	0
0	0	11	11	0	0
0	0	0	0	0	0
2	**0**	**-35**	**101**	**0**	**0**

42 Information on fair value hierarchy of assets and liabilities not measured at fair value

The table here below provides information on the fair value hierarchy for the main investment classes and financial liabilities.

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2019	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,634	726	0	2,360
Loans	2,601	20,783	6,898	30,282
Debt securities	2,598	14,929	55	17,582
Other loans	3	5,854	6,843	12,700
Receivables from banks and customers	0	1,238	605	1,843
Investments in subsidiaries, associated companies and joint ventures	0	0	1,365	1,365
Land and buildings (investment properties)	0	0	22,693	22,693
Own used land and buildings	0	0	3,297	3,297
Total assets	**4,234**	**22,748**	**34,859**	**61,841**
Other liabilities	12,335	2,012	816	15,163
Subordinated liabilities	8,937	0	70	9,007
Senior debt	3,388	65	7	3,459
Other debt	10	1,948	740	2,698
Liabilities to banks and customers	0	9,678	5,183	14,862
Total liabilities	**12,335**	**11,691**	**6,000**	**30,026**

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2018	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,421	781	0	2,202
Loans	2,892	21,452	6,481	30,825
Debt securities	2,889	15,546	86	18,521
Other loans	3	5,907	6,395	12,305
Receivables from banks and customers	0	1,080	593	1,673
Investments in subsidiaries, associated companies and joint ventures	0	0	1,320	1,320
Land and buildings (investment properties)	0	0	20,631	20,631
Own used land and buildings	0	0	3,349	3,349
Total assets	**4,313**	**23,313**	**32,373**	**59,999**
Other liabilities	11,148	2,576	1,486	15,210
Subordinated liabilities	7,803	0	784	8,587
Senior debt	3,340	129	6	3,475
Other debt	5	2,447	696	3,148
Liabilities to banks and customers	12	7,848	5,135	12,995
Total liabilities	**11,160**	**10,424**	**6,621**	**28,205**

– Held to maturity investments

The category includes primarily bonds, which valuation is above described. If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

– Loans

The category includes bonds, which valuation is described above, mortgages and other loans.

In particular, mortgages and other loans are valued on the basis of future payments of principal and interest discounted at the interest rates for similar investments by incorporating the expected future losses or alternatively discounting (with risk-free rate) to the probable future cash flows considering market or entity- specific data (ie probability of default). These assets are classified as level 2 or 3 depending on whether or not the inputs are corroborated by market data.

If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

– Receivables from banks or customers

Considering their nature, the amortized cost is generally considered a good approximation of fair value and therefore classified within level 3. If appropriate, they are valued at market value, considering observable inputs, and therefore classified within level 2.

– Land and buildings (investment and self-used properties)

These assets are mainly valuated on the basis of inputs of similar assets in active markets or of discounted cash flows of future income and expenses of the rental considered as part of the higher and best use by a market participant. Based on the analysis of inputs used for valuation, considering the limited cases where the inputs would be observable in active markets, the Group proceeded to classify the whole category at level 3.

In particular, the valuation takes into consideration not only the discounted net future income but also the peculiarities of the properties such as intended use and location as well as the entity of the vacancy rate.

The fair value of land and buildings (investment properties) is mainly based on external appraisals based on methods described above.

– Investments in subsidiaries, associated companies and joint ventures

The carrying amount, based on the share of equity for associates and interests in joint ventures or on cost adjusted for eventual impairment losses for non-consolidated subsidiaries, is used as a reasonable estimate of the related fair value and, therefore, these investments are classified in level 3.

– Subordinated debts, loans and bonds and liabilities to banks and customers

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques. In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of the Group financing for similar types of instruments, with maturities consistent with the residual maturity of the debt instruments subject to valuation. If measured at amortized cost as an approximation of fair value, they are classified in Level 3.

Additional information

43 Disclosure regarding the deferred application of IFRS 9 - Financial Instruments

The Group adopted the temporary exemption from the application of IFRS 9, as provided for in the amendment to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The Group qualifies for temporary exemption from application of IFRS 9.

As required by IFRS 4, the assessment of the applicability of the temporary exception from the application of IFRS 9 has been done as at 31 December 2015, and the conclusions are disclosed below.

The assessment, as required by the standard, consists of the statement that the activities carried out by the issuer are in fact preponderantly insurance activities or related to insurance activities, assessing the ratio of the related insurance liabilities on the total liabilities of the Group.

The carrying amount of liabilities for insurance operations (€ 443 billion) was in fact higher than 90% of the carrying amount of total liabilities (€ 476 billion) as of 31 December 2015 (application period required by the principle).

In addition, the liabilities linked to insurance activities not included in the scope of IFRS 4 are listed below:

- non-derivative liabilities linked to investment contracts measured at fair value through profit and loss, for which IAS 39 applies (€ 22 billion);
- subordinated liabilities that qualify as own funds pursuant to the Solvency II regulations (€ 9 billion);
- liabilities arising from defined benefit plans of Group companies operating in the Life and P&C segments (€ 4 billion);
- tax liabilities related to insurance operations (€ 4 billion).

The other liabilities, not related to insurance operations, consist mainly of liabilities to banks and bank customers

The information required by the amendment to IFRS 4 for financial instruments as at 31 December 2019 is provided below.

Change in the fair value of financial instruments included in the scope of application of IFRS 9 with the details of financial instruments that give rise to specific dates for cash flows that consist exclusively of payment of principal and interest.

Change in fair value of financial instruments in scope of IFRS 9

(€ million)	31/12/2019	Fair value change from 31 December 2018
Financial assets managed on fair value basis and held for trading*	**93,494**	**-**
Equities	84	-
Investment funds	11,266	-
Derivatives	1,294	-
Investments back to policies where the risk is borne by the policyholders and pension funds**	76,296	-
Other financial instruments managed on fair value basis	4,554	-
Available for sale financial assets (AFS) held to maturity and loans and receivables* **	**350,839**	**22,210**
Financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest	297,380	18,316
Bonds	283,052	18,002
Loans and other debt instruments	12,079	314
Receivables from banks and customers	2,017	0
Other investments	232	0
Financial assets that do not give rise on specified dates to cash flows that are solely payments of principal and interest****	53,459	3,894
Equities	13,415	1,579
Investment funds	32,519	1,780
Bonds	7,522	535
Loans and other debt instruments	1	0
Receivables from banks and customers	0	0
Other financial instruments that do not give rise on specified dates to cash flows that are solely payments of principal and interest	1	0

*,** The fair value change of financial assets measured at fair value through profit or loss is provided in the relative section in the notes.

*** Policy loans, reinsurance deposits and leasehold assets are excluded from the scope of SPPI test because in the scope respectively of insurance contracts and leases. Other receivables have been currently excluded from the scope of instruments subject to the standard, still to be defined. However, the Group use the reasonable assumption that other receivables pass the SPPI, taking into account basic loan features of these financial instruments.

**** These assets would be measured as at fair value through profit or loss if IFRS 9 was applied.

The following disclosure is provided on the credit risk of the financial instruments that give rise to specific dates for cash flows consisting exclusively of principal and interest payments; specifically, the carrying amount in accordance with IAS 39 for rating classes of financial instruments that give rise to specific dates for cash flows consisting of exclusively of payment of principal and interest.

Carrying amount by risk rating grade of bonds that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(€ million)	Carrying amount* (IAS 39)
AAA	16,887
AA	67,033
A	63,442
BBB	124,927
Non investment grade	6,925
Not Rated	920
Total	**280,135**

*pre-impairment

The carrying amount of bonds that do not have low credit risk, considered as exposure with a rating lower than investment grade, is € 7,845 million and fair value of € 7,742 million.
In addition to the bonds presented in the table above, financial assets that envisage cash flows represented solely by principal and interest payments also include mortgages and other loans, term deposits, repurchase agreements (reverse REPO) and receivables from banks and bank customers.
The loan portfolio consists mainly of mortgages with low credit risk (analogous to investment grade); largely guaranteed by collateral, mainly real estate, and primarily managed by Group banks. Furthermore, the credit risk management process includes a careful assessment of the customer's credit rating, whether an individual or corporation.
The counterparty for term deposits is generally assessed by using the highest available rating, where possible, and considering minimum rating requirements, in particular, BBB for Group companies in countries classified as investment grade, or similar to the sovereign debt rating in countries that have a rating below investment grade.
Repurchase agreements are mainly with bank counterparties with high credit ratings.

Application of IFRS 9 by Group companies for their separate financial statements

There are no material associated companies or joint ventures that apply IFRS 9.
The main Subsidiaries that have applied IFRS 9 are banking, investment management and asset management companies. Information on their investments and the procedures for applying IFRS 9 are included in their published financial statements.

44 Information on employees

Employees

	31/12/2019	31/12/2018
Managers	1,878	1,902
Employees	52,969	52,516
Sales attendant	16,830	16,154
Others	259	162
Total	**71,936**	**70,734**

The number of employees rose following the acquisitions during 2019, that resulted in the multi-boutique platform expansion and the strengthening of our position in the CEE region through Adriatic Slovenica in Slovenia and Concordia in Poland. This increase more than offset the reduction in the number of employees due to the disposals of German and Belgian businesses.

45 Provisions for defined benefit plans

The pension benefits of Generali Group's employees are mainly in the form of defined benefit plans and defined contribution plans.

As for defined benefit plans, participants are granted a defined pension benefits either by the employers or via external entities.

The main defined benefits plans are concentrated in Germany, Austria and Switzerland, while in Italy the provision for Trattamento di fine rapporto (employee severance pay) matured until 1st January 2007 is included in the provisions for defined benefit plan for € 97 million.

The table below shows the movements in the defined benefit plans liability which occurred during the financial year, net of assets legally separate and held solely to pay or fund employee benefits:

Net defined benefit plans liabilities: movements

(€ million)	31/12/2019	31/12/2018
Net liability as at 31 December previous year	**3,722**	**4,001**
Foreign currency translation effects	5	3
Net expense recognised in the income statement	131	155
Re-measurements recognised in Other Comprehensive Income	577	-124
Contributions and benefits paid	-177	-185
Changes in consolidation scope and other changes	51	-128
Net liability as at 31 December current year	**4,309**	**3,722**

Part of the Group's defined benefit plans have assets that are designated, but not legally segregated, to meet the pension defined benefit obligations. These are investments backing insurance provisions or policies issued by Generali Group companies, or other investments owned by the Group entities. Consequently, in accordance with IAS 19, these investments are not recognised as plan assets and so cannot be deducted from the defined benefit obligations. However, to assess the net liability for defined benefit plans, these assets should have been netted against the present value of the related pension obligations.

In Germany and Austria, where is allocated approximately 89% of the present net value of defined benefit obligations, the pension guarantee associations, for yearly contributions to be paid by the companies, are liable for the fulfilment of the pension commitments granted in case of company insolvency.

The net defined benefit plans expense of the year recognised in the profit or loss account is represented as follows:

Net defined benefit plans expenses recognised in profit or loss

(€ million)	31/12/2019	31/12/2018
Current service cost	65	92
Net interest	69	63
Past service cost	-4	1
Losses (gains) on settlements	0	-0
Net expense recognised in the income statement	**131**	**155**

The re-measurement of liabilities related to defined benefit plans and plan assets, recognised in Other comprehensive income are detailed as follows:

Re-measurements recognised in Other Comprehensive Income

(€ million)	31/12/2019	31/12/2018
Actuarial gains (losses) from change in financial assumptions	-610	150
Actuarial gains (losses) from change in demographical assumptions	-4	-53
Actuarial gains (losses) from experience	-13	22
Return on plan assets (other than interest)	50	5
Re-measurements recognised in Other Comprehensive Income	**-577**	**124**

The increase in the reference rates at the end of the year, in application of IAS 19 for the determination of the discount rate applicable to the valuation of these liabilities, leads to greater actuarial losses compared to the previous year.

The amounts reported are gross of deferred taxes and deferred policyholders' liabilities, where applicable.
The table below shows the movements in the defined benefit obligation during the financial year and the current value of the plan assets:

Present value of defined benefit obligation: movements

(€ million)	31/12/2019	31/12/2018
Defined benefit obligation as at 31 December previous year	**4,808**	**5,116**
Foreign currency translation effects	36	24
Current Service cost	65	92
Past service cost	-4	1
Interest expense	85	76
Actuarial losses (gains)	627	-119
Losses (gains) on settlements	0	-0
Contribution by plan participants	11	10
Benefits paid	-213	-221
Changes in consolidation scope and other variation	69	-170
Defined benefit obligation as at 31 December current year	**5,485**	**4,808**

Current value of plan assets: movements

(€ million)	31/12/2019	31/12/2018
Defined benefit obligation as at 31 December previous year	**1,086**	**1,116**
Foreign currency translation effects	30	21
Interest income	16	13
Return on plan assets (other than interest)	50	5
Gains (losses) on settlements	0	0
Employer contribution	26	24
Contribution by plan participants	11	10
Benefits paid	-62	-60
Changes in consolidation scope and other changes	18	-42
Fair value of plan assets as at 31 December	**1,176**	**1,086**

The defined benefit plans' weighted-average asset allocation by asset category is as follows:

Defined benefit plans: asset allocation

(%)	31/12/2019	31/12/2018
Bonds	42.8	44.4
Equities	16.8	15.5
Real estate	14.8	13.3
Investment fund units	9.4	11.3
Insurance policies issued by non-Group insurers	2.4	1.6
Other investments	13.8	13.9
Total	**100.0**	**100.0**

The assumptions used in the actuarial calculation of the defined benefit obligations and the related periodic pension cost are based on the best estimates of each companies granting defined benefit plans. The main weighted-average hypotheses considered for the value definition of defined benefits plans obligations are summarized in the following table, for the main operating areas:

Assumptions for actuarial calculation of defined benefit plans

(%)	Eurozone		Switzerland		United Kingdom	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Discount rate for evaluation at reporting date	1.0	1.9	0.1	0.8	2.1	2.8
Rate of salary increase	2.8	2.8	1.2	1.3	n.a.	n.a.
Rate of pension increase	2.0	2.0	0.0	0.0	2.9	3.1

The average duration of the obligation for defined benefit plans is 15 years as at 31 December 2019 (15 years at 31 December 2018).
A sensitivity analysis was carried out showing how the defined benefit obligation would have been affected by changes in the discount rate and the most relevant actuarial assumptions on these liabilities:

Defined benefit plans: sensitivity

(€ million) Assumptions	Discount rate for evaluation at reporting date		Rate of salary increase		Rate of pension increase
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase
Impact on defined benefit obligation	-359	389	36	-38	297

To provide an indication of the effect of the defined benefit plans on the future cash flows of the Group, the future expected payments, divided by bands of maturity, are presented below:

Defined benefit plans: expected payments

(€ million)	31/12/2019	31/12/2018
Within the next 12 months	241	221
Between 2 and 5 years	982	899
Between 5 and 10 years	1,253	1,159
Beyond 10 years	4,884	4,656
Total	**7,359**	**6,935**

46 Share-based compensation plans

At 31 December 2019 different incentive plans based on equity instruments granted by the Parent Company and other Group companies are outstanding.

46.1 Share-based compensation plans granted by the Parent Company

Long-Term Incentives (LTI) represent the long-term variable remuneration of Generali, which takes the form of multi-year plans, approved from time to time by the competent bodies and may be addressed to directors, managers with strategic responsibilities and other Generali employees; they may be based on cash disbursements or financial instruments.
The plan LTI 2016 has fully accrued its relevant cost component in the first half of the year, coming to a close with the equity instruments assignment upon verification of the Group's performance levels in terms of Operating ROE and relative TSR.
The LTI plans 2017 and 2018, currently in progress, may result in shares' granting respectively in 2020 and 2021, subject to the Group performance level (determined by the comparison of ranges of Operating ROE and relative TSR) and the overcoming of the minimum level, where requested in terms of Regulatory Solvency Ratio.
Further details are given in the information reports approved at the time by the Shareholders' Meeting and published on the Generali Group website, as well as in the Remuneration Report annually published.
A new long-term incentive plan based on Assicurazioni Generali shares – Group Long Term Incentive (LTI) 2019 - has been submitted for the approval of the Shareholders' Meeting.
In line with market practices and investor expectations, shares are assigned and made available to beneficiaries over a deferred long-term time span, subject to the achievement of Group's performance conditions (Net

average ROE, EPS growth and relative TSR) and the achievement of a minimum level of Regulatory Solvency Ratio, as the only access threshold, as detailed below.

The Plan is based on the following essential aspects:

- the incentive connected with the achievement of the targets is paid through the grant of Assicurazioni Generali S.p.A. ordinary shares.;
- the right to receive the shares is subject to an entry threshold, defined annually by the Board of Directors and which represents a condition precedent;
- the targets to which payment of the incentive is subject are Group financial ones and are defined at the beginning of the performance period and kept consistent with the strategic long-term plans of the group.

The maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares equals to 175% of the gross fixed remuneration of the Global Leadership Group (GLG) members (or a different percentage considering the role of the beneficiary); therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the latter calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year prior to that when the Plan is started.

With reference to methods and time frame for granting the shares, they are differentiated by:

- the Managing Director/Group CEO and the members of the Group Management Committee:
  - at the end of the three-year performance period, 50% of the shares accrued on the basis of the targets met will be granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one-year lock-up period;
  - the remaining 50% of the accrued shares is subject to another two years of deferral, during which the accrued amount may become zero if the Regulatory Solvency Ratio threshold level established by the plan is not met, or if a malus provided for by the plan regulation should occur. After having check that the aforesaid threshold level has been reached and that there is no malus, and provided that on that date the beneficiary has a relationship with the Company (or with other Group companies), the remaining 50% of the shares accrued are granted; 25% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 25% are subject to a one year lock-up period;
- the remaining key employees, GLG, Directors and talents:
  - at the end of the three-year performance period, 100% of the shares accrued will be granted, of which 50% are immediately available (to allow the beneficiaries to bear the tax charges connected with the grant), while the remaining 50% are subject to a two-year lock-up period.

The performance level is expressed as a percentage of the level of Net average ROE, EPS Growth and relevant TSR reached, and it is determined with reference to three independent baskets. The final results in each basket are calculated using a linear interpolation approach. With specific reference to the TSR, the relevant payment is contemplated if the Group's positioning is higher than the first quartile. The maximum performance level is 175% overall for the GLG members (or a different percentage considering the role of the related beneficiaries).

During each year of the plan and at the end of the three-year performance period, the Board of Directors evaluates the degree to which access threshold has been achieved, defined in terms of Regulatory Solvency Ratio equal to 130% - the limit set considering the hard limit level defined in the Group Risk Appetite Framework - or an alternative percentage as may be chosen from time to time by the Board of Directors. This evaluation is a malus mechanism based on which the number of shares to grant definitively may be reduced or set at zero by the Board of Directors should the Regulatory Solvency Ratio be lower than the set threshold. The Board of Directors is also entitled to set a reduced number of shares to grant definitively should the Regulatory Solvency Ratio be lower than the soft limit level established by the Risk Appetite Framework, that is 150% - but in any case higher than 130%.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of Generali. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of willful misconduct or gross negligence. Moreover, starting from the LTI 2019 plan, in keeping with the contractual agreements with the future Managing Director/CEO who, in the event of termination of office during the three-year mandate, will retain the rights arising from the plan only pro rata temporis and only if the so-called good leaver conditions are met (subject to reaching the targets and other terms and conditions of the relevant regulation). On the other hand, should he be classified a bad leaver, he shall lose all rights arising from the existing plan relating to the period of said mandate. A bad leaver is one who voluntarily renounces the position during the three-year mandate and his/her revocation for just cause. A good leaver meets all of the other conditions for termination of the relationship. In line with what has already been established for the existing plans, a dividend equivalent mechanism has been introduced in the 2019 Plan on the basis of the dividends distributed during the performance period. In particular, should the shareholders' meeting resolve upon the distribution of dividends in favour of the shareholders during the three-year reference period, at the expiry of such three-year reference period, an additional number of shares determined in relation to the overall dividends distributed during the three-year reference period will be assigned in favour of the beneficiaries. The additional number of shares thus determined shall be assigned simultaneously and in relation with the other shares assigned in favour of each beneficiary, subject to the same restrictions (holding period) and determined considering the shares' value at the assignment of the plan, to be calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year before that when the Plan is started.

The maximum number of shares that can be granted is 12,000,000, accounting for 0.77% of the current share capital. In line with the previous plans, the 2019 LTI plan can be treated as an equity-settled share-based payment falling under IFRS 2 scope, which provides a grant date measurement model seeking to capture the value of the contingent right to shares promised at grant date, to the extent that promises become an entitlement of the counterparty, rather than the value of any shares finally delivered.

The condition related to relative TSR configures as a market condition, other conditions mentioned above are considered whether as performance or as service condition.

The fair value of the right to receive free shares related to the market condition is estimated at grant date using a statistical model which estimates the statistically probable positioning of relative TSR of the Generali share compared to a peer group of selected companies.

The fair value of the bonus right linked to market condition is made by multiplying the forward price of assignable shares (taking into account the lock-up period set by the plan for the different beneficiary types) to the grant date with the pay-out ratio determined by applying the linear interpolation of the probable positions of TSR estimated using a statistical model. The linear interpolation method is applied to a range between the maximum pay-out, recognized in the case of the TSR positioning at the first place, and a pay-out zero in the case where the TSR is in the last position with respect to selected peer or has a negative value.

Unlike previous plans, the LTI 2019 plan does not have tranches over multiples years and the estimated fair value at the grant date of the bonus right related to the performance level in terms of relative TSR is € 7.11 with reference to the members of the GLG category.

The related cost on the overall plan is obtained by multiplying the fair value mentioned above by the number of rights related to the market condition, to be assigned based on the satisfaction of the vesting condition. A similar calculation was applied to the bonus portion linked to the average Net ROE and EPS Growth, identifying the pay-out through the linear interpolation applied to the level of performance considered most probable. The range applied to the linear interpolation is included between the maximum pay-out, granted in case of a level of average Net RoE equal to or greater than 12% and a level of EPS Growth equal to or greater than 8%, and a pay-out equal to 0 in case of a level of average Net RoE equal to or lower than 10% and a level of EPS Growth equal to or lower than 3%. Finally, the cost related to the recognition of dividends paid during the three-year period (so called dividend equivalent) was estimated by applying an estimated dividend to the expected number of shares to be assigned under the plan, based on the degree of achievement assessed as above described. For additional information related to incentive plans refer to the 2019 Remuneration Report. The overall cost of the LTI plans 2017, 2018 and 2019, sum of the three components described above, is allocated over the period of maturity (vesting period) starting from the first financial year on which the performance levels are assessed, with a corresponding increase in equity.

It is lastly reported that during the year the Shareholders' Meeting also approved a special share Plan to the benefit of the Managing Director/Group CEO. The Plan involves the granting of a maximum of 550,000 ordinary Assicurazioni Generali shares, subject to the following conditions being met:

- the Managing Director/Group CEO continuing to hold his existing Assicurazioni Generali shares, acquired with his own means, until the end of his current term in office;
- attainment of two specific three-year targets, independent from each other (and each weight 50%), in terms of Total Shareholders Return (TSR) (to the maximum extent of + 46%) calculated over the period 20 June 2019 - 20 June 2022 and of EPS Growth (to the maximum extent of + 8% of CAGR), calculated over the period 2019 – 2021;

- surpassing predetermined Regulatory Solvency Ratio thresholds;
- remaining in office as Managing Director/Group CEO until the end of the current term.

The plan includes granting shares that may have accrued, for 50%, at the end of the performance period and, for the remaining 50% after another two years have passed (subject to fixed gates being surpassed in terms of Regulatory Solvency Ratio and the case of malus not occurring). The Plan also contemplates the obligation of the Managing Director/Group CEO to maintain - for one more year - ownership of 50% of the shares that might have been granted to him free of charge (both as part of the first and of the second tranche indicated above), and other typical clauses of sustainability (e.g. malus, clawback, non-hedging) to protect the Company's capital strength and the non-excessive exposure to risk. Furthermore, the Plan includes the granting of additional shares, calculated based on the amount of the dividends distributed over the period of reference as a whole (i.e. during the period of performance and during the two years of further deferral). The condition linked to the TSR is a market condition; the other conditions previously indicated are service conditions. The estimated fair value of the right subject to performance in terms of TSR was calculated multiplying the forward price (considering the lock-up period) of the share by the grant date of Plan approval with the relevant payout, and is € 1.9. The total cost of the plan, sum of the two components described above, was allocated over a period of accrual of three years in line with the service period required.

In the context of the new 2019-2021 strategic plan, a share plan for Group employees was submitted to the approval of the Shareholders' Meeting for 2019, and it includes the possibility to purchase Assicurazioni Generali shares at facilitated conditions, assigning free shares (matching and dividend equivalent) defined in proportion to the number of shares purchased and to the distributed dividends should the share value appreciate.

The plan will indicatively begin in October 2019 and will last 3 years. The plan will be offered to the employees who are employed by Assicurazioni Generali or by a Group company, except for the members of the Group Management Committee (GMC) and of the Global Leadership Group (GLG). The Generali Board of Directors will specifically identify the categories of beneficiary employees of the plan when it implements the plan.

The essential characteristics of the plan, which are better described in the relevant Information Document to which the reader is referred, are indicated below:

- At the beginning of the plan, the employees who decide to participate will be entitled to define the amount of their individual contribution, that is to say, the amount that they plan to accumulate to purchase Assicurazioni Generali shares at the end of the plan;
- Based on the amount of the individual contribution, the participants will receive the right (options) free of charge to purchase, at the end of the plan, Assicurazioni Generali shares at a price determined at the beginning of the plan (initial price). The number of options due to each participant will be equal to the ratio between the individual contribution and the initial price;
- The amount of the individual contribution will fall between a minimum of € 540 and a maximum of € 18,000 total, will be allocated by way of monthly withholding on the pay slip and will be locked-up for the three-year duration of the plan;

The final price of the shares will be determined at the end of the plan and:

If the share value appreciates, the plan participants:

- will purchase the shares at the initial price with the amount of the individual contribution;
- will receive 1 (one) matching share free of charge for every 3 (three) shares purchased;
- will receive the dividend equivalent shares, free of charge, in a number equal to the ratio between counter-value of the dividends paid by Assicurazioni Generali over the three-year duration of the plan and the initial price multiplied by the number of purchased shares;

A. If the share value depreciate (meaning if the final price is lower than the initial price), the plan participants will be returned the individual contribution (capital protection).

B) If the share value appreciates, each participant will have the possibility to decide whether to sell all of the shares, receiving the counter-value in cash, or if he/she decides to hold them, except for the shares that will in any case be sold to pay the taxes due. The maximum number of shares comprised in the plan is 6,000,000, accounting for 0.38% of the current share capital. The plan will be implemented through purchase of treasury shares on the market, hence without diluting capital.

The cost associated with all above mentioned outstanding plans recognized during the period amounted to € 70 million. The maximum number of shares that can be granted in relation to mentioned plans is approximately 31 million.

As at the reporting date, there are no other management incentive plans.

46.2 Share-based compensation plans granted by the other Group companies

The main share-based payments granted by the other Group companies are detailed here below.

Share-based compensation plans granted by Banca Generali

At the date of 31 December 2019 there are the following share-based compensation plans:
- the plans implemented regarding the Banca Generali Group remuneration and incentive policy in force at the time, based on which a portion of variable remuneration to key personnel must be paid through payments based on own financial instruments;
- the plans implemented as part of the 2017-2026 framework loyalty programme, approved by the Shareholders' Meeting of 20 April 2017, which had reached the third annual cycle 2019-2026 and contemplates payment of a portion of the indemnity accrued up to a maximum of 50% in own financial instruments;
- the new LTI (Long Term Incentive) plans for the top management of the banking group based on Banca Generali shares activated starting from financial year 2018.

Share-based payment plans linked to the variable portion of remuneration based on performance objectives

As part of the policy on remuneration and incentives in relation to key personnel of Banca Generali Group, adopted to comply with the Supervisory Provisions[2] in force, it is established that a portion of the variable remuneration, both current and deferred, takes place through the allocation of financial instruments of Banca Generali based on the rules submitted to the approval of the Shareholders' Meeting of the Bank each year.

In particular for the key personnel, including the main network managers, the variable remuneration linked to short-term targets is paid out 25% in Banca Generali shares, subject to a retention period up to the end of the year when granted. If, however, the bonus accrued is higher than the Euro 75 thousand threshold, the following assignment and retention mechanism is applied:
- 60% of the bonus is paid out up front during the year following the one of reference for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted;
- 20% of the bonus is paid out with a one-year deferral: for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted[3];
- the remaining 20% of the bonus is paid out with a two-year deferral: for 75% in cash and 25% in Banca Generali shares, subject to a retention period up until the end of the year when granted.

The methodology applied for calculating the number of share due to the receivers considers:
- to the numerator, the amount of variable remuneration subject to payment in shares accrued in relation to the meeting of targets set for the year in question and,
- to the denominator, the average Banca Generali share price in the three months prior to the meeting of the Board of Directors when both the draft statutory and consolidated financial statements for the year before that when the cycle of reference begins are approved.

The payment in shares is made after the Board of Directors verifies the economic results of the relevant year and is therefore conditioned not only by the meeting of the set targets[4], but also by surpassing access gates of the Banking Group (TCR Total Capital Ratio, LCR Liquidity Coverage Ratio) relating to the year the remuneration accrues and the two years following the deferral, if necessary. The Remuneration Policies of the Banking Group for the year of reference, together with the authorisation to purchase treasury shares to use for it are submitted each year to the Shareholders' Meeting that approves the financial statements of the previous year. Actual purchase of the treasury shares is also authorized by the Bank of Italy in advance.

Any other compensation paid in shares in connection with the following is also part of these categories of plans:
- ordinary sales incentives and programmes to hire financial consultants other than the main network managers and sales personnel with a contract of employment;

2 Bank of Italy Circular no. 285/2013 Supervisory provisions for banks - Part I Title IV Chapter 2 Remuneration and Incentive Policies and Practices.
3 No limits for exercising voting rights and for awarding property rights are contemplated during the retention period unless receiving dividends is not provided for.
4 Required by the Management by Objective (MBO) mechanism or by specific incentive/hire plans..

- agreements entered into in view or at the time of the early termination of employment or agency regarding beneficiaries falling under the classification of key personnel.

The methods for paying the variable remuneration, examined in the section above, take the shape of share-based payment transactions settled with own instruments representing capital (equity settled) for those falling under the sphere of application of IFRS 2 - Share-based payments. The accounting treatment for these transactions consists of recognising the estimated cost of the services received in the most appropriate item of the financial statements (personnel expenses, commissions payable).
This cost is determined based on the fair value of the assigned rights (stock option/stock grant), as a contra entry for an increase in equity by charging it to a specific provision.
Since the share-based payment agreements made in connection with the plans under review do not include an exercise price, they are comparable to free grants (stock grants) and are treated in compliance with the rules established for this type of transaction.
The total charge relating to these agreements is then calculated based on the number of shares estimated to be granted, multiplied by the fair value of the Banca Generali share at the grant date.
The fair value of the Banca Generali share at the grant date is measured based on the stock market price recorded on the date of the Shareholders' Meeting approving, each year, the Remuneration Policy for the current year, adjusted to take into account the estimate of expected dividends not received by the beneficiaries during the deferral period.
Recognition of the value of the plans determined in this manner in the equity is done pro rata temporis based on the period of accrual of the vesting conditions, i.e. the period elapsing between the grand and the final accrual of the right to receive the shares, also taking into account the probability that the conditions for all recipients to exercise it do take place.
Since the plans are usually broken down into multiple tranches with differentiated vesting periods, each of them is measured separately. Specifically, in the case shares are granted in three tranches, with the first amount up front (60%) following approval of the financial statements of the year of reference and two deferred annual amounts (40%), conditioned both by continuation in service and surpassing access gates established each year, the period for them to accrue (vesting period) is determined for the up-front amount from 1 January to 31 December of the year of reference of the remuneration (12 months) and for the two deferred amount extended further up until 31 December of the first year that follows (24 months) and of the second year that follows (36 months)[5].
The actual number of shares allocated to beneficiaries can in any case vary in relation to the verification of the effective achievement targets set at the individual level.
The IFRS2 charge relating to any beneficiaries belonging to banking group companies other than the parent company Banca Generali is recognised directly by these companies. Nevertheless, the Bank charges back an amount corresponding to the fair value of the plans in question at the time they are actually granted the repurchased treasury shares[6].
Three share-based payment cycles tied to the Remuneration Policies for the years 2017, 2018 and 2019 are active as at 31 December 2019, while the cycle relating to the year 2016 is basically depleted, of which only one ten-year hiring plan remains active.
The share-based payment plan linked to the 2017 Remuneration Policies, approved by the Shareholders' Meeting of 20 April 2017, has the following characteristics:

- The reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 12 December 2016 and 9 March 2017, at € 23.73;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 20 April 2017, amounting to approximately € 25.4, later adjusted to take into account the loss of the dividends expected in the period of deferral.

Within this cycle, the shares to be allocated to key personnel totaled 146,436, of which 98,457 assigned to network managers, 30,973 relating to ordinary incentives and hiring bonuses paid to financial consultants considered key personnel owing to the commission volume accrued, 16,311 to employees and 4,297 relating to the subsidiary BGFML, for a total fair value of about € 3.7 million.

5 Starting from the year 2018 the IFRS2 charges relating to the ordinary incentives accrued by the financial consultants and linked to net inflow or new customer acquisition targets that may be paid out in shares are recorded along the broader 5-year time horizon. Furthermore, the disbursements in shares relating to several plans to hire financial consultants included in the key personnel can be covered by prior allocations to provisions for commission risks and charges only after the plan is concluded.
6 Particularly falling within this category are the bonuses in shares paid to the key personnel and, in some cases, to the managers of the subsidiary BGFML.

A transaction with a former Area Manager was also stipulated during 2017. Based on the current Remuneration Policy, this transaction involved paying a portion of the indemnity for the estimated amount of 17,591 Banca Generali shares and a total fair value of an addition € 0.4 million.

The share-based payment plan linked to the 2018 Remuneration Policies, approved by the Shareholders' Meeting of

12 April 2018, has the following characteristics:

- the reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 28 December 2017 and 1 March 2018, at € 28.57;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 12 April 2018, amounting to approximately € 27.00, later adjusted to take into account the loss of the dividends expected in the period of deferral.

Within this cycle, the shares to be allocated to key personnel totalled 138,375, of which 42,903 assigned to network managers, 80,254 relating to ordinary incentives and hiring bonuses paid to financial consultants considered key personnel owing to the commission volume accrued, 13,205 to employees and 1,417 relating to the subsidiary BGFML, for a total fair value of about € 3.2 million.

A transaction with a former employee was also stipulated during the year. Based on the current Remuneration Policy,

this transaction involved paying a portion of the indemnity for the amount of 2,975 Banca Generali shares.

The share-based payment plan linked to the 2019 Remuneration Policies, approved by the Shareholders' Meeting of

12 April 2019, has the following characteristics:

- the reference price of the Banca Generali share, for the purposes of determining the number of shares to be allocated, was determined as the average of the official quotations between 10 December 2017 and 8 March 2018, at € 20.24;
- The fair value of the Banca Generali share on the grant date of the shares was determined based on the market price recorded as at 18 April 2018, amounting to approximately € 23.77, later adjusted to take into account the loss of the dividends expected in the period of deferral.

In relation to the assessment of the achievement by the key personnel of the objectives set for 2019 it is estimated that the share of variable compensation subject to payment of shares amounts to approximately 216 thousand shares, for a total fair value of the plan of € 4.7 million.

Finally, with reference to the 2016 Remuneration Policies, an entry plan subject to long-term deferral is active still today. It entails paying ten annual variable amounts from 2016 to 2025, which are further subject to deferral and payment in shares provided for by the Remuneration Policy in force at the time. The last instalment of the plan will therefore be paid during 2028. In addition to continuation in service, payment of the bonus is also conditioned by maintaining the net inflow targets originally met.

The shares to be granted as part of this plan are currently quantified as 18,302, of which 4,706 already granted.

With reference to meeting the performance targets set out in the Remuneration Policy for 2016, 2017 and 2018, during the year 128,930 treasury shares were granted to executives and network managers, of which 20,882 relating to employees or former employees and 108,048 relating to area managers and financial consultants[7].

More specifically, the grants concerned, respectively, the first and second deferred tranche with one-year deferral (20%) relating to the years 2016 and 2017, the up-front portion (60%) relating to 2018 and, for a residual portion, prior plans with different deferral characteristics for former employees and financial consultants.

7 Including the former area manager.

(€ thousand)	Date of General Shareholders' Meeting	Bank of Italy's authorisation	Price of allotment	Weighted average FV	Total shares accrued/in the process of accruing	Shares vested	Shares granted in 2019	Shares to be granted	Plan's Fair value (€ million)
Year 2016	21/04/2016	06/06/2016	25.28	23.20	91.1	77.5	15.5	13.6	2.1
Year 2017	20/04/2017	03/07/2017	23.73	22.53	162.5	133.6	30.5	30.8	3.7
Year 2018	12/04/2018	11/06/2018	28.57	23.54	137.8	115.3	82.9	57.3	3.2
Year 2019	18/04/2019	21/06/2019	20.25	21.73	216.2	16.9	0.0	216.2	4.7
Total (*)					**607.6**	**343.3**	**128.9**	**317.9**	**13.7**

(*) including the retirement incentive agreements

2017-2026 Framework Sales Network Loyalty Programme

The 2017-2026 Framework Sales Network Loyalty Programme was approved by the Board of Directors during its meeting on 21 March 2017 and was later ratified by the Shareholders' Meeting on 20 April 2017.
The Framework Loyalty Programme provides the possibility to activate 8 single annual plans with fixed expiration on 31 December 2026 and decreasing duration, subject to the annual authorization of the Banca Generali Shareholders' Meeting.
Payment of the indemnity accrued along the entire time span of the Programme will however be made at one single time, within 60 days from the Shareholders' Meeting called to approve the 2026 financial statements.
The payment of a portion of the accrued indemnity up to 50% at the most, partly in Banca Generali shares subject to the assessment of potential effects on the equity ratio and floating capital by the corporate bodies (Board of Directors and Shareholders' Meeting), can be allowed.
Participation in each of the plans included in the Programme is offered to the financial Consultants and Relationship Managers who have accrued at least 5 years of company seniority by 31 December of the corporate year before the one of reference of the single plans.
The following is necessary in order to be able to gain access to the benefits of the activated plans:
- reach a minimum volume of total AUM and qualified AUM growing over time and with non-negative net inflows (condition for accrual) by the end of the year of reference;
- be regularly in service and not having given advance notice as at the date of payment, except for the cases in which termination depends on causes of death or permanent disability, retirement or withdrawal from the relationship by Banca Generali not backed by just cause (service condition).

In the event of death, the accrued indemnities are considered definitively acquired by are subject to settlement with the heirs applying the same methods as those applied to the other beneficiaries.
Lastly, the accrued indemnity is proportionate to a rate of the verified AUM for every single plan and is differentiated based on the type of subject (Consultant/RM) and on seniority of service up to reaching a cap.
Recognition of the indemnity at the day of payment is also subordinate to surpassing banking group gates of access as defined in the Remuneration Policies in force at the time and with the rules of correctness.
The number of Banca Generali shares due is determined with the same methods established for the share-based payment plans linked to the Remuneration Policies, i.e. on the basis of the average Banca Generali share price in the three months prior to the meeting of the Board of Directors when both the draft statutory and consolidated financial statements for the year before the annual plan of reference.
Payment in shares of 50% of the accrued indemnity has been established for both of the annual plans activated up until now.
The value of the accrued indemnity was determined based on the AUM of the potential beneficiaries of the plans at the closing date of the year of reference, respectively, while the number of grantable financial instruments was determined based on the same value of reference of the Banca Generali share applied for the Remuneration Policies of the same years.
As a whole, the shares granted and under accrual to serve the three plans amount to approximately 658 thousand (581 thousand net of the estimated turnover) for a total value of € 8.2 million, of which 1.4 already recorded in the income statement.

(€ thousand)	max. no. of shares	No. of shares net estimated turnover	Fair value plan (million euros)
plan 2017- 2026	205	183	2.4
plan 2018- 2026	164	144	2.4
plan 2019- 2026	290	254	3.3
	658	**581**	**8.2**

LTI Plans - Long Term Incentives

From 2018, Banca Generali started, in each year, long-term incentive plans for the top management of the banking group, fully based on Banca Generali S.p.A. shares.
The new plans have characteristics similar to the corresponding plans activated every year by the parent company Assicurazioni Generali and based on the granting of its shares, but are even more aimed at pursing the goal of increasing the value of the Banca Generali shares by strengthening the bond between the remuneration of the beneficiaries and the performance of the banking group, although consistent with the expected results within the scope of the strategic plan of the insurance group.
It is for this reason that the new incentive plans provide for:

- The granting to beneficiaries of Banca Generali shares purchased on the market in place of shares of the parent company Assicurazioni Generali that it directly grants;
- Greater impact of the targets pertaining to the banking group, which weigh 80%.

The key characteristics of the plan are the following[8]:

- The maximum number of shares to grant is determined at the beginning of the period of reference based on a multiplier of the current remuneration of the beneficiaries[9] and is divided into three notional tranches that refer to each of the three years of duration of the plan;
- After verifying the surpassing of the access gates[10] of the banking group and insurance group, each year the Board of Directors of Banca Generali assesses the level of meeting the targets set at the beginning of the three-year period and determines the actual number of shares potentially due with reference to the specific tranche;
- At the end of the three-year period, having verified that the access gates have been surpassed, the entirety of the shares accrued for each of the three tranches is disbursed at a single time by free granting to the beneficiaries ordinary treasury shares repurchased on the market (stock granting), provided that the beneficiary is still employed by a banking group company (service condition);
- 50% of the granted shares are immediately available at the time of granting, while the remaining 50% is subject to an addition two-year lock-up period[11];
- The plan does not contemplate dividend equivalent mechanisms, in line with the regulations and with the most common practices in the banking market.
- Usual malus and claw back clauses are also included.

Il livello di raggiungimento degli obiettivi, espresso in misura percentuale, viene determinato separatamente per ogni basket, costituito da un indicatore e dalla relativa ponderazione, utilizzando la metodologia dell'interpolazione lineare rispetto ai livelli di riferimento fissati all'inizio del piano (minimo, target, massimo)[12].
The performance indicators defined for the plans activated up until now are shown below.

8 Additional information on the functioning of the LTI plans is found in the Remuneration Report, approved each year by the ordinary shareholders' meeting of Banca Generali, in Section 2 Remuneration and incentive policies of the banking group.
9 The maximum potential bonus to be disbursed in shares amounts to 175% of the gross annual remuneration of the plan's participants for the Top Management members, while it is 87.5% for the other beneficiaries.
10 As regards the access gates, the following is considered:
> two indicators representing specific access thresholds of the banking group connected with the Total Capital Ratio and the Liquidity Capital Ratio, to whose attainment the right to grant shares is subordinate (100%);
> an indicator representing an access threshold of the Generali Group connected with the Regulatory Solvency Ratio, to whose attainment the right to grant only the part of shares linked to meeting Generali Group targets is subordinate (20%).
11 Without prejudice to the Managing Director's right to retain an adequate number of granted shares until the end of the mandate in progress at the lock-up date.
12 In particular, a percentage of 175% is associated with the maximum performance level.

	Wieght	Access Gate	LTI 2018	LTI 2019
KPI Banking Group	80%	Total Capital Ratio (TCR), Liquidity Coverage Ratio (LCR)	1.ROE, 2. EVA	1. tROE; 2. Recurring Net Profit; 3. EVA
KPI Insurance Group	20%	Regulatory Solvency Ratio	1. Operating ROE, 2. rTSR	1.Net ROE medio; 2. EPS growth; 3.rTSR

The assessment of the number of shares due is made distinctly for each plan year and for each of the weighed baskets linked to the targets of the banking group and the insurance group.
As a whole, the shares granted and under accrual to serve the three plans amount to approximately 241 thousand for a total value of € 4.7 million, of which € 2.1 already recorded in the income statement.

Share-based compensation plans granted by Generali France

At the balance sheet date, there are the following share-based compensation plans granted by Generali France to the employees of Generali France Group: thirteen stock grant plans approved by the board on 21 December 2006, 20 December 2007, 4 December 2008, 10 December 2009, 9 December 2010, 14 March 2012, 25 June 2013, 7 March 2014, 6 March 2015, 9 March 2016, 9 March 2017, 1 March 2018 and 7 March 2019.
At 31 December 2019, the number of shares granted amounted to 6,945,455 preferred shares, of which 172,104 related to the plan granted for 175th anniversary of foundation of Parent Company.
With reference to the stock granting plans assigned by Generali France within the scope of IFRS 2, the charge recognized in the profit or loss amounted to € 5.1 million. The plans are considered as cash-settled, for which a liability is recorded on balance sheet equaling € 94.3 million.

47 Contingent liabilities, commitments, guarantees, pledged assets and collateral

47.1 Contingent liabilities

In the course of the ordinary business, the Group may be involved in agreements or transactions which do not lead to the recognition of these commitments as assets and liabilities in the consolidated financial statements according to the IFRS definitions and requirements (contingent assets and liabilities). As at 31 December 2019 the estimate of the contingent liabilities results as of € 6 million, mainly related to some disputes for which the probability of occurrence is not considered as remote, however not sufficiently material to recognise them as liabilities on the balance sheet.
A contingent liability is:
- a possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable than an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

47.2 Commitments

Generali Group at 31 December 2019 held outstanding commitments for a total amount of € 10,482 million, related to potential commitments on investments, loans and other commitments.
Because part of these commitments may expire without being called, the amounts disclosed are not indicative of the actual liquidity needs arising from these commitments.
In particular, € 7,685 million represent commitments associated with alternative investments (private equity), mainly allocated in private equity funds which are consolidated line-by-line by the Group. Moreover, € 2,044 million refer to several investment opportunities and, in particular, to real estate investment funds and equities. The potential commitments to grant loans amount to € 284 million, mainly associated to liquidity or funding needs of the customers of the Group's banking operations.

As far as other commitments are concerned, the main part that amounted totally to € 436 million refers to potential commitments of the German life companies towards a specific German entity founded in order to protect the local policyholders if the funds already available within the policyholders protection scheme are not sufficient to face the insolvency of one or more insurers.

47.3 Guarantees

The Group's nominal exposure towards third parties amounts to € 323 million, of which € 169 million refer to guarantees provided in the context of the Group's real estate development and € 97 million to sureties normally given by Banca Generali as part of it ordinary business.
Furthermore, the Group in the context of its business operations in some countries receives guarantees provided by third parties, mainly in the form of letters of credit.

47.4 Pledged assets and collaterals

As at 31 December 2019, as already mentioned in the paragraph Assets transferred that do not qualify for derecognition of the section Investments, the Group has pledged € 5,375 million of its assets. In particular, € 3,203 million have been pledged to cover loans and bonds issued, mainly related to the Group's real estate activities, and € 1,146 million to cover its reinsurance activities. Residual part is related to collateral pledged in relation to transactions in derivatives and other operations. Additionally, as indicated in section Assets transferred that do not qualify for derecognition, € 1,461 million has been pledged in repurchase agreements (REPO) and € 8,292 million has been subject to securities lending operations.
Furthermore, the Group has received assets as collateral for € 6,481 million, in particular for transactions in bonds and loans for € 4,382 million and € 1,299 million to cover Group reinsurers' obligations.

48 Significant non-recurring events and transactions

It should be noted that the Group completed the sale of some interests held in some Countries considered non-core and non-strategic. For further information, please refer to paragraph Non-current assets or disposal group classified as held for sale in the section Information on consolidation perimeter and Group Companies.

49 Leases

IFRS 16 - Leases replaces the requirements in IAS 17 - Leases. The new Standard provides presentation and disclosure requirements on leasing operations, involving in particular:
- the effects of first-time application of the new lease Standard, which are described in section Basis of presentation and accounting principles;
- ad hoc presentation and disclosure for lessees;
- ad hoc presentation and disclosure for lessors.

Main differences compared to previous IAS 17 requirements relate to presentation and disclosures related to Companies acting as lessees.
Here below details on lessees and lessors activities and related disclosures can be found.

49.1 Lessees

Group companies acting as lessees are mainly involved in real estate leases, mainly of offices, agencies and similar items, land leases, company cars leases and other assets leases.

Right of use assets

Right of use assets are not to presented separately from other assets in the balance sheet, they are allocated based on their nature within specific Balance sheet items. Balance sheet items Land and buildings (self-used) and Other tangible assets are the ones impacted by new IFRS 16 requirements.
In details, below the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset can be found.

Right of use assets by class of underlying assets subject to leasing

(€ million)	31/12/2019
Land and buildings (self-used) subject to leasing	**529**
Properties used for own activities subject to leasing	474
Land and agricultural property subject to leasing	56
Other real right subject to leasing	0
Company cars subject to leasing	**27**
Other tangible assets subject to leasing	**17**
Intangible assets subject to leasing	**0**
Total right of use assets	**574**

Main changes incurred during the period are reported below by class of underlying items.

Land and buildings (self-used) subject to leasing

(€ million)	31/12/2019
First time adoption of IFRS 16	562
Foreign currency translation effects	4
Acquisition of the period	70
Changes in consolidation scope	3
Reclassifications	0
Sales of the period	-0
Depreciation of the period	-87
Impairment loss of the period	0
Reversal of impairment of the period	0
Other changes	-23
Carrying amount as at the end of the period	**529**

Fair value of assets subject to leasing is supposed to be, besides for some rare cases, aligned to its carrying amount.

Tangible assets subject to leasing

(€ million)	31/12/2019
First time adoption of IFRS 16	38
Foreign currency translation effects	0
Acquisition of the period	26
Changes in consolidation scope	0
Sales of the period	-0
Amortization of the period	-22
Net impairment losses of the period	0
Other variations	2
Carrying amount as at the end of the period	**44**

Focus on impairment of right of use assets

Under IFRS 16, new right-of-use assets are subject to impairment requirements of IAS 36.
Similar to other assets, a right-of-use-asset is tested for impairment when impairment indicators exist.
In general, if impairment indicators exist, an entity must determine whether the right-of-use-asset can be tested on a stand-alone basis or whether it will have to be tested at a cash generating unit (CGU) level. This will depend on whether the right-of-use-asset generates largely independent cash inflows from other assets or groups of assets.
At Group level, based on facts and circumstances, it is considered that right-of-use-assets are not able to generate largely independent cash inflows and therefore they have been assessed for impairment at a CGU level rather than at an individual asset level.
In the majority of situations, CGUs to which right-of-use assets belong are the same ones used for impairment test of goodwill, as described in specific chapter, established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments. Therefore, the impairment test has been performed at that level, and according to Group methodology already in place for impairment test of goodwill.
In this context, the carrying amount of a CGU is calculated considering right of use assets and lease liabilities belonging to that unit, if any, and therefore they are tested for impairment.
If the recoverable amount of the CGU is less than its carrying amount, carrying amount of goodwill represents the first asset to be reduced. Then, impairment loss is allocated to other assets of the CGU pro rata based on the carrying amount of each asset in the unit to which the specific right of use asset belongs.
For additional information on impairment test of goodwill please refer to section Goodwill.

Lease liabilities

Lease liabilities as at 31th December 2019 amounted to € 656 million, while total cash outflows of the period amounted to € 114 million.
Lease liabilities are included in item Other financial liabilities on the Balance sheet.
Here below a maturity analysis of undiscounted lease payments can be found.

Maturity analysis of undiscounted lease liabilities

(€ million)	31/12/2019
Maturity less than one year	118
Maturity between 1 and 2 years	110
Maturity between 2 and 3 years	94
Maturity between 3 and 4 years	78
Maturity between 4 and 5 years	66
Maturity more than 5 years	518
Total undiscounted lease liabilities	**984**

Amount of undiscounted lease payments as at 31 December 2019 with maturity of more than 5 years includes, among others, a peculiar lease contract with a duration of almost 200 years. Short-term leases to which Group lessees are committed and exposed in the next reporting year amounted to € 6 million.

Expenses for lessees

Main impacts on expenses for lessees are reported below.

Expenses related to lease contracts

(€ million)	31/12/2019
Interest expenses for lease payments (*)	14
Depreciation of properties used for own activities subject to leasing	87
Depreciation of tangible assets subject to leasing	9
Depreciation of company cars subject to leasing	13
Amortisation of intangible assets subject to leasing	0
Impairment and other expenses from assets subject to leasing	3
Expenses for leases of low value assets	1
Expenses for short term leases	20
Total expenses from lease contracts	**146**

(*) In this item is also included income arising from leases with negative yields

Income from sub-leasing right-of use assets was not material for the period since it is not Group practice to undertake this kind of business. There have been no sale and leaseback transactions during the period.

49.2 Lessors

Operating leases

Group companies act also as lessors, mainly related to real estate rentals through operating leases. The majority of investment properties are consequently leased out for different uses. Group presents underlying assets subject to operating leases according to the nature of the underlying asset. Please refer to section Investments for additional information on investment properties. Income from operating leases has been allocated according to the nature of the underlying item rented. Please refer to section Income from other financial instruments and land and buildings (investment properties) for additional information. Income from variable lease payments that do not depend on an index or a rate amounted are not material.

Finance leases

There are limited activities related to automobile/vehicle leasing solutions provided by a Group financial lessor to the private and business sector.

50 Other information

With reference to the transparency of public funds legislation introduced by art. 1 of Law 124/2017, paragraphs 125, 125-bis and following, as modified by art. 35 of Legislative Decree 34/2019, converted into Law 58/2019 (so-called
Decreto Crescita), during the 2019 financial year, Generali Group received public funds mainly related to training activities which are reported in the Registro Nazionale degli Aiuti di Stato pursuant to art. 52 of Law 234/2012 and subsequent amendments and additions, to which reference is made in the specific Transparency section, pursuant to art. 1, paragraph 125-quinquies of the aforementioned Law 124/2017.

51 Audit and other service fees for the fiscal year

In the table below, drawn up pursuant to the article 149-duodecies of Consob Regulation, are reported the 2019 fees for auditing and other services to Parent company's audit and companies within audit company's network.

Audit and other service fees

(€ thousands)	E&Y Italy	E&Y Network
	31/12/2019	31/12/2019
Parent Company	**11,571**	**439**
Audit fee	1,264	425
Attestation service fees	3,187	14
Other services	7,120	
Subsidiaries	**6,215**	**23,314**
Audit fee	3,205	15,536
Attestation service fees	2,791	6,060
Other service fees	219	1,718
Total	**17,786**	**23,753**

52 Information about Coronavirus

With reference to the events resulting from the development and spread of Coronavirus, after 31 December 2019, the Group believes that they represent a non-adjusting event, pursuant to IAS 10.
The Group will continue to monitor the overall evolution of the Coronavirus in order to assess the potential impacts in the business segments and in the different geographical areas in which it operates, continuing to implement all possible risk mitigation measures.
With reference to the possible impacts of Coronavirus please refer to the Outlook chapter.

Appendices to the Notes

Tangible and intangible assets

Appendix 3

(€ million)	At cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	14,168		14,168
Land and buildings (self used)	2,888		2,888
Other tangible assets	1,295		1,295
Other intangible assets	**2,221**		**2,221**

Amounts ceded to reinsurers from insurance provisions

Appendix 4

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life amounts ceded to reinsurers from insurance provisions (*)	1,820	2,012	773	752	2,593	2,765
Provisions for unearned premiums	206	271	94	85	300	356
Provisions for outstanding claims	1,611	1,738	679	667	2,290	2,405
Other insurance provisions	3	3	0	0	3	3
Life amounts ceded to reinsurers from insurance provisions (*)	1,073	496	715	749	1,789	1,244
Provisions for outstanding claims	245	342	371	399	616	741
Mathematical provisions	749	107	341	345	1,090	453
"Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds"	44	2	0	0	44	2
Other insurance provisions	35	44	4	4	39	49
Total	**2,893**	**2,508**	**1,489**	**1,501**	**4,382**	**4,009**

(*) After the elimination of intra-group transactions between segments.

Financial assets

Appendix 5

(€ million)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total book value	
							Financial assets held for trading		Financial assets designated as at fair value through profit or loss			
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Equities at cost					16	13					16	13
Equities at fair value					13,399	10,366	0	0	3,021	2,065	16,420	12,431
- of which quoted equities					11,412	8,521	0	0	2,066	1,561	13,478	10,082
Bonds	2,243	2,171	15,129	16,564	270,632	249,315	19	34	7,805	7,140	295,828	275,224
- of which quoted bonds	2,243	2,171			268,376	246,866	18	32	6,744	6,039	277,381	255,109
Investment fund units					32,519	22,830	1	0	81,751	67,357	114,271	90,187
Loans and receivables from customers			1,588	1,460							1,588	1,460
Loans and receivables from banks			254	212							254	212
Deposits under reinsurance business accepted			2,076	734							2,076	734
Deposit components of reinsurance contracts											0	0
Other loans and receivables			13,238	12,845							13,238	12,845
Derivatives							1,294	1,261	56	32	1,350	1,293
Hedging derivatives (*)									813	363	813	363
Other financial investments	0	0			1,629	1,249	0	0	914	1,248	2,542	2,497
Total	**2,243**	**2,171**	**32,285**	**31,815**	**318,195**	**283,773**	**1,313**	**1,295**	**94,359**	**78,204**	**448,396**	**397,259**

(*) In accordance with Regolamento n° 7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Assets and liabilities related to policies where the investment risk is borne by policyholders and to pensions funds

Appendix 6

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Assets	76,583	64,103	1,892	1,686	78,475	65,789
Intra-group assets (*)						
Total	**76,583**	**64,103**	**1,892**	**1,686**	**78,475**	**65,789**
Financial liabilities	1,676	1,515	1,856	1,239	3,532	2,754
Insurance provisions (**)	75,351	63,146	12	0	75,363	63,146
Intra-group liabilities (*)						
Total	**77,027**	**64,662**	**1,869**	**1,239**	**78,896**	**65,900**

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.

(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions..

Insurance provisions

Appendix 7

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Non-life insurance provisions (*)	**30,179**	**30,333**	**1,473**	**1,386**	**31,652**	**31,720**
Provisions for unearned premiums	5,261	5,111	196	190	5,457	5,301
Provisions for outstanding claims	24,651	24,974	1,272	1,191	25,924	26,164
Other insurance provisions	266	248	6	6	272	255
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions (*)	**384,147**	**343,871**	**3,432**	**2,237**	**387,579**	**346,108**
Provisions for outstanding claims	5,465	5,477	1,401	1,414	6,867	6,891
Mathematical provisions	253,870	242,928	1,900	673	255,769	243,601
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	75,402	63,142	5	7	75,407	63,149
Other insurance provisions	49,410	32,324	126	143	49,536	32,467
of which provisions for liability adequacy test	893	843	5	5	898	847
of which deferred policyholder liabilities	26,273	10,584			26,273	10,584
Total provisions	**414,326**	**374,204**	**4,905**	**3,624**	**419,231**	**377,828**

(*) After the elimination of intra-group transactions between segments.

Financial liabilities

Appendix 8

(€ million)	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss					
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Preference shares							0	0
Subordinated liabilities					7,717	8,124	7,717	8,124
Financial liabilities related to investment contracts issued by insurance companies			3,662	2,907	6,205	6,221	9,867	9,128
where the investment risk is borne by the policyholders			1,676	1,515			1,676	1,515
pension funds			1,856	1,239			1,856	1,239
other liabilities related to investment contracts			130	153	6,205	6,221	6,335	6,374
Deposits received from reinsurers					705	747	705	747
Deposit components of insurance contract							0	0
Bonds					3,052	3,111	3,052	3,111
Liabilities to customers					14,830	12,880	14,830	12,880
Liabilities to banks					31	116	31	116
Other loans					3,380	3,184	3,380	3,184
Derivatives	838	668					838	668
Hedging derivatives (*)			445	548			445	548
Other financial liabilities			37	36			37	36
Total	**838**	**668**	**4,145**	**3,491**	**35,921**	**34,382**	**40,904**	**38,540**

(*) In accordance with Regolamento n° 7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Technical insurance items

Appendix 9

(€ million)	31/12/2019			31/12/2018		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NON-LIFE SEGMENT						
NET EARNED PREMIUMS	21,486	-1,145	20,341	20,607	-1,009	19,597
a Premiums written	21,575	-1,189	20,386	20,649	-1,020	19,629
b Change in the provisions for unearned premiums	-89	44	-45	-42	10	-32
NET INSURANCE BENEFITS AND CLAIMS	-13,644	571	-13,073	-13,403	635	-12,768
a Claims paid	-13,990	646	-13,344	-13,622	745	-12,877
b Change in the provisions for outstanding claims	439	-61	378	221	-111	110
c Change in claims to be recovered	13	-15	-2	50	-0	50
d Change in other insurance provisions	-106	1	-105	-51	0	-51
LIFE SEGMENT						
NET PREMIUMS	46,651	-753	45,898	44,585	-778	43,807
NET INSURANCE BENEFITS AND CLAIMS	-58,677	688	-57,989	-39,837	573	-39,264
a Claims paid	-33,722	630	-33,092	-33,714	563	-33,151
b Change in the provisions for outstanding claims	-174	-1	-176	-272	36	-235
c Change in the mathematical provisions	-11,361	58	-11,302	-7,481	-11	-7,492
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	-11,852	-0	-11,852	2,172	-0	2,171
e Change in other insurance provisions	-1,568	1	-1,567	-541	-16	-557

Income and expenses from investments, receivables and payables

Appendix 10

(€ million)	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses 31/12/2019	Total income and expenses 31/12/2018
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**8,447**	**3,131**	**-416**	**3,962**	**-1,293**	**13,832**	**11,480**	**56**	**-2,374**	**-780**	**8,381**	**22,213**	**4,483**
a from land and buildings (investment properties)		934	-415	186	-13	692		16		-22	-6	685	562
b from investments in subsidiaries, associated companies and joint ventures		115		26	-8	132		7		-52	-44	88	150
c from held to maturity investments	174		0	14	-0	188		0		-51	-51	137	87
d from loans and receivables	1,060		0	76	-12	1,124		10		-148	-139	985	1,033
e from available for sale financial assets	6,860	1,691	-0	2,395	-806	10,140		23		-507	-484	9,656	8,503
f from financial assets held for trading	92	0	0	132	-209	16	528		-449		79	95	105
g from financial assets designated as at fair value through profit or loss	260	392	-1	1,133	-245	1,540	10,952		-1,925		9,027	10,567	-5,957
Income and expenses from receivables	**5**			**1**	**-4**	**2**		**72**		**-14**	**59**	**60**	**35**
Income and expenses from cash and cash equivalents	**49**					**49**					**0**	**49**	**34**
Income and expenses from financial liabilities	**-1,170**	**0**	**-0**	**112**	**-466**	**-1,523**	**366**	**0**	**-599**	**0**	**-233**	**-1,756**	**-1,166**
a from financial liabilities held for trading	-106			112	-218	-213	365		-596		-231	-444	-116
bfrom financial liabilities designated as at fair value through profit or loss	-40			0	0	-40	2		-3		-2	-41	-40
c from other financial liabilities	-1,024		-0	0	-247	-1,271					0	-1,271	-1,010
Income and expenses from payables						**0**					**0**	**0**	
Total	**7,331**	**3,131**	**-416**	**4,076**	**-1,763**	**12,359**	**11,846**	**128**	**-2,973**	**-794**	**8,207**	**20,566**	**3,387**

Acquisition and administration costs of insurance business

Appendix 11

(€ million)	Non-life segment		Life segment	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Commissions and other acquisition costs	4,848	4,583	4,019	3,707
a Acquisition and administration commissions	3,830	3,575	2,945	2,737
b Other acquisition costs	909	894	970	941
c Change in deferred acquisition costs	-2	5	53	-24
d Collecting commissions	111	110	52	53
Commissions and profit commissions from reinsurers	-153	-146	-127	-129
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers (*)	86	84	337	320
Other administration costs	1,112	1,046	944	909
Total	**5,892**	**5,568**	**5,174**	**4,807**

(*) Before the elimination of intra-group transactions between segments.

Details on other comprehensive income

Appendix 12

(€ million)	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amounts	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Items that may be reclassified to profit and loss in future periods												
Reserve for currency translation differences	80	-39	-23	-5			57	-45	1	1	-99	-157
Net unrealized gains and losses on investments available for sale	4,229	-2,543	-6	221			4,223	-2,322	-1,658	816	7,640	3,417
Net unrealized gains and losses on cash flows hedging derivatives	139	-11	-2	37			137	26	-34	-8	94	-43
Net unrealized gains and losses on hedge of a net investment in foreign operations	-19	5	-22	-10			-41	-4	0	0	-134	-93
Share of other comprehensive income of associates	29	-18	-7	0			22	-18	0	0	84	61
Result of discontinued operations	-255	-223	0	-85			-255	-308	0	94	-0	255
Others												
Items that may not be reclassified to profit and loss in future periods												
Revenue reserve from valuation of equity	-0	0					-0	0			-0	-0
Result of discontinued operations	4	25					4	25			0	-4
Reserve for revaluation model on intangible assets												
Reserve for revaluation model on tangible assets												
Actuarial gains or losses arising from defined benefit plans	-392	81					-392	81	161	-30	-1,286	-895
TOTAL OTHER COMPREHENSIVE INCOME	**3,817**	**-2,723**	**-61**	**159**	**0**	**0**	**3,757**	**-2,564**	**-1,530**	**872**	**6,298**	**2,541**

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

Appendix 14

(€ million)	Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Financial assets and liabilities at fair value through profit or loss on recurring basis								
Available for sale financial assets	285,224	255,396	24,518	20,876	8,453	7,501	318,195	283,773
Financial assets at fair value through profit or loss	87,062	72,525	6,531	5,349	2,080	1,625	95,672	79,499
Financial assets held for trading	19	43	1,294	1,204	0	48	1,313	1,295
Financial assets designated at fair value through profit or loss	87,043	72,482	5,237	4,145	2,080	1,576	94,359	78,203
Investment properties								
Tangible assets								
Intangible assets								
Total financial assets at fair value	372,286	327,921	31,049	26,226	10,533	9,126	413,868	363,272
Financial liabilities at fair value through profit or loss	3,035	2,830	1,847	1,244	101	84	4,983	4,159
Financial liabilities held for trading	1	3	836	652	0	12	838	668
Financial liabilities designated at fair value through profit or loss	3,033	2,826	1,010	592	101	72	4,145	3,491
Total financial liabilities on recurring basis	3,035	2,830	1,847	1,244	101	84	4,983	4,159
Total financial assets and liabilities at fair value on non recurring basis								
Non-current assets or of discontinued operations	0	41,532	0	4,924	0	112	0	46,568
Non-current liabilities or of discontinued operations	0	3,807	0	270	0	0	0	4,077

Details of the variations of assets and liabilities measured at fair value on a recurring basis classified in Level 3

Appendix 15

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	**7,501**	**48**	**1,576**				**13**	**72**
Purchases and issues	1,846	0	528				0	48
Disposals through sales and settlements	-749	-0	-96				0	0
Pay-backs	-370	0	-28				0	0
Net gains and losses recognized in P&L	0	0	36				0	2
of which net unrealised gains and losses	0	0	36				0	2
Net unrealised gains and losses recognized in OCI	482	0	0				0	0
Net transfers in Level 3	-7	0	134				0	1
Net transfers out of Level 3	-263	0	-91				0	0
Other changes	12	-48	19				-13	-22
Closing balance	**8,453**	**0**	**2,080**				**0**	**101**

Assets and liabilities not measured at fair value: fair value hierarchy

Appendix 16

(€ million)	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Assets										
Held to maturity investments	2,243	2,171	1,634	1,421	726	781	0	0	2,360	2,202
Loans and receivables	29,207	30,167	2,601	2,892	22,022	22,532	7,503	7,074	32,125	32,498
Investments in subsidiaries, associated companies and joint ventures	1,365	1,320	0	0	0	0	1,365	1,320	1,365	1,320
Land and buildings (investment properties)	14,168	13,650	0	0	0	0	22,693	20,631	22,693	20,631
Other assets	2,888	2,505	0	0	0	0	3,297	3,349	3,297	3,349
Total assets	49,871	49,812	4,234	4,313	22,748	23,313	34,859	32,373	61,841	59,999
Liabilities										
Other liabilities	28,354	27,414	12,335	11,160	11,691	10,424	6,000	6,621	30,026	28,205

Consolidation area: interests in entities with significant minority interests

Appendix 17

Entity Name	% Minority interests	% Availability to Minority Interests of voting rights in the General Shareholders' meeting	Consolidated Profit (loss) attributable to minority interests	Shareholders' equity attributable to minority interests	Summarised financial information							
					Total Assets	Investments	Technical provisions	Financial Liabilities	Total liabilities and shareholders' equity	Net profit (loss) of the period	Dividends distributed to minority interests	Gross Premiums
Banca Generali Group	49.32%	49.32%	133	527	12,052	10,432	-	10,530	980	483	73	-
Generali China Life Insurance Co. Ltd	50.00%	50.00%	63	481	9,432	9,064	6,667	1,430	883	126	21	1,894

Change in the consolidation area(*)

Newly consolidated:	
1.	Adriatic Slovenica Zavarovalna družba d.d., Koper
2.	Aperture Investors, LLC, London
3.	Aperture Investors UK, Ltd, London
4.	Axis Retail Partners S.p.A., Milan
5.	BG Valeur S.A., Lugano
6.	BRITISH CORNER s.r.o., Prague
7.	CityLife Sviluppo 2 S.r.l., Milan
8.	DB Real Estate Spezial Invest Portugal - Sociedade Imobiliária S.A., Lisbon
9.	Dialog Versicherung Aktiengesellschaft, Munich
10.	Europ Assistance Clearing Center GIE, Gennevilliers
11.	Generali Alpha Corp., Wilmington
12.	Generali Cliente, Agencia de Seguros Exclusiva, SL, Madrid
13.	Generali Core High Street Retail Fund, Luxembourg
14.	Generali Global Infrastructure S.A.S., Paris
15.	Generali Insurance Brokers – Russia and CIS Limited Liability Company, Moscow
16.	Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A., Warsaw
17.	Generali Investments, družba za upravljanje, d.o.o., Ljubljana
18.	Generali Jeniot S.p.A., Milan
19.	Generali Real Estate Debt Investment Fund Italy (GREDIF ITA), Trieste
20.	Generali Real Estate Debt Investment Fund S.C.Sp RAIF, Luxembourg
21.	Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF, Luxembourg
22.	Generali Russia, Moscow
23.	Generali SCF Sàrl, Luxembourg
24.	Generali Shopping Centre Fund GP S.à r.l., Luxembourg
25.	Generali Shopping Centre Fund S.C.S. SICAV-SIF, Luxembourg
26.	GRE PAN-EU Berlin 1 S.à r.l., Luxembourg
27.	GRE PAN-EU LISBON 1, Lisbon
28.	I.J.O. PRAGUE INVESTMENTS s.r.o., Prague
29.	Lumyna Investments Limited, London
30.	Nextam Partners S.p.A, Milan
31.	Nextam Partners Ltd, London
32.	Nextam Partners SIM S.p.A., Milan
33.	NextamPartners SGR S.p.A., Milan
34.	Ovocný Trh 2 s.r.o., Prague
35.	Palác Špork, a.s., Prague
36.	PARCOLOG FRANCE, Paris
37.	Sarl Parcolog Lyon Isle d'Abeau Gestion, Paris
38.	SCI Galilée, Paris
39.	SO SPV 57 Sp. Z o.o., Warsaw
40.	Sycomore Asset Management S.A., Paris
41.	Sycomore Factory SAS, Paris
42.	Sycomore Market Solutions SA, Paris
43.	Trip Mate, Inc., Topeka

Company disposed of/wound up/merged in:	
1.	Europ Assistance Belgium S.A., Bruxelles - Merged in Europ Assistance S.A.
2.	Europ Assistance Versicherungs-AG, Munich - Merged in Europ Assistance S.A.
3.	Europ Assistance - Companhia Portuguesa de Seguros, S.A., Lisbon - Merged in Europ Assistance S.A.
4.	Europ Assistance España S.A. de Seguros y Reaseguros, Madrid - Merged in Europ Assistance S.A.
5.	Generali 3. Immobilien AG & Co. KG, Munich
6.	Generali Belgium S.A., Bruxelles
7.	Generali Deutschland Schadenmanagement GmbH, Cologne - Merged in Generali Deutschland AG
8.	Generali Holding Vienna AG, Wien - Merged in Generali Versicherung AG
9.	Generali Investments Asia Limited, Hong Kong
10.	Generali Lebensversicherung Aktiengesellschaft, Munich
11.	Generali Portfolio Management (CI) Ltd, St. Peter Port
12.	Generali Properties S.p.A., Trieste - Merged in Generali Italia S.p.A.
13.	Generali Real Estate Investments B.V., Amsterdam
14.	Generali Versicherung Aktiengesellschaft, Munich - Merged in Generali Deutschland Versicherung AG
15.	Generali Worldwide Insurance Company Limited, St. Peter Port
16.	GID Fonds GLAKOR, Frankfurt
17.	GID Fonds GLLAE, Cologne
18.	GID Fonds GLMET, Frankfurt
19.	GID Fonds GLRET, Cologne
20.	GID Fonds GLRET 2, Frankfurt
21.	GID Fonds GLRET 3, Frankfurt
22.	GID Fonds GLRET 4, Frankfurt
23.	GID Fonds VLAOT, Cologne
24.	GID-Fonds GLRET 5, Frankfurt
25.	GIE-Fonds AADMGI, Cologne
26.	GLL AMB Generali 200 State Street, Munich
27.	GLL AMB Generali Properties Fund I GmbH & Co. KG, Munich
28.	GLL AMB Generali Properties Fund II GmbH & Co. KG, Munich
29.	GLL GmbH & Co. Retail KG i.L., Munich
30.	GLL Properties 444 Noth Michig. LP, Delaware
31.	GLL Properties Fund I LP, Delaware
32.	GLL Properties Fund II LP, Delaware
33.	GRE PAN-EU Frankfurt 2 S.à r.l., Luxembourg
34.	SCI Iliade Massy, Paris
35.	Thuringia Generali 1.Immobilien AG & Co. KG, Munich
36.	Thuringia Generali 2.Immoblien AG & Co. KG, Munich
37.	Volksfürsorge 1.Immobilien AG & Co. KG, Hamburg
38.	Volksfürsorge 5.Immobilien AG & Co. KG, Hamburg
39.	Wielkopolskie Towarzystwo Ubezpieczeń Życiowych i Rentowych Concordia Capital SA, Poznan - Fusa in Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna

* Consolidation area consists of companies consolidated "line by line".

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Assicurazioni Generali S.p.A.	086	EUR	1,569,773,403	G	1	0.01			0.03	100.00
							0.01	Generali Italia S.p.A.		
Genertel S.p.A.	086	EUR	23,000,000	G	1		100.00	Genertellife S.p.A.	100.00	100.00
UMS - Immobiliare Genova S.p.A.	086	EUR	15,993,180	G	10		99.90	Generali Italia S.p.A.	99.90	99.90
Europ Assistance Italia S.p.A.	086	EUR	12,000,000	G	1		73.95	Europ Assistance Holding S.A.S.	100.00	100.00
							26.05	Generali Italia S.p.A.		
Europ Assistance Trade S.p.A.	086	EUR	540,000	G	11		91.56	Europ Assistance Italia S.p.A.	100.00	100.00
							8.44	Europ Assistance VAI S.p.A.		
Europ Assistance VAI S.p.A.	086	EUR	4,324,620	G	11		100.00	Europ Assistance Italia S.p.A.	100.00	100.00
Generali Investments Partners S.p.A. Società di Gestione Risparmio	086	EUR	1,000,000	G	8		97.61	Alleanza Assicurazioni S.p.A.	100.00	99.99
							2.39	Generali Investments Holding S.p.A.		
Generali Welion S.c.a.r.l.	086	EUR	10,000	G	11	1.00			100.00	100.00
							1.00	Genertel S.p.A.		
							1.00	Generali Business Solutions S.c.p.A.		
							2.00	Alleanza Assicurazioni S.p.A.		
							2.00	Genertellife S.p.A.		
							93.00	Generali Italia S.p.A.		
Alleanza Assicurazioni S.p.A.	086	EUR	210,000,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
Genagricola - Generali Agricoltura S.p.A.	086	EUR	219,900,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Agricola San Giorgio S.p.A.	086	EUR	22,160,000	G	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00
GenerFid S.p.A.	086	EUR	240,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.68
Banca Generali S.p.A.	086	EUR	116,851,637	G	7		9.63	Generali Vie S.A.	50.81	50.68
							0.44	Genertel S.p.A.		
							2.43	Alleanza Assicurazioni S.p.A.		
							4.88	Genertellife S.p.A.		
							33.43	Generali Italia S.p.A.		
Fondo Scarlatti - Fondo Immobiliare chiuso	086	EUR	510,756,634	G	10		2.89	Generali Vie S.A.	76.57	76.53
							1.94	Genertel S.p.A.		
							7.36	Alleanza Assicurazioni S.p.A.		
							7.11	Genertellife S.p.A.		
							57.27	Generali Italia S.p.A.		
Generali Real Estate S.p.A.	086	EUR	780,000	G	11	100.00			100.00	100.00
Fondo Immobiliare Mascagni	086	EUR	2,129,012,300	G	10		1.24	Genertel S.p.A.	100.00	100.00
							29.63	Alleanza Assicurazioni S.p.A.		
							14.88	Genertellife S.p.A.		
							54.25	Generali Italia S.p.A.		
Fondo Immobiliare Toscanini	086	EUR	755,711,319	G	10		1.78	Generali Vie S.A.	100.00	99.98
							0.34	Genertel S.p.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							32.49	Alleanza Assicurazioni S.p.A.		
							16.78	Genertellife S.p.A.		
							48.61	Generali Italia S.p.A.		
GSS - Generali Shared Services S.c.a.r.l.	086	EUR	1,002,000	G	11	47.80			99.90	99.75
							0.10	Pojišťovna Patricie a.s.		
							0.10	Generali Česká pojišťovna a.s.		
							0.50	Generali Vie S.A.		
							0.10	Generali Investments Partners S.p.A. Società di Gestione Risparmio		
							0.10	Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio		
							0.10	Generali Vida Companhia de Seguros S.A.		
							50.90	Generali Business Solutions S.c.p.A.		
							0.20	Generali Companhia de Seguros, S.A.		
Generali Business Solutions S.c.p.A.	086	EUR	7,853,626	G	11	1.22			100.00	99.72
							0.25	Genertel S.p.A.		
							0.01	Europ Assistance Italia S.p.A.		
							0.01	Generali Welion S.c.a.r.l.		
							0.01	Alfuturo Servizi Assicurativi s.r.l.		
							0.01	Generali Real Estate S.p.A. SGR		
							0.01	Generali Jeniot S.p.A.		
							1.29	Alleanza Assicurazioni S.p.A.		
							0.57	Banca Generali S.p.A.		
							0.05	GSS - Generali Shared Services S.c.a.r.l.		
							0.27	Genertellife S.p.A.		
							0.27	Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio		
							96.04	Generali Italia S.p.A.		
Axis Retail Partners S.p.A.	086	EUR	120,000	G	11		59.50	Generali Investments Holding S.p.A.	59.50	59.22
Nextam Partners S.p.A	086	EUR	472,598	G	9		100.00	Banca Generali S.p.A.	100.00	50.68
Nextam Partners SGR S.p.A.	086	EUR	1,102,129	G	8		100.00	Nextam Partners S.p.A	100.00	50.68
Nextam Partners SIM S.p.A.	086	EUR	1,100,000	G	8		100.00	Nextam Partners S.p.A	100.00	50.68
CityLife S.p.A.	086	EUR	351,941	G	10		100.00	Generali Italia S.p.A.	100.00	100.00
Residenze CYL S.p.A.	086	EUR	39,921,667	G	10		0.30	CityLife S.p.A.	66.67	66.67
							66.37	Generali Italia S.p.A.		
CityLife Sviluppo 2 S.r.l.	086	EUR	10,000	G	10		100.00	Fondo Immobiliare Mantegna	100.00	99.45
D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	086	EUR	2,750,000	G	1		50.01	Generali Italia S.p.A.	50.01	50.01
D.A.S. Legal Services S.r.l.	086	EUR	100,000	G	11		100.00	D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	100.00	50.01

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
Generali Real Estate Debt Investment Fund Italy (GREDIF ITA)	086	EUR	94,400,000	G	11		100.00	Generali Real Estate Debt Investment Fund S.C.Sp RAIF	100.00	99.64
Alfuturo Servizi Assicurativi s.r.l.	086	EUR	70,000	G	11		100.00	Alleanza Assicurazioni S.p.A.	100.00	100.00
Fondo Canaletto	086	EUR	118,817,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate S.p.A. SGR	086	EUR	6,732,889	G	8		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali Investments Holding S.p.A.	086	EUR	41,360,000	G	9	37.72			100.00	99.53
							28.29	Generali Deutschland AG		
							33.99	Generali France S.A.		
Fondo Donizetti	086	EUR	1,331,143,066	G	11		1.43	Europ Assistance Italia S.p.A.	100.00	100.00
							29.35	Alleanza Assicurazioni S.p.A.		
							16.01	Genertellife S.p.A.		
							53.21	Generali Italia S.p.A.		
Fondo Immobiliare Mantegna	086	EUR	246,000,001	G	11		100.00	Generali Core High Street Retail Fund	100.00	99.45
Fondo Immobiliare Tiepolo	086	EUR	121,849,986	G	11		99.99	Generali Real Estate Asset Repositioning S.A.	99.99	99.34
Fondo Immobiliare Schubert - comparto 1	086	EUR	276,500,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Fondo Immobiliare Schubert - comparto 2	086	EUR	124,450,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Fondo Immobiliare Schubert - comparto 3	086	EUR	220,970,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Fondo Immobiliare Segantini	086	EUR	203,450,000	G	11		100.00	Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	100.00	99.45
Genertellife S.p.A.	086	EUR	168,200,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
Generali Jeniot S.p.A.	086	EUR	3,100,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Generali Italia S.p.A.	086	EUR	1,618,628,450	G	1	100.00			100.00	100.00
Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio	086	EUR	60,085,000	G	8		100.00	Generali Investments Holding S.p.A.	100.00	99.53
Dialog Lebensversicherungs-Aktiengesellschaft	094	EUR	2,045,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
GDPK-FI1 GmbH & Co. offene Investment KG	094	EUR	10,000	G	9		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
Generali Health Solutions GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland AG	094	EUR	137,560,202	G	5	4.04			100.00	100.00
							94.10	Generali Beteiligungs-GmbH		
							1.86	Alleanza Assicurazioni S.p.A.		
AachenMünchener Lebensversicherung AG	094	EUR	71,269,998	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Versicherung AG	094	EUR	136,463,896	G	2		100.00	Generali Deutschland AG	100.00	100.00
Central Krankenversicherung Aktiengesellschaft	094	EUR	34,017,984	G	2		100.00	Generali Deutschland AG	100.00	100.00
Europ Assistance Services GmbH	094	EUR	250,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Cosmos Lebensversicherungs Aktiengesellschaft	094	EUR	11,762,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
Cosmos Versicherung Aktiengesellschaft	094	EUR	9,205,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
ENVIVAS Krankenversicherung Aktiengesellschaft	094	EUR	1,022,800	G	2		100.00	Generali Deutschland AG	100.00	100.00
ADVOCARD Rechtsschutzversicherung AG	094	EUR	12,920,265	G	2		100.00	Generali Deutschland AG	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Generali Deutschland Pensionskasse AG	094	EUR	7,500,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Beteiligungs-GmbH	094	EUR	1,005,000	G	4	100.00			100.00	100.00
Generali Deutschland Finanzierungs-GmbH	094	EUR	17,895,500	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
VVS Vertriebsservice für Vermögensberatung GmbH	094	EUR	250,000	G	11		100.00	ATLAS Dienstleistungen für Vermögensberatung GmbH	100.00	74.00
Generali Pensionsfonds AG	094	EUR	5,100,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG	094	EUR	409,663,042	G	10		3.24	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	99.99
							23.94	AachenMünchener Lebensversicherung AG		
							9.79	Generali Deutschland Versicherung AG		
							29.41	Central Krankenversicherung Aktiengesellschaft		
							23.10	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.49	Cosmos Versicherung Aktiengesellschaft		
							1.27	ADVOCARD Rechtsschutzversicherung AG		
							7.77	Dialog Versicherung Aktiengesellschaft		
Generali Northern America Real Estate Investments GmbH & Co. KG	094	EUR	17,387,755	G	10		45.42	AachenMünchener Lebensversicherung AG	99.89	99.89
							27.24	Central Krankenversicherung Aktiengesellschaft		
							27.24	Cosmos Lebensversicherungs Aktiengesellschaft		
AM Erste Immobilien AG & Co. KG	094	EUR	53,875,499	G	10		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
CENTRAL Erste Immobilien AG & Co. KG	094	EUR	4,823,507	G	10		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
CENTRAL Zweite Immobilien AG & Co. KG	094	EUR	12,371,997	G	10		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
Deutsche Bausparkasse Badenia Aktiengesellschaft	094	EUR	40,560,000	G	7		100.00	Generali Deutschland AG	100.00	100.00
AM Vers Erste Immobilien AG & Co. KG	094	EUR	16,775,749	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Generali Finanz Service GmbH	094	EUR	26,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
AM Sechste Immobilien AG & Co. KG	094	EUR	85,025,000	G	10		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
DBB Vermögensverwaltung GmbH & Co. KG	094	EUR	21,214,579	G	10		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00
Generali Deutschland Services GmbH	094	EUR	100,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Informatik Services GmbH	094	EUR	15,000,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
ATLAS Dienstleistungen für Vermögensberatung GmbH	094	EUR	4,100,000	G	11		74.00	AachenMünchener Lebensversicherung AG	74.00	74.00
AM Gesellschaft für betriebliche Altersversorgung mbH	094	EUR	60,000	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
Cosmos Finanzservice GmbH	094	EUR	25,565	G	11		100.00	Cosmos Versicherung Aktiengesellschaft	100.00	100.00
Generali Vitality GmbH	094	EUR	250,000	G	9	100.00			100.00	100.00
FPS Immobilien Verwaltung SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
FLI Immobilien Verwaltungs SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
FFDTV Immobilien Verwaltung SW 13 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Pensions- und SicherungsManagement GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Marienplatz-Galerie Schwerin mbH & Co. KG	094	EUR	14,805,190	G	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Louisen-Center Bad Homburg mbH & Co. KG	094	EUR	57,975,829	G	10		100.00	Generali Deutschland AG	100.00	100.00
GID Fonds AAREC	094	EUR	1,908,734,528	G	11		1.68	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							44.66	AachenMünchener Lebensversicherung AG		
							41.33	Central Krankenversicherung Aktiengesellschaft		
							11.02	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.32	Generali Deutschland Pensionskasse AG		
GID Fonds ALAOT	094	EUR	824,541,656	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CLAOT	094	EUR	404,259,203	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID Fonds AVAOT	094	EUR	93,550,926	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds CEAOT	094	EUR	881,586,771	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GDRET	094	EUR	175,807,521	G	11		21.38	Generali Deutschland AG	100.00	100.00
							2.95	Cosmos Versicherung Aktiengesellschaft		
							28.51	ADVOCARD Rechtsschutzversicherung AG		
							47.16	Dialog Versicherung Aktiengesellschaft		
GID Fonds AMLRET	094	EUR	584,069,884	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds GVMET	094	EUR	335,290,255	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
Vofü Fonds I Hamburgische Grundbesitz und Anlage GmbH & Co.KG	094	EUR	14,800,000	G	10		54.19	Generali Deutschland AG	54.19	54.19
GID-Fonds GPRET	094	EUR	43,567,363	G	11		91.84	Generali Pensionsfonds AG	91.84	91.84
GID Fonds AVAOT II	094	EUR	46,641,228	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds AVAOT III	094	EUR	9,273,590	G	11		100.00	ADVOCARD Rechtsschutzversicherung AG	100.00	100.00
GID Fonds ALRET	094	EUR	2,321,910,814	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CERET	094	EUR	2,544,665,198	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID-Fonds CLRET	094	EUR	754,027,058	G	11		100.00	GID-Fonds CLRET 2	100.00	100.00
GID Fonds DLRET	094	EUR	79,010,376	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID Fonds GDPRET	094	EUR	169,424,148	G	11		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
GID Fonds GVRET	094	EUR	322,535,027	G	11		58.16	Generali Deutschland Versicherung AG	100.00	100.00
							41.84	Dialog Versicherung Aktiengesellschaft		
Gentum Nr. 1	094	EUR	652,454,042	G	11		0.92	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							29.92	AachenMünchener Lebensversicherung AG		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							26.63	Generali Deutschland Versicherung AG		
							21.21	Central Krankenversicherung Aktiengesellschaft		
							9.24	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.28	Cosmos Versicherung Aktiengesellschaft		
							2.74	ADVOCARD Rechtsschutzversicherung AG		
							8.06	Dialog Versicherung Aktiengesellschaft		
GID Fonds AVRET	094	EUR	141,818,888	G	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00
GID Fonds DLAET	094	EUR	69,713,220	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID-Fonds AAINF	094	EUR	185,288,824	G	11		25.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
							45.90	AachenMünchener Lebensversicherung AG		
							29.10	Central Krankenversicherung Aktiengesellschaft		
GID-Fonds CLRET 2	094	EUR	1,967,239,000	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET	094	EUR	375,171,925	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID-Fonds CLTGP	094	EUR	172,999,821	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET II	094	EUR	473,207,235	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
Dialog Versicherung Aktiengesellschaft	094	EUR	5,000,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
GIE-Fonds AADMSE	094	EUR	899,236,468	G	11		0.91	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							50.50	AachenMünchener Lebensversicherung AG		
							19.21	Central Krankenversicherung Aktiengesellschaft		
							20.29	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.57	ENVIVAS Krankenversicherung Aktiengesellschaft		
							8.52	Generali Deutschland Pensionskasse AG		
GIE-Fonds AASBWA	094	EUR	308,504,359	G	11		1.58	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							51.70	AachenMünchener Lebensversicherung AG		
							26.70	Central Krankenversicherung Aktiengesellschaft		
							20.02	Cosmos Lebensversicherungs Aktiengesellschaft		
Generali IARD S.A.	029	EUR	94,630,300	G	2		100.00	Generali France S.A.	100.00	98.62
Generali Vie S.A.	029	EUR	336,872,976	G	2		100.00	Generali France S.A.	100.00	98.62
L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature	029	EUR	26,469,320	G	2		99.99	Generali IARD S.A.	99.99	98.62
							0.01	Generali Vie S.A.		
GFA Caraïbes	029	EUR	6,839,360	G	2		100.00	Generali IARD S.A.	100.00	98.62

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Prudence Creole	029	EUR	7,026,960	G	2		95.77	Generali IARD S.A.	95.78	94.46
							0.01	Generali France S.A.		
SAS Lonthènes	029	EUR	529,070	G	10		100.00	Generali Vie S.A.	100.00	98.62
Europ Assistance France S.A.	029	EUR	2,541,712	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Assistance Océanie S.A.S.	029	XPF	24,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Ocealis S.A.S.	029	EUR	414,350	G	11		81.90	Europ Assistance Holding S.A.S.	81.90	81.89
Generali France S.A.	029	EUR	114,623,013	G	4	66.92			98.67	98.62
							31.75	Generali Participations Netherlands N.V.		
Europ Assistance Holding S.A.S.	029	EUR	20,270,528	G	2	95.69			100.00	99.99
							4.31	Generali Participations Netherlands N.V.		
Cofifo S.A.S.	029	EUR	25,211,390	G	9		100.00	Generali France S.A.	100.00	98.62
Suresnes Immobilier S.A.S.	029	EUR	43,040,000	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI Terra Nova V Montreuil	029	EUR	19,800,000	G	10		30.00	Generali Vie S.A.	100.00	98.62
							70.00	Generali IARD S.A.		
GEII Rivoli Holding SAS	029	EUR	12,000,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Immobiliere Commerciale des Indes Orientales IMMOCIO	029	EUR	134,543,500	G	10		100.00	Generali Vie S.A.	100.00	98.62
SAS IMMOCIO CBI	029	EUR	61,058,016	G	10		100.00	Immobiliere Commerciale des Indes Orientales IMMOCIO	100.00	98.62
Europ Assistance S.A.	029	EUR	46,926,941	G	2		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Assistance Brokerage Solutions S.a.r.l.	029	EUR	15,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Europ Téléassistance S.A.S.	029	EUR	100,000	G	11		100.00	Europ Assistance France S.A.	100.00	99.99
SCI Generali Reaumur	029	EUR	10,643,469	G	10		100.00	Generali Vie S.A.	100.00	98.63
Gconcierges S.A.S.	029	EUR	50,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali Global Infrastructure S.A.S.	029	EUR	3,628,387	G	8		50.98	Generali Investments Holding S.p.A.	50.98	50.74
Sycomore Factory SAS	029	EUR	36,213,579	G	9		65.10	Generali Investments Holding S.p.A.	65.10	64.80
Sycomore Asset Management S.A.	029	EUR	3,600,000	G	8		100.00	Sycomore Factory SAS	100.00	64.80
Sycomore Market Solutions SA	029	EUR	1,000,000	G	11		100.00	Sycomore Factory SAS	100.00	64.80
GEIH France OPCI	029	EUR	149,271,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
SCI GRE PAN-EU 74 Rivoli	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
SCI GRE PAN-EU 146 Haussmann	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
PARCOLOG FRANCE	029	EUR	82,329,809	G	11		100.00	Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	100.00	99.45
SCI du 68 Pierre Charron	029	EUR	1,000	G	10		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	GEIH France OPCI		
OPPCI K Archives	029	EUR	16,500	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
OPPCI K Charlot	029	EUR	15,300	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
GRE PANEU Cœur Marais SCI	029	EUR	10,000	G	10		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	OPPCI K Archives		
GRE PANEU Fhive SCI	029	EUR	10,000	G	10		0.10	Generali Europe Income Holding S.A.	100.00	98.92
							99.90	OPPCI K Charlot		
SAS Retail One	029	EUR	18,700,000	G	11		100.00	Retail One Fund SCSp RAIF	100.00	98.92
Retail One Fund OPPCI	029	EUR	120,999,890	G	11		35.29	Generali Vie S.A.	100.00	98.82
							64.71	Retail One Fund SCSp RAIF		
SCI Retail One	029	EUR	110,701,000	G	11		0.10	Generali Vie S.A.	100.00	98.82
							99.90	Retail One Fund OPPCI		
SCI du 54 Avenue Hoche	029	EUR	152,400	G	10		100.00	Generali IARD S.A.	100.00	98.63
SCI 42 Notre Dame Des Victoires	029	EUR	12,663,630	G	10		100.00	Generali Vie S.A.	100.00	98.63
SCI Generali Wagram	029	EUR	284,147	G	10		100.00	Generali IARD S.A.	100.00	98.62
SCI du Coq	029	EUR	12,877,678	G	10		0.81	Generali IARD S.A.	100.00	98.63
							99.19	Generali Vie S.A.		
SCI Espace Seine-Generali	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.63
							99.90	Generali Vie S.A.		
SCI GF Pierre	029	EUR	50,719,552	G	10		1.10	Generali IARD S.A.	100.00	98.62
							91.55	Generali Vie S.A.		
							7.35	SCI Generali Wagram		
SCI Landy-Novatis	029	EUR	672,000	G	10		0.10	Generali Vie S.A.	100.00	98.62
							99,90	SC Novatis		
SCI Cogipar	029	EUR	10,000	G	10		0.01	Generali IARD S.A.	100.00	98.62
							99.90	Generali Vie S.A.		
SC Commerce Paris	029	EUR	1,746,570	G	10		100.00	Generali IARD S.A.	100.00	98.63
SCI Landy-Wilo	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.63
							99.90	Generali Vie S.A.		
Europ Assistance Clearing Center GIE	029	EUR		G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
S.C. Generali Carnot	029	EUR	10,525,000	G	10		100.00	Generali Vie S.A.	100.00	98.63
SCI Generali Commerce 1	029	EUR	100,000	G	10		0.10	Generali Vie S.A.	100.00	98.62
							53.80	SCI GF Pierre		
							46.10	SC Commerce Paris		
SCI Generali Commerce 2	029	EUR	100,000	G	10		0.06	Generali IARD S.A.	100.00	98.63
							99.94	Generali Vie S.A.		
SCI Generali le Moncey	029	EUR	1,923,007	G	10		100.00	Generali IARD S.A.	100.00	98.63
SC Generali Logistique	029	EUR	112,480,703	G	10		50.00	PARCOLOG FRANCE	100.00	99.04
							50.00	Generali Vie S.A.		
SCI Parcolog Lille Hénin Beaumont 2	029	EUR	744,976	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Iris La Défense	029	EUR	1,350	G	10		44.44	Generali IARD S.A.	100.00	98.62

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
							55.56	Generali Vie S.A.		
OPCI Parcolog Invest	029	EUR	225,848,750	G	10		100.00	Generali Vie S.A.	100.00	98.62
Sarl Parcolog Lyon Isle d'Abeau Gestion	029	EUR	8,156	G	10		100.00	PARCOLOG FRANCE	100.00	99.45
SCI Parc Logistique Maisonneuve 1	029	EUR	1,070,000	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parc Logistique Maisonneuve 2	029	EUR	8,000	G	10		0.01	Generali Vie S.A.	100.00	99.04
							99.99	SC Generali Logistique		
SCI Parc Logistique Maisonneuve 3	029	EUR	6,065,560	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parc Logistique Maisonneuve 4	029	EUR	5,471,190	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parcolog Isle D'Abeau 1	029	EUR	5,008,000	G	10		40.00	SC Generali Logistique	40.00	39.78
SCI Parcolog Isle D'Abeau 2	029	EUR	2,008,000	G	10		20.00	SC Generali Logistique	20.00	19.89
SCI Parcolog Isle D'Abeau 3	029	EUR	4,008,000	G	10		40.00	SC Generali Logistique	40.00	39.78
SCI Parcolog Combs La Ville 1	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parcolog Bordeaux Cestas	029	EUR	9,508,000	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parcolog Marly	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	99.04
SCI Parcolog Messageries	029	EUR	1,000	G	10		1.00	Generali Vie S.A.	100.00	99.04
							99.00	SC Generali Logistique		
SCI Commerces Regions	029	EUR	1,000	G	10		1.00	Generali IARD S.A.	100.00	98.63
							99,00	Generali Vie S.A.		
SCI Thiers Lyon	029	EUR	1,000	G	10		40.00	Generali Vie S.A.	100.00	98.62
							60.00	SCI GF Pierre		
SAS Parcolog Lille Henin Beaumont 1	029	EUR	302,845	G	10		100.00	OPCI Parcolog Invest	100.00	98.62
OPCI Generali Bureaux	029	EUR	103,996,539	G	10		100.00	Generali Vie S.A.	100.00	98.62
OPCI Generali Residentiel	029	EUR	149,607,800	G	10		100.00	Generali Vie S.A.	100.00	98.62
OPCI GB1	029	EUR	153,698,740	G	10		100.00	Generali Vie S.A.	100.00	98.62
OPCI GR1	029	EUR	200,481,793	G	10		19.13	Generali IARD S.A.	100.00	98.62
							73.69	Generali Vie S.A.		
							7.18	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature		
SCI 18-20 Paix	029	EUR	20,207,750	G	10		100.00	Generali Vie S.A.	100.00	98.63
SCI Berges de Seine	029	EUR	6,975,233	G	10		100.00	Generali Vie S.A.	100.00	98.63
SCI 6 Messine	029	EUR	9,631,000	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI 204 Pereire	029	EUR	4,480,800	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI du 33 avenue Montaigne	029	EUR	174,496	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI 5/7 Moncey	029	EUR	13,263,396	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI 28 Cours Albert 1er	029	EUR	10,565,945	G	10		100.00	Generali Vie S.A.	100.00	98.62
SC Novatis	029	EUR	17,081,141	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI Saint Michel	029	EUR	3,713,657	G	10		100.00	Generali Vie S.A.	100.00	98.62
Sarl Breton	029	EUR	38,687,973	G	10		100.00	Generali Vie S.A.	100.00	98.62
SCI Luxuary Real Estate	029	EUR	1,000	G	10		100.00	Generali Vie S.A.	100.00	98.63

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Shareholding % Indirect	Shareholding % Through	Shareholding % Total	Group Equity Ratio[3]
SCI Galilée	029	EUR	2,825,875	G	10		100.00	SCI GF Pierre	100.00	98.62
Europäische Reiseversicherung Aktiengesellschaft	008	EUR	730,000	G	2		74.99	Generali Versicherung AG	74.99	74.95
HSR Verpachtung GmbH	008	EUR	100,000	G	10		40.00	Generali Versicherung AG	100.00	84.96
							60.00	BAWAG P.S.K. Versicherung AG		
Generali Versicherung AG	008	EUR	70,000,000	G	2		25.00	Generali Beteiligungs- und Vermögensverwaltung GmbH	100.00	99.95
							75.00	Generali Beteiligungsverwaltung GmbH		
BAWAG P.S.K. Versicherung AG	008	EUR	12,000,000	G	2		75.00	Generali Versicherung AG	75.00	74.96
Europ Assistance Gesellschaft mbH	008	EUR	70,000	G	11		25.00	Generali Versicherung AG	100.00	99.98
							75.00	Europ Assistance Holding S.A.S.		
Car Care Consult Versicherungsvermittlung GmbH	008	EUR	60,000	G	11		100.00	Generali Versicherung AG	100.00	99.95
Generali Beteiligungs- und Vermögensverwaltung GmbH	008	EUR	35,000	G	11		100.00	Generali Beteiligungsverwaltung GmbH	100.00	99.95
Allgemeine Immobilien-Verwaltungs GmbH & Co. KG	008	EUR	17,441,553	G	10		100.00	Generali Versicherung AG	100.00	99.95
Generali Immobilien GmbH	008	EUR	4,900,000	G	10		100.00	Generali Versicherung AG	100.00	99.95
Generali Beteiligungsverwaltung GmbH	008	EUR	3,370,297	G	4	29.70			100.00	99.95
							32.50	Generali Participations Netherlands N.V.		
							37.80	Transocean Holding Corporation		
Sonnwendgasse 13 Errichtungsgesellschaft m.b.H.	008	EUR	35,000	G	11		33.33	FPS Immobilien Verwaltung SW 13 GmbH	100.00	98.92
							33.33	FLI Immobilien Verwaltungs SW 13 GmbH		
							33.33	FFDTV Immobilien Verwaltung SW 13 GmbH		
Generali Bank AG	008	EUR	26,000,000	G	7		100.00	Generali Versicherung AG	100.00	99.95
Generali Leasing GmbH	008	EUR	730,000	G	11		100.00	Generali Versicherung AG	100.00	99.95
Care Consult Versicherungsmakler GmbH	008	EUR	138,078	G	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.95
3 Banken-Generali-GLStock	008	EUR	4,680	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken Generali GLBond Spezialfonds	008	EUR	90	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali-GSBond	008	EUR	3,650	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali - GEN4A Spezialfonds	008	EUR	21,935	G	11		100.00	Generali Versicherung AG	100.00	99.95
BAWAG PSK Spezial 6	008	EUR	15,130	G	11		100.00	BAWAG P.S.K. Versicherung AG	100.00	74.96
3 Banken-Generali - GNLStock	008	EUR	1,248,500	G	11		100.00	Generali Versicherung AG	100.00	99.95
3 Banken-Generali-GHStock	008	EUR	313,061	G	11		100.00	Generali Versicherung AG	100.00	99.95
Generali European Retail Investments Holdings S.A.	092	EUR	256,050	G	8		100.00	Generali European Real Estate Investments S.A.	100.00	99.41
Generali Luxembourg S.A.	092	EUR	45,000,000	G	2		100.00	Generali Vie S.A.	100.00	98.62
Generali Investments Luxembourg S.A.	092	EUR	1,921,900	G	11		100.00	Generali Investments Holding S.p.A.	100.00	99.53
Generali Real Estate Multi-Manager	092	EUR	250,000	G	8		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali North American Holding 1 S.A.	092	USD	13,246,799	G	11		100.00	Generali Vie S.A.	100.00	98.62
Generali North American Holding 2 S.A.	092	USD	7,312,384	G	11		100.00	Generali Northern America Real Estate Investments GmbH & Co. KG	100.00	99.89

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Generali North American Holding S.A.	092	USD	15,600,800	G	8		22.22	Alleanza Assicurazioni S.p.A.	100.00	100.00
							10.56	Genertellife S.p.A.		
							67.22	Generali Italia S.p.A.		
Generali Europe Income Holding S.A.	092	EUR	1,420,285,318	G	8		4.40	Generali Versicherung AG	100.00	98.92
							2.51	BAWAG P.S.K. Versicherung AG		
							0.19	Generali Immobilien GmbH		
							1.95	GP Reinsurance EAD		
							16.32	Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG		
							5.05	Generali España, S.A. de Seguros y Reaseguros		
							31.61	Generali Vie S.A.		
							37.50	Fondo Donizetti		
							0.47	Generali Luxembourg S.A.		
GRE PAN-EU Munich 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Hamburg 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Hamburg 2 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Frankfurt 1 S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Cologne 1 S.à.r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.35
Retail One Fund SCSp RAIF	092	EUR	237,000,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate Logistics Fund S.C.S. SICAV-RAIF	092	EUR	339,959,917	G	10		10.96	AachenMünchener Lebensversicherung AG	100.00	99.45
							6.85	Central Krankenversicherung Aktiengesellschaft		
							6.85	Cosmos Lebensversicherungs Aktiengesellschaft		
							39.70	Generali Vie S.A.		
							35.63	Fondo Donizetti		
Generali Core High Street Retail Fund	092	EUR	247,500,010	G	10		28.57	Generali Vie S.A.	100.00	99.45
							11.66	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature		
							59.77	Fondo Donizetti		
GRE PAN-EU Berlin 1 S.à r.l.	092	EUR	12,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Real Estate Debt Investment Fund S.C.Sp RAIF	092	EUR	248,937,575	G	11		15.50	AachenMünchener Lebensversicherung AG	100.00	99.64
							8.27	Central Krankenversicherung Aktiengesellschaft		
							7.23	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.55	Generali España, S.A. de Seguros y Reaseguros		
							3.96	Generali IARD S.A.		
							21.13	Generali Vie S.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							1.03	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature		
							11.37	Alleanza Assicurazioni S.p.A.		
							7.75	Genertellife S.p.A.		
							22.21	Generali Italia S.p.A.		
Generali SCF Sàrl	092	EUR		G	11		100.00	Generali Shopping Centre Fund S.C.S. SICAV-SIF	100.00	100.00
Generali European Real Estate Investments S.A.	092	EUR	154,972,858	G	8		7.98	Generali Versicherung AG	100.00	99.41
							19.95	AachenMünchener Lebensversicherung AG		
							3.99	Generali España, S.A. de Seguros y Reaseguros		
							42.22	Generali Vie S.A.		
							23.95	Generali Italia S.p.A.		
							0.96	Generali Vida Companhia de Seguros S.A.		
							0.96	Generali Companhia de Seguros, S.A.		
Frescobaldi S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.41
GLL AMB Generali Cross-Border Property Fund FCP	092	EUR	69,827,903	G	9		53.85	AachenMünchener Lebensversicherung AG	100.00	100.00
							30.77	Central Krankenversicherung Aktiengesellschaft		
							15.38	Cosmos Lebensversicherungs Aktiengesellschaft		
BG Fund Management Luxembourg S.A.	092	EUR	2,000,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.68
GLL AMB Generali City22 S.à.r.l.	092	EUR	200,000	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
Corelli S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.41
Torelli S.à.r.l.	092	EUR	12,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.41
GLL AMB Generali Bankcenter S.à.r.l.	092	EUR	41,393,476	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
Generali Real Estate Asset Repositioning S.A.	092	EUR	213,334,579	G	11		5.35	Generali España, S.A. de Seguros y Reaseguros	100.00	99.35
							46.79	Generali Vie S.A.		
							47.86	Fondo Donizetti		
Generali Shopping Centre Fund GP S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali Shopping Centre Fund S.C.S. SICAV-SIF	092	EUR	10	G	11		100.00	Generali Shopping Centre Fund GP S.à r.l.	100.00	100.00
Generali Financial Holding FCP-FIS - Sub-Fund 2	092	EUR	10,387,833	G	11		4.70	Generali Deutschland AG	100.00	99.82
							4.70	Alleanza Assicurazioni S.p.A.		
							10.00	Generali Vie S.A.		
							7.20	Genertellife S.p.A.		
							44.50	Generali Italia S.p.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
							28.90	Generali Participations Netherlands N.V.		
Generali España, S.A. de Seguros y Reaseguros	067	EUR	60,925,401	G	2		95.24	Generali España Holding de Entidades de Seguros S.A.	99.91	99.90
							4.67	Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales		
Cajamar Vida S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Europ Assistance Servicios Integrales de Gestion, S.A.	067	EUR	400,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Generali España Holding de Entidades de Seguros S.A.	067	EUR	563,490,658	G	4	100.00			100.00	100.00
Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales	067	EUR	24,933,093	G	10		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
Vitalicio Torre Cerdà S.l.	067	EUR	1,112,880	G	10		90.66	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							9.34	Grupo Generali España, A.I.E.		
Grupo Generali España, A.I.E.	067	EUR	35,599,000	G	11		99.97	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							0.01	Generali España Holding de Entidades de Seguros S.A.		
Generali Cliente, Agencia de Seguros Exclusiva, SL	067	EUR	3,000	G	11		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
Preciados 9 Desarrollos Urbanos SL	067	EUR	3,032	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Madrid 2 SL	067	EUR	3,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GLL City22 S.L.	067	EUR	20,003,006	G	11		100.00	GLL AMB Generali City22 S.à.r.l.	100.00	100.00
Generali Vida Companhia de Seguros S.A.	055	EUR	14,000,000	G	2	86.60			99.99	99.99
							13.39	Generali Companhia de Seguros, S.A.		
Generali Companhia de Seguros, S.A.	055	EUR	73,000,000	G	2	100.00			100.00	100.00
Europ Assistance - Serviços de Assistencia Personalizados S.A.	055	EUR	250,000	G	11		99.98	Europ Assistance S.A.	99.98	99.97
GRE PAN-EU LISBON 1	055	EUR		G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
DB Real Estate Spezial Invest Portugal - Sociedade Imobiliária S.A.	055	EUR	12,250,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Ponte Alta, SGPS, Unipessoal, Lda.	055	EUR	400,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
Europ Assistance Services S.A.	009	EUR	186,000	G	11		100.00	Europ Assistance S.A.	100.00	99.99
GRE PAN-EU Brussels 1 s.p.r.l.	009	EUR	18,550	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
GRE PAN-EU Brussels 2 S.A.	009	EUR	3,671,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Participations Netherlands N.V.	050	EUR	3,000,000,000	G	4	52.43			100.00	99.85
							11.21	Generali Beteiligungs-GmbH		
							5.32	Generali IARD S.A.		
							5.88	Generali Vie S.A.		
							2.80	Genertellife S.p.A.		
							22.35	Generali Italia S.p.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Redoze Holding N.V.	050	EUR	22,690,000	G	9	6.02			100.00	99.92
							50.01	Generali Participations Netherlands N.V.		
							43.97	Transocean Holding Corporation		
Generali Asia N.V.	050	EUR	250,000	G	4		100.00	Generali Participations Netherlands N.V.	100.00	99.85
Generali Turkey Holding B.V.	050	EUR	100,000	G	4		100.00	Generali Participations Netherlands N.V.	100.00	99.85
Saxon Land B.V.	050	EUR	15,576	G	10		30.00	Generali Deutschland AG	100.00	99.59
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Lion River I N.V.	050	EUR	643,265	G	9	26.91			100.00	99.57
							0.28	Generali Versicherung AG		
							0.03	BAWAG P.S.K. Versicherung AG		
							0.03	GP Reinsurance EAD		
							0.31	Generali Assurances Générales SA		
							0.03	Generali Personenversicherungen AG		
							0.06	Generali Žeská pojišŽovna a.s.		
							27.85	Generali Deutschland AG		
							0.51	AachenMünchener Lebensversicherung AG		
							0.11	Generali Deutschland Versicherung AG		
							0.27	Central Krankenversicherung Aktiengesellschaft		
							0.19	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.25	Generali España, S.A. de Seguros y Reaseguros		
							0.12	Generali IARD S.A.		
							28.75	Generali Vie S.A.		
							0.01	Generali Biztosító Zrt.		
							0.79	Alleanza Assicurazioni S.p.A.		
							0.11	Genertellife S.p.A.		
							1.60	Generali Italia S.p.A.		
							11.66	Lion River II N.V.		
							0.11	Generali CEE Holding B.V.		
							0.01	Generali Poisťovňa, a. s.		
Generali Horizon B.V.	050	EUR	90,760	G	9		100.00	Generali Participations Netherlands N.V.	100.00	99.85
Lion River II N.V.	050	EUR	48,500	G	9		2.06	Generali Beteiligungs-GmbH	100.00	99.83
							2.06	Generali Vie S.A.		
							2.06	Generali Italia S.p.A.		
							93.81	Generali Participations Netherlands N.V.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Generali CEE Holding B.V.	275	EUR	2,621,820	G	4	100.00			100.00	100.00
CZI Holdings N.V.	050	EUR	2,662,000,000	G	4		100.00	Generali CEE Holding B.V.	100.00	100.00
CP Strategic Investments N.V.	050	EUR	225,000	G	9		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
GW Beta B.V.	050	EUR	400,001,626	G	9		51.00	Generali Financial Holding FCP-FIS - Sub-Fund 2	100.00	99.91
							49.00	Generali CEE Holding B.V.		
MyDrive Solutions Limited	031	GBP	776	G	11		100.00	Generali Participations Netherlands N.V.	100.00	99.85
Lumyna Investments Limited	031	USD	5,000,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.53
Nextam Partners Ltd	031	GBP	325,000	G	8		100.00	Nextam Partners S.p.A	100.00	50.68
Aperture Investors UK, Ltd	031	GBP		G	8		70.00	Aperture Investors, LLC	70.00	69.67
Generali Saxon Land Development Company Ltd	031	GBP	250,000	G	8		30.00	Generali Deutschland AG	100.00	99.59
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Genirland Limited	040	EUR	113,660,000	G	9		100.00	Generali Participations Netherlands N.V.	100.00	99.85
Købmagergade 39 ApS	021	EUR	50,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Hellas Insurance Company S.A.	032	EUR	22,776,198	G	2	100.00			100.00	100.00
Generali Biztosító Zrt.	077	HUF	4,500,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Európai Utazási Biztosító Zrt.	077	HUF	400,000,000	G	2		13.00	Europäische Reiseversicherung Aktiengesellschaft	74.00	70.74
							61.00	Generali Biztosító Zrt.		
Europ Assistance Magyarorszag Kft	077	HUF	24,000,000	G	11		74.00	Europ Assistance Holding S.A.S.	100.00	100.00
							26.00	Generali Biztosító Zrt.		
Vàci utca Center Üzletközpont Kft	077	HUF	4,497,122	G	10		100.00	Generali Immobilien GmbH	100.00	99.95
Generali-Ingatlan Vagyonkezelő és Szolgáltató Kft.	077	HUF	5,296,788,000	G	10		100.00	Generali Biztosító Zrt.	100.00	100.00
Generali Alapkezelő Zártkörűen Működő Részvénytársaság	077	HUF	500,000,000	G	8		74.00	Generali Biztosító Zrt.	100.00	100.00
							26.00	Generali CEE Holding B.V.		
Genertel Biztosító Zrt.	077	HUF	1,180,000,000	G	2		100.00	Generali Biztosító Zrt.	100.00	100.00
Pojišťovna Patricie a.s.	275	CZK	500,000,000	G	2		100.00	Generali Žeská pojišŽovna a.s.	100.00	100.00
Europ Assistance s.r.o.	275	CZK	3,866,666	G	11		25.00	Generali Česká pojišťovna a.s.	100.00	100.00
							75.00	Europ Assistance Holding S.A.S.		
Generali Velký Špalíček s.r.o.	275	CZK	1,800,000	G	10		100.00	Generali Immobilien GmbH	100.00	99.95
ČP Distribuce a.s	275	CZK	2,000,000	G	10		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
GRE PAN-EU Prague 1 s.r.o.	275	EUR	1,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
PCS Praha Center Spol.s.r.o.	275	CZK	396,206,000	G	10		100.00	Generali Versicherung AG	100.00	99.95
Direct Care s.r.o.	275	CZK	1,000,000	G	11		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
Pařížská 26, s.r.o.	275	CZK	200,000	G	10		100.00	Generali Česká pojišťovna a.s.	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Palac Krizik a.s.	275	CZK	2,020,000	G	10		50.00	Generali Česká pojišťovna a.s.	100.00	100.00
							50.00	Generali Real Estate Fund CEE a.s., investiční fond		
IDEE s.r.o.	275	CZK	200,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Small GREF a.s.	275	CZK	198,000,000	G	10		21.21	Generali Česká pojišťovna a.s.	100.00	100.00
							18.18	Generali Biztosító Zrt.		
							26.77	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna		
							13.13	Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna		
							20.71	Generali Poisťovňa, a. s.		
Náměstí Republiky 3a, s.r.o.	275	CZK	1,000,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Mustek Properties, s.r.o.	275	CZK	200,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Office Center Purkyňova, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
British Corner s.r.o.	275	CZK	10,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Ovocný Trh 2 s.r.o.	275	CZK	10,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Palác Špork, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
I.J.O. Prague Investments s.r.o.	275	CZK	1,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.35
Generali Česká pojišťovna a.s.	275	CZK	4,000,000,000	G	2		100.00	CZI Holdings N.V.	100.00	100.00
Penzijní společnost České Pojišťovny, a.s.	275	CZK	50,000,000	G	11		100.00	CP Strategic Investments N.V.	100.00	100.00
Česká pojišt'ovna ZDRAVÍ a.s.	275	CZK	105,000,000	G	2		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
Generali Investments CEE, Investiční Společnost, a.s.	275	CZK	91,000,000	G	8		100.00	CZI Holdings N.V.	100.00	100.00
Generali Distribuce a.s.	275	CZK	3,000,000	G	11		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
Acredité s.r.o.	275	CZK	100,000	G	11		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
Generali Real Estate Fund CEE a.s., investiční fond	275	CZK	487,000,000	G	9		18.89	GP Reinsurance EAD	100.00	100.00
							24.23	Small GREF a.s.		
							56.88	Generali Česká pojišťovna a.s.		
City Empiria a.s.	275	CZK	2,004,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Solitaire Real Estate, a.s.	275	CZK	128,296,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Transformovaný fond Penzijní společnosti České Pojišťovny, a.s.	275	CZK	300,000,000	G	11		100.00	Penzijní společnost České Pojišťovny, a.s.	100.00	100.00
Generali Poisťovňa, a. s.	276	EUR	25,000,264	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Green Point Offices a.s.	276	EUR	25,000	G	10		100.00	Generali Česká pojišťovna a.s.	100.00	100.00
Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	054	PLN	191,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Życie Towarzystwo Ubezpieczeń Spółka Akcyjna	054	PLN	63,500,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Concordia Polska Towarzystwo Ubezpieczeń Wzajemnych	054	PLN	66,260,270	G	2		99.76	Generali CEE Holding B.V.	99.76	99.76
Generali Investments Towarzystwo Funduszy Inwestycyjnych S.A.	054	PLN	21,687,900	G	8		100.00	Generali CEE Holding B.V.	100.00	100.00
Europ Assistance Polska Sp.zo.o.	054	PLN	5,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Plac M GP Spółka Z Ograniczoną Odpowiedzialnością	054	EUR	1,572	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Plac M LP Spółka Z Ograniczoną Odpowiedzialnością	054	EUR	3,493,490	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
BILIKI Plac M	054	EUR	11,645	G	11		100.00	Plac M LP Spółka Z Ograniczoną Odpowiedzialnością	100.00	98.92
SO SPV 57 Sp. Z o.o.	054	EUR	16,724,050	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.92
Generali Finance spółka z ograniczoną odpowiedzialnością	054	PLN	15,230,000	G	8		100.00	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	100.00	100.00
Generali Powszechne Towarzystwo Emerytalne S.A.	054	PLN	78,000,000	G	11		100.00	Generali Towarzystwo Ubezpieczeń Spółka Akcyjna	100.00	100.00
PL Investment Jerozolimskie I Spòlka Ograniczona Odpowiedzialnoscia	054	PLN	9,050	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Cleha Invest Sp. z o.o.	054	PLN	1,314,300	G	10		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
SIBSEN Invest sp. z o.o.	054	PLN	16,764,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investiční fond	100.00	100.00
Generali zavarovalnica d.d. Ljubljana	260	EUR	39,520,356	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Adriatic Slovenica Zavarovalna družba d.d.	260	EUR	42,999,530	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Investments, družba za upravljanje, d.o.o.	260	EUR	1,767,668	G	8		100.00	Adriatic Slovenica Zavarovalna družba d.d.	100.00	100.00
Generali Societate de Administrare a Fondurilor de Pensii Private S.A.	061	RON	67,000,000	G	11		99.99	Generali CEE Holding B.V.	100.00	100.00
							0.01	S.C. Generali Romania Asigurare Reasigurare S.A.		
S.C. Generali Romania Asigurare Reasigurare S.A.	061	RON	178,999,222	G	2		99.97	Generali CEE Holding B.V.	99.97	99.97
Generali Insurance AD	012	BGN	47,307,180	G	2		99.78	Generali CEE Holding B.V.	99.78	99.78
Generali Zakrila Medical and Dental Centre EOOD	012	BGN	4,114,100	G	11		100.00	Generali Insurance AD	100.00	99.78
GP Reinsurance EAD	012	BGN	53,400,000	G	5		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Osiguranje d.d.	261	HRK	81,000,000	G	3		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Assurances Générales SA	071	CHF	27,342,400	G	3		99.98	Generali (Schweiz) Holding AG	99.98	99.95
Generali Personenversicherungen AG	071	CHF	106,886,890	G	3		15.06	Generali Assurances Générales SA	100.00	99.96
							84.94	Generali (Schweiz) Holding AG		
Fortuna Rechtsschutz-Versicherung-Gesellschaft AG	071	CHF	3,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	99.97
Europ Assistance (Suisse) S.A.	071	CHF	200,000	G	11		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Assurances S.A.	071	CHF	3,000,000	G	3		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Holding S.A.	071	CHF	1,400,000	G	4		70.00	Europ Assistance Holding S.A.S.	70.00	70.00
Generali (Schweiz) Holding AG	071	CHF	4,332,000	G	4	51.05			100.00	99.97
							20.01	Generali Versicherung AG		
							28.94	Redoze Holding N.V.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
Fortuna Investment AG	071	CHF	1,000,000	G	8		100.00	Generali (Schweiz) Holding AG	100.00	99.97
BG Valeur S.A.	071	CHF	300,000	G	11		90.10	Banca Generali S.p.A.	90.10	45.66
Fortuna Lebens-Versicherungs AG	090	CHF	10,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	99.97
Generali Sigorta A.S.	076	TRY	407,485,822	G	3		99.97	Generali Turkey Holding B.V.	99.97	99.81
Europ Assistance Yardım ve Destek Hizmetleri Ticaret Anonim Şirketi	076	TRY	1,804,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Akcionarsko društvo za osiguranje Generali Osiguranje Montenegro	290	EUR	4,399,000	G	3		26.82	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
							7.93	Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd		
							65.24	Generali CEE Holding B.V.		
Europ Assistance CEI OOO	262	RUB	10,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali Russia	262	RUB	50,000	G	4		100.00	GW Beta B.V.	100.00	99.91
Generali Insurance Brokers – Russia and CIS Limited Liability Company	262	RUB	3,000,000	G	11		100.00	Generali Russia	100.00	99.91
Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	289	RSD	2,131,997,310	G	3		0.05	GP Reinsurance EAD	100.00	100.00
							99.95	Generali CEE Holding B.V.		
Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd	289	RSD	616,704,819	G	6		0.01	GP Reinsurance EAD	100.00	100.00
							99.99	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd		
Akcionarsko društvo za upravljanje dobrovoljnim penzijskim fondom Generali	289	RSD	135,000,000	G	11		100.00	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
Generali Global Assistance Inc.	069	USD	5,000,000	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
Europ Assistance North America, Inc.	069	USD	106,061,342	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Customized Services Administrators Inc.	069	USD	2,389,162	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
GMMI, Inc.	069	USD	400,610	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
CareLinx Inc.	069	USD	29,677,149	G	11		80.79	Europ Assistance North America, Inc.	80.79	80.78
Trip Mate, Inc.	069	USD	1,844,773	G	11		100.00	Europ Assistance North America, Inc.	100.00	99.99
Transocean Holding Corporation	069	USD	194,980,600	G	9	100.00			100.00	100.00
General Securities Corporation of North America	069	USD	364,597	G	9		1.00	Generali North American Holding 1 S.A.	100.00	99.48
							1.00	Generali North American Holding 2 S.A.		
							1.00	Generali North American Holding S.A.		
							97.00	GNAREH 1 Farragut LLC		
Generali Alpha Corp.	069	USD	20,321,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.53
Aperture Investors, LLC	069	USD	28,570,000	G	9		70.00	Generali Alpha Corp.	70.00	69.67
GNAREH 1 Farragut LLC	069	USD	34,421,491	G	10		1.00	General Securities Corporation of North America	100.00	99.48
							35.73	Generali North American Holding 1 S.A.		
							21.09	Generali North American Holding 2 S.A.		
							42.18	Generali North American Holding S.A.		
GNAREI 1 Farragut LLC	069	USD	34,037,500	G	10		100.00	GNAREH 1 Farragut LLC	100.00	99.48

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]
						Direct	Indirect	Through	Total	
Genamerica Management Corporation	069	USD	100,000	G	11	100.00			100.00	100.00
Generali Consulting Solutions LLC	069	USD	1,000,000	G	11	100.00			100.00	100.00
Generali Warranty Services LLC	069	USD	1,269,558	G	11		100.00	Generali Consulting Solutions LLC	100.00	100.00
CMN Global Inc.	013	CAD	4,708,011	G	11	100.00			100.00	100.00
Caja de Seguros S.A.	006	ARS	228,327,700	G	3		99.01	Caja de Ahorro y Seguro S.A.	100.00	90.06
							0.99	Generali Participations Netherlands N.V.		
Europ Assistance Argentina S.A.	006	ARS	69,037,352	G	11		43.91	Caja de Seguros S.A.	100.00	95.63
							56.09	Ponte Alta, SGPS, Unipessoal, Lda.		
Caja de Ahorro y Seguro S.A.	006	ARS	269,000,000	G	4	62.50			90.00	89.96
							27.50	Genirland Limited		
Ritenere S.A.	006	ARS	530,000	G	11		2.85	Caja de Seguros S.A.	100.00	89.96
							97.15	Caja de Ahorro y Seguro S.A.		
Generali Brasil Seguros S.A.	011	BRL	1,513,400,726	G	3	99.07			100.00	100.00
							0.93	Transocean Holding Corporation		
AG SE&A Prestação de Serviços e Partecipações Ltda.	011	BRL	150,000	G	11	99.99			99.99	99.99
Asesoria e Inversiones Los Olmos SA	015	CLP	4,769,708,625	G	11		0.92	Generali Participations Netherlands N.V.	100.00	44.50
							99.08	Atacama Investments Ltd		
AFP Planvital S.A.	015	CLP	36,243,962,493	G	11		86.11	Asesoria e Inversiones Los Olmos SA	86.11	38.32
Europ Servicios S.p.A.	015	CLP	1,037,476	G	11		100.00	Europ Assistance SA	100.00	50.96
Europ Assistance SA	015	CLP	740,895,029	G	11		25.48	Europ Assistance Holding S.A.S.	50.96	50.96
							25.48	Ponte Alta, SGPS, Unipessoal, Lda.		
Generali Ecuador Compañía de Seguros S.A.	024	USD	8,000,000	G	3	52.45			52.45	52.45
Atacama Investments Ltd	249	USD	76,713	G	11		44.06	Generali Participations Netherlands N.V.	44.06	43.99
Europ Assistance Pacifique	253	XPF	10,000,000	G	11		75.00	Europ Assistance Holding S.A.S.	75.00	75.00
PT Asuransi Jiwa Generali Indonesia	129	IDR	1,103,000,000,000	G	3		98.00	Generali Asia N.V.	98.00	97.85
PT Generali Services Indonesia	129	IDR	11,376,454	G	10		1.00	Generali IARD S.A.	100.00	98.62
							99.00	Generali Vie S.A.		
Generali Life Assurance Philippines, Inc.	027	PHP	2,521,260,600	G	3		100.00	Generali Asia N.V.	100.00	99.85
Generali Life Assurance (Thailand) Public Co. Ltd	072	THB	3,627,000,000	G	3		49.00	Generali Asia N.V.	93.11	90.75
							44.11	KAG Holding Company Ltd		
Generali Insurance (Thailand) Public Co. Ltd	072	THB	1,492,000,000	G	3		48.93	Generali Asia N.V.	89.95	87.75
							41.02	KAG Holding Company Ltd		
IWF Holding Company Ltd	072	THB	2,300,000	G	4		43.48	Generali Participations Netherlands N.V.	100.00	94.52
							56,52	DWP Partnership		
KAG Holding Company Ltd	072	THB	2,270,873,000	G	4		5.77	Generali Asia N.V.	100.00	94.82
							94.22	IWF Holding Company Ltd		
FTW Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.43
MGD Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.43

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding %				Group Equity Ratio(3)
						Direct	Indirect	Through	Total	
DWP Partnership	072	THB	200,000	G	4		50.00	FTW Company Limited	100.00	90.43
							50.00	MGD Company Limited		
Generali Vietnam Life Insurance Limited Liability Company	062	VND	5,252,600,000,000	G	3	100.00			100.00	100.00
Europ Assistance India Private Ltd	114	INR	296,540,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali China Life Insurance Co. Ltd	016	CNY	3,700,000,000	G	3	50.00			50.00	50.00
Europ Assistance Travel Assistance Services (Beijing) Co Ltd	016	CNY	105,315,181	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99
Generali China Assets Management Company Co. Ltd	016	CNY	200,000,000	G	9		80.00	Generali China Life Insurance Co. Ltd	80.00	40.00
Generali Insurance Agency Company Limited	016	CNY	138,092,807	G	11		100.00	NKFE Insurance Agency Company Limited	100.00	100.00
Generali Services Pte. Ltd.	147	SGD	335,770	G	11		100.00	Generali Asia N.V.	100.00	99.85
Generali Financial Asia Limited	103	HKD	226,240,000	G	9	100.00			100.00	100.00
Generali Life (Hong Kong) Limited	103	HKD	575,000,000	G	3		100.00	Generali Asia N.V.	100.00	99.85
NKFE Insurance Agency Company Limited	103	HKD	166,473,100	G	11		100.00	Generali Financial Asia Limited	100.00	100.00
Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	078	ZAR	881,385	G	11		87.50	Europ Assistance Holding S.A.S.	87.50	87.49
EASA Training Academy (Pty) Ltd	078	ZAR	100	G	11		100.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	87.49

The percentage of consolidation in each subsidiaries consolidated line by line is 100%.

(1) Consolidation Method: Line-by-line consolidation method =G, Proportionate consolidation method = P, Line-by-line consolidation method arising from joint management = U

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other”

(3) Net Group participation percentage.

The total percentage of votes exercitable at shereholders’general meeting, which differs from that of direct on indirect shareholding, is a follows:

Generali France S.A. 100.00%

Atacama Investments Ltd 100.00%

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]	Book Value (€ thousand)
Generali CyberSecurTech S.r.l.	086	EUR	10,000	a	11	100.00			100.00	100.00	1,410
Risparmio Assicurazioni S.p.A. in liquidazione	086	EUR	150,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	161
Initium S.r.l. in liquidazione (*)	086	EUR	250,000	b	10		49.00	Generali Italia S.p.A.	49.00	49.00	
Sementi Dom Dotto S.p.A.	086	EUR	3,500,000	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	3,820
Finagen S.p.A. Società in liquidazione	086	EUR	6,700,000	a	8		0.10	Generali Italia S.p.A.	100.00	100.00	3,341
							99.90	Alleanza Assicurazioni S.p.A.			
Investimenti Marittimi S.p.A.	086	EUR	39,655,000	b	9		30.00	Generali Italia S.p.A.	30.00	30.00	
Servizi Tecnologici Avanzati S.p.A.	086	EUR	102,000	b	11	25.00			25.00	25.00	
UrbeRetail (*)	086	EUR	150,500,000	b	11		9.30	Alleanza Assicurazioni S.p.A.	32.06	32.06	48,613
							6.64	Genertellife S.p.A.			
							16.11	Generali Italia S.p.A.			
Urbe Retail Real Estate S.r.l.	086	EUR	100,000	b	11		100.00	Generali Real Estate S.p.A. SGR	100.00	100.00	
BG Saxo SIM S.p.A. (*)	086	EUR	5,000,000	c	8		19.90	Banca Generali S.p.A.	19.90	10.08	2,792
Telco S.p.A.	086	EUR	687,375	b	8	9.07			16.98	16.98	
							3.57	Alleanza Assicurazioni S.p.A.			
							3.76	Generali Italia S.p.A.			
							0.11	Central Krankenversicherung Aktiengesellschaft			
							0.08	Cosmos Lebensversicherungs Aktiengesellschaft			
							0.12	Generali Deutschland Versicherung AG			
							0.28	AachenMünchener Lebensversicherung AG			
CityLife Sviluppo 3 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
CityLife Sviluppo 4 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
CityLife Sviluppo 5 S.r.l.	086	EUR	10,000	a	10		100.00	Generali Real Estate S.p.A. SGR	100.00	100.00	318
CityLife Sviluppo 6 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
Fondo Yielding (*)	086	EUR	248,079,480	b	11		45.00	Generali Europe Income Holding S.A.	45.00	44.51	120,000
Solaris S.r.l. in liquidazione	086	EUR	20,000	b	10		50.00	Generali Italia S.p.A.	50.00	50.00	
Fondo Sammartini (*)	086	EUR	115,294	c	11	32.00			48.00	48.00	638
							16.00	Generali Italia S.p.A.			
Gexta S.r.l.	086	EUR	59,060	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	2,173
Arte Generali GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	2,625
Generali Deutschland Alternative Investments Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland AG	100.00	100.00	25
vSPS Management GmbH i. L.	094	EUR	25,000	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
Generali Deutschland Rechtsschutz Service GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	29
Generali – The Human Safety Net – Deutschland gemeinnützige GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	29

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[(1)]	Activity[(2)]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[(3)]	Book Value (€ thousand)
Pflegix GmbH	094	EUR	65,743	c	2		49.04	Europ Assistance S.A.	49.04	49.04	2,710
BBG Beteiligungsgesellschaft m.b.H.	094	EUR	25,600	a	9		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00	32
Alstercampus Verwaltungsgesellschaft mbH	094	EUR	25,000	a	9		50.00	Generali Real Estate S.p.A.	50.00	50.00	13
Generali Partner GmbH	094	EUR	250,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	945
Generali Deutschland Immobilien Verwaltungs GmbH	094	EUR	35,000	a	10		100.00	Generali Real Estate S.p.A.	100.00	100.00	35
Zweite AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
Generali Akademie GmbH i.L.	094	EUR	25,600	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	
MLV Beteiligungverwaltungsgesellschaft mbH	094	EUR	51,129	a	9		100.00	Generali Versicherung AG	100.00	99.95	29
Deutsche Vermögensberatung Aktiengesellschaft DVAG (*)	094	EUR	150,000,000	b	11		40.00	Generali Deutschland AG	40.00	40.00	168,605
Generali SicherungsTreuhand GmbH	094	EUR	52,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	112
Central Fixed Assets GmbH	094	EUR	25,000	a	9		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00	25
AVW Versicherungsmakler GmbH	094	EUR	1,550,000	b	11		26.00	Dialog Versicherung Aktiengesellschaft	26.00	26.00	2,232
AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00	25
Generali Deutschland Versicherungsvermittlung GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
VOV GmbH	094	EUR	154,000	b	11		43.00	Generali Deutschland Versicherung AG	43.00	43.00	1,735
Louisen-Center Bad Homburg Verwaltungsgesellschaft mbH	094	EUR	25,000	a	10		94.90	Generali Deutschland AG	94.90	94.90	24
Verwaltungsgesellschaft Marienplatz-Galerie Schwerin mbH	094	EUR	25,000	a	10		100.00	Generali Deutschland Versicherung AG	100.00	100.00	25
GLL AMB Generali Properties Fund I GmbH & Co. KG	094	EUR	580,210	a	11		99.99	GLL AMB Generali Cross-Border Property Fund FCP	99.99	99.99	580
GLL AMB Generali Properties Fund II GmbH & Co. KG	094	EUR	3,000,000	a	11		99.91	GLL AMB Generali Cross-Border Property Fund FCP	99.91	99.91	3,000
GLL AMB Generali 200 State Street	094	EUR	10,044,506	a	11		99.50	GLL AMB Generali Cross-Border Property Fund FCP	99.50	99.50	10,045
Association pour La Location du Moncey	029	EUR	0	a	11		100.00	Generali Vie S.A.	100.00	98.63	
Equi#Generali S.A.S.	029	EUR	5,207,223	a	9		100.00	Cabinet Berat et Fils S.A.S.	100.00	98.63	
Cabinet Berat et Fils S.A.S.	029	EUR	1,508,000	a	11		100.00	Cofifo S.A.S.	100.00	98.63	11,785
ASSERCAR SAS	029	EUR	37,000	b	11		14.87	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature	29.73	29.32	645
							14.87	Generali IARD S.A.			
COSEV@D Société par actions simplifiée	029	EUR	4,759,035	a	11		59.12	Cofifo S.A.S.	100.00	98.63	8,916
							40.88	Generali France S.A.			
Trieste Courtage S.A.	029	EUR	39,000	a	11		99.89	Generali France S.A.	99.96	98.59	39
							0.02	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature			

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
							0.02	Generali Vie S.A.			
							0.04	Generali IARD S.A.			
Generali 7 S.A.	029	EUR	270,000	a	11		0.06	Generali Vie S.A.	99.89	98.52	
							99.83	Generali France S.A.			
PMC Treize Montluçon S.A.S.	029	EUR	3,371,730	a	9		79.21	Generali France S.A.	100.00	98.63	4,968
							20.79	Cofifo S.A.S.			
Kareo Horizon S.A.S.	029	EUR	555,000	a	11		60.00	Cofifo S.A.S.	60.00	59.17	361
EAP France SAS (*)	029	EUR	100,000	c	11		50.10	Europ Assistance France S.A.	50.10	50.10	858
Bien Être Assistance S.A.S. (*)	029	EUR	1,000,000	c	11		50.10	Europ Assistance France S.A.	50.10	50.10	719
Risque et Sérénité S.A.	029	EUR	6,135,300	a	9		41.52	Generali Vie S.A.	51.52	50.81	2,721
							10.00	Generali France S.A.			
MAPREG	029	EUR	181,374	b	11		32.13	Generali France S.A.	32.13	31.69	1,705
GF Sante S.A.S.	029	EUR	921,150	a	11		100.00	Cofifo S.A.S.	100.00	98.63	
ABT SAS	029	EUR	125,000	c	11		25.00	Generali France S.A.	25.00	24.66	16
Metropole Assurances S.à r.l.	029	EUR	1,166,460	a	11		100.00	Generali IARD S.A.	100.00	98.63	
Reunion Aerienne & Spatiale SAS	029	EUR	999,999	c	11		33.33	Generali IARD S.A.	33.33	32.87	
SAP BEA	029	EUR	10,000	c	11		100.00	Bien Être Assistance S.A.S.	100.00	50.10	
GGI GP SAS	029	EUR	12,500	a	11		100.00	Generali Global Infrastructure S.A.S.	100.00	51.03	
Generali Global Pension S.A.S.	029	EUR	2,015,000	a	11		40.00	Cofifo S.A.S.	100.00	98.99	2,015
							40.00	Generali Investments Holding S.p.A.			
							20.00	Generali Luxembourg S.A.			
Agence Generali Béthune S.A.S.	029	EUR	15,000	a	2		100.00	Cofifo S.A.S.	100.00	98.63	15
Generali 13 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.63	12
Generali 14 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.63	12
Generali 15 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.63	12
Generali 16 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.63	12
Generali 17 S.A.S.	029	EUR	37,000	a	11		0.10	Generali France S.A.	100.00	98.63	34
							99.90	Generali Vie S.A.			
Generali 18 S.A.	029	EUR	37,000	a	11		100.00	Generali France S.A.	100.00	98.63	
Generali 19 S.A.	029	EUR	37,000	a	11		100.00	Generali France S.A.	100.00	98.63	
SAS 100 CE (*)	029	EUR	49,967,080	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.46	18,880
Human Safety Net France	029	EUR		a	11		100.00	Generali France S.A.	100.00	98.63	
SCI Les 3 Collines Le Ferandou	029	EUR	304,000	b	10		15.00	Generali Vie S.A.	48.30	47.64	142
							33.30	Generali IARD S.A.			
SCE Château La Pointe	029	EUR	2,068,903	a	10		100.00	Generali Vie S.A.	100.00	98.63	35,646
Bois Colombes Europe Avenue SCI (*)	029	EUR	1,000	c	10		50.00	Generali Vie S.A.	50.00	49.31	5,068
SCI 11/15 Pasquier (*)	029	EUR	6,437,750	c	10		50.00	Generali IARD S.A.	50.00	49.31	10,833
SCI 9 Messine (*)	029	EUR	2,420,250	c	10		50.00	Generali Vie S.A.	50.00	49.31	3,915
SCI Daumesnil (*)	029	EUR	16,753,270	c	10		50.00	Generali IARD S.A.	50.00	49.31	20,193

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
SCI Malesherbes (*)	029	EUR	32,930,674	c	10		50.00	Generali Vie S.A.	50.00	49.31	23,152
SCI 15 Scribe (*)	029	EUR	14,738,000	c	10		50.00	Generali IARD S.A.	50.00	49.31	24,950
SCI CIC	029	EUR	1,000,000	a	10		100.00	GFA Caraïbes	100.00	98.63	966
SCI GFA Caraibes	029	EUR	1,500,000	a	10		100.00	GFA Caraïbes	100.00	98.63	1,420
Lead Equities II. Auslandsbeteiligungs AG	008	EUR	730,000	b	9		21.59	Generali Versicherung AG	21.59	21.58	
Lead Equities II. Private Equity Mittelstandsfinanzierungs AG	008	EUR	7,300,000	b	9		21.59	Generali Versicherung AG	21.59	21.58	
SK Versicherung AG (*)	008	EUR	3,633,500	b	2		39.66	Generali Versicherung AG	39.66	39.64	2,782
Bonus Pensionskassen AG (*)	008	EUR	5,087,098	b	11		50.00	Generali Versicherung AG	50.00	49.97	24,887
GCR Vermögensverwaltung GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	99.95	35
Sansa Beteiligungsverwaltungs GmbH	008	EUR	40,000	a	11		100.00	Generali Real Estate S.p.A.	100.00	100.00	
Europ Assistance Austria Holding GmbH	008	EUR	35,000	a	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99	35
Generali 3 Banken Holding AG (*)	008	EUR	70,000	b	9		49.30	Generali Versicherung AG	49.30	49.28	125,183
3 Banken-Generali Investment-Gesellschaft m.b.H. (*)	008	EUR	2,600,000	b	8		48.57	Generali Versicherung AG	48.57	48.55	2,194
Risk-Aktiv Versicherungsservice GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	99.95	35
BONUS Vorsorgekasse AG (*)	008	EUR	1,500,000	b	11		50.00	Generali Versicherung AG	50.00	49.97	
Generali Betriebsrestaurants-GmbH	008	EUR	36,336	a	11		100.00	Generali Versicherung AG	100.00	99.95	484
TTC - Training Center Unternehmensberatung GmbH	008	EUR	35,000	a	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.95	188
Point Partners GP Holdco S.à r.l. (*)	092	EUR	25,000	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.85	
Point Partners Special Limited Partnership (*)	092	GBP	55,102,630	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.85	
GRE PAN-EU Frankfurt 2 S.à r.l. (*)	092	EUR	33,002,000	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.46	15,554
Generali Core+ Fund GP	092	EUR	100	a	11		100.00	Generali Real Estate S.p.A.	100.00	100.00	
GGI Senior Infrastructure Debt GP S.à r.l.	092	EUR	12,000	a	11		100.00	Generali Global Infrastructure S.A.S.	100.00	51.03	
Holding Klege S.à.r.l. (*)	092	EUR	12,500	c	9		50.00	Torelli S.à.r.l.	50.00	49.71	
Europ Assistance Travel S.A.	067	EUR	60,101	a	11		100.00	Europ Assistance Servicios Integrales de Gestion, S.A.	100.00	99.99	219
Keviana – Empreendimentos Imobiliários, S.A.	055	EUR	50,000	a	10		100.00	Generali Vie S.A.	100.00	98.63	
Amulio Governance N.V.	050	EUR	18,000	c	9		50.00	Lion River II N.V.	50.00	49.91	9
Sigma Real Estate B.V. (*)	050	EUR	18,000	c	9		22.34	Corelli S.à.r.l.	22.34	22.21	
La Reunion Aerienne London Limited	031	GBP	51,258	b	11		33.33	Generali IARD S.A.	33.33	32.87	
Ioca Entertainment Limited (*)	031	GBP	10,000	b	11		35.00	Banca Generali S.p.A.	35.00	17.74	
Europ Assistance A/S	021	DKK	500,000	a	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99	
Europ Assistance Service Greece Single Member Private Company	032	EUR	50,000	a	11		100.00	Europ Assistance Holding S.A.S.	100.00	99.99	
Citadel Insurance plc	105	EUR	5,000,400	b	11		20.16	Generali Italia S.p.A.	20.16	20.16	978
Roar Biztosítási És Pénzügyi Közvetítő Korlátolt Felelősségü Társaság	077	HUF	12,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	834
GP Consulting Pénzügyi Tanácsadó Kft.	077	HUF	22,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	837

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
AUTOTÁL Biztosítási Szolgáltató Kft	077	HUF	104,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	968
Top Torony Zrt. (*)	077	HUF	100,064,644	c	11		50.00	GLL AMB Generali Bankcenter S.à.r.l.	50.00	50.00	56,028
Nadace GCP	275	CZK	1,000,000	a	11		100.00	Generali Česká pojišťovna a.s.	100.00	100.00	137
VUB Generali dôchodková správcovská spoločnosť, a.s. (*)	276	EUR	10,090,976	b	11		50.00	Generali Poisťovňa, a. s.	50.00	50.00	11,552
Generali IT S.r.o.	276	EUR	165,970	a	11		100.00	Generali Versicherung AG	100.00	99.95	132
GSL Services s.r.o.	276	EUR	6,639	a	11		100.00	Generali Poisťovňa, a. s.	100.00	100.00	7
Concordia Innowacje Sp. Z o.o.	054	PLN	50,000	a	11		100.00	Concordia Polska Towarzystwo Ubezpieczeń Wzajemnych	100.00	99.76	
BODiE Sp. Z o.o.	054	PLN	1,156,000	b	11		25.95	Concordia Polska Towarzystwo Ubezpieczeń Wzajemnych	25.95	25.89	71
Bezpieczny.pl Sp z.o.o.	054	PLN	125,500	a	11		51.00	Generali Finance spólka z ograniczoną odpowiedzialnością	51.00	51.00	3,528
LEV Registracija, registracija vozil, d.o.o.	260	EUR	18,000	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	298
Agent d.o.o.	260	EUR	45,184	a	11		71.43	Adriatic Slovenica Zavarovalna družba d.d.	71.43	71.43	635
Prospera d.o.o.	260	EUR	100,000	a	11		100.00	Adriatic Slovenica Zavarovalna družba d.d.	100.00	100.00	2,921
VIZ d.o.o.	260	EUR	560,000	a	11		100.00	Adriatic Slovenica Zavarovalna družba d.d.	100.00	100.00	560
Zdravje AS d.o.o.	260	EUR	352,490	a	11		100.00	Adriatic Slovenica Zavarovalna družba d.d.	100.00	100.00	720
Nama Trgovsko Podjetje d.d. Ljubljana (*)	260	EUR	3,977,325	b	11		48.51	Adriatic Slovenica Zavarovalna družba d.d.	48.51	48.51	5,229
IDORU Inteligentni Analiticni Sistemi d.o.o.	260	EUR	7,500	b	11		15.00	Adriatic Slovenica Zavarovalna družba d.d.	15.00	15.00	51
Medifit d.o.o.	260	EUR	31,250	b	11		48.00	Adriatic Slovenica Zavarovalna družba d.d.	48.00	48.00	249
Generali Investments GP 1 d.o.o.	260	EUR	7,500	a	11		100.00	Generali Investments, družba za upravljanje, d.o.o.	100.00	100.00	8
Generali Investments GP 2 d.o.o.	260	EUR	7,500	a	11		100.00	Generali Investments, družba za upravljanje, d.o.o.	100.00	100.00	8
S.C. Genagricola Romania S.r.l.	061	RON	70,125,720	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	31,013
S.C. Vignadoro S.r.l.	061	RON	40,835,190	a	11		32.26	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	10,746
							67.75	Agricola San Giorgio S.p.A.			
Genagricola Foreste S.r.l.	061	RON	56,500,000	a	11		100.00	S.C. Genagricola Romania S.r.l.	100.00	100.00	
Generali Investments, d.o.o. za upravljanje investicijskim fondovima	261	HRK	4,148,000	a	11		91.54	Generali Investments, družba za upravljanje, d.o.o.	91.54	91.54	2,142
House of InsurTech Switzerland AG	071	CHF	100,000	a	11		100.00	Generali (Schweiz) Holding AG	100.00	99.97	
Generali Investments AD Skopje	278	MKD	695,000	a	11		94.60	Generali Investments, družba za upravljanje, d.o.o.	94.60	94.60	450
Generali Development d.o.o. Beograd	289	RSD	23,864,000	a	11		100.00	Generali CEE Holding B.V.	100.00	100.00	202
Generali Realties Ltd	182	ILS	2	a	10	100.00			100.00	100.00	
Montcalm Wine Importers Ltd	069	USD	7,277,483	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	1,931
Ineba S.A.	006	ARS	4,000,000	b	11		48.00	Caja de Ahorro y Seguro S.A.	48.00	43.18	623

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
Europ Assistance Brasil Serviços de Assistência S.A. (*)	011	BRL	72,664,474	c	11		100.00	EABS Serviços de Assistencia e Participaçoes S.A.	100.00	50.00	11,982
EABS Serviços de Assistencia e Participaçoes S.A. (*)	011	BRL	89,542,270	c	9		50.00	Ponte Alta, SGPS, Unipessoal, Lda.	50.00	50.00	7,253
CEABS Serviços S.A. (*)	011	BRL	31,926,225	c	11		100.00	Europ Assistance Brasil Serviços de Assistência S.A.	100.00	50.00	4,608
Europ Assistance (Bahamas) Ltd	160	BSD	10,000	a	11		99.99	CMN Global Inc.	99.99	99.99	
Generali Pacifique NC	253	XPF	1,000,000	a	11		100.00	Generali France S.A.	100.00	98.63	2,095
Europ Assistance Thailand Company Limited	072	THB	200,000	c	3		48.95	Europ Assistance Holding S.A.S.	49.00	49.00	3
							0.05	Europ Assistance Brokerage Solutions S.a.r.l.			
MPI Generali Insurans Berhad (*)	106	MYR	100,000,000	b	3		49.00	Generali Asia N.V.	49.00	48.92	85,399
Future Generali India Life Insurance Company Ltd (*)	114	INR	19,358,206,090	c	3		49.00	Sprint Advisory Services Private Limited	74.50	48.93	53,137
							25.50	Generali Participations Netherlands N.V.			
Future Generali India Insurance Company Ltd (*)	114	INR	9,048,037,050	c	3		49.00	Shendra Advisory Services Private Limited	74.51	48.93	91,871
							25.51	Generali Participations Netherlands N.V.			
Sprint Advisory Services Private Limited (*)	114	INR	5,964,123,950	c	4		47.96	Generali Participations Netherlands N.V.	47.96	47.89	
Shendra Advisory Services Private Limited (*)	114	INR	2,710,323,220	c	4		47.96	Generali Participations Netherlands N.V.	47.96	47.88	
FG&G Distributtion Private Limited (*)	114	INR	283,100,000	c	11		48.83	Generali Participations Netherlands N.V.	48.83	48.75	1,495
ONB Technologies India Pvt Ltd	114	INR	500,000	c	11		37.00	ONB Technologies Pte. Ltd.	37.00	37.00	
Generali China Insurance Co. Ltd (*)	016	CNY	1,300,000,000	b	3	49.00			49.00	49.00	54,445
Europ Assistance Insurance Brokers Co., Ltd. (China)	016	CNY	50,000,000	a	11		100.00	Europ Assistance Brokerage Solutions S.a.r.l.	100.00	99.99	
Guotai Asset Management Company (*)	016	CNY	110,000,000	b	8	30.00			30.00	30.00	176,690
Zhonghe Sihai Insurance Agency Company Limited	016	CNY	50,000,000	b	11		25.00	Generali Financial Asia Limited	25.00	25.00	1,651
Shanghai Sinodrink Trading Company, Ltd	016	CNY	5,000,000	b	11		45.00	Genagricola - Generali Agricoltura S.p.A.	45.00	45.00	242
ONB Technologies Pte. Ltd.	147	SGD	3,459	c	11		37.01	Europ Assistance Holding S.A.S.	37.01	37.00	8,688
Generali Investments Asia Limited	103	HKD	50,000,000	a	9		100.00	Generali Investments Holding S.p.A.	100.00	99.53	4,987
Europ Assistance (Macau) - Serviços De Assistência Personalizados, Lda.	059	MOP	400,000	a	11		70.00	Ponte Alta, SGPS, Unipessoal, Lda.	70.00	70.00	

(1) a=non consolidated subsidiaries (IFRS 10); b=associated companies (IAS 28); c=joint ventures (IFRS 11)

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other

(3) Net Group participation percentage.

(*) Participations valued at equity.

List of Countries

Country	Country Code
ARGENTINA	006
AUSTRIA	008
BAHAMAS	160
BELGIUM	009
BRAZIL	011
BULGARIA	012
CANADA	013
CHILE	015
CHINA	016
CROATIA	261
CZECH REPUBLIC	275
DENMARK	021
ECUADOR	024
FRANCE	029
GERMANY	094
GREECE	032
HONG KONG	103
HUNGARY	077
INDIA	114
INDONESIA	129
IRELAND	040
ISRAEL	182
ITALY	086
LIECHTENSTEIN	090
LUXEMBOURG	092

Country	Country Code
MACAO	059
MACEDONIA	278
MALAYSIA	106
MALTA	105
MONTENEGRO, REPUBLIC	290
NETHERLANDS	050
NEW CALEDONIA	253
PHILIPPINES	027
POLAND	054
PORTUGAL	055
ROMANIA	061
RUSSIAN FEDERATION	262
SERBIA	289
SINGAPORE	147
SLOVAKIA	276
SLOVENIA	260
SOUTH AFRICA, REPUBLIC	078
SPAIN	067
SWITZERLAND	071
THAILAND	072
TURKEY	076
UNITED KINGDOM	031
UNITED STATES	069
VIETNAM	062
VIRGIN ISLANDS (BRITISH)	249

List of Currencies

Currency	Currency Code
Argentine Peso	ARS
Bulgarian Lev	BGN
Brasilian Real (new)	BRL
Bahamas Dollar	BSD
Canadian Dollar	CAD
Swiss Franc	CHF
Chilean Peso	CLP
Chinese Renminbi	CNY
Czech Korona	CZK
Danish Krone	DKK
Euro	EUR
British Pound	GBP
Hong Kong Dollar	HKD
Croatian Kuna	HRK
Hungarian Forint	HUF
Indonesian Rupiah	IDR
Israeli Shekel	ILS

Currency	Currency Code
Indian Rupee	INR
Macaon Pataca	MOP
Macedonian Dinar	MKD
Malaysian Ringi	MYR
Philippine Peso	PHP
Polish Zloty	PLN
Romanian Leu	RON
Serbian Dinar	RSD
Russian Ruble	RUB
Singapore Dollar	SGD
Thai Bhat	THB
Turkish Lira (new)	TRY
US Dollar	USD
Vietnamese Dong	VND
French Polinesian Franc	XPF
South African Rand	ZAR

Attestation and Reports

Attestation to the Consolidated Financial Statements

pursuant to art. 154-*bis*, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-*ter* of Consob regulation of 14 May 1999, no. 11971 as amended

Attestation of the Consolidated Financial Statements pursuant to art. 154-*bis*, paragraph 5, of legislative decree of 24 February 1998, no. 58 and art. 81-*ter* of Consob regulation of 14 May 1999, no. 11971 as amended

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Cristiano Borean, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
   - the adequacy in relation to the characteristics of the Company and
   - the effective implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements over the course of the period from 1 January to 31 December 2019.

2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2019 has been assessed through a process established by Assicurazioni Generali S.p.A. on the basis of the guidelines set out in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.

3. The undersigned further confirm that:

   3.1 the consolidated financial statements as at 31 December 2019:

   a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of Legislative Decree No. 38 of 28 February 2005, of the Italian Civil Code, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);

   b) correspond to the related books and accounting records;

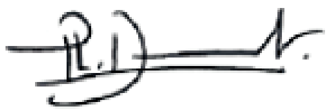
   c) provide a true and fair representation of the financial position of the issuer and the group of companies included in the scope of consolidation;

   3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situations to which they are exposed.

Milan, 12 March 2020

Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.



Cristiano Borean
Manager in charge of preparing the Company's financial reports and Group CFO

ASSICURAZIONI GENERALI S.p.A.

Board of Statutory Auditors' Report

Report of the Board of Statutory Auditors to the Assicurazioni Generali S.p.A. General Meeting called to approve the Separate Financial Statements as at and for the year ended 31 December 2019 pursuant to s. 153 of Lgs.Decree 58/1998

Shareholders,

in compliance with s. 153 of Lgs.Decree 24 February 1998, no. 58 (“CFBA”, [consolidated law on financial intermediation]) and with Consob communication no. 1025564 of 6 April 2001 and subsequent amendments and additions, and taking account of the recommendations of the Italian National Board of Accountants and Auditors (“CNDCEC”), the Board of Statutory Auditors of Assicurazioni Generali S.p.A. (the “Company” or the “Parent”) sets out herewith its Report on the supervisory activities carried out during financial year 2019. (the “Company” or the “Parent”) sets out herewith its Report on the supervisory activities carried out during financial year 2019.

1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2019 *(point 10 of Consob Notice no. 1025564/01)*

The Board of Statutory Auditors (BSA) performed the activities falling within its remit during the 2019 financial year by holding 25 meetings, with an average duration of approximately two hours and twenty minutes.
The BSA also:
- attended the 14 meetings of the Board of Directors;
- attended the 14 meetings of the Risk and Control Committee (“RCC”);
- attended the 3 meetings of the Related-Party Transactions Committee (“RPTC”);
- attended, in the person of its Chairman and/or another statutory auditor, the 11 meetings of the Appointments and Remuneration Committee (“ARC”), with specific reference to remuneration matters;
- attended, in the person of its Chairman and/or another statutory auditor, the 13 meetings of the Investments and Strategic Transactions Committee (ISTC) (of which 4 of the former Investments Committee);
- attended, in the person of its Chairman and/or another statutory auditor, the 7 meetings of the Corporate Governance and Social and Environmental Sustainability Committee (“GSC”).

In addition to the above activities, in the course of its activity plan, the Board of Statutory Auditors, among other things:
- held meetings with and obtained information from the Group CEO, also in his capacity as Director in charge of the internal control and risk management system, the Group CFO, also in his capacity as Manager in charge of preparing the company’s financial reports, the head of the Group Financial Crime Function, the Group General Counsel, the head of the Corporate Affairs Function, the head of the Group Human Resources & Organisation Function and the General Manager, and also with the heads of corporate functions affected by the inspection activities of the Board of Statutory Auditors from time to time;
- pursuant to s. 74.2, of IVASS Regulation no. 38 of 3 July 2018 (“IVASS Regulation no. 38/2018”), held meetings with and obtained information from the heads of the four fundamental functions envisaged by the aforementioned Regulation – Group Audit, Group Compliance, Risk Management, Group Actuarial (“Fundamental Functions”) – and the heads of all the units that perform control activities inside the group headed by Assicurazioni Generali S.p.A. (“Group”), and ensure appropriate functional and information links;
- met the members of the Surveillance Body set up pursuant to Lgs.Decree 231/2001 for useful exchanges of information;
- pursuant to paragraphs 1 and 2 of s. 151 of the CFBA, and to s. 74.3.g of IVASS Regulation no. 38/2018, held meetings and/or exchanged information with the audit bodies of the main subsidiaries (Alleanza Assicurazioni S.p.A., Banca Generali S.p.A., Česká pojišťovna a.s., CityLife S.p.A., Europ Assistance Italia S.p.A., Generali Allgemeine Versicherungen AG, Generali Business Solutions S.C.P.A., Generali Deutschland AG, Generali España S.A. de Seguros y Reaseguros, Generali IARD S.A., Generali Insurance Asset Management S.P.A. Società di gestione del risparmio, Generali Investments Partners S.p.A. Società di gestione del risparmio, Generali Investments Holding S.p.A., Generali Italia S.p.A., Generali Personenversicherungen AG, Generali Real Estate S.p.A., Generali Real Estate S.p.A. SGR, Generali Shared Services S.c.a.r.l., Generali Versicherung AG, Generali Vie S.A., Genertel S.p.A., Genertellife S.p.A.);
- as part of the relations between audit body and external auditor envisaged under s.150.3 of the CFBA and art. 74.3.e of IVASS Regulation no. 38/2018, and in light of the powers of the Board of Statutory Auditors in

its capacity as internal control and account audit committee, held regular meetings with the external auditors EY S.p.A. ("EY"), during which data and information of significance for the performance of the bodies' respective responsibilities were exchanged.

2. Transactions having a significant impact on the economic, financial and assets position. Other noteworthy events *(point 1 of Consob Notice no. 1025564/01)*

2.1 Activities performed by the BSA

The BSA monitored compliance by the Company with the legislation and the Articles of Association and observance of the principles of correct administration, with special reference to transactions having a significant impact on the economic, financial and assets position, by regularly attending meetings of the Board of Directors and examining the documentation provided.
In this context, the BSA received information from the Managing Director/Group CEO and the Board of Directors about activities performed and transactions with a significant impact on results of operations and financial position conducted by the Company, including transactions conducted through directly or indirectly controlled companies.
On the basis of the information provided, the BSA reasonably concludes that the said transactions can be deemed to comply with the legislation, the Articles of Association and principles of sound management and that they do not appear to be manifestly imprudent, rash or in conflict with the resolutions passed by the General Meeting, or such as to prejudice the integrity of the Company's assets.
In particular, the BSA was informed about transactions in which Directors declared an interest, on their own account or on behalf of third parties, and has no comments to make about the compliance of the corresponding resolutions with the legislation and regulations.

2.2 Most significant events

The most significant events involving the Company and the Group in 2019 and the early months of 2020 are also described in the 2019 Integrated Annual Report and Consolidated Financial Statements. They include the following events:

January

- as part of the strategy to optimise the Group's geographical presence and improve operating efficiency and capital allocation, the sale of the equity investment held in Generali Belgium SA was completed;
- a ten-year subordinated bond was issued for an overall amount of 500 million euro, for institutional investors. The bond, which qualifies as "Tier 2" regulatory capital, was intended to partially refinance 750 million euro of Group subordinated debt callable in 2019, an early repayment which, as required by law, obtained prior IVASS authorisation;
- the early repayment option was exercised on the following perpetual subordinated notes: *7.236% Perpetual Fixed/Floating Rate Notes*, for an amount of 350 million (early repayment date 4 March 2019) and *8.5% Perpetual Fixed/Floating Rate Notes*, for an amount of 350 million (early repayment date 6 March 2019);
- on 30 January 2019, the Board of Directors approved amendments to align the Articles of Association with IVASS Regulation no. 38/2018 concerning the composition of the Executive Committee. Specifically, the amendments provide that the Chair of the Board of Directors may no longer be a member of the Executive Committee, in accordance with the IVASS Regulation under which, in insurance companies and for Italian ultimate controlling institutional units to which the so-called reinforced regime applies (of which Assicurazioni Generali S.p.A. is one), the Chair cannot have an executive role;

February

- the acquisition of a majority holding in Sycomore Factory SAS was completed; the purchase began in September 2018, as part of the Company's asset management strategy;
- the acquisition of the Slovenian insurance company Adriatic Slovenica and its subsidiaries was completed;

March

- in the wake of an agreement signed in July 2018, the Company completed the sale of its entire equity investment in Generali Worldwide Insurance Company Limited, based in Guernsey, and of its equity investment in Generali Link Limited, of which it held 100% of share capital;
- the launch was announced of Axis Retail Partners, a new real estate boutique that invests in shopping malls, as part of the Company strategy to expand its presence in real estate;

April

- On 17 April 2019 Assicurazioni Generali S.p.A. increased the share capital to 1,569,600,895 euro to service the Long-Term Incentive Plan approved by the General Meeting on 28 April 2016;
- on 30 April 2019, the sale of 89.9% of the shares of Generali Lebensversicherung was completed and an industrial partnership agreement was signed simultaneously with Viridium to complete the turnaround of Generali Deutschland;
- an agreement was signed for the purchase of the insurance portfolios of three companies of ERGO International AG in Hungary and Slovakia, in line with the Group strategy to further strengthen its leadership position in Europe;

June

- in Poland the acquisition of Union Investment TFI S.A. from the German group Union Asset Management Holding AG was completed, implementing the purchase agreement signed in October 2018;
- the Assicurazioni Generali S.p.A. Board of Directors approved a proposal to present a special 2019-2022 share plan for the Managing Director/Group CEO at the next General Meeting;

July

- Assicurazioni Generali S.p.A. exercised the early repayment option on all outstanding perpetual subordinated notes, issued on 15 July 2009, with the following characteristics: i) Description of the notes: 50,000,000 euro 9.00% Perpetual Fixed/Floating Rate Notes; ii) ISIN Code: XS0440434834; iii) Coupon: 9.00%; iv) Repayment price: 100%. The early repayment of the notes had prior IVASS authorisation;
- the share capital of Assicurazioni Generali S.p.A. was raised to 1,569,773,403 euro to service the special share plan relating to the 2016-2018 mandate of the Managing Director/Group CEO approved by the 2017 General Meeting. The shares have a par value of 1.00 euro each, including the additional dividend equivalent shares, and will be subject to a minimum holding period as envisaged by the plan regulation;

September

- the cash buyback of notes with a first call date in 2022 was completed for an aggregate nominal amount of approximately 1 billion euro; the first green bond, for 750 million euro, was placed;

December

- through the Argentinian subsidiary La Caja, a commercial agreement was closed in Argentina with Mercado Libre, an e-commerce operator in South America; the agreement is designed to strengthen the P&C segment.

Notable events in early 2020 were as follows:

- in January, the acquisition begun in 2019 for 100% of the Portuguese company Seguradoras Unidas and the AdvanceCare services company was completed;
- in February, the “Green Insurance Linked Securities Framework” was developed in line with the Group sustainability strategy and the emission in September 2019 of the first green bond; the main characteristic is the investment of collateral in environment-friendly assets and the allocation of the capital to sustainable initiatives.

Beginning in January and until this report was filed, the Board of Statutory Auditors has received adequate information about the measures and initiatives taken by the Company in response to the Covid-19 crisis and healthcare emergency.
Specifically, during the meetings of the Board of Directors on 12 March and 23 March 2020, and subsequent discussions at a meeting of its own, the Board of Statutory Auditors was informed of the following measures taken by Assicurazioni Generali S.p.A. in response to the emergency:

- special committees have been promptly set up (Guidance/Specialist/Operational) to analyse the difficulties and draw up guidelines, instructions and procedures for management of the emergency;
- personnel have been provided with detailed information, through the organisation of a system to circulate notices to all personnel through the corporate intranet and e-mail messages;
- urgent indications have been issued to manage travel, meetings and events: specifically, all international, intercontinental and national travel has been banned except in exceptional essential cases that cannot be postponed due to business priorities, which must be approved by first-line managers or by the relevant HR functions; people returning from travel abroad are required to undergo a medical check before re-entering the workplace; all Generali Group internal and external events at both national and international level have been suspended;
- restrictions have been placed on access to offices for suppliers and third parties and for employees, for whom forms of smart working are given priority where possible;
- people’s presence in Group offices has been reduced in order to manage the potential healthcare emergency.

2.3 Litigation

As stated in the 2016, 2017 and 2018 Integrated Annual Report and Consolidated Financial Statements, the Brazilian company Banco BTG Pactual S.A. ("BTG") initiated a dispute in 2016 relating to certain claims for compensation made by BTG pursuant to an agreement whereby the sale to the latter of Banca della Svizzera Italiana S.A. ("BSI") by a Generali subsidiary was concluded in September 2015.
The Board of Statutory Auditors has received regular updates from Group Legal Affairs on the dispute – where the parties are currently filing their closing submissions – during the meetings of the Board of Directors and the RCC and has examined the opinions drawn up by the external legal advisors. The Board of Statutory Auditors also met the Manager in charge of preparation of the company's financial reports and the external auditors EY, with a view to monitoring the process conducted by them, within their respective remits, in order to assess possible recognition of provisions pursuant to IAS 37, and the corresponding disclosure.
As stated in the 2019 Integrated Annual Report and Consolidated Financial Statements, given the complexity and uncertainty of the dispute over if/then how much is due, and the legal opinions obtained, the Company has decided that the conditions of probability and ability to make a reliable estimate required by IAS 37 for recognition of provisions for risks have not been met in connection with BTG's claim for compensation.

3. Related-party and intercompany transactions. Atypical and/or unusual transactions *(points 2 and 3 of Consob Notice no. 1025564/01)*

The Company has introduced "Related-Party Transaction Procedures" ("RPT Procedures"), adopted in compliance with Consob Regulation 17221/2010, as amended, and s. 2391-*bis* of the Italian Civil Code, which are also applicable to transactions performed by subsidiaries.
The Board of Statutory Auditors believes that the above procedures comply with Consob Regulation 17221/2010, as amended; during the year it monitored the Company's compliance with the procedures.
Assicurazioni Generali S.p.A.'s 2019 Annual Financial Statements and the 2019 Integrated Annual Report and Consolidated Financial Statements illustrate the economic and asset-related effects of the related-party transactions, and describe the most significant relationships.
During 2019 two transactions classified under the RPT Procedures as of "greater materiality" and one of "minor materiality" were brought to the attention of the RPTC: the Board of Statutory Auditors attended the relevant meetings and followed the proceedings to analyse the transactions, ensuring the compliance of the Board of Directors and the RPTC with Consob Regulation 17221/2010 and with the RPT Procedures.
No urgent transactions with related parties took place.

The BSA's surveillance activities ascertained that intragroup transactions during the year were in accordance with IVASS Regulation no. 30/2016 on intragroup transactions and concentration of risk and with the Intragroup Transactions Group Policy adopted by the Board of Directors on 15 March 2017 and updated on 20 June 2019. The main intercompany activities, with payment at market prices or at cost, were conducted by means of reinsurance and coinsurance agreements, administration and management of securities and real estate, claims management and settlement, IT and administrative services, loans and guarantees, and personnel loans. The said services allowed the rationalisation of the operational functions and a better level of services.

The BSA concluded that the information provided by the Board of Directors on intragroup and related-party transactions in the 2019 Separate Financial Statements is adequate.

As far as we are aware, no atypical and/or unusual transactions took place during 2019.

4. Organisational structure of the Company and the Group *(point 12 of Consob Notice no. 1025564/01)*

The organisational structure of the Company and the Group and its developments are described in detail in the Corporate Governance and Share Ownership Report.
The Company's organisational structure covers the duties and responsibilities of the corporate functions, the hierarchical and functional relations among them and related coordination mechanisms. It is a two-tier structure based on Group Head Office ("GHO") and the Business Units. GHO provides strategic guidance and coordinates the 6 Business Units, which enhance entrepreneurship and local autonomy through the geographical areas and the global lines.
Organisational governance is achieved through the fol-

lowing integration and coordination mechanisms between the Business Units and the Group Head Office functions:
- the Group Management Committee ("GMC"), which provides the Group CEO and top management with support on key strategic decisions;
- the three main cross-functional committees which support the Group CEO on the direction of Group strategic decisions: the Balance Sheet Committee, the Finance Committee, the Group Product & Underwriting Committee;
- the Business Strategic Reviews, the Clearance Meetings and the Capital & Cash Deep Dives, which ensure alignment between GHO and the Business Units, with a focus on, respectively, strategic measures and discussions, business/financial performance, remittances and capital optimisation;
- the Functional Guideline and Functional Council, through which functional coordination is implemented at global level;
- a matrix system of reporting lines, classified as "solid" or "dotted" according to the intensity of guidance and coordination between the GHO Functions and the corresponding functions in the Business Units. The "solid" Functions, where hierarchical reporting is exercised in a more direct and systematic fashion by GHO (through guidance for key decisions on functional issues and human resources, e.g., recruitment, termination, assignment of annual objectives), are the Group Chief Risk Officer, the Group General Counsel, including Group Compliance, and Group Audit; the other Group Functions are dotted functions with functional reporting, where direction and coordination is based on the indication of functional guidelines and best practice and on participation in some key decisions concerning human resources.

During 2019 a sustainability management committee was set up, to guarantee a consistent approach to integrating sustainability into the core business among all Group Head Office functions and the Business Units, by identifying risks and opportunities and monitoring progress and results.
In April 2019, the position of Group Chief Digital Officer was created, reporting directly to the General Manager; this officer is responsible for overseeing, controlling and supporting Group digital and data analytics initiatives and for overseeing coordinating innovation at Group level.

Through the activities described in section 1 above, the Board of Statutory Auditors verified the adequacy of the overall Company and Group organisational structure, especially in view of its dynamic nature, and also monitored the definition and assignment of powers, with particular attention to the separation of responsibilities in tasks and functions, pursuant to s. 74.3.b of IVASS Regulation no. 38/2018.
The Board of Statutory Auditors verified the adequacy of the Company's instructions to the subsidiaries pursuant to s.114.2 of the CFBA, in order to obtain on a timely basis the information required to comply with the disclosure obligations of law and Regulation (EU) no. 596/2014.
Furthermore, pursuant to paragraphs 1 and 2 of s. 151 of the CFBA and s. 74.3.g of IVASS Regulation no. 38/2018, the Board ors obtained the reports of the boards of statutory auditors of the main subsidiaries and/or the information sent by the boards in response to specific requests; analysis of the documents in question did not find any elements worthy of mention in this Report.

5. Internal Control and Risk Management System, administrative/accounting system and financial reporting process *(points 13 and 14 of Consob Notice no. 1025564/01)*

5.1. Internal Control and Risk Management System

The Corporate Governance and Share Ownership Report and the Group Risk Report (included in the 2019 Integrated Annual Report and Consolidated Financial Statements) describe the main characteristics of the internal control and risk management system.
The internal control and risk management system ("ICRMS") consists of the rules, procedures and corporate units that – also with regard to the Company's role as the parent of an insurance group – operate to enable the Company and Group to function effectively and to identify, manage and monitor the main risks to which they are exposed. The ICRMS is an integrated system involving the whole organisational structure: the governing bodies and the corporate units, including the control functions, are required to contribute in a coordinated and interdependent manner to its operation.
Since 2018, in compliance with industry regulations, the Company has adopted a "reinforced" corporate governance model, based on the quali-quantitative parameters

indicated in the IVASS letter to the market of 5 July 2018. Elements implied by the model include: the non-executive role of the Chair of the Board of Directors, the existence of the Control & Risks Committee and of a remuneration committee, the effective and efficient operation of the Fundamental Functions performed by specific organisational units (separate from the operating functions and not outsourced), headed by individuals with adequate skills and qualifications.

The Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions are the Fundamental Functions pursuant to IVASS Regulation no. 38/2018. To guarantee a consistent Group approach, the Company formulates Group directives on the governance system integrated with Group internal control and risk management policies, which apply to all the companies.

The ICRMS has been drawn up in accordance with Solvency II – including EIOPA delegated acts and guidelines – and with national laws and regulations that enact Solvency II. Following the issue by the Regulator of authorisation to use a “Partial Internal Model” (“PIM”) to calculate the Solvency Capital Requirement (“SCR”) as required by Solvency II, the Group is allowed to use the PIM to determine the SCR of the Group and the main Business Units for the Italian, German, French, Czech, Austrian, Swiss and, from November 2019, Spanish companies. For further details, see the Group Risk Report.

After the introduction of IVASS Regulation no. 38/2018, which involved a review of the corporate governance system in insurance companies, the Company completed the review of its own governance and internal control system. The measures taken with regard to the role of the Chair and the Board Committees, the organisational structure of the Fundamental Functions and the effective and efficient performance of their respective functions, as well as the updates to the internal regulations of the Board of Directors and the Committees, were implemented through resolutions of the Board of Directors in December 2018. On 30 January 2019 the Board of Directors approved a number of amendments to the Articles of Association for alignment with IVASS Regulation no. 38/2018 as regards the composition of the Executive Committee, which has not actually been formed by the Company. The other implementing activities that the IVASS Regulation required be updated by the end of 2019 were completed in full through the shareholder resolutions of 7 May 2019, well ahead of the regulatory deadline.

The Board of Statutory Auditors constantly monitored the alignment of the Company and Group governance structure to IVASS Regulation no. 38/2018.

As required by industry regulations, the Board of Statutory Auditors verified the adequacy of the Company and Group ICRMS, and checked its actual operation. Specifically, and in line with ss. 8 and 74 of IVASS Regulation no. 38/2018, the Board of Statutory Auditors:

i) took note of the opinion issued half-yearly by the Board of Directors after consulting the RCC that the ICRMS is fit for purpose;
ii) examined the RCC report issued half-yearly to support the Board of Directors;
iii) examined the summary document regarding the assessment of the adequacy and efficacy of the Internal Control and Risk Management System drawn up by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions;
iv) attended all meetings of the RCC, obtaining information about the initiatives that the Committee has decided to promote or request on specific subjects;
v) obtained information about the development of the organisational structures and the activities performed by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions, partly by means of discussions with the managers concerned;
vi) examined the activity reports of the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the RCC and the Board of Directors;
vii) examined the Group Audit Manager’s half-yearly Complaint Reports;
viii) verified the autonomy, independence and functionality of the Group Audit Function, and established and maintained appropriate and constant ties with it;
ix) examined the Audit Plan drawn up by the Group Audit Function and approved by the Board of Directors, observed that it had been complied with, and received information about the audit results and implementation of mitigation and corrective action;
x) took note of the activities of the Surveillance Body formed by the Company in compliance with Lgs. Decree 231/2001 through specific disclosures and meetings for updates on the body’s activities;
xi) obtained information from the heads of functions involved in the ICRMS;
xii) exchanged information with the audit bodies of the subsidiaries, as required by ss. 151.1 and 151.2 of

the CFBA and by s. 74.3.g of IVASS Regulation no. 38/2018;

xiii) met and exchanged information with the Group CEO in his capacity as Executive Director responsible for supervising the ICRMS;

xiv) obtained information about the development of the Group's regulatory system, in particular the Company's structure of policies, regulations, guidelines and procedures designed to ensure compliance with the specific regulations of the insurance industry and listed companies applicable to or approved by the Company.

As part of its oversight of the ICRMS, the Board of Statutory Auditors paid particular attention to the IT area and to issues relating to cyber security management and data protection. In this area, on 6 June 2019, the Board of Directors adopted the "Strategic ICT & Cyber Security Plan", in compliance with s. 16 of IVASS Regulation no. 38/2018.

During 2019, the Cyber-Security area underwent specific inspections by the Group Audit Function, under the Audit Plan approved by the Board of Directors. In this regard, management continues to implement the initiatives intended to gradually strengthen monitoring and risk mitigation. In this context, the refinement of systems and procedures suitable to prevent and reduce the said risk remains an area of attention subject to regular monitoring by the Board of Statutory Auditors.

The Board of Statutory Auditors also continued to monitor implementation of the plan of initiatives to mitigate the risk of money-laundering and financing of terrorism, taking account of the annual self-assessment based on specific methodologies indicated by IVASS.

After the issue of IVASS Regulation no. 44/2019 on organisation, procedures, internal controls and verification of clients in relation to the risk of money-laundering and financing of terrorism, during 2019 the Company began implementing the relevant regulatory dispositions, also through the introduction of the new Group Guideline "AML/CTF Risk-Based Approach".

The new guidelines, whose drafting was monitored by the Board of Statutory Auditors during the regular meetings with the relevant functions, focus specifically on closer coordination and monitoring of Group companies, Group-wide sharing of client data, uniformity of client profiling, creation of new information flows and tighter monitoring of suspicious transactions.

During 2019, the anti-money laundering area underwent specific inspections by the Group Audit Function, which substantially verified the adequacy of the control system. Looking forward, the new requirements under IVASS Regulation no. 44/2019 provide for the Group database to be implemented as from 1 January 2020. Here, the "Group Data Sharing" project has been launched and is expected to be completed in 2020; the objective is to achieve greater uniformity in the approach to risk management among Group companies.

Also with regard to anti-money laundering, during 2019 IVASS conducted an inspection of the Company and the Italian subsidiaries in the "Life" business; the inspection was completed on 20 December 2019 and the report on the findings is pending. Through meetings and discussions with the function concerned and attendance at RCC and Board of Directors meetings, the Board of Statutory Auditors was kept constantly informed about the requests made by IVASS and the replies of the Company offices.

As noted in the report on financial year 2018, the action plan to support the internal control system of the international branches continued in 2019, regarding which the Board of Statutory Auditors received continuous information from the four Fundamental Functions. The plan was completed except for matters concerning Brexit, which are still pending.

With regard to the requirements introduced by the latest legislation for the insurance sector – international sanctions, privacy and client protection – work continued in 2019 for the Group roll-out of the controls set up by the Company, which take account of the highest risk profile; during the year, action on these issues was taken by Group Audit and by Group Compliance, as envisaged in the respective Plans; the risk analysis has been updated for 2020 activity planning.

The above-mentioned areas addressed by reinforcement programs, also with a view to the continuous improvement of the efficiency and effectiveness of the Group system, are specifically monitored by the Board of Statutory Auditors.

In the light of all the above information and taking the dynamic nature of the ICRMS into account, no factors emerged from the analyses conducted or the information obtained that could lead this BSA to consider the Company's internal control and risk management system not fit for purpose as a whole.

5.2. Administrative accounting system and financial reporting process

As regards the administrative accounting system and the financial reporting process, the Board of Statutory Auditors monitored the activities conducted by the Company for continuous assessment of their adequacy and operation.

This objective was pursued by the Company by adopting a "financial reporting model" consisting of a set of principles, rules and procedures designed to guarantee an adequate administrative and accounting system. Consistently with the Company ICRMS, the financial reporting model involves the corporate bodies and the operating and control units in an integrated management approach, consistently with the different levels of responsibility. The main characteristics of the model are described in the Corporate Governance and Share Ownership Report.

The data and information exchanged with the external auditors for the performance of our respective tasks pursuant to s. 150.3 CFBA and s.74.3.e of IVASS Regulation no. 38/2018 showed no questions to be highlighted in this report.

At a meeting on 31 March 2020, the Board of Statutory Auditors examined the additional report drawn up by the EY external auditors, ex s. 11 of EU Regulation 537/2014 and noted that it identified no significant shortcomings in the internal control system with regard to financial reporting. The draft report had already been discussed and analysed during the regular information exchanges between the Board of Statutory Auditors and the external auditors.

In overseeing the adequacy of the administrative and accounting system, the BSA also established, pursuant to s. 15 of Consob Regulation no. 20249 of 28 December 2017 ("Markets Regulation"), that the corporate organisation and procedures enable the Company to ascertain that the companies controlled by it and incorporated and governed by the legislation of non-EU countries, which are required to comply with Consob regulations, have an administrative/accounting system fit for the purpose of supplying the Company's management and external auditors regularly with the business and financial data required to draw up the consolidated financial statements. At 31 December 2019, the significant non-EU companies for the purposes of the Markets Regulation were: Generali Personenversicherungen AG, Generali (Schweiz) Holding AG and Generali China Life Insurance Co. Ltd.

5.3. Consolidated Non-Financial Statement

The Board of Statutory Auditors reminds the reader that pursuant to Lgs.Decree no. 254/2016 and subsequent amendments, and to the implementing regulation issued by CONSOB with resolution no. 20267 of 18 January 2018, the Company is required to draft and publish a Consolidated Non-Financial Disclosure ("CNFD"). As required by s. 4 of Lgs.Decree no. 254/2016, the CNFD provides non-financial information on the Company and its subsidiaries "to the extent required to ensure comprehension of the group's business, performance and results, and the impact produced by it".

As specified in s. 3.7 of Lgs.Decree no. 254/2016, the Board of Statutory Auditors, in the performance of its statutory functions, monitored compliance with the legislation governing the preparation and publication of the CNFD. Specifically, the Board of Statutory Auditors verified the adequacy of the organisation structure adopted by the Group in connection with its strategic socio-environmental objectives and the adequacy of the Group processes and structures that oversee the production, reporting, measurement and representation of non-financial results and information.

For this purpose, the BSA examined the documentation made available by the Company and held meetings with the management team responsible for the information in the CNFD – an interdisciplinary group including the Group CFO Function and the Group Risk Management Function – and the representatives of the external auditor, which is also responsible for issuing a specific report certifying conformity as required by s. 3.10 of Lgs.Decree no. 254/2016.

The Board of Directors approved the CNFD on 12 March 2020; the document was drafted in compliance with Lgs.Decree 254/2016 and taking account of the criteria envisaged by the International <IR> Framework, issued by the International Integrated Reporting Council ("IIRC"). In 2019 the materiality analysis method used by the Company evolved to focus on assessment of mega trends: the main social, environmental and governance changes expected to have a significant impact on the corporate world, society and the natural environment over a ten-year timeline, bringing risks and opportunities for the Group, its value chain and its stakeholders. The standard adopted for reporting on the material subjects identified by the Group is the Consolidated Set of GRI Sustainability Reporting Standards – published in 2016 by the GRI Global Reporting Initiative (GRI – Referenced claim) – with reference to selected GRI Standards and indicators of GRI G4 Financial Services Sector Disclosures. The analysis also considered the European Commission's orientation on disclosure of non-financial information, which was subsequently taken up by the ESMA.

When drawing up the CNFD, the Company did not exercise the option to omit information concerning imminent developments and transactions under negotiation allowed by s. 3.8 of Lgs.Decree 254/2016. The Board of Statutory Auditors also noted that the external auditor EY issued its report as per s. 3.10 Lgs.Decree no. 254/2016 on 31 March 2020. In the report, EY certified that on the basis of the work performed, no elements had come to its attention suggesting that the CNFD had not been drawn up, in all significant respects, in compliance with the terms of ss. 3 and 4 Lgs.Decree no. 254/2016 and the reporting standard used by the Group.

In turn, the Board of Statutory Auditors observes that, during its inspections, no evidence of CNFD non-conformity with the laws governing its preparation and publication came to its attention.

6. Other activities performed by the Board of Statutory Auditors

In addition to the matters described above, the Board of Statutory Auditors performed further specific periodic checks in accordance with the statutory and regulatory provisions applicable to the insurance industry.

Specifically, in part through its attendance at meetings of the RCC, the Board of Statutory Auditors:
- verified compliance with the investment policy guidelines approved by the Board of Directors, pursuant to s. 8 IVASS Regulation no. 24 of 6 June 2016;
- checked that transactions in derivative financial instruments complied with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly issued the periodic communications to IVASS;
- analysed the administrative procedures adopted for the handling, safekeeping and accounting of financial instruments, and checked the instructions issued to depositaries regarding periodic despatch of statements of account with suitable indications of any encumbrances;
- checked that the assets covering the technical reserves were free of encumbrances and fully available;
- ascertained correspondence with the register of assets destined to cover the technical reserves.

In the Notes to the Financial Statements, the Company has provided a report on share-based payment agreements, in particular the incentive plans based on equity instruments allocated by the parent company and other companies belonging to the Group.

7. Organisation and management model pursuant to Lgs.Decree no. 231/2001

The development activities begun in 2018 led to the approval of an update to the organisation and management model pursuant to Lgs.Decree 231/2001 on the administrative liability of entities and subsequent amendments and additions, through a resolution of the Board of Directors on 8 April 2019. The aim of the update is to ensure closer integration of the model with the internal regulatory system, greater simplification and usability through clear links between functions and relative applicable controls, and specific attention to indicating the regulatory controls adopted at local branch level. During 2019, the Surveillance Body completed its assessment of the impact of the crime risks envisaged by legislation that came into force after the resolution passed by the Board of Directors on 8 April 2019. The Company will update the organisation and management model during 2020 on the basis of the results of the assessment.

The Board of Statutory Auditors viewed and obtained information regarding the organisational and procedural activities conducted pursuant to Lgs.Decree 231/2001. The main questions relating to the organisational and procedural activities conducted by the Company pursuant to Lgs.Decree 231/2001 are set out in the Corporate Governance and Share Ownership Report.

No noteworthy facts and/or circumstances emerged from the report submitted by the Surveillance Body on its activities.

8. Ratification of the Corporate Governance Code, Composition of the Board of Directors, and remuneration *(point 17 of Consob Notice no. 1025564/01)*

The Company follows the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. The checklist for compliance

with the principles and criteria of the Corporate Governance Code is set out in the Information Compendium to the 2019 Corporate Governance and Share Ownership Report published on the Company website, to which reference should be made.
The Board of Statutory Auditors has evaluated the procedures for concrete implementation of the principles and application criteria of the Corporate Governance Code, and has no comments to make on them.
The Board of Statutory Auditors notes that the Board of Directors has evaluated the operation, size and composition of the Board of Directors and the Board Committees. The 2019 Board review, which involved all the directors and the Chair of the Board of Statutory Auditors, was conducted with the active involvement of an external consultant, and took the form of a questionnaire and a series of interviews. The assessment examined the operation and efficiency of the Board of Directors and the Board Committees, and their size and composition, as envisaged by the Corporate Governance Code. The information received was treated as confidential and reproduced in consolidated form in the final self-assessment report.
The process and the results of the 2019 Board review were presented to and discussed by the Board of Directors at its meetings on 5 November 2019 and 19 February 2020, attended by the Board of Statutory Auditors. The main strengths and areas for attention identified by the 2019 Board review are detailed in the 2019 Corporate Governance and Share Ownership Report.

In early 2020, in line with the recommendations of Rule Q.1.1 of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies drawn up by the National Board of Accountants and Auditors (CNDCEC), the Board of Statutory Auditors itself conducted a self-assessment of its composition and operation, and discussed the findings at special meetings.
Also in early 2020, with the expiry of its mandate imminent, the Board of Statutory Auditors drafted a report as recommended by Rules Q.1.2 and Q.1.6 of the Rules of Conduct for the Board of Statutory Auditors of Listed Companies drawn up by the National Board of Accountants and Auditors (CNDCEC). The report was presented to the Board of Directors and the RCC and included in the documentation made available for shareholders at the next General Meeting. At the meeting, the shareholders will be asked to appoint a new Board of Statutory Auditors and establish its remuneration for the three years 2020/22. The purpose of the report is to provide the General Meeting, the shareholders interested in submitting lists for the appointment of the new Board of Statutory Auditors and the candidates for the position of auditor with an overview of the activities that the Board of Statutory Auditors is called upon to perform, so that the necessary professional skills and the adequacy of the remuneration proposed for performance of the engagement may be properly assessed.

The Board of Statutory Auditors also verified the correct application of the criteria and process established by the Board of Directors to assess the independence of directors classed as “independent”; it also ascertained that its own independence requirements were met, and informed the Board of Directors of its findings as required by the Corporate Governance Code.
In light of the Company policies and operating guidelines, the Board of Directors conducted its own assessment as to whether the independence requirement was met, on the basis of all the information available to the Company and specific supplementary declarations designed to obtain from self-declared independent Directors precise information about the existence of any commercial, financial or professional relationships, self-employment or employment relations or relationships of a financial or professional nature, that are of significance under the Corporate Governance Code and the CFBA.

The BSA notes that the Board of Directors has adopted a specific top management succession policy and plan.
The BSA has no comments to make about the consistency of the remuneration policy with the recommendations of the Corporate Governance Code and its compliance with IVASS Regulation no. 38/2018.

9. External audit *(points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)*

9.1. Activities of the Board of Statutory Auditors in financial year 2019

The external auditors EY were engaged to audit the separate financial statements and the Group consolidated financial statements for the nine years 2012-2020; during the 2019 financial year EY checked that the Company’s accounts were properly kept and transactions properly recognised in the accounting records.
On 31 March 2020 the external auditors issued the reports pursuant to ss. 14 and 16 of Lgs.Decree 39/2010 for, respectively, the separate financial statements and

the Group consolidated financial statements as at and for the year ended 31 December 2019. The reports indicate that the financial statements are drawn up clearly and truthfully and correctly represent the assets/liabilities, financial position, results of operations and cash flows for the year ended 31 December 2019, in compliance with the applicable standards and regulations.
The Manager in charge of preparation of the Company's financial reports and the Managing Director/Group CEO issued the declarations and certifications required by s. 154-*bis* of the CFBA as regards the Company's separate financial statements and the consolidated financial statements as at and for the year ended 31 December 2019.
Within the terms of its remit, the BSA monitored the general layout of the financial statements and the consolidated financial statements in accordance with the legislation and specific regulations governing drafting of insurance companies' financial statements.
The BSA declares that the Group consolidated financial statements were drawn up in compliance with the IAS/IFRS International Accounting and Financial Reporting Standards issued by the IASB and endorsed by the European Union, in compliance with EU Regulation no. 1606 of 19 July 2002 and the CFBA, and with Lgs. Decree 209/2005 as amended. The consolidated financial statements were also drawn up as required by ISVAP Regulation no. 7 of 13 July 2007 as amended, and contain the information required by Consob Notice no. 6064293 of 28 July 2006. The Notes to the Financial Statements illustrate the evaluation criteria used, and provide the information required by the applicable legislation.
The Directors' Report annexed to the separate financial statements of the parent company illustrates the business trend, indicating current and prospective developments, and the Group's development and reorganisation process. It also provides appropriate information with regard to Covid19.

Through its attendance at the meetings of the RCC at which the Manager in charge of preparation of the Company's financial reports and the managers of the external auditors were also present, the Board of Statutory Auditors reported to the Board of Directors on 12 March 2020 that it had no observations regarding the correct application of the accounting principles and the consistency of their use in the drafting of the consolidated financial statements.

On 31 March 2020, EY provided the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, with its own additional report pursuant to s. 11 of EU Regulation Reg. 537/2014. In compliance with s. 19.1.a, Lgs.Decree 39/2010, the Board of Statutory Auditors promptly forwarded the report to the Board of Directors, without observations.

During the year, the Board of Statutory Auditors held meetings with the managers of the external auditors EY, also pursuant to s. 150.3 of the CFBA and s. 74.3.e of IVASS Regulation no. 38/2018. As part of its oversight activities as per s. 19 of Lgs.Decree 39/2010, the Board of Statutory Auditors acquired information from EY concerning the planning and execution of the audit. During the meetings, significant information and data were exchanged to assist the Board of Statutory Auditors and the external auditors in their respective activities, and no facts or situations worthy of remark emerged.
Pursuant to s.19.1.e. Lgs.Decree 39/2010, the Board of Statutory Auditors, again in its capacity as Internal Control and Audit Committee, checked and monitored the independence of the external auditors. The checks found no situations that prejudiced the independence of the external auditors or constituted grounds for incompatibility under the applicable legislation. This is confirmed by the statement issued by EY pursuant to s.6.2.a EU Regulation Reg. 537/2014.

9.2. Activities of the Board of Statutory Auditors with regard to non-audit services

With regard to non-audit services, at the recommendation and with the support of the Board of Statutory Auditors, at the beginning of 2017 the Company adopted a specific procedure to govern the assignment of non-audit services to the external auditors and entities of the network of the external auditors ("Guidelines for the assignment of non-audit services to auditors"). As noted in the report issued last year, during 2018 the Board of Statutory Auditors supervised the update of the above Guidelines to ensure alignment with the interpretative changes of current law.
In 2019 additional processes were implemented to raise the awareness of the Group companies regarding correct application of the new Guidelines in accordance with the recommendations of the Board of Statutory Auditors. Furthermore, a procedure was introduced for the specific purpose of managing the eventuality that in 2020, the last year of the engagement of the external auditors EY (outgoing auditor), the Company invite KPMG S.p.A. to perform non-audit services. Since KPMG S.p.A. will take the statutory audit of the Group accounts over from EY

as from financial year 2021 (incoming auditor), in 2020 it will be in a so-called “cooling-in period”, as per s. 5.1.b Reg. Law no. 537/2014.
In addition to the above, during 2019, as envisaged by s.19.1.e of Lgs.Decree 39/2010 and s. 5.4 of EU Reg. 537/2014, in its capacity as internal control and audit committee, the Board of Statutory Auditors conducted a preventive examination of the proposals for the assignment of non-audit services to the external auditor or to entities in its network.
During its assessment, and with the support of Group Audit, the Board of Statutory Auditors ascertained the compatibility of said services with the prohibitions of s. 5 EU Reg. 537/2014, and the absence of potential risks to the independence of the external auditor arising from performance of the services, in light of the provisions of Lgs.Decree 39/2010 (ss. 10 et seq.), of the Issuers' Regulation (s. 149-*bis* et seq.) and of Audit Principle no. 100.
As the statutory pre-requisites were fulfilled, the BSA approved the commissioning of the service from EY or other entities belonging to its network.
The fees for non-audit services provided by the external auditor or other entities belonging to its network to the Company and its subsidiaries in the 2019 financial year are disclosed in detail in the Notes to the Financial Statements. During the year, in its capacity as internal control and audit committee, the Board of Statutory Auditors supervised the trend of said fees in light of s.4 EU Reg. 537/2014.

9.3. Activities of the Board of Statutory Auditors for the assignment of the statutory audit engagement for the nine years 2021-2029

As noted above, the statutory audit engagement currently performed by EY S.p.A. will expire with the approval of the Company financial statements as at and for the year ended 31 December 2020.
As observed in the Report on financial year 2018, the selection of the new external auditor has already taken place and was concluded with the shareholder resolution of 7 May 2019 approving the assignment of the audit engagement for the nine years 2021-2029 to KPMG S.p.A. The resolution was carried on the basis of the recommendation drawn up by the Board of Statutory Auditors pursuant to s. 16.2 of EU Regulation no. 537/2014 and approved at a BSA meeting on 4 March 2019.

10. Opinions issued by the Board of Statutory Auditors during the financial year *(point 9 of Consob Notice no. 1025564/01)*

During the year, the Board of Statutory Auditors also issued the opinions, comments and attestations required by the applicable legislation.
At the meeting of the Board of Directors held on 28 January 2019, the Board of Statutory Auditors expressed a favourable opinion on the remuneration of the Group Audit Function (attainment of 2018 targets and setting of 2019 targets) and the Audit Plan for 2019.
At the meeting of the Board of Directors of 13 March 2019, the Board of Statutory Auditors expressed a favourable opinion pursuant to s. 2389 Italian Civil Code on the proposal to assign new shares to the Managing Director/Group CEO in connection with the resolution to raise the share capital to service the 2016 LTI plan.
At the meeting of the Board of Directors of 5 June 2019, the Board of Statutory Auditors expressed a favourable opinion on *(i)* the resolution to raise the share capital to service the 2016-209 special share plan for the Managing Director/Group CEO; *(ii)* the remuneration proposal for the Chair of the Board of Directors.
At the meeting of 20 June 2019, the Board of Statutory Auditors expressed a positive opinion on the determination of the remuneration of the Managing Director/Group CEO, also with regard to the 2019 LTI plan.

During the 2019 financial year the BSA also regularly commented on the half-year reports on complaints prepared by the Group Audit Function in compliance with ISVAP Regulation no. 24 of 19 May 2008 as amended. The reports did not highlight any particular problems or organisational deficiencies. The BSA also checked that the Company sent the reports and associated BSA comments promptly to IVASS.

11. Complaints pursuant to s. 2408 of the Italian Civil Code. Omissions, censurable facts or irregularities found *(points 5, 6 and 18 of Consob Notice no. 1025564/01)*

The Board of Statutory Auditors has received no notification of complaints under s. 2408 Italian Civil Code during 2019 and the early months of 2020.

No censurable facts, omissions or irregularities to be reported to the Regulators emerged from the supervisory activities performed.

***

With reference to all the considerations set out in this Report, the Board of Statutory Auditors finds no reason to object to the approval of the Separate Financial Statements of Assicurazioni Generali S.p.A. as at and for year ended 31 December 2019, as submitted to you by the Board of Directors.

With regard to the proposal formulated by the Board of Directors on 12 March 2020 to distribute a dividend arising entirely from the profit for the year, the Board of Statutory Auditors wishes to draw attention to the following.

On 17 March 2020, the EIOPA issued a statement on action to mitigate the impact of COVID-19 on the European insurance sector, which the Board of Statutory Auditors received and promptly examined. The EIOPA indications, in particular the invitation to insurance companies to adopt prudence in their dividend distribution policies and variable components of remuneration for company representatives, were analysed by the Board of Directors on 23 March 2020: after a wide-ranging discussion that included the relevant corporate functions, the directors decided to confirm the proposals drawn up on 12 March 2020 on the agenda of the next Shareholders' Meeting. The Board of Statutory Auditors followed the considerations of the Board of Directors, supported by sustainability checks based on the information available, and specifically the decision to proceed with the dividend proposal, and has no observations to make on the question.

Subsequently, in a letter dated 30 March 2020, IVASS also requested that, when examining the 2019 financial statements and in light of the situation created by COVID-19, insurance companies and Italian ultimate controlling institutional units "*adopt individually and at group level extreme caution in the distribution of dividends and other assets and in the payment of the variable remuneration component to corporate managers*."

The Board of Statutory Auditors was immediately informed about and took due note of the IVASS letter and, as required by the Regulator, through this report calls the attention of the shareholders to the question in view of the forthcoming General Meeting.

Lastly, on 2 April 2020, EIOPA issued a new statement asking insurance companies to temporarily suspend discretionary distribution of dividends in view of the current climate of uncertainty, specifying that this suspension may be reviewed once the financial and economic impact of COVID-19 becomes clearer. EIOPA also invited insurance companies to adopt a similar prudent approach to variable remuneration of company representatives: in this regard, EIOPA expressed an expectation that companies would review their current remuneration policies to ensure their consistency with prudent planning of capital and the current economic scenario. In this context, according to the European Regulator, the variable portion of remuneration should be identified conservatively, and the possibility of its deferral should be taken into consideration.

On the basis of the information provided to the Board of Statutory Auditors, the Company's Board of Directors will meet shortly to discuss the recommendations of the European and national regulators. The Board of Statutory Auditors reminds the Board of Directors of the importance of making a decision on the basis of a reasonable and prudent approach appropriate for the current situation of uncertainty.

Trieste, 03 April 2020

The Board of Statutory Auditors

Carolyn Dittmeier, Chair
Lorenzo Pozza
Antonia Di Bella

Independent Auditor’s Report on the Consolidated Financial Statements

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, to article 10 of EU Regulation n. 537/2014 and to article 102 of Legislative Decree n. 209, dated 7 September 2005

(Translation from the original Italian text)

To the shareholders of
Assicurazioni Generali S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Generali Group (the Group), which comprise the balance sheet as at December 31, 2019, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended and the explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the Regulation issued to implement article 90 of Legislative Decree dated 7 September 2005, n. 209.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Assicurazioni Generali S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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We identified the following key audit matters:

Key Audit Matters	Audit Responses
Valuation of goodwill At 31 December 2019, goodwill amounted to Eur 7,180 million. Based on IAS 36 – Impairment of Assets, goodwill is measured at cost less any impairment losses. At least annually, the Group carries out an impairment test, comparing the recoverable amount of each Cash Generating Unit (CGU) to which goodwill was attributed to with the corresponding carrying amount. The recoverable amount is represented by the higher between the fair value and the value in use determined by the Group through the Dividend Discount Model (DDM). The financial statement information relating to goodwill is disclosed in the explanatory notes in the section “Accounting principles” and in note n. 4. The DDM requires the use of assumptions with a high level of subjectivity, such as flows of dividends extrapolated from business plans, nominal growth rates and cost of capital. Furthermore, the persistence of low interest rate level, in past years, in many of the countries where the Group operates has led to a decrease in the profitability of CGUs of the life segment, representing more than 50% of the total amount, and, therefore, a reduction in the surplus between the carrying amount and the recoverable amount. Similar effects were generated by the high volatility of the financial markets which led to a negative trend in the assets under management of the GCU Multiboutique in the Asset Management segment. For these reasons, we considered this aspect a key matter for our audit.	The audit response included several procedures, the most relevant of which are outlined below: • An understanding of the process related to the determination of the recoverable amounts designed by the Group and of the related key controls, as well as the testing of these controls, taking into consideration the impairment test procedures approved by the Board of Directors on February 13, 2020; • The evaluation of the appropriateness of the methodologies applied by the Management to determine the recoverable amounts; • The evaluation of the reasonableness of the assumptions used by the Management to determine the recoverable amounts, in particular with reference to flows of dividend extrapolated from business plans, nominal growth rates and cost of capital; • The analysis of related results. We also involved valuation specialists to assist us in performing our audit procedures. Finally, we assessed the adequacy of the disclosures provided in the explanatory notes.
Evaluation of complex or non-listed financial investments At 31 December 2019, the consolidated financial statements included Eur 31,049 million and Eur 10,533 million categorised respectively as level 2 and level 3 of the fair value hierarchy stated by IFRS 13 – Fair Value	The audit response included several procedures, the most relevant of which are outlined below: • An understanding of the process related to the determination of the fair value and of the related key controls, as well

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Measurement.
The financial statement information relating to investments is disclosed in the explanatory notes in the section “Accounting principles” and in notes n. 39, 40 and 41.
No active market exists for these investments, so their fair value is determined through methodologies and calculation models with a high level of subjectivity when choosing the assumptions, such as interest rates, yield curves, credit spreads and dividend estimates; therefore, we considered this aspect a key matter for our audit.

as the testing of these controls;

- The performance of independent repricing, for a sample of investments, in order to verify the reasonableness of the fair value at year end.

We also involved valuation specialists to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

Non-Life technical provisions estimation
The technical provisions of the non-life segment, recorded at 31 December 2019 for an amount equal to Eur 31,652 million, are accounted for based on local GAAP applied by the individual insurance companies of the Group in their separate financial statements, since these contracts fall within the scope of the IFRS 4 – Insurance Contracts. In accordance with this standard, no provisions for any future claims were recognised, with the consequent elimination of the equalisation provisions and the additional components of the unearned premiums reserve.
The financial statement information relating to non-life insurance provisions is disclosed in the explanatory notes in the section “Accounting principles” and in note n. 13.
The valuation of the non-life technical provisions is therefore a well-structured estimation process that requires the use of complex methodologies and statistical and actuarial calculation models, characterized by a high level of subjectivity when choosing the assumptions, such as the frequency and average cost of the claims, used as input to develop the estimate. This is further highlighted in long-tail businesses such as motor, which represent around 45% of total provisions.
For these reasons, we considered this aspect a key matter for our audit.

The audit response included several procedures, the most relevant of which are outlined below:

- An understanding of estimation process of non-life technical provisions designed by the Group and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the non-life technical provisions, taking into consideration also the control activities performed by the actuarial function of the Group and the related results;
- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used to estimates the non-life technical provisions, including the additional technical provisions;
- Comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;
- The verification, for each line of business deemed significant, that the estimated amount of the technical provisions is included in a range of acceptable values, also through independently reperforming of the

actuarial calculation, when applicable.

We also involved actuarial specialists to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

Life technical provisions estimation
The technical provisions of the life segment, recorded at 31 December 2019 for an amount equal to Eur 387,560 million, refer to insurance contacts and investment contracts with discretionary participation features. According to IFRS 4, the provisions are accounted for based on local GAAP applied by the individual insurance companies of the Group in their separate financial statements. Liabilities related to these contacts are determined analytically for each type of contract on the basis of appropriate actuarial assumptions, and are adjusted to cope with all existing commitments in the best estimates scenario; these also include the policyholders' share of the difference between the carrying value of the basis on which the profit sharing is determined and the corresponding value used to determine the current profit retroceded to the policyholders ("shadow accounting"). In accordance with IFRS 4, in order to verify the adequacy of the life technical provisions, a Liability Adequacy Test (LAT) is carried out. This test is performed through the comparison of the IFRS reserve, which include the impact of "shadow accounting", net of any deferred acquisition costs (DACs) or intangible assets related to the contracts under analysis (VoBa), with the current value of future net cash flows relating to insurance contracts.
The financial statement information relating to life insurance provisions is disclosed in the explanatory notes in the section "Accounting principles" and in note n. 13.
The valuation of the life technical provisions is therefore a well-structured estimation process that requires the use of complex statistical and actuarial calculation methods and models, characterized by a high level of subjectivity when choosing the assumptions, such as mortality, morbidity, discount rates, expenses and inflation.
Furthermore, the persistence of low interest rate

The audit response included several procedures, the most relevant of which are outlined below:

- An understanding of estimation process of life technical provisions designed by the Group and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the life technical provisions, taking into consideration also the control activities performed by the actuarial function of the Group and the related results;
- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used by the Group to perform the Liability Adequacy Test (LAT) with regard to the purposes of the test itself as defined by IFRS 4 and the performance of test of detail on the underlying data, including those referring to "shadow accounting", DAC and VoBa elements;
- The assessment of the compliance of the methodologies used for the attribution to the policyholders of the difference between the carrying value of the basis on which the profit sharing is determined and the corresponding value used to determine the current profit retroceded to the policyholders, in accordance with IFRS 4;
- Comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;

level, in past years, in many of the countries where the Group operates has led to an increase of additional provisions resulting from the adequacy test.
For these reasons, we considered this aspect a key matter for our audit.

- The development of an independent range of acceptable values, also through sensitivity analyses, representative of the level of uncertainty in setting the assumptions underlying the estimation of life technical provisions and verifying that these were included in that range.

We also involved actuarial specialists to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the Regulation issued to implement article 90 of the Legislative Decree dated 7 September 2005, n. 209, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Parent Company Assicurazioni Generali S.p.A. or to cease operations, or has no realistic alternative but to do so.
The statutory audit committee ("collegio sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

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- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholder of Assicurazioni Generali S.p.A., in the general meeting held on April 30, 2011, engaged us to perform the audits of the separated and consolidated financial statements of each year ending December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of Assicurazioni Generali S.p.A. in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee ("collegio sindacale") in their capacity as audit committee, prepared in accordance with article 11 of the EU Regulation n. 537/2014.

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Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Generali Group as at December 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of Generali Group as at December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of Generali Group as at December 31, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information has been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information is subject to a separate compliance report signed by us.

Trieste, 31 March 2020

EY S.p.A.
Signed by: Mauro Agnolon, auditor

This report has been translated into the English language solely for the convenience of international readers.

Glossary

Adjusted net profit: it is the result of the period adjusted for the impact of gains and losses from disposals.

Aging and evolving social security: the increased life expectation and the reduced birth rates will make sizeable impacts on the financial sustainability of the social protection systems and might lead to reduced public welfare services. The aging of the population will also influence the job market and consumption, with effects on productivity and the intergenerational balances, with increased welfare costs borne by the population of working age.

Asset owner: who owns investments and bears the related risks.

Average duration: it is defined as the average residual economic maturity (considering the first call option date) of the financial debt outstanding as at the reporting date, weighted for the nominal amount.

Biodiversity losses and vulnerability of our ecosystems: the expansion of the farming and urban areas to the detriment of the natural habitats, the increase in pollution levels and the climate change are leading to a rapid extinction of many animal and plant species, with a gradual impoverishment of biological diversity and the gene pool. The progressive collapse of the natural ecosystems forms a growing risk for man as it impairs the food chain, reduces resistance to pathogenic agents and threatens the development of communities and economic sectors that strongly depend on biodiversity, such as farming, fishing, silviculture and tourism. In the face of this threat, the activism of civil society, regulatory pressure and the supervision of the authorities are growing, which broaden the responsibility of companies not only as regards their actions, but also as regards those of the supply chain.

Capitals: stocks of value as inputs to the business model. They are increased, decreased or transformed through the organization's business activities and outputs. The capitals are categorized in the International <IR> Framework as:
- financial capital: the pool of funds that is available to an organization for use in the production of goods or the provision of services, obtained through financing, such as debt, equity or grants, or generated through operations or investments;
- manufactured capital: manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services;
- intellectual capital: organizational, knowledge-based intangibles;
- human capital: people's competencies, capabilities and experience, and their motivations to innovate;
- social and relationship capital: the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being;
- natural capital: all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization.

Cash and cash equivalents: it includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds, which are included in the Group liquidity management.

Cash remittance: dividends and dividend-equivalent permanent or long-term transactions from subsidiaries towards the Parent Company (e.g. capital reduction or permanent debt reimbursement) measured on a cash basis.

Change in healthcare needs and services: the treatment and healthcare systems are undergoing transformation due to demographic, technological and public policy evolution, leading to a higher demand for increasingly advanced healthcare services that are patient-focused, with growing healing and quality treatment expectations. That means that the level of sophistication and of healthcare service cost is growing, with an increasing integration of the public offer with private entrepreneurial initiative.

Climate change: global warming due to the introduction of greenhouse gases into the atmosphere coming from anthropic activities is intensifying extreme natural events such as floods, drought, storms, rise in sea level and heat waves, with repercussions on the natural ecosystems, human health and the availability of water resources. The policies and efforts required to limit global warming to below 1.5°C through the decarbonisation of the economy will lead to radical changes in the production and energy systems. As effective as these efforts may be, some changes will be inevitable, therefore making strategies to adapt and to reduce the vulnerability to the changing climate conditions necessary.

Companies of the coal sector (also identified as customers of the coal sector or issuers of the cola sector): category that includes companies for which over 30%

of revenue or over 30% of energy produced derive from coal, mining companies that produce over 20 million tons a year of coal or companies actively involved in building new coal capacity (coal plants) as identified by Urgewald in its Top 120 Coal Plant Developers' list.

Companies of the tar sand sector: companies whose revenues are at least 5% derived from tar sands' extraction or operators of controversial pipelines dedicated to tar sands' transportation.

CoR, combined ratio: it is a technical performance indicator of Property & Casualty segment, calculated as the ratio of net insurance benefits and claims as well as administration and acquisition costs to net earned premiums. In other words, it is the sum of loss ratio and expense ratio.

Cost/Income ratio: it is a performance indicator of the Asset Management segment calculated as the ratio of operating expenses to operating revenues.

Current year loss ratio: it is a further detail of combined ratio calculated as the ratio of:
- current year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Customer: either a physical person or a legal entity that holds at least one active insurance policy and pays a premium to Generali accordingly, a banking product or a pension fund product (the policy/the product is either with Generali, or other non-Generali local brand, or white labelled).

Digital transformation and cybersecurity: the technological innovations introduced by the fourth industrial revolution, including big data, artificial intelligence, the Internet of Things, automation and blockchain are transforming the economic-production systems and social habits with the spread of services featuring a high level of personalisation and accessibility, which demand new know-how and skills, with a resulting radical transformation of traditional jobs and the appearance of new players on the market. The growth in complexity, interdependence and speed of innovation of the new digital technologies are posing challenges associated with the security of the systems and the IT infrastructure.

Distributor: sales force within traditional distribution networks (exclusive agents, non-exclusive agents and employed sales force permanently involved in the activities of promoting and distributing Generali products).

Diversity & Inclusion index, D&I index: it measures the attainment of Diversity & Inclusion ambitions on gender, generations, cultures and inclusion through eight indicators (female managers, female talent, talent under the age of 35, new hired employees with average age less than 30 years, employees on roles needing new critical skills, talents with international experience, organizational entities with smart working and organizational entities with local action plans on disability).

Earnings per share: it is equal to the ratio of Group net result and to weighted average number of ordinary shares outstanding.

Employees: all the Group direct people at the end of the period, including managers, employees, sales attendant on payroll and auxiliary staff.

Employment dynamics and restructuring of business landscape: the new technologies, globalisation and the economy's expansion of the service industry are changing the labour market with the spread of a flatter and more fluid organisation of work, as the growth in agile and flexible work, rotation of tasks and smart working solutions show. Self-employed workers and freelance collaborations are also on the rise versus a stagnation of employment, which make the labour market less rigid but also more precarious, irregular and discontinuous. In terms of changes in the world of production and enterprises, the number of SMEs is increasing in Europe and we are witnessing a reduction and radical transformation of the traditional industrial sectors and the production processes are becoming global in scale with an increased complexity of the supply chains.

Environmental products:
- products designed to promote sustainable transport with reduced environmental impact, including policies that reward responsible driving;
- products that support the energy efficiency of buildings;
- products for covering the risks connected with the production of renewable energies;
- products specifically designed to cover catastrophe risks or specific environmental damage;
- products to companies with environmental certifications (e.g. ISO 14001, EMAS, LEED) or adopting safety measures to prevent environmental damages;
- anti-pollution products.

Equity investments: direct investments in quoted and unquoted equity instruments, as well as investment funds that are mainly exposed to equity investments, including private equity and hedge funds.

Equivalent consolidation area: constant consolidation scope.

Equivalent terms: constant exchange rates and consolidation scope.

Evolving lifestyle and consumption patterns: the enhanced awareness of the connection between health, living habits and the environmental context is assisting the spread of healthy lifestyles imprinted by the prevention and proactive promotion of well-being, especially in the higher income and higher education social brackets. Examples of this are the growing attention to healthy eating and to physical activity. However, unhealthy lifestyles and behaviours at risk are continuing, if not actually increasing, amongst the more vulnerable social brackets, and are recording increased addiction (drugs, alcohol, tobacco, compulsive gambling, Internet and smartphone addiction), mental discomfort, sleep disorders, incorrect eating habits and sedentariness, with high social costs linked to healthcare expenditure, loss of production and early mortality.

Extreme events: the concentration of the population and of the production activities in urban contexts are increasing the risks associated with extreme events, such as earthquakes and tsunamis, catastrophes triggered by man such as technological, radiological incidents, serious health emergencies and terrorism, demanding the strengthening of system to prevent, prepare for and respond to extreme events in order to increase the resilience of the territories and communities.

Financial asset: any asset that is:
- cash;
- an equity instrument of another entity;
- a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Financial liability: any liability that is:
- a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Fixed income instruments: direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. This asset class also includes investments funds that are mainly exposed to investments or risks similar to direct investments presented within this asset class.

General account: investments reported in the financial statements (excluding financial assets categorized as unit- and index-linked or deriving from pension funds management) and cash and cash equivalents. They also include some liabilities, with features similar to investments, among which derivative liabilities referred to investment portfolio and REPOs.

Geopolitical, macroeconomic and financial instability: the weakening of multilateralism and of the traditional global governance mechanism are leading to increased tension between countries and to the resurgence of trade protectionism and populism. Associated with this altered geopolitical picture - with complex cause and effect relationships - is the worsening of macroeconomic conditions and a scenario of a continuing lowering of interest rates. The weakening of the initiative of the traditional political institutions is accompanying the success of coalitions and global coordination mechanisms promoted by the private sector and civilian society.

Green and sustainable investments: investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

Gross direct written premiums: gross written premiums of direct business.

Gross written premiums (GWP): gross written premiums of direct business and accepted by third parties.

Growing expectations toward corporate purpose, sustainability practices and transparency: the key stakeholders of companies, such as investors, consumers and employees - especially in Europe and with particular reference to the millennial generation - are ever more attentive and demanding regarding the purpose and the sustainability practices of companies. Also, the regulatory requirements for companies in terms of reporting and transparency are increasing, making it increasingly essential that a company demonstrate its ability to create value for all of its stakeholders, going beyond the classic obligations of remunerating the capital of investors and satisfying customers. The growing number of profit-making benefit companies, cooperatives and social companies stands as proof of this trend.

Increasing inequality and reducing social mobility: the growing gap in the distribution of wealth between social groups and - more in general - the polarisation in accessing self-determination opportunities is accompanying a decline in social mobility, with a trend towards a protracted permanence in the state of poverty and exclusion, mainly tied to the socio-economic conditions of the household of origin.

Integrated report: concise communication that illustrates how the strategy, governance and future prospects of an organization, in the external environment in which it operates, are used to create value in the short, medium and long term.

Investment contracts: contracts that have the legal form of insurance contracts but, as they do not substantially expose the insurer to significant insurance risk (e.g. the mortality risk or similar insurance risks), cannot be classified as insurance contracts. In accordance with the definitions of IFRS 4 and IAS 39 these contracts are recognized as financial liabilities.

Investments back to unit- and index-linked policies: various types of investments backing insurance liabilities related to unit and index-linked policies.

Investments in internal strategic initiatives: they are total investments (included in the general expenses, in cash view - capex) included within the expenses baseline as the sum of all strategic initiatives considered in the Generali 2021 strategy.

Investments properties: direct investments in properties held in order to receive rent or to achieve targets for capital appreciation, or for both reasons. This asset class also includes investments funds that are mainly exposed to real-estate investments.

Key functions: they are the Internal Audit, Compliance, Risk Management and Actuarial functions.

Lockup clause: it imposes the unavailability of the shares assigned with respect to some incentive plans (or a specific share) for a specific time horizon as defined by any individual plan. The clause provides for the commitment of the issuing Company and potentially of some shareholders not to pursue selected actions on the equity of the company itself in the period subsequent to a public offering.

London Benchmarking Group (LBG): it is an international standard for companies to report their activities in the community. It is internationally recognized and follows an Inputs-Outputs-Impact (IOI) logic, assessing community initiatives in terms of the resources committed (inputs) and the results achieved (outputs) and impacts.

Managed reports related to the Code of Conduct: they are the reports of potential breaches of the Group's Code of Conduct that are managed in accordance with the Group's Process on managing reported concerns. They do not include customer complaints.

Mathematical provisions: it is the amount that shall be set aside by the insurance company to meet its future obligations to policyholders.

NBM, new business margin: it is a performance indicator of the new business of the Life segment, equal to the ratio of NBV to PVNBP. The margin on PVNBP is intended as a prospective ratio between profits and premiums.

NBV, new business value: it is an indicator of value created by the new business of the Life segment. It is obtained by discounting at the date of new contracts the corresponding expected profits net of the cost of capital (net of the portion attributable to minority interests).

Net inflows: it is an indicator of cash flows generation of the Life segment. It is equal to the amount of premiums collected net of benefits paid.

New households: multi-culture families and single person: the migration phenomena and increased international mobility are enlarging the cultural diversity of the modern globalised societies and are transforming the preferences and market of the consumers, management of work contexts and political debate. Also the physiognomy of modern family is profoundly changing with a significant increase in households made up of only one person and in single-parent families due to greater emancipation of women, growth in separations, longer life expectation and urbanisation. As a result, consumption habits, the distribution of resources and the social risk mitigation mechanisms are changing, and the vulnerability of the single-member householders to situations of hardship - such as loss of employment or disease - is growing.

Operating result: it is the result of the period before taxes, before interest expense on liabilities linked to financing activities, certain net financial income as well as non-recurring income and expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Operating return on investments: it is an alternative performance measure of both the Life and Property & Casualty segments, calculated as the ratio of the operating result to the average investments at IAS/IFRS book value, as described in the chapter Methodological notes on alternative performance measures.

Organizational entities with smart working: organizational entities where smart working is applicable in accordance with local laws and regulations.

Other investments: it includes participations in non-consolidated companies, associated companies and joint ventures, derivative investments and receivables from banks and customers, the latter mainly related to banking activities by some Group companies.

Outcomes: the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

P&L return on investments: it is the sum of the current return on investments and the harvesting rate net of investment management expenses. Please refer to the chapter Methodological notes on alternative performance measures for further information.

Prior year loss ratio: it is a further detail of combined ratio calculated as the ratio of:
– previous year incurred claims + related claims management costs net of recoveries and reinsurance; to
– net earned premiums.

Provision for outstanding claims: it comprises the estimated overall amounts which, from a prudent valuation based on objective elements, are required to meet the payment of the claims incurred during the current year or the previous ones, and not yet settled, as well as the related settlement expenses. The outstanding claims provisions shall be estimated as the total ultimate cost taking into account all future foreseeable charges, based on reliable historical and forecast data, as well as the specific features of the company.

Provision for unearned premiums: it comprises the unearned premium component, defined as the part of gross premiums written which is to be allocated to the following financial periods, and the provisions for unexpired risk on insurance contracts in force in excess of the related unearned premiums.

Provisions arising from policies where the investment risk is borne by the policyholders and from pension funds: they comprise the amounts to be allocated to the policyholders or to the beneficiaries relating to Life segment products where the risk arising from the underlying financial investments backing the technical liabilities is borne by the policyholders.

Provisions for sums to be paid: they are technical reserves constituted at the end of each financial year by companies operating in the Life segment in order to cover the overall amounts required to meet the payment of the capitals and annuities accrued, surrenders and claims outstanding.

PVNBP, present value of new business premiums: it is the present value of the expected future new business premiums, allowing for lapses and other exits, discounted to point of sale using reference rates.

Regulatory complexity & need for an integrated governance: faced with increasingly interconnected financial systems and global expansion of corruptive and criminal economy phenomena, the production of laws and regulatory mechanisms is increasing, especially for the financial sector, in order to regulate this complexity and to share prevention and fight against illegal activities with the sector's professionals. Therefore, the costs for guaranteeing regulatory compliance and the need for greater integration and simplification of the governance systems are increasing.

Regulatory Solvency Ratio: it is the ratio of the Eligible Own Funds to the Group Solvency Capital requirement, both calculated according to the definitions of the SII regime. Own funds are determined net of proposed dividend. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Relationship Net Promoter Score, RNPS: it is an indicator calculated from customer research data. A pre-defined market representative sample is surveyed on a regular base. Specifically, customers are asked to assess their propensity to recommend - or not - Generali to their closest persons (family members, friends and colleagues) using a scale from 0 to 10. Thanks to this feedback, the company is able to identify detractors (rating from 0 to 6), passives (rating of 7 or 8) and promoters (rating of 9 or 10). In order to calculate the RNPS, the percentage of detractors is deducted from the percentage of promoters. The RNPS is not expressed as a percentage but as an absolute number.
At each wave, at least 200 Generali customers and as many customers of our European international peers (AXA, Allianz and Zurich) are surveyed per market to guarantee the robustness of the data surveyed.

Relevant personnel: it refers to general managers with strategic tasks, the Heads and the highest-level personnel of the key functions and the other categories of personnel whose activity can have a significant impact on the company risk profile in accordance to IVASS Regulation no. 38/2018, art. 2, paragraph 1, letter m).

Responsible Investment Guideline, RIG: document that codifies responsible investment activities at Group level.

RoE, Return on Equity: it is an indicator of return on capital in terms of the Group net result. It is calculated as the ratio of:
- Group net result; to
- average Group shareholders' equity at the beginning and end of the period, adjusted to exclude other gains and losses directly booked to equity, included in Other Comprehensive Income, such as gains and losses on available for sale financial assets, gains and losses on foreign currency translation differences, unrealized gains and losses on hedging derivatives and unrealized gains and losses on defined benefit plans.

Shortage of planet resources and shift to circular/sharing economy: the increase in world population and the excessive exploitation of natural resources such as soil, land water, raw materials and food resources make the transition to circular and responsible consumption models necessary as they allow the resources use, scraps and produced waste to be reduced. Technological innovation and the spread of more sustainable lifestyles encourage the spread of new sharing-based consumption and production models, for example car sharing, co-housing, co-working and crowdfunding.

Social media and unmediated access to information: the new communication technologies, social media and web platforms are increasingly augmenting the speed, ease and amount of information exchanged between people, governments and companies. In this way, knowledge is increasingly accessible, multi-directional, intergenerational and on a global scale, and is transforming how people form opinions and mutually influence each other. The traditional sources of information, such as newspapers, schools, parties and religious institutions, are undergoing a resizing of their role in mediating knowledge, with consequences for control of the reliability of the information circulated and for manipulating public opinion, as evidenced by the fake news phenomenon.

Social products:
- products that respond to the needs of specific categories of customers or particularly unfortunate events in life, including products dedicated to the young, to the elderly, to the disabled, to immigrants, to the unemployed and to coverage for professional disabilities, or which in some way support and foster social inclusion;
- products that promote a more prosperous and stable society, with particular attention on small and medium-sized enterprises and people involved in voluntary work;
- products with high pension or microinsurance content;
- products that promote responsible and healthy lifestyles, leveraging on the opportunities provided by new technologies, on the importance of preventive healthcare or other virtuous behaviours of policyholders;
- products that supplement the public health service, designed to help manage the costs of treatment and assistance, as well as the reduction in earnings of customers in the event of serious illnesses or the loss of self-sufficiency.

Stock granting: free shares assignment.

Stock option: it represents the right of the holder to buy shares of the Company at a predefined price (so called strike). These options are assigned free of charge.

Stranded asset: invested assets that may lose their economic value in advance of the expected duration, due to regulatory changes, market forces, technological innovation, environmental and social problems associated with the transition to a low-carbon economy. They are typically associated with the coal and fossil fuel sector, with an indirect impact on the utilities and transport sectors.

Sustainable and Responsible Investments, SRI: assets managed according to Generali Insurance Asset Management's SRI proprietary methodology both on behalf of Group insurance companies and third-party clients.

Sustainable Development Goal (SDG): 17 objectives contained in the 2030 Agenda for sustainable development, launched by the United Nations.

Trained employees: employees who attended standalone training activities designed for one target group, dealing with one topic and not embedded in daily work. They include those employees trained during the period who left the Group before the end of the period.

Training investment: they include all direct costs for formal learning, except for those for on-the-job training.

Urbanization: the urban areas host a growing percentage of the human population. Today over 70% of Europeans live in cities, and the amount should rise to above 80% by the year 2050. At the same time, over the years land consumption to convert natural land into urbanised areas has accelerated. Together with their expansion, the cities find themselves having to take up increasingly urgent challenges, such as social inclusion in the outskirts and the lack of adequate housing, congestion and air pollution. Considerable investments will therefore be necessary for urban regeneration and to modernise infrastructure and mobility systems dictated by more sustainable planning.

Weighted average cost of debt: it is the annualized cost of financial debt considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Women empowerment and minorities inclusion: in the various areas of social life, from the labour world to that of political representation and public communication, we are witnessing growing demands for full inclusion and exploitation of the diversities linked to gender, age, origin, ethnic group, religious belief, sexual orientation and disability conditions. The topic of development of female talent and reducing the income and employment gap between genders has taken on particular emphasis. However, in the face of these trends we are noting an increase in forms of intolerance, social exclusion and violence against women, ethnic and religious minorities, immigrants and LGBTI+ people and those with mental-physical disabilities, especially in the lower income and lower education social brackets.

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Annual Integrated Report
and Consolidated Financial Statements 2019
prepared by
Group Integrated Reporting

Coordination
Group Communications
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The document is
available on
www.generali.com

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Giuliano Koren, Richard Morgano/DueEsse Group.

Pictures
Studio Mistaker

Print
Lucaprint S.p.A.

Concept & Design
Inarea Strategic Design