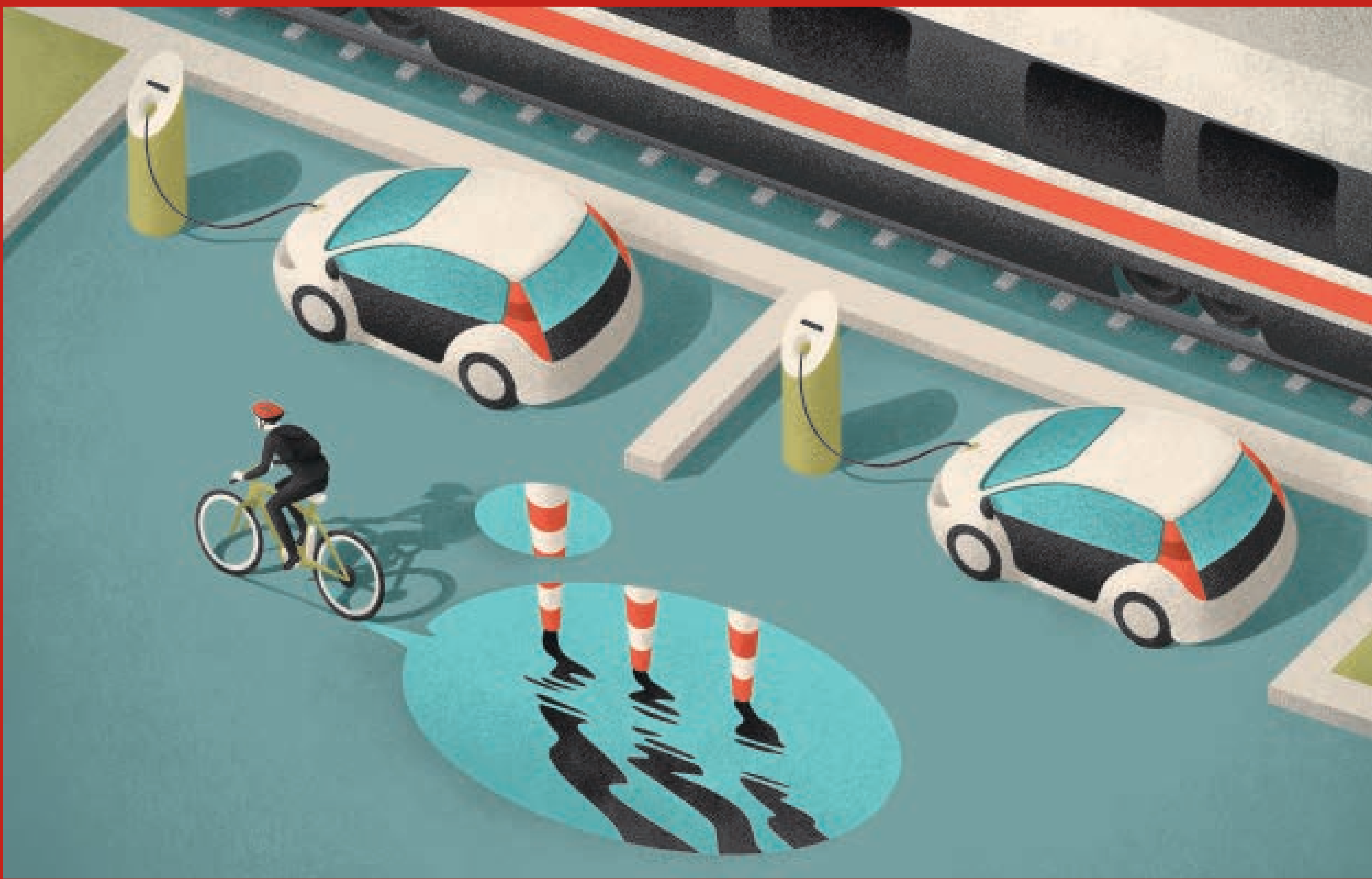
185th year

Annual Integrated Report and Consolidated Financial Statements 2016



generali.com

GENERALI

Annual Integrated Report and Consolidated Financial Statements 2016

Please note that the report itself was translated into English solely for the convenience of international readers.

Corporate bodies

as at 15 March 2017

Chairman
Gabriele Galateri di Genola

Vice-Chairmen
Francesco Gaetano Caltagirone
Clemente Rebecchini

Managing Director and
Group CEO
Philippe Donnet

Board members
Romolo Bardin
Ornella Barra
Paolo Di Benedetto
Alberta Figari
Diva Moriani
Lorenzo Pellicioli
Roberto Perotti
Sabrina Pucci
Paola Sapienza

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

Board secretary
Giuseppe Catalano

Company established in Trieste in 1831
Share capital € 1,559,883,538 fully paid-up
Registered office in Trieste, piazza Duca degli Abruzzi, 2
Tax code and Company Register no. 00079760328
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
Certified email (Pec): assicurazionigenerali@pec.generaligroup.com

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

Contacts
available at the end of this document

A journey into our future

Our reports are not simply reporting documents. Their aim is to provide a comprehensive overview of how the Group creates value with regard to a number of major contemporary issues. These issues, of course, outline the field of action of a global insurance player such as ours: more specifically, demographic trends, climate change, the company's social role and, above all, the changes dictated by innovation technology.

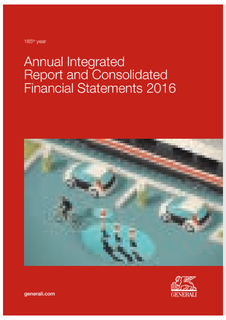
Innovation is indeed the cross-cutting issue of Generali's 2016 reports, viewed from different perspectives: customers, who are evermore well-informed and interconnected; agents, the cornerstone of a distribution strategy increasingly open to multimedia; employees, actively involved in a process of cultural and operational change; big data management, a key tool for interpreting the world surrounding us and anticipating its developments. And then the Internet of Things, mobility and the major topic of growth, the real challenge not only for businesses but for all policymakers who need to take decisions in such complicated times.

This year, readers will be accompanied by illustrations created by artists who have used, each in their own way, a symbolic and coloured language to outline concepts that have a deep impact on the life of our Group and of its stakeholders. Our wish is for readers to have a pleasant journey that at the same time will make them reflect, help them interpret the economy and society with a more informed and aware attitude, and make them feel surprised that a Generali Group report can be much more than a simple report.

What's inside

The integrated overview of our reports

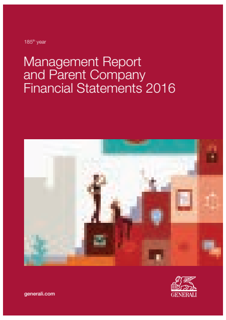
In recent years, the Generali Group reports were prepared from different perspectives: financial, sustainability, governance and remuneration.
In 2016, we embarked upon a new path inspired by the innovative concept of integrated thinking and reporting.
The functions responsible for the Group reports have established the Integrated Lab with the objective of further developing integrated reporting to describe the Group's value creation process from different perspectives, within a coherent framework in terms of content and graphics



The **Annual Integrated Report and Consolidated Financial Statements** expands the content of the Annual Integrated Report, providing details of the Group's financial performance in compliance with national and international regulations

The **Annual Integrated Report** provides a concise and integrated view of the Group's financial and non-financial performance

The **Corporate Governance and Share Ownership Report** illustrates the functioning of the corporate governance system of Assicurazioni Generali and its ownership structure



The **Management Report and Parent Company Financial Statements** provides a disclosure on the performance of Assicurazioni Generali in accordance with the provisions of regulations in force

The **Remuneration Report** provides specific information about the remuneration policy adopted by the Group and its implementation

The **Sustainability Report** tells the story of how the Group creates value responsibly over the long term for all of its stakeholders

Each report contains cross references to other sections in it or to other reports for details and a glossary with the definitions of the abbreviations and acronyms used.

Reference to a section of the report or other Group reports

www.generali.com/info/download-center/results for the Group's reports and policies in pdf format and in interactive format

About the Annual Integrated Report

This **Report** provides an overview of the Group's value creation process, reporting current and outlook financial and non-financial information and highlighting the connections between the environment in which we carry on our business, our strategy and our corporate governance structure.
Information in this report regards **material aspects** which, as such, are included within the Group's strategy and specified in our materiality matrix. In pursuing our **strategy**, we will continue to carefully use the range of capital available and to consider how it is interconnected. This is how we will create value for our internal and external stakeholders. Active dialogue with all of them will also enable us to manage, measure and represent the relevant topics within a **materiality matrix** for which we commit to developing concrete actions and consistent initiatives.

Our strategy, p. 24
Sustainability Report 2016, p. 17
for further information on the materiality matrix process
and representation

The report complies with prevailing regulations and the principles of the **International <IR> Framework** issued by the International Integrated Reporting Council (IIRC).

Note to the Report
for further details on how the Framework was applied, especially regarding the Guiding Principles
and the Content Elements set forth therein

We continue to follow the developments of reporting at national and international level through the <IR> Business Network and the specific network dedicated to insurance companies.

Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali is responsible for the Annual Integrated Report. The reporting process was conducted under its responsibility, applying the Guiding Principles and Content Elements set out under the International <IR> Framework.

The Generali Group's reporting aims to best satisfy stakeholder information requirements. Comments, opinions, questions and requests for hard copies of the Report may be sent to **integratedreporting@generali.com**

Follow Generali on

www.generali.com
for further information about the Group

Letter from the Chairman and the Group CEO

Gabriele
Galateri di Genola

We closed 2016 with excellent results. This is true for business trends as well as our technical insurance performance, capital strength and, in particular, our new strategic policy which has launched a business turnaround intended to rapidly change the Group. Generali closed the year with a record operating result of € 4.8 billion and profit in excess of € 2 billion, a RoE of 13.5% and an Economic Solvency Ratio of 194%. These results are even more significant as they were achieved within a complex environment marked by high market volatility and low interest rates, elements which always have significant repercussions in our sector, as well as extraordinary geopolitical events, which in some cases were quite difficult to predict. In addition, there has been an abrupt shift in the technological paradigm linked to the use of big data, and the increasingly stringent nature of regulations.

The Group is ready to face this challenging scenario through its targeted strategy. The new plan presented to the market outlines the direction of our development: Generali aims for technical and operational excellence in all areas and in all markets in which it is present. We will measure our success based not on size, but on the profits we generate. We will further improve our operating performance and we will create long-term value. We will increase our efficiency by boosting productivity and we will optimize our geographical presence by reinvesting in markets with the highest potential. We will strengthen our competitive advantage in life and property&casualty, based on technical performance as well as profitability. And as regards the needs of our clients and our distribution networks, we will leverage our capacity for innovation and the strength of our brand, the winged Lion.

Philippe **Donnet**

We will do all of this having confirmed our highly ambitious 2018 financial targets: cash generation of more than € 7 billion, dividends exceeding € 5 billion and an average Operating RoE in excess of 13%. We will do this by increasing our speed of execution and making intensive use of technology and innovation, essential conditions to win the race to the top in the insurance sector, which is confirmed as one of the most important and vital for the growth and well-being of modern societies.

Our strengthening confirms not only industrial leadership: Generali aims to act as a global point of reference for corporate social responsibility as well, by best interpreting that role of corporate citizen inherent in its insurance mission: to protect, prevent, manage risk and always take a long-term view. These are the tactics that will guide our initiatives all over the world, with a view to sustainability and the creation of shared value.

Once again this year, as always, we share our pride in our results with tens of thousands of Group employees, distributors and associates, to whom we express our heartfelt thanks. They constitute our strength, and are the real reason to be optimistic about the future of Generali.

Gabriele Galateri di Genola

Philippe Donnet

We, Generali

Group highlights*

Gross written premiums

-3.9%

€ 70,513 mln

Including € 3,324 mln premiums from investment contracts

Life segment premiums

71%

P&C segment premiums

29%

Operating result

+0.9%

€ 4,830 mln

Operating return on equity

-0.5 pps

13.5%

Net profit

+2.5%

€ 2.1 bln

Dividend per share proposed

+11.1%

€ 0.80

Total dividends proposed

+ 11.2%

€ 1,249 mln

Solvency II ratio

Regulatory	Economic
+6 pps	-8 pps
177%	194%

Total Assets Under Management (AUM)

+6.1%

€ 530 bln

Our people

73,727

men 50.6%

women 49.4%

Our clients

55 mln

Our exclusive distributors

151 thousands

* Changes in premiums, net cash inflows and Annual Premium Equivalent (APE) are on a like-for-like basis, i.e. at equivalent exchange rates and consolidated scope.

Glossary
available at the end of this document

LIFE

Increasing operating result thanks to the positive technical performance. The trend in premiums continued to embed the approach in the offering that is even more disciplined.

Gross written premiums	NBV	Operating result
-6.3%	+14.6%	+5.5%
€ 49,730 mln	€ 1,256 mln	€ 3,127 mln
Including € 3,324 mln premiums from investment contracts		

PROPERTY &CASUALTY

Positive trend in premiums driven by motor segment. Increasing operating result due to the improvement of the Group combined ratio thanks to the reduction in loss ratio.

Gross written premiums	COR	Operating result
+2.1%	-0.7 pps	+2.9%
€ 20,783 mln	92.5%	€ 2,044 mln

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

Our 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 over 60 countries through more than 420 companies and almost 74 thousand employees

1831

The Group was established as Assicurazioni Generali Austro-Italiche in Trieste. Trieste was the ideal choice at the time as a commercial and international hub located in the main port of the Austro-Hungarian Empire.

1832-1914

The positive economic and social context, the keen business acumen of the founding fathers and Trieste's strategic geographical position allowed Generali to grow and thrive: it was listed on the Trieste stock exchange in 1857 and became a Group in 1881. As a consequence, subsidiaries were founded in Italy and abroad, starting with Erste Allgemeine, established in Vienna in 1882.

1915-1918

The First World War raged across Europe. After the Allied victory over the Central Powers, Trieste became part of Italy: as a result, Generali became an Italian company.

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

1919-1945

Generali returned to the growth that had been temporarily interrupted during World War I. In line with what was going on in Italy in those years when public construction activities and agriculture were strongly boosted through the policies adopted by the government, Generali made significant investments in agriculture and real estate starting from 1933.

With the outbreak of World War II, the Group lost contact with its subsidiaries located in 'enemy' countries: one of the most complex periods of its bicentenary history began.

1946-2010

After World War II, Trieste's future appeared uncertain: in 1947, Generali transferred its registered office to Rome to formalize its position as an Italian company.

The Group resumed its expansion during the Italian economic boom years. An agreement was signed with the US-based Aetna in 1966, and in 1974 Genagricola was founded, which heads all agricultural activities of the Group. Generali transferred its registered office from Rome back to Trieste in 1990. Genertel, the first direct insurance company in Italy, was established in 1994. The Group took control of the AMB group in 1997 to promote growth in the German market. Banca Generali was established in 1998 in order to concentrate all asset management activities and services under one umbrella. There were some acquisitions in the first decade of the new millennium, e.g. INA and Toro, and joint ventures were launched in Central and Eastern Europe and Asia.

2011-2015

Recent years have driven a new phase of change, with a new top management and a corporate reorganization which saw the birth of Generali Italia in the wake of a significant restructuring process, the completion of the acquisitions of the minority interests of Generali Deutschland Holding and Generali PPF Holding, and the disposal of non-core activities. Generali presented its strategic plan at the Investor Day in May 2015, which aims to set out a new business model and achieve new, challenging targets.

2016 key facts

2016

January

Fitch confirmed the Insurer Financial Strength (IFS) rating at A- for Generali, with a stable outlook.

Mario Greco affirmed that he would be unwilling to serve another term as CEO. On 9 February the Board of Directors of Assicurazioni Generali approved the mutually agreed termination of all existing relations.

March

IVASS - the Italian Insurance Supervisory Authority - approved the use, starting from 1 January 2016, **of a partial internal model to calculate the consolidated Solvency Capital Requirement at Group level** as well as the Solvency Capital Requirement for the main Italian and German insurance companies, for the French property&casualty companies and for the Czech company Ceska Pojistovna a.s..

The Board of Directors of Assicurazioni Generali co-opted Philippe Donnet, vesting him with executive powers and appointing him Group CEO, and appointed Group CFO Alberto Minali as General Manager of the Company.

April

Assicurazioni Generali completed the share capital increase to € 1,559,883,538, in execution of the Long Term Incentive Plan approved by the Shareholders' Meeting of the Company on 30 April 2013.

The Shareholders' Meeting elected the new Board of Directors to hold office for three financial years, until the approval of the financial statements as at 31 December 2018. The Board of Directors appointed for the three years 2016-2018 Gabriele Galateri di Genola Chairman of the Company, Francesco Gaetano Caltagirone and Clemente Rebecchini Deputy Chairmen, and Philippe Donnet Group CEO and Managing Director.

Our governance and remuneration policy, p. 33

May

A subordinated bond was issued for an overall amount of € 850 million, targeting institutional investors. The issuance was intended to refinance the subordinated debt with the first call date in 2017, which amounts to € 869 million. The subordinated bond issue received ratings BBB by Fitch, Baa3 by Moody's and bbb+ by AM Best.

June

Generali Finance B.V. exercised the early redemption option of two perpetual subordinated notes rispettivamente per respectively for € 1,275 million and £ 700 million. These debts have already been refinanced through the subordinated bond launched by Assicurazioni Generali on 20 October 2015 for an overall amount of € 1,250 million, targeting institutional investors.

In Germany, Generali Vitality was launched, the first health and well-being programme in Europe designed to promote and incentivize healthy behaviour by members.

Our reference markets: positioning and performance, p. 60

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

July

Moody's confirmed the IFS rating at Baa1 for Generali, with a stable outlook.

September

Generali supported the people impacted by the earthquake in central Italy and actively participated in several programmes for the management of the second phase of the emergency.

Our reference markets: positioning and performance, p. 58

The Generali Group and The Progressive Group of Insurance Companies, among global leaders in the field of telematics applied to motor insurance, entered into a Research & Development agreement to strengthen their respective skills in the area of data analytics and boost their product ranges.

Sustainability Report 2016, p. 34

Two agreements were signed for the disposal of companies in Guatemala and Liechtenstein. These transactions are part of the active management strategy of our operations, which privileges investments in more appealing geographical areas for the Group and in business lines with greater potential and less capital or cash absorption.

Our strategy, p. 26

October

AM Best confirmed the Financial Strength Rating (FSR) at A (Excellent) for Generali, the rating of the debt instruments issued or guaranteed by Generali and the stable outlook.

Fitch confirmed the IFS rating at A- for Generali, with a stable outlook.

November

The Generali Group presented the updated strategic plan at Investor Day, confirming its targets for 2018.

The Business Digital Transformation agreement with Microsoft was announced, which aims to enhance the efficiency of Generali employees, agents and partners, improve operating processes and boost revenues thanks to new insurance products and innovative business models.

Sustainability Report 2016, p. 34

The Board of Directors announced its favourable assessment of the conversion into Banca Monte dei Paschi di Siena (BMPS) shares of the Group's exposure to the subordinated debt of BMPS.

December

Moody's confirmed the IFS rating at Baa1 for Generali, with a stable outlook, thanks to the strong geographical diversification of the Group in spite of the negative outlook on the Italian sovereign.

The Board of Directors of Assicurazioni Generali appointed Marco Sesana as Italy Country Manager.

Our governance and remuneration policy, p. 35

An innovative Insurance Linked Security (ILS) named Horse Capital I was placed in the capital market to cover the loss ratio on the aggregated motor third-party liability (MTPL) portfolio of 12 of the Group's European companies.

Significant events after 31 December 2016 and 2017 corporate event calendar

2017

January

Marco Sesana, appointed Italy Country Manager in December 2016, and Timothy Ryan, incoming Group Chief Investment Officer, became members of the Group Management Committee.

Our governance and remuneration policy, p. 35

Assicurazioni Generali acquired the voting rights on 505 million shares of Intesa Sanpaolo, amounting to 3.01% of the share capital, through a securities lending transaction.

The Board of Directors of Assicurazioni Generali on 25 January decided to appoint Luigi Lubelli as Group CFO, who also joined the Group Management Committee, as a consequence to the termination of employment relationship with Alberto Minali. It also decided that the Investments Committee would expand its responsibilities to strategically relevant operations, so its name was changed to the Investments and Strategic Operations Committee.

Our governance and remuneration policy, p. 32

February

Generali Finance B.V. exercised the early redemption option on the perpetual subordinated notes on 8 February 2017. This debt has already been refinanced through the subordinated bond, concluded on 8 June 2016, for an overall amount of € 850 million, targeting institutional investors.

Assicurazioni Generali acquired 510 million ordinary shares of Intesa Sanpaolo, amounting to 3.04% of the share capital, and started the process to terminate the previously disclosed securities lending transaction. It also enter into a collateralized derivative transaction in order to fully hedge the economic risk related to the acquisition of these shares.

March

15 March 2017

Board of Directors
Approval of the Annual Integrated Report and Consolidated Financial Statements, the Parent Company Financial Statements Proposal, the Corporate Governance and Share Ownership Report and the Sustainability Report as at 31 December 2016 and the Remuneration Report

16 March 2017

Publication of the results as at 31 December 2016

27 April 2017

Shareholders' Meeting
Approval, inter alia, of the Parent Company Financial Statements as at 31 December 2016 and the Remuneration policy as well as appointment of a new Board of Statutory Auditors

www.generali.com/governance/annual-general-meeting

10 May 2017

Board of Directors
Approval of the Interim financial information as at 31 March 2017

11 May 2017

Publication of the results as at 31 March 2017

24 May 2017

Dividend pay-out on the shares of Assicurazioni Generali

1 August 2017

Board of Directors
Approval of the Consolidated financial half-yearly report as at 30 June 2017

2 August 2017

Publication of the results as at 30 June 2017

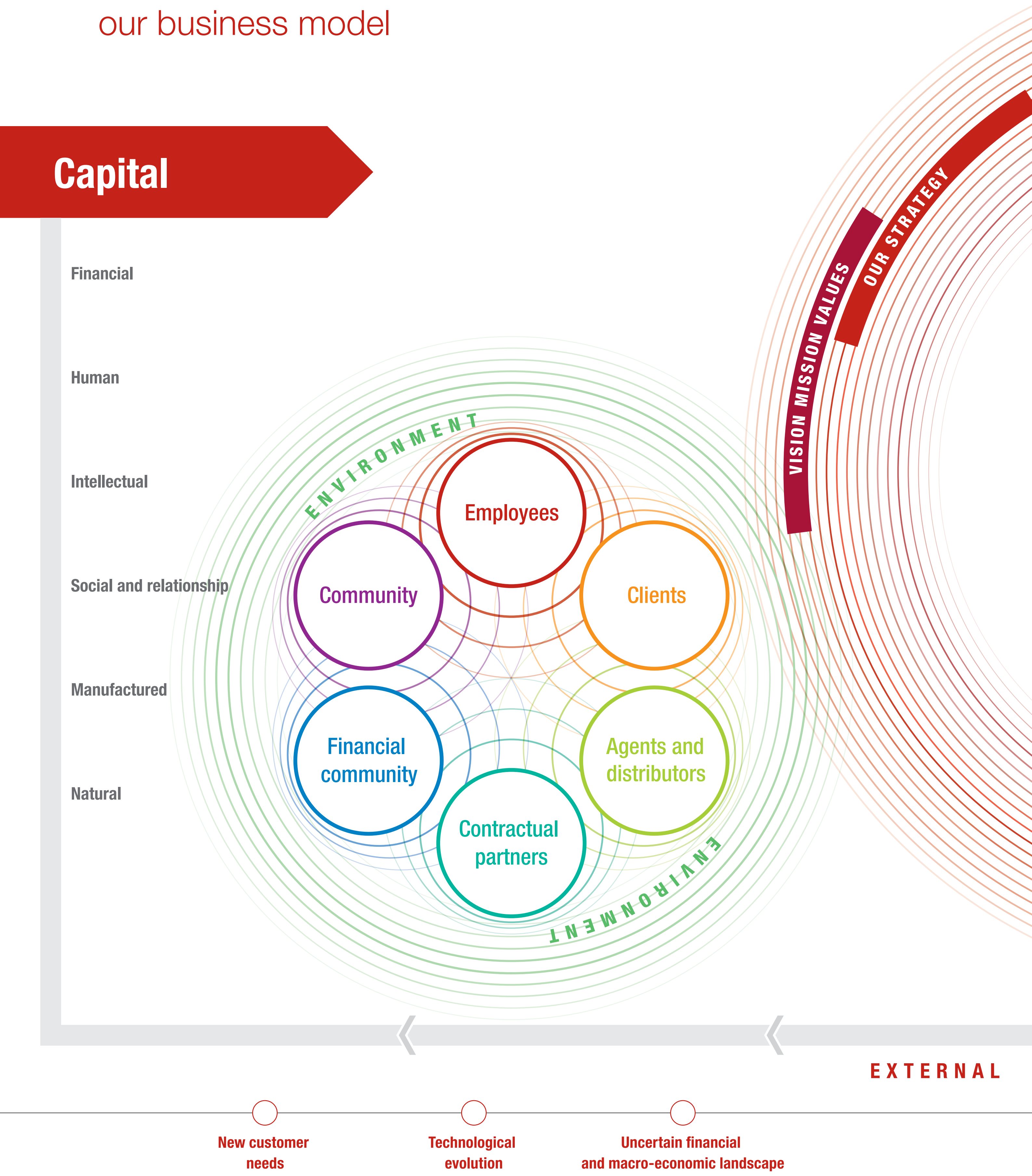
8 November 2017

Board of Directors
Approval of the Interim financial information as at 30 September 2017

9 November 2017

Publication of the results as at 30 September 2017

How we create value: our business model



Our strategy, p. 25
for 2016-2018 targets

OUR GOVERNANCE

OUR BUSINESS MODEL

INNOVATION

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, 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.

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 network of agents and financial advisors**, but also through **brokers, bancassurance and direct channels** which allow our clients to obtain information on alternative products, compare options for the desired product, acquire the preferred product and rely on excellent after-sales service and the best customer experience.

The **premiums** we receive from our clients to enter into insurance contracts are **responsibly invested in high quality assets**.

The premiums collected are managed through appropriate asset-liability management policies so as to guarantee the **payment of claims and benefits** to our policyholders or their beneficiaries **after death, accidents or the occurrence of the insured event**.

Capital

Financial

Human

Intellectual

Social and relationship

Manufactured

Natural

CONTEXT

Regulatory evolution

Environmental challenges

Demographic and social change

As for capital other than financial capital, more information on external and internal impacts resulting from our business is reported in the Sustainability Report, the Corporate Governance and Share Ownership Report and the Remuneration Report

Vision, Mission, Values

Our vision

Our mission

Our purpose is to actively protect and enhance people's lives

Actively
We play a proactive and leading role in improving people's lives through insurance.

Protect
We are dedicated to the heart of insurance - managing and mitigating risks of individuals and institutions.

Enhance
Generali is also committed to creating value.

People
We deeply care about our clients' and our people's future and lives.

Lives
Ultimately, we have an impact on the quality of people's lives: wealth, safety, advice and service are instrumental in improving people's chosen way of life for the long term.

Our mission is to be the first choice by delivering relevant and accessible insurance solutions

First choice
Logical and natural action that acknowledges the best offer in the market based on clear advantages and benefits.

Delivering
We ensure achievement striving for the highest performance.

Relevant
Anticipating or fulfilling a real life need or opportunity, tailored to local and personal needs and habits, perceived as valuable.

Accessible
Simple, first of all, and easy to find, to understand and to use; always available, at a competitive value for money.

Insurance solutions
We aim at offering and tailoring a bright combination of protection, advice and service.

Our values

Deliver on the promise
We tie a long-term contract of mutual trust with our people, clients and stakeholders; all of our work is about improving the lives of our clients. We commit with discipline and integrity to bringing this promise to life and making an impact within a long lasting relationship.

Value our people
We value our people, encourage diversity and invest in continuous learning and growth by creating a transparent, cohesive and accessible working environment. Developing our people will ensure our company's long term future.

Live the community
We are proud to belong to a global Group with strong, sustainable and long lasting relationships in every market in which we operate. Our markets are our homes.

Be open
We are curious, approachable and empowered people with open and diverse mindsets who want to look at things from a different perspective.

Our rules for running business with integrity

We run our business in compliance with the law, internal regulations and professional ethics.

The **Code of Conduct** defines the rules of conduct to be observed, for example, for the promotion of diversity and inclusion, the management of personal data and privacy, the prevention of conflicts of interest and corruption, bribery, money laundering, terrorist financing and international sanctions, and the proper management of relationships with customers and suppliers.

The **Responsible Investment Guideline** codifies responsible investment activities at Group level.

The **Group Policy for the Environment and Climate** contains the guiding principles of reference for our environmental management strategies and objectives.

The **Ethical Code for suppliers** highlights the general principles for the proper and profitable management of relations with contractual partners.

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

Sustainability Report 2016, p. 24
for other information on the prevention of corruption topic

We also have a structured internal regulatory system named **Generali Internal Regulation System** (GIRS).

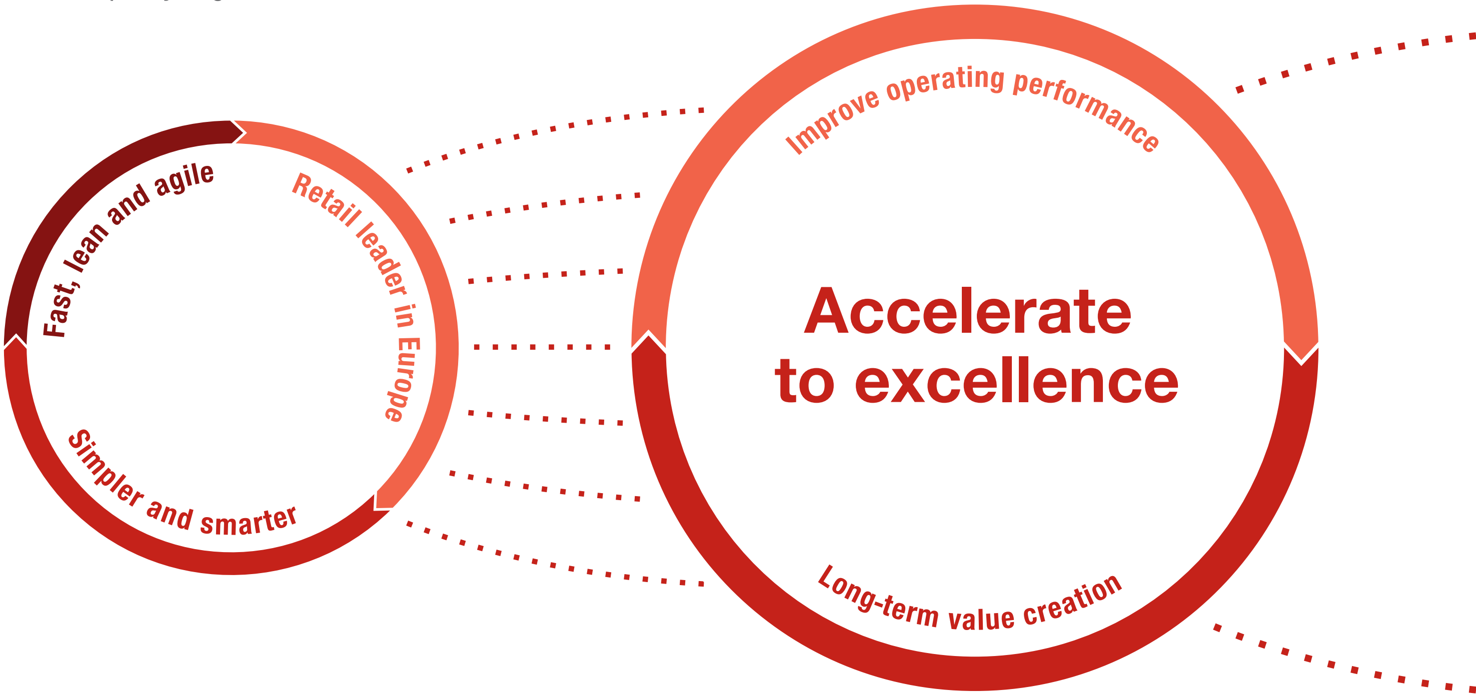
Corporate Governance and Share Ownership Report 2016, p.45

Our strategy

Accelerate to excellence

2015 | SIMPLER AND SMARTER **2016-2018**

In May 2015 we rolled out our strategy of becoming a simpler and smarter insurer for customers and distributors, to improve our capacity to generate cash and dividends.



The external context is increasingly challenging: on one hand, economic, financial and political uncertainty which results in greater volatility in interest rates, government and corporate bond spreads and the equity markets and, on the other hand, different customer behaviour, driven primarily by rapid technological evolution and more stringent regulations.

Our people always

SIMPLER, SMARTER. FASTER

> € 7 bln cumulative net operating cash (2015-2018)

> € 5 bln cumulative dividends (2015-2018)

> 13 % Operating ROE on average (2015-2018)

Improve operating performance

- Optimise international footprint — **At least € 1 bln** cash proceeds from disposals
- Rationalise the operating machine — **€ 200 mln** net reduction in nominal OpEx cost base in mature markets by 2018
- Enhance technical capabilities — **Best combined ratio** further improvement in outperformance vs peers; **Guarantees maximum 0%** on new retail business

Long-term value creation

- Rebalance the insurance portfolio — **~30 bp** reduction in average portfolio guarantee to 1.5% by 2018; **+6 pps** on the total capital-light reserves by 2018
- Customer and distribution innovation — **+2 pps** increase in retention in three years
- Strengthen the brand — **+3%** brand preference in mature markets

at the heart of the strategy

Improve operating performance

Optimise international footprint

We aim to maintain a diversified global presence by focusing on markets in which we can achieve a significant position and excellent performance. We will therefore dispose of the companies that do not meet specific profitability and future growth requirements in order to invest in those activities that generate higher returns.

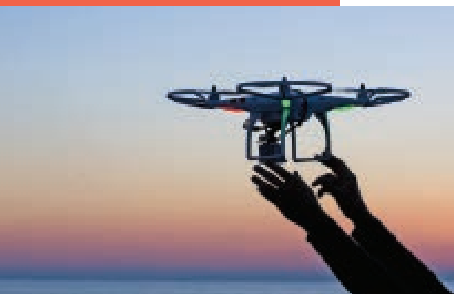
We have already embarked upon a streamlining process with the disposal of our companies in Guatemala and Lichtenstein. We expect to generate at least € 1 billion from the optimization of our international presence by the end of 2017 as to reinvest into the business. We aim to remain in the markets in which we can be in the top 5 in the short-medium term.

Rationalize the operating machine

We are committed to constantly improving our operating machine to maximize the Group's potential, by implementing optimization initiatives such as streamlining the product portfolio, simplifying processes and integrating IT platforms. At the same time, we will invest in new competences enhance those activities that have higher value for stakeholders.

In Germany, we digitalized the entire claims management process, eliminating our use of paper records and speeding up compensation timing. Our clients are also able to use an app to view the entire claims settlement process: more than 30 thousand clients have used it since its introduction.

Enhance technical capabilities



We already have strong technical capabilities but to become the best player we will continue with price sophistication, risk selection and claims management in our P&C business while with the continuous improvement in the quality of our products and the capital return optimization in our life business.

In the Czech Republic, we have been the first in the insurance industry to obtain a license to use drones for large property inspections. It is a unique solution for obtaining detailed documentation and cutting time and costs.
It took us three years to develop the project, and we foresee an even bigger development potential thanks to its easy implementation elsewhere and the opportunity to merge it with new technologies, like thermo and multispectral cameras, in order to carry out inspections and to take pictures and videos in the most difficult situations, too.

Long-term value creation

Rebalance the insurance portfolio

The share of products with low capital absorption and commission income will be increased so as to generate long-term value while protecting portfolio sustainability and increasing resilience in the face of market volatility.

BG Stile Libero represents an innovative investment and protection solution in terms of content, services and distribution opportunities, which is flexible throughout the client's life. For the first time private networks are going beyond the borders of financial products and mere insurance guarantees and meet a combination of these two worlds resulting in an increased mutuality. This enhances the central role of the wealth planning professional. BG Stile Libero was our most successful product in terms of the net inflows of Banca Generali in the past two years.

We are one of the insurance industry leader in the area of **telematics**, with over 1.3 million policies that use various technology tools, such as Mobile Apps or Black Boxes, to encourage the adoption of responsible driving behaviour to help reduce accidents, and to collect useful information that can be used to provide products and services that are increasingly tailored to the needs of customers. Recently, the first **connected home** policies have also been launched, important innovations in the domestic risk insurance sector.

Sustainability Report 2016, p. 31

Customer and distribution innovation

We will continue to be committed to our laser-like focus on customers and distributors with the introduction of specific, targeted innovations with clear added value.

T-NPS Group Program

More than **562 thousand** responses to surveys sent

More than **436 thousand** comments

More than **108 thousand** calls to detractors

Launched in 2015, the Net Promoter Score Listen and Act program is currently active in 26 business units and covers roughly 90% of our client base. As part of this program, we sent more than three million surveys to clients all over the world, obtaining a high global response rate, a sign of our clients' desire to have their voices heard and their interest in the future of Generali.
We called more than 108 thousand dissatisfied clients to understand their reasons and we organized interdepartmental work groups to implement several actions in response to the feedback received Feedback provides us with pointers on what clients like and areas in which we could improve; to date, 256 quick wins have been implemented, and we have made 175 structural improvements, such as automatic updates on the status of dossiers via SMS, app and portals.

Sustainability Report 2016, p. 54; 63

Digital Agent and Mobile Hub

New technologies offer the insurance business important innovations to be exploited in order to gain increasing awareness of the needs of our people and our clients.

The Digital Agent program is the Group initiative launched with a view to equipping our agents with suitable digital tools in order to understand and best adjust to customers' new approach to insurance, through greater visibility online, in social media and in the mobile world. The creation of web&mobile tools has been completed in Spain and is underway in France, Germany and Austria. Agents in Indonesia, Italy and Spain are now equipped with tools allowing them to efficiently be on the social networks.

In addition, we strive to offer our clients the possibility of interacting with us even more via mobile. This is why we created Mobile Hub, a framework shared at Group level which will enable our clients to manage their policies easily on their own. They will be able to file a claim, contact an agent or renew a policy right from their mobile phone by simply downloading our app which, with its user friendly interface, aims to improve customer satisfaction.

Strengthen the brand

We aim to become the top choice for consumers, committing ourselves to:

- strengthening our brand
- increasing its visibility through not only event sponsorship and media support, but also search engine optimization for insurance coverage estimates
- helping our agents to build value-added relationships with current and potential clients and adopting an even more advisory-oriented approach to sales.

There will be 4 main initiatives to achieve these objectives:

optimize number of brands to maximize efficiencies

shift to more coordinated media mix/spend

favour common platforms and strategic partnerships to efficiently drive cost savings

repackage our offering to prevent and protect what is most valuable for our clients

In France, we aimed at increasing our visibility in the sports field by adopting a non-commercial approach and building relationships with national sports federations based on a shared commitment to sustainability. In 2010 we launched La Charte du Sport Responsible that covers several aspects such as social inclusion, equal opportunities, health protection, risk prevention and the safeguarding of the environment. Its goal is to promote and spread six core principles for sporting activity that respects others and the environment, the Charter is flanked by a website that offers visibility to our brand e allows associations to share and promote their practices.

Our people always at the heart of the strategy

The transformation process that results in us being Simpler, Smarter. Faster is supported by the

Generali People Strategy

based on four priorities:

73,727 employees

1 Promote **Engagement & Empowerment**

2 Strengthen **our Leadership & Talents**

3 Build **an Agile Organization & New Capabilities**

4 Shift **mindset towards Customer Centricity**

Promote **Engagement** 1 & **Empowerment**

- **measuring and promoting engagement**

June 2015

Global Engagement Survey, the first step on a path aimed at making Generali an even better place to work

82% engagement rate

85% response rate

2016

more than 330 local actions to respond to specific opportunities for improvement arising in the Group's various countries and companies, the most recurring of which are:
- improving communication
- promoting empowerment and enablement to be simpler, smarter, faster
- developing a culture focused on the customer

June 2017

second edition of the **Global Engagement Survey**, a further fundamental step on our path of engagement and continuous improvement

- **creating and embedding a new global managerial system** which equips our managers with the necessary mindset, skills and tools to effectively manage our people and the organization

2016

- **11 focus groups** to better understand the management capacities required to promote empowerment
- **243 participants** with diverse profiles (geographies, seniority, gender, levels and professional background)

The objective is also to design a management school that offers a consistent management training program for all new Group managers.

- **boosting a performance culture**

We strive to provide every one of our people with the opportunity to dialogue in a structured manner with their managers regarding individual performance in light of predefined targets, and to be assessed regularly in a fair and transparent manner.

2016

61% employees assessed*

2018

100% employees assessed following a common Group framework

* The data refer to the Group companies equal to 64,447 employees or 87.4% of the total.

- **improving diversity and inclusion**

We commit to valuing the uniqueness of people and diversity of thought, particularly in relation to generation, gender and geographical differences.

2016

- creation of an **international network of colleagues** to facilitate an aligned and consistent approach to diversity and promote a concrete plan of initiatives throughout the Group
- **Breaking bias and building bridges**, a program that has involved a considerable number of people from the international HR offices on the topic of unconscious bias and the impact that this may have in decision-making processes, with a focus on people selection, management, promotion and performance management processes
- support in the organization of **Elle Active Forum**, an Italian female empowerment event
- appointment of Frédéric de Courtois as **Group D&I Sponsor**

2017

- introduction of **training courses** in all managerial training programmes at Group level for the purpose of maximising the value of diversity, teamwork and inclusion
- implementation of **D&I Colourful Program**, a programme aimed at identifying local projects in order to create awareness and to promote a culture of diversity and inclusion

Strengthen
2
our **Leadership & Talents**

- **providing succession plan for top positions and clear career paths**
- **developing leadership skills**
- **identifying and developing talents at local and Group level**
- **attracting, selecting and retaining the best people through internal mobility and training programs**

We have always focused on developing and strengthening the technical and other skills of all of our people.

91.1% trained people

37.3 average hours of training per capita

€ 61.2 mln training costs

Build an **Agile Organization**
3
& **New Capabilities**

- **building a simpler Group organization**
- **simplifying our HR processes with a cutting-edge platform**
- **identifying and investing in key new capabilities**
- **sustaining smart working and developing a new approach to working that empowers us by increasing our flexibility, autonomy and responsibility**

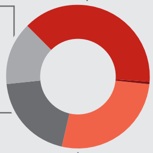
Shift **mindset**
4
towards **Customer Centricity**

- **fostering a customer mindset from day 1**
- **understanding how to support our customer experience**
- **giving recognition for great customer service showcasing examples of employee actions that create excellent customer experiences**

Sustainability Report 2016, p. 43

Our governance* and remuneration policy

Approximately 233,000 shareholders in 2016



Italian institutional investors 14.31% of the share capital

Foreign institutional investors 38.90% of the share capital

Unidentifiable shareholders 0.14% of the share capital

Retail shareholders 26.89% of the share capital

Main shareholders (>3%) 19.76% of the share capital

13.04% Mediobanca
3.56% Caltagirone Group
3.16% Delfin S.AR.L. (Leonardo Del Vecchio Group)

Shareholders' Meeting

Unidentifiable shareholders 0.14% of the share capital

Italian shareholders 60.50% of the share capital

Foreign shareholders 39.36% of the share capital

Share performance, p. 57 for further information on the share

All data are updated as at 19 January 2017.

Board of Statutory Auditors
It consists of three permanent and two substitute auditors, all responsible for ensuring compliance with the applicable laws and regulations and the Articles of Association as well as management control.

Board of Directors
It has all of the broadest management powers for the pursuit of the corporate purpose. It appoints a Chairman and may appoint one or more Vice-Chairmen.

Independent Auditors
Enrolled in the dedicated registry and appointed by the Shareholders' Meeting, it is an auditing body external to the Company.

Surveillance Body
It has duties and powers with respect to the oversight, development and promotion of the continuous updating of our Organization and Management Model, defined to prevent offences that are relevant for the purpose of legislative decree no. 231/2001 with respect to the administrative liability of legal entities.

Group CEO
This is the main person responsible for Company management, in the capacity of Managing Director.
The Group CEO is also the Director responsible for the internal control and risk management system.

Group Management Committee

Balance Sheet Committee
Finance Committee
Product & Underwriting Committee

Risk and Control Committee
It has consultative, recommendatory and preparatory functions in favour of the Board with respect to internal control and risk management matters.

Appointments and Remuneration Committee
It has consultative, recommendatory and preparatory functions in favour of the Board with respect to remuneration and appointments.

Governance and Sustainability Committee
It has a consultative, recommendatory and preparatory role in favour of the Board in taking the decisions for which it is responsible with respect to the structure of corporate governance rules and social and environmental sustainability matters.

Investments and Strategic Operations Committee
It has a consultative, recommendatory and preparatory role in favour of the Board with respect to investments and strategic operations.

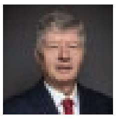
Related Party Transactions Committee
It provides opinions on transactions with related parties, in compliance with the procedure approved by the Board.

www.generali.com/governance for further information and the Corporate Governance and Share Ownership Report 2016

* The corporate governance is updated as at 25 January 2017.

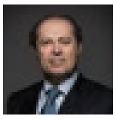
Focus on the Board of Directors

as at 25 January 2017

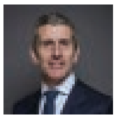


Gabriele Galateri di Genola
Chairman
Nationality: Italian
Professional background: Manager
In office since 8 April 2011

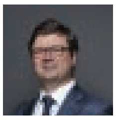
Francesco Gaetano Caltagirone
Vice-Chairman and Deputy Chairman
Nationality: Italian
Professional background: Entrepreneur
In office since 28 April 2007
Vice-Chairman since 30 April 2010



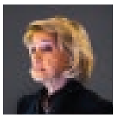
Philippe Donnet
Group CEO
Nationality: French
Professional background: Manager
In office since 17 March 2016



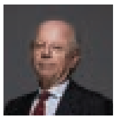
Clemente Rebecchini
Vice-Chairman
Nationality: Italian
Professional background: Manager
In office since 11 May 2012
Vice-Chairman since 6 November 2013



Romolo Bardin
Director
Nationality: Italian
Professional background: Manager
In office since 28 April 2016

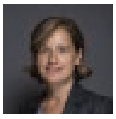


Ornella Barra
Director
Nationality: Monegasque
Professional background: Entrepreneur
In office since 30 April 2013



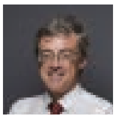
Paolo Di Benedetto
Director
Nationality: Italian
Professional background: Lawyer
In office since 28 April 2016

Alberta Figari
Director
Nationality: Italian
Professional background: Lawyer
In office since 30 April 2013

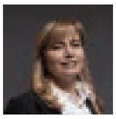


Diva Moriani
Director
Nationality: Italian
Professional background: Manager
In office since 28 April 2016

Lorenzo Pellicioli
Director
Nationality: Italian
Professional background: Manager
In office since 28 April 2007



Roberto Perotti
Director
Nationality: Italian
Professional background: Professor
In office since 28 April 2016,
elected from the minority slate



Sabrina Pucci
Director
Nationality: Italian
Professional background: Professor
In office since 30 April 2013

Paola Sapienza
Director
Nationality: Italian
Professional background: Professor
In office since 30 April 2010,
elected from the minority slate

Executive	Non-executive	Independent as defined in the listed companies' Corporate Governance Code	Director responsible for the internal control and risk management system	
Appointments and Remuneration Committee	Risk and Control Committee	Related Party Transactions Committee	Governance and Sustainability Committee	Investments and Strategic Operations Committee

38.4% Female director

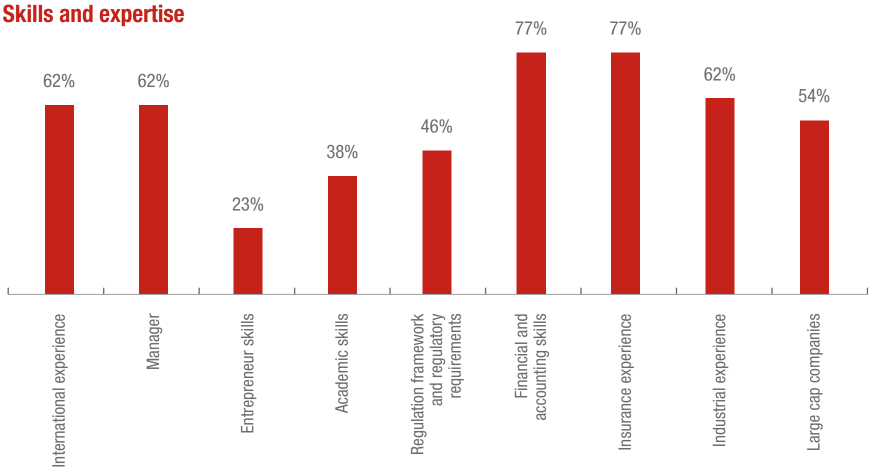
57.5 Average age

61.5% Independence level

1 Executive director

2 Induction sessions on internal model – Solvency II and insurance market

Skills and expertise



Tenure (non-executive directors)

Up to three years	39%
3-6 years	46%
7-9 years	0%
Over 9 years	15%

Number of meetings of the Board and Committees

1/1/2016 - 28/4/2016

Investments Committee	3
Appointments and Governance Committee	5
Remuneration Committee	4
Related Party Transactions Sub-Committee	2
Risk and Control Committee	6
Board of Directors	6

28/4/2016 - 31/12/2016

Investments Committee	7
Governance and Sustainability Committee	4
Appointments and Remuneration Committee	appointment topics 5 remuneration topics 6
Related Party Transactions Committee	2
Risk and Control Committee	7
Board of Directors	10

Average percentage attendance at the meetings of the Board and Committees

1/1/2016 - 28/4/2016

Investments Committee	100%
Appointments and Governance Committee	100%
Remuneration Committee	92%
Related Party Transactions Sub-Committee	100%
Risk and Control Committee	100%
Board of Directors	83%

28/4/2016 - 31/12/2016

Investments Committee	100%
Governance and Sustainability Committee	100%
Appointments and Remuneration Committee	appointment topics 92% remuneration topics 94%
Related Party Transactions Committee	100%
Risk and Control Committee	97%
Board of Directors	94%

The **remuneration policy** for **non-executive directors** establishes that remuneration consists of a 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 (with the exception of those who are also Generali Group executives), 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 remuneration policy for the Managing Director and Group CEO, the only executive director, instead comprises a fixed amount, a variable amount (short and medium/long-term) and benefits in line with the remuneration package of the GMC members and the other executives with key responsibilities as later described.

Focus on the Group Management Committee (GMC)

as at 15 February 2017

Group CEO
Philippe Donnet

Group Functions

Group Chief Financial Officer
Luigi Lubelli

Group Chief Risk Officer
Sandro Panizza

Group Chief Insurance Officer
Valter Trevisani

Business Units

Italy
Country Manager
Marco Sesana

France
Country Manager
Eric Lombard

Germany
Country Manager
Giovanni Liverani

CEO GBL & International
Frédéric de Courtois

CEE
Regional Officer
Luciano Cirinà

Group Chief Investment Officer
Timothy Ryan

The **Managing Director and Group CEO**, the **members of the GMC** and the **other executives with key responsibilities** receive a **remuneration package** consisting of a fixed component, a variable component (short and medium/long-term) and benefits, on the basis of the following principles:

Fairness and consistency with respect to the responsibilities assigned and the abilities demonstrated	**Alignment with corporate strategy** and defined objectives	**Competitiveness** with respect to market practices and trends	**Evaluation of merit and performance** in terms of results, conduct and values	Clear **governance** and **compliance** with the regulatory environment

Fixed

Fixed remuneration

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

+

Variable
with no-claims bonus and claw back mechanisms

Annual
Short Term Incentives
(on an annual basis)

The short-term variable remuneration consists of an annual bonus system based on which a cash bonus of between 0% and 200% of the individual target baseline may be accrued depending on:
- the **Group funding**, connected with results achieved in terms of the Group Operating Result and Adjusted Net Profit and the surpassing of a minimum Economic Solvency Ratio level
- the achievement of the **objectives** defined in the individual balanced scorecards, which establish from 5 to 7 objectives at Group, Region, country, business/function and individual level - as appropriate - **in terms of value creation, proper profitability based on risks, effectiveness, business transformation initiatives, strategy acceleration and people empowerment.**

Deferred
Long Term Incentives
(on a multi-year basis)

The long-term variable remuneration is based on a **long-term plan based on Assicurazioni Generali shares** (upon approval by the Shareholders' Meeting) with the following features:
- the plan is paid out over a period of 6 years and is linked with specific Group performance targets (Return on Equity and relative Total Shareholder Return) and the surpassing of a minimum Economic Solvency Ratio level
- the plan is based on a three-year performance period and additional sale-restriction periods (i.e. minimum holding) on granted shares up to two years.

+

Benefits

In particular, benefits include 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
and the Remuneration Report

Risks and opportunities of the external context

Main long-term factors that could significantly affect the business and capacity of the Group to create value

Risk Report
for a detailed description on the risk profile and the specific methods used to assess it, p. 92
of the Annual Integrated Report and Consolidated Financial Statements 2016

New customer needs

Risk identified

Strategic risk
Insurance risk

In this currently uncertain economic environment, consumer attitudes to insurance products and services are changing in light of two global trends:

- **digitalization**, which has introduced new selling options and different insurance product management
- **economic uncertainty**, which has changed spending on savings and other insurance products.

Today, customers are demonstrating greater attention to service quality: they no longer rely only on an agent to acquire an insurance product; rather, they have a more independent approach to the decision-making process, which includes visiting the websites of insurance companies, reading customer reviews on social media and checking comparison websites.

Technological evolution

Risk identified

Strategic risk
Operational risk

We are facing a profound change caused by the interaction and the cumulative effects of various developments in technology: the Internet of Things, the constant growth of mobile networks, the adoption of cloud services, the development of cognitive computing and machine learning are all elements that contribute to creating a renewed environment in which to operate.

The unprecedented availability of customer data, combined with the **technological capabilities** of processing data quickly and efficiently in terms of costs, allows the insurance business to create customized prices and identify potential fraud. However, it creates potential risks arising from the management of personal data as well as new challenges within the traditional insurance risk management model.

Technology as an enabling element of the processes may also impair business continuity, representing a potential threat (malfunction of equipment and systems, etc.).

Uncertain financial and macro-economic landscape

Risk identified

Financial risk
Credit risk
Strategic risk

In 2016, numerous political events have impacted the global economy: the referendum on the constitutional reform in Italy, Brexit and the US presidential elections. At **macroeconomic** level, Italy remains in difficulty, with expected growth of 0.8%; Eurozone growth forecasts stand at 1.7% in 2016 and 1.5% in 2017. The British economy has not yet shown signs of a slowdown, and the pound has depreciated by 17% with respect to the euro. Consumption has slowed and investments are weak in the United States. US growth forecasts are 1.6% for 2016 and 2.2% for 2017; the Fed will therefore raise benchmark interest rates.

The European **insurance sector** was characterized by good performance in property&casualty premiums (with the exception of Italy), in line with the albeit feeble economic recovery and a certain difficulty in the performance of life premiums, influenced by low interest rates. This situation should also continue in 2017; the only exception is forecast in Italy, which is expected to record an improvement in life premiums.

Our risk management

We aim to become the **top choice of clients and distributors**. We offer insurance solutions and services that are simple, tailored and even more innovative to meet their needs, also digital ones, and to improve their customer experience. We are analyzing and implementing a real digital transformation in our business units in order to make our global distribution networks more efficient. We are supporting them so that the interaction with clients can be increasingly based on an advisory approach. It means to interpret the clients' needs and offer the best solutions for them.

Sustainability Report 2016, p. 57; 63

Our risk management

We have implemented an **analytics platform on cloud** in all our business units, leveraging the cutting-edge technologies for the management and analysis of data. The technology was critical to provide a superior user experience, designed to bring us closer to requests for greater digital interaction from our clients. This development is based on a hybrid architecture that offers the latest mobile technology.
To protect our trustworthiness, reputation and survival from threats of natural, human and technological origin, we have also implemented a **Business Management Continuity process** that identifies critical processes and operational risks that may interrupt business operations, as well as risk mitigation measures and solutions to recover and resume vital business processes as soon as possible and with limited financial impact.

Our risk management

Macroeconomic and financial expectations, along with yield expectations of policyholders, the Solvency II rules relating to the calculation of economic capital and Group targets on profitability, are the main factors influencing the definition of our **asset allocation strategy**. In addition, the progressive decline of interest rates and the new regulatory environment have made asset management disciplined and focused on consistency between assets and liabilities even more important.
In investment activities, factors such as geographical diversification and a selective focus on alternative investments are key to limit portfolio risks and strengthen current returns.

Risk Report
for a detailed description on the risk profile and the specific methods used to assess it, p. 92
of the Annual Integrated Report and Consolidated Financial Statements 2016

Regulatory evolution

Risk identified

Strategic risk

Operational risk

The insurance industry is characterized by a detailed regulatory system consisting of continuously evolving domestic and European rules and regulations. Some of the most significant are:

- **Solvency II**, the European insurance market supervisory framework which includes three pillars in terms of capital measurements, risk management systems and risk disclosures
- **Common Framework of the International Association of Insurance Supervisors (IAIS)** on the development of standard qualitative and quantitative capital requirements based on risk for insurance groups operating globally
- **European directive on insurance distribution and regulations on investment product disclosure and transparency** guaranteeing an increasingly high level of consumer protection
- **European regulation on personal data protection** for improved protection of citizens
- **European directive on non-financial information**
- **IFRS 9 (on financial instruments) and IFRS 17 (on insurance contracts)**.

Environmental challenges

Risk identified

Underwriting risk

Emerging risks

Operational risk

The global warming caused by greenhouse gas emissions originating from human activity is triggering a rise in **extreme weather events**, such as higher temperatures and flooding, that become increasingly frequent and violent. These factors impact the economic and social system as well as the relative insurance needs.
Proper measures are therefore necessary to avoid higher losses and increased volatility that would impact on insurance policies' price, also due to higher capital absorption resulting from the events being underwritten, and make the access to insurance too expensive or, in extreme cases, the offering uninsurable.

Demographic and social change

Risk identified

Underwriting risk

Emerging risks

Modern communities are characterized by conflicting demographic and social phenomena: the continuous **aging of populations**, driven by increased life expectancies and lower birth rates, which is partially offset by **increasing migration**, boosting younger populations, whose average income capacity is however quite limited and highly conditioned by a flexible, yet precarious, job market. The risk of increasingly unbalanced societies remains, where the higher post-retirement requirements of the older population with greater willingness to save are no longer properly covered by the public system, and the economic and financial resources produced by the younger categories of the population, or from private savings, have to be directed and valued more carefully.

Our risk management

We run our business in compliance with the law, internal regulations and codes and professional ethics, and we closely monitor the evolution of the regulatory environment, dialoguing with legislators and institutions.
We have implemented the organizational requirements laid out by **Solvency II** and received approval for the partial internal model for the determination of the Group solvency capital requirement from the Supervisory Authority.
We are engaged in the various tests carried out by the **International Association of Insurance Supervisors (IAIS)** to determine the final architecture and calibrations of the supervisory requirement.
We have strengthened an **international and multifunctional initiative** aimed at internally sharing knowledge, experience and best practices in the field of product development and distribution strategies so as to be ready to meet the necessary regulatory requirements.
We have contributed to the European debate on **personal data protection** and we continue to monitor the definition of detailed measures to identify aspects pertaining to our business to be implemented.
We also monitor developments in the new disclosures on **non-financial information** to ensure its implementation.
Lastly, we monitor developments in **international accounting standards** through work groups skilled in investments and insurance contracts.

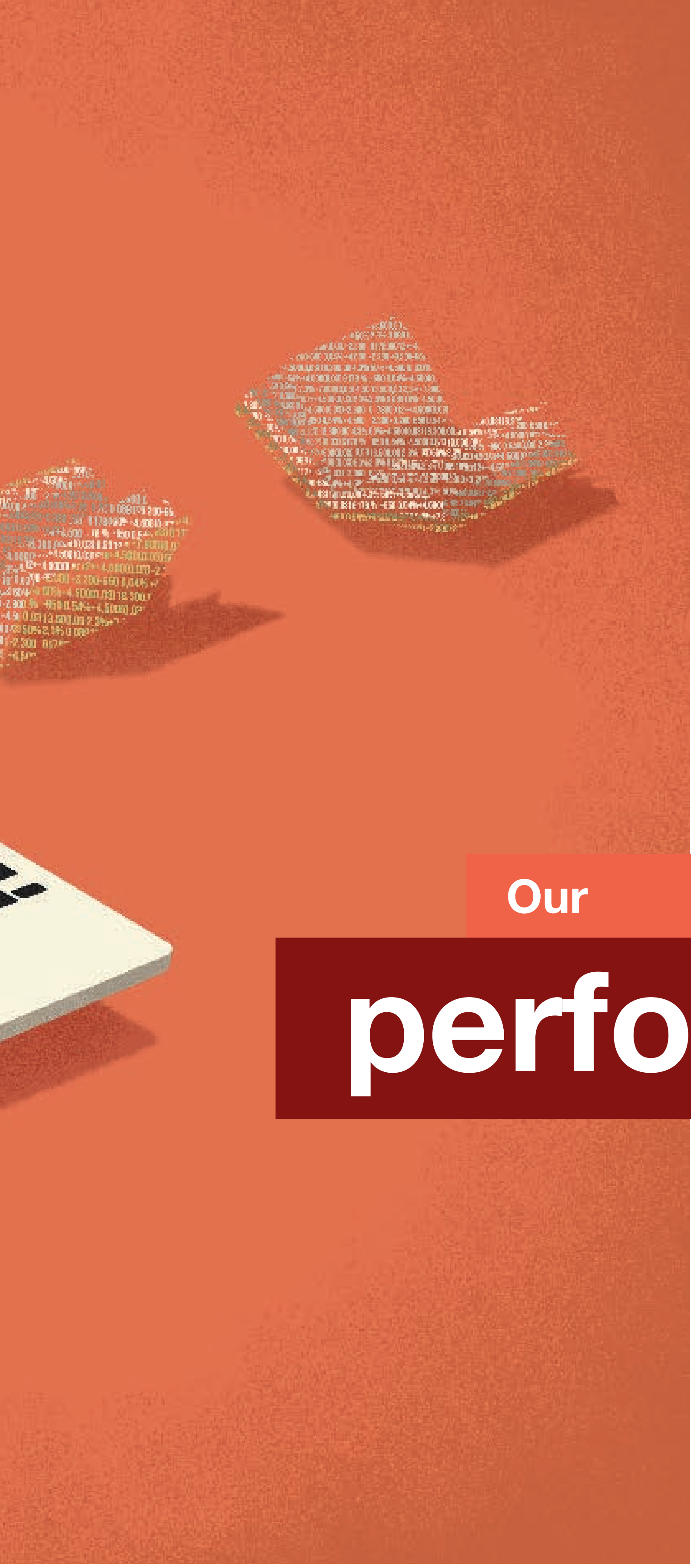
Our risk management

We constantly monitor the main perils and territories where we are exposed, using actuarial models to estimate the damage that could result from natural phenomena. We can therefore optimize our underwriting strategy. **Reinsurance** plays a key role: we manage our protections on a centralized basis in order to take advantage of economies of scale and pricing thanks to the size of the Group, with the aim of leveraging on business diversification. We also continue to monitor and reduce our **direct impact** and to favour the limitation of global warming to within 2°C through our **insurance solutions** as well as our **investments**. We develop and distribute increasingly innovative products along with a high level of services in order to meet the potential request for more and improved protection against catastrophes, in addition to products that reward virtuous and environmentally sustainable decisions and behaviour. Also in partnership with other public and private stakeholders, we work to support initiatives that help to expand access to insurance products, for example through more favourable taxation for catastrophic coverage, which would lower the impact of reconstruction on the public sector, as well as initiatives aimed at preventing and mitigating environmental risks. We invest responsibly, excluding from our investment universe those companies that are involved in causing serious harm to the environment. We support research and studies on environmental risks.

Sustainability Report 2016, p. 78

Our risk management

We monitor and manage the consequences of a changing society. We offer **effective, flexible and modular solutions with high pension and assistance content** to cover healthcare expenses and any other possible current and future, individual and family requirements. We commit to strengthening dialogue with people, providing complete and easy-to-use information on products and services, helping them to understand the main risks that may impact their earning capacity and to accurately assess their capacity for saving and the financial gap between the pension that has accrued by the age of retirement and the projected income. We therefore believe it is important to provide support to face the possible needs of old age in due time with adequate financing, within a general context characterized by little knowledge of and propensity to seek out insurance solutions.



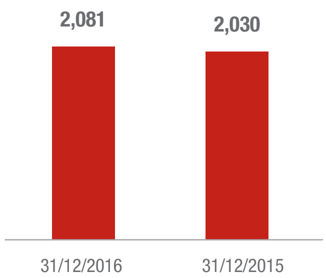
Our performance

Group performance and financial position

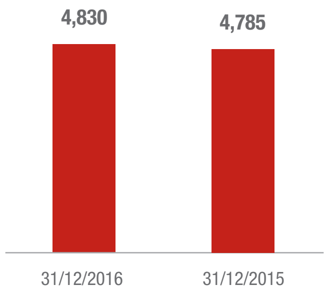
Group highlights [1]

Gross written premiums[2]

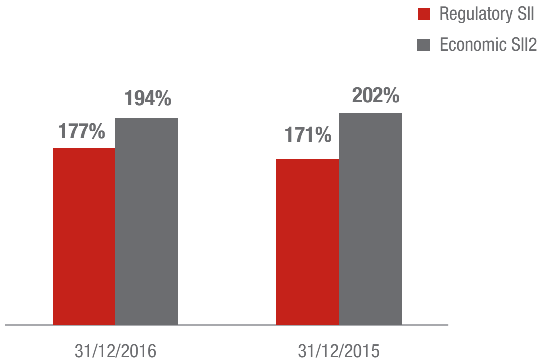
Net result



Group operating result



Solvency II ratio



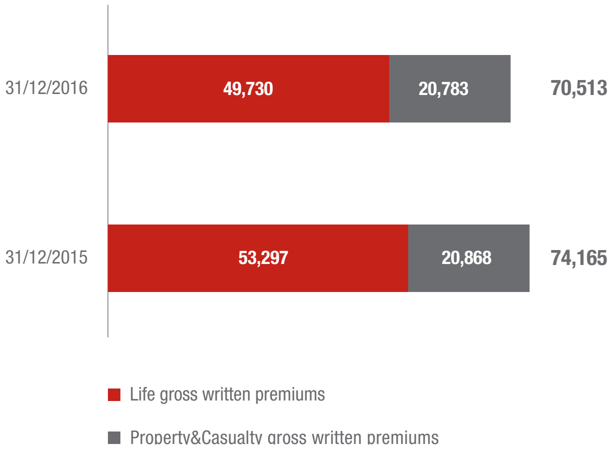
- Gross written premiums exceeding € 70 billion (-3.9%), reflecting selective subscription in the life business and good development in the P&C business. Significant improvement in the new business value
- Record operating result in excess of € 4.8 billion, up (+0.9%) due to the technical performance of the life and P&C segments, with an excellent CoR improving to 92.5%
- Operating RoE at 13.5% again confirming the achievement of the Group's strategic target (>13%)
- Group result over € 2 billion (+2.5%)
- Solid Group capital position confirmed, with the Regulatory Solvency Ratio at 177% and Economic Solvency Ratio a 194%

1 Changes in premiums, net cash inflows and Annual Premium Equivalent (APE) are presented in equivalent terms, i.e. at constant exchange rates and scope of consolidation.

2 Including € 3,324 mln of premiums related to investment contracts.

Group performance

Gross written premiums development



The Group's **gross written premiums** totalled € 70,513 million (-3.9%), following the decline in the life segment (-6.3%), while P&C (+2.1%) reflected the recovery observed in 2016.

Life premiums came to € 49,730 million (-6.3%), reflecting the increasingly disciplined approach to the offer, aiming to optimize the return on invested capital, and the current performance of the financial markets. With reference to the lines of business, there was a contraction of 10.9% in unit-linked products, of 5.7% in savings products and of 2.8% in protection. **Net cash inflows** is confirmed at excellent levels, exceeding € 12 billion (-18.5%), above the average of the last 5 years.

New business in terms of annual premium equivalents (APE) stood at € 4,847 million, down 6.6% with respect to the previous year. This performance is mainly attributable to the decline in single premium policies (-13.4%). Recurring premiums are basically stable (-0.5%).

With reference to the lines of business, there was an improvement in pure risk business with a good level of growth (+12.4%), while unit-linked business declined (-11.3%). The savings business also decreased (-9.7%) due to the unfavourable financial situation and the Group's actions planned to reduce guaranteed business. In line with strategic policies, the **new business value (NBV)** improved significantly (+14.6%), standing at € 1,256 million (€ 1,097 million at 31 December 2015).

New business margin (margin on APEs) rose significantly by 4.9 pps to 25.9% (21.0% 31 December 2015), primarily due to the refocusing of sales towards the pure risk business and the effective recalibration of guarantees, although the economic environment is worse than last year.

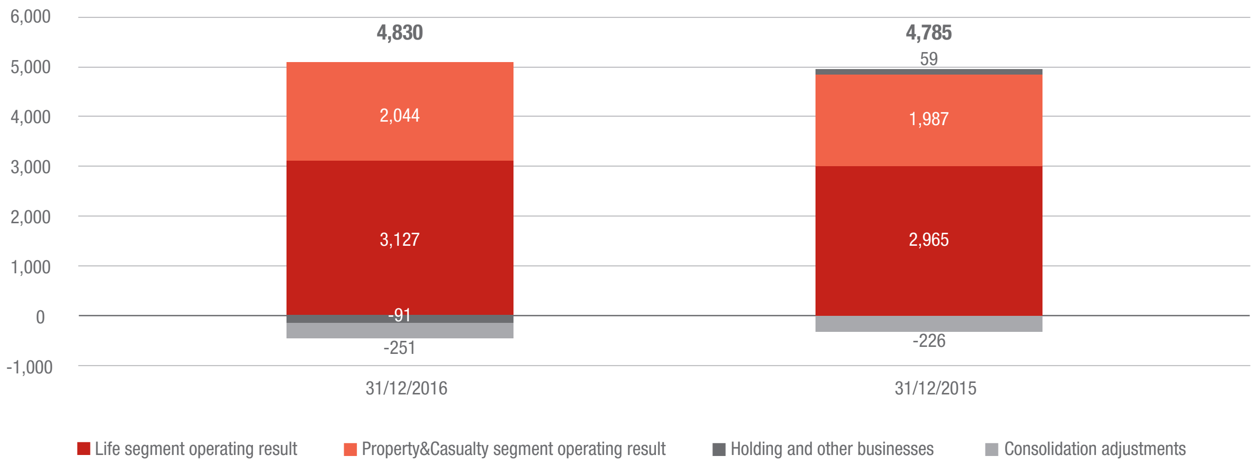
As noted above, **P&C premiums** amounted to € 20,783 million. On a like-for-like basis, the 2.1% increase can be attributed to the motor segment (+4.3%), driven by Spain, CEE Countries, Germany and Argentina, which more than offset the continuing decline in motor premium income in Italy (-5.2%). Confirming the recovery observed during the year, non-motor premium income is also up slightly (+0.5%) in general across the countries in which the Group carries on business, with the exception of Italy (-3.6%).

Operating result

The **Group's operating result** posted its best performance ever, at € 4,830 million, with further growth of 0.9% (€ 4,785 million at 31 December 2015) thanks to the positive performance of life and P&C business.
In particular, the life operating result came to € 3,127 million, up by 5.5% due to good technical performance, even in the currently complex environment in the financial markets which is impacting profitability. The P&C operating result was also positive, at € 2,044 million, up by 2.9% thanks to the continuous improvement in the combined ratio, which, at 92.5%, is confirmed in first place amongst our peers, consistent with the Group's strategic policy of technical excellence.

The operating result of the Holding and other businesses segment[3] declined to € -91 million. This performance mainly reflects the decreased contribution of other businesses, particularly the reduction in performance fees in the financial segment, influenced by the related market performance, and lower net realized gains in the real estate sector.

The **operating return on equity**, the Group's main economic profitability target, came to 13.5% (14% at 31 December 2015), confirming the achievement of the strategic objective for the third consecutive year (>13%).



Non-operating result

The non-operating result of the Group came to € -1,529 million (€ -1,318 million at 31 December 2015). More specifically:

- the **net impairment losses** rose to € -543 million (€ -503 million at 31 December 2015) and were primarily impairments recognized on financial investments;
- **net realized gains** are down, standing at € 422 million (€ 758 million at 31 December 2015) due mainly to the planned lower profits on real estate and equity portfolios;
- **net non-operating income** from financial instruments at fair value remained stable at € -96 million (€ -96 million at 31 December 2015);
- **other net non-operating expenses** decreased to € -519 million (€ -712 million at 31 December 2015). This item comprises € -139 million for the amortization on the value of the acquired portfolios (€ -142 at 31 December 2015), € -176 million for restructur-

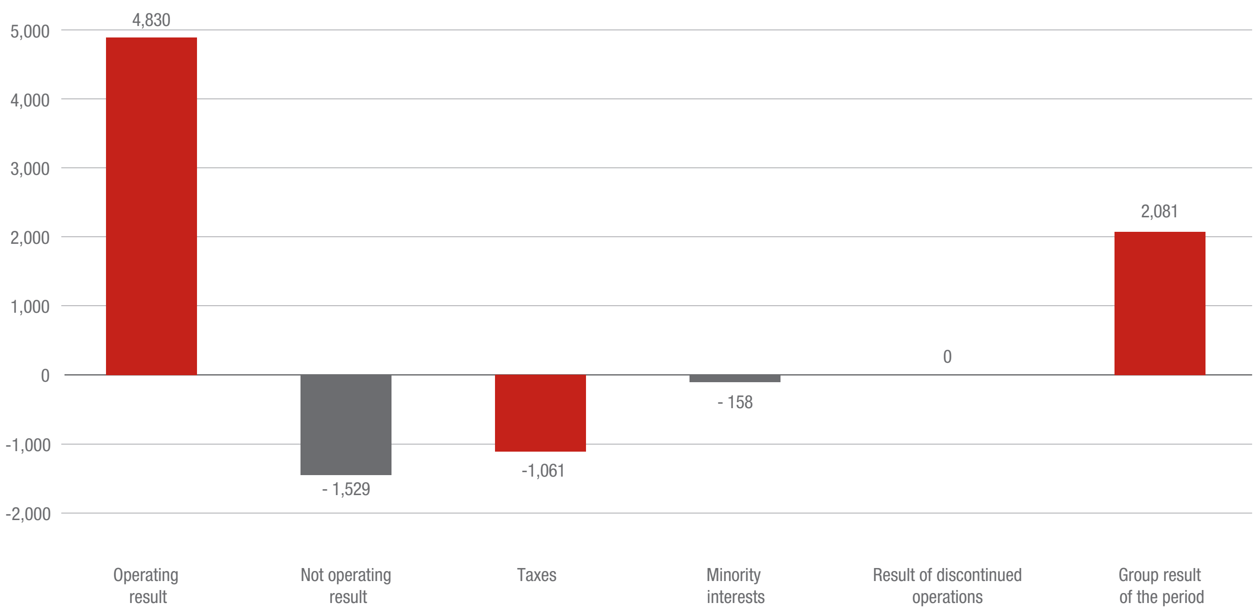
3
This segment includes the activities of the Group companies in the banking and asset management sectors, the costs incurred for management and coordination and business financing, and all other operations that the Group considers to be ancillary to the core insurance business.

ing costs (€ -269 at 31 December 2015) and € -205 million in other net non-operating expenses (€ -302 million at 31 December 2015), that mainly includes the allocation to the risk provisions;

- **non-operating holding expenses** amounted to € -794 million (€ -764 million at 31 December 2015).

This performance was influenced by interest expenses on financial debt which, as a result of new issues of € 1.25 billion in the fourth quarter of the previous year and € 850 million in May 2016, went from € -684 million to € -723 million.

Group result



Thanks to improvements in the operating results noted above, the re**sult for the period attributable to the Group** stood at € 2,081 million, showing an increase of 2.5% over the € 2,030 million recorded at 31 December 2015.

The tax rate was 29.1% (32.6% at 31 December 2015). Compared to last year, this performance is primarily attributable to the reduction of the nominal tax rate on corporate income in France and Spain, as well as extraordinary income recognized in Germany against lower taxes on previous years.

The **result attributable to minority interests**, amounting to € 158 million, which corresponds to a minority rate of 7.1% (10.1% at 31 December 2015) was down on the € 229 million of the previous year due to the results of Banca Generali and Generali China Life.

From operating result to net result

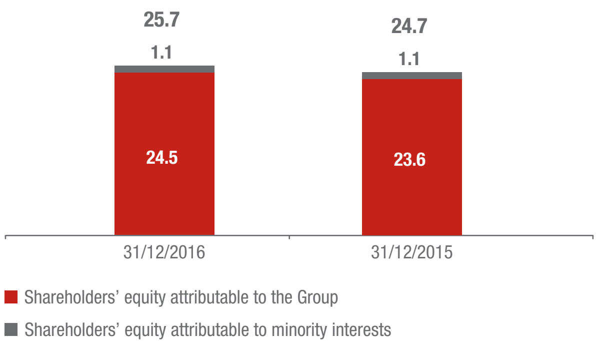
(€ million)	31/12/2016	31/12/2015	Change
Consolidated operating result	**4,830**	**4,785**	**0.9%**
Net earned premiums	65,352	68,507	-4.6%
Net insurance benefits and claims	-63,963	-69,091	-7.4%
Acquisition and administration costs	-10,597	-10,724	-1.2%
Net fee and commission income and net income from financial service activities	384	494	-22.3%
Operating investment result	14,344	16,615	-13.7%
Net operating income from financial instruments at fair value through profit or loss	2,201	3,207	-31.4%
Net operating income from other financial instruments	12,142	13,408	-9.4%
Interest income and other income	12,096	12,263	-1.4%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,702	2,434	-30.1%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-707	-341	107.3%
Interest expense on liabilities linked to operating activities	-358	-411	-12.8%
Other expenses from other financial instruments and land and buildings (investment properties)	-591	-538	9.8%
Operating holding expenses	-459	-429	7.0%
Net other operating expenses(*)	-230	-586	-60.7%
Consolidated non-operating result	**-1,529**	**-1,318**	**16.1%**
Non operating investment result	-217	159	n.m.
Net non-operating income from financial instruments at fair value through profit or loss	-96	-96	-0.6%
Net non-operating income from other financial instruments(**)	-121	255	n.m.
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	422	758	-44.4%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-543	-503	8.0%
Non-operating holding expenses	-794	-764	3.8%
Interest expenses on financial debt	-723	-684	5.8%
Other non-operating holding expenses	-71	-81	-12.5%
Net other non-operating expenses	-519	-712	-27.2%
Earning before taxes	**3,300**	**3,467**	**-4.8%**
Income taxes(*)	-1,061	-1,173	-9.5%
Earnings after taxes	**2,239**	**2,295**	**-2.4%**
Profit or loss from discontinued operations	0	-35	n.m.
Consolidated result of the period	2,239	2,259	-0.9%
Result of the period attributable to the Group	**2,081**	**2,030**	**2.5%**
Result of the period attributable to minority interests	158	229	-31.0%

(*) At 31 December 2016 the amount is net of operating taxes for € 64 million and of non-recurring taxes shared with the policyholders in Germany for € 79 million (at 31 December 2015 respectively for € 64 million and € -3 million).

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

Group financial position

Shareholder's equity and Group solvency



The **shareholders' equity attributable to the Group** amounted to € 24,545 million, +4.2% compared to € 23,565 million as at 31 December 2015. The change is mainly due to:

- the result of the period attributable to the Group, which amounted to € 2,081 million as at 31 December 2016;
- the dividend distribution of € 1,123 million, carried out in 2016;
- other gains or losses recognized through shareholders' equity in the current year amounted to € 11 million. In particular, this performance is attributable primarily to the increase in gains or losses reserves attributable to available for sale financial assets for € 252 million which more than compensates actuarial losses deriving from the re-measurement of the financial liabilities for defined benefit plans for € -243 million attributable to the reduction in the applicable rates used to discount those liabilities.

Rollforward of shareholders' equity

(€ million)	31/12/2016	31/12/2015
Shareholders' equity attributable to the Group at the end of the previous period	**23,565**	**23,204**
Result of the period	2,081	2,030
Dividend distributed	-1,123	-934
Other comprehensive income	11	-118
Reserve for unrealized gains and losses on available for sale financial assets	252	-431
Foreign currency translation differences	-31	313
Net unrealized gains and losses on hedging derivatives	13	-14
Net unrealized gains and losses on defined benefit plans	-243	162
Other net unrealized gains and losses	20	-149
Other items	11	-617
Shareholders' equity attributable to the Group at the end of the period	**24,545**	**23,565**

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 177% (171% 31 December 2015; +6 pps).

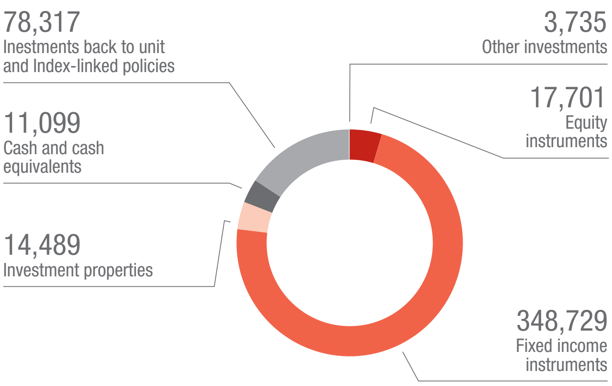
The Economic Solvency Ratio, which represents the economic view of the Group's capital and is calculated by applying the internal model to the entire Group perimeter, stood at 194% (202% 31 December 2015; -8 pps).

For further information regarding the Group's solvency position, please refer to the Risk Report.

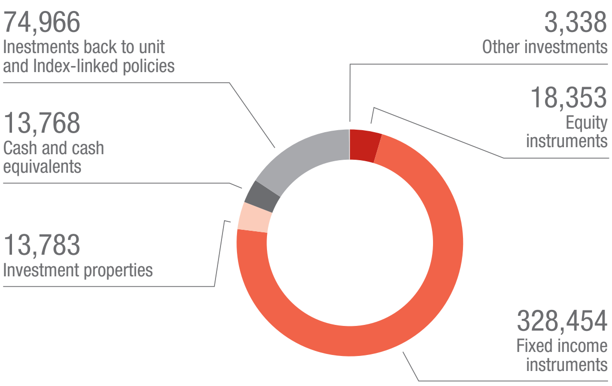
Investments

Asset allocation

Investments at 31/12/2016



Investments at 31/12/2015



At 31 December 2016, total investments amounted to € 474,069 million, up by 4.7% over the previous year. Group investments amounted to € 395,752 million (+4.8%) and unit/index linked investments amounted to € 78,317 million (+4.5%).

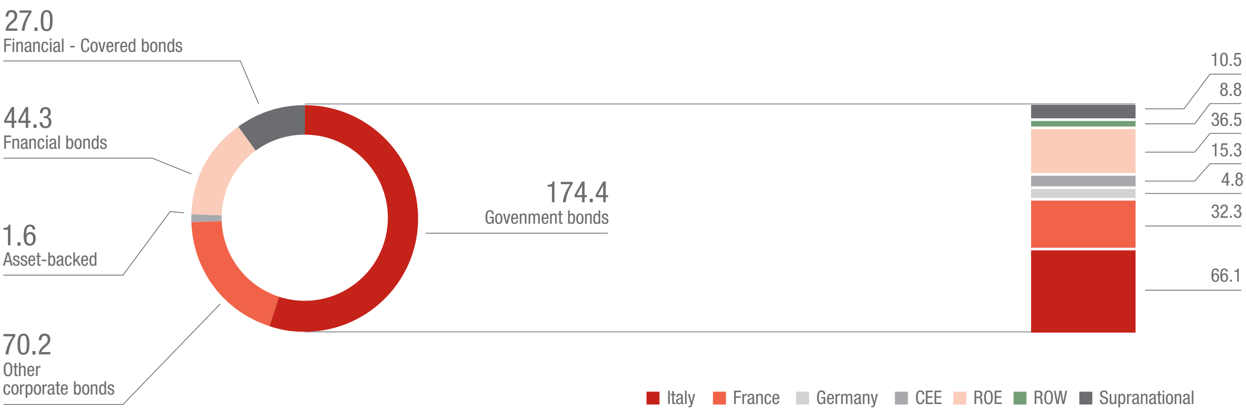
With respect to the ratio of the main investment categories, the relative exposure of the fixed income instruments was up to 88.1% (87% at 31 December 2015). The ratio of investment properties is stable at 3.7% (3.7% at 31 December 2015), while the incidence of the equity instruments declined to 4.5% (4.9% at 31 December 2015) and that of other investments remained substantially stable, at 0.9% (0.9% at 31 December 2015). Other investments mainly include receivables from banks or banking customers, equity investments and derivatives. Lastly, the liquidity ratio decreased from 3.7% to 2.8% due to the planned gradual reinvestment of liquidity.

Sustainability Report 2016, p. 36
for further information on Group responsible investments

Fixed income securities: bond portfolio

Bond portfolio: details by sector

Government bonds: details by country of risk

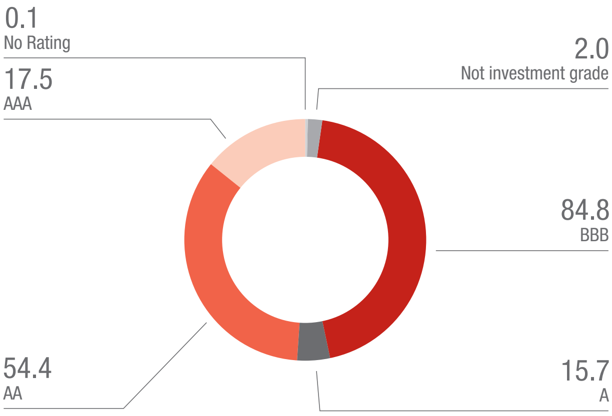


With reference to the bond portfolio, government bonds which represent 54.9% (54.9% at 31 December 2015) were up, standing at € 174,364 million (€ 163,474 million at 31 December 2015). The change during the period was due primarily to the acquisitions made in 2016. The exposure to individual government bonds is mainly allocated to the respective countries of operation, in line with the Group's ALM policy.

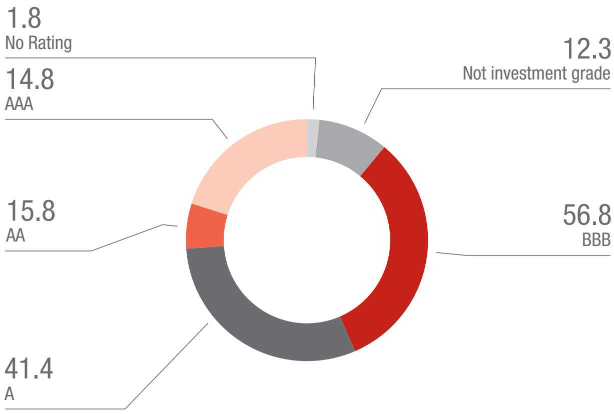
The corporate component increased in absolute terms to € 143,063 million (€ 134,077 million at 31 December 2015), equal to 45.1% of the bond portfolio (45.1% al 31 December 2015). The change is due to the net purchases made during the year, as well as the increase in value resulting from the decrease in the credit spread. The corporate component includes guaranteed bank corporate bonds, financial sector bonds and bonds issued by industrial companies. With reference to the new investments those in the non-financial sector were preferred in order to increase diversification. The decrease of Covered bonds was mainly due to maturities not replaced by new acquisitions, also due to a lack of new issuances for this kind of instruments.

A breakdown by credit rating of the bond portfolio at 31 December 2016 split between corporate and government bonds follows.

Government bonds

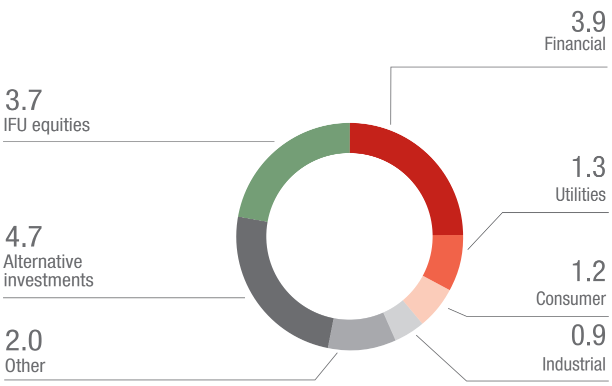


Corporate bonds



Rating changes in comparison with previous period reflect net sales as well as market movements; moreover further variations in some rating classes - mainly AAA - are due to a changed methodology in the rating attribution process, which foresees the use of internal rating when lower than the external one.

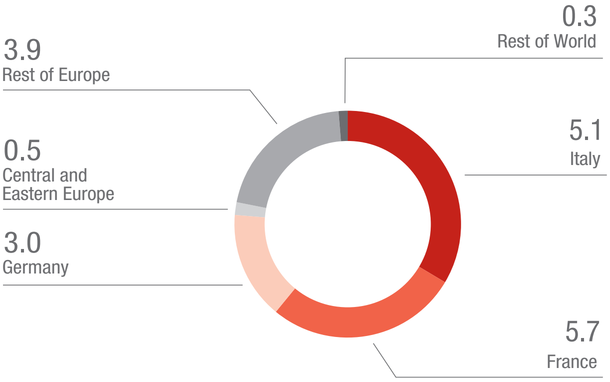
Equity securities: share portfolio



Equity securities decreased in absolute terms, standing at € 17,701 million (€ 18,353 million at 31 December 2015).

The change during the period is partially due to the sales made in the year and partially to the rotation of the portfolio, aimed at reducing of equity risk against negative performances of the market at the beginning of the period. In this context the exposure to financial securities - more volatile - decreased, and priority was given to countries and sectors with a more promising economic outlook.

Investment properties



Investment properties in terms of book value amounted to € 14,489 million (€ 13,783 million as at 31 December 2015).

In particular, the direct investment properties of the Group, at market value, amounted to € 18,522 million (€ 17,385 million as at 31 December 2015), and are almost all in Western Europe, mainly in Italy, France and Germany. The properties are mainly located in their respective countries of operation.

Investment result[4]

Return on investment

	31/12/2016	31/12/2015
Economic components		
Current income from fixed income instruments	10,737	10,880
Current income from equity instruements	704	583
Current income from real estate investments(*)	775	826
Net realized gains	2,167	3,212
Net impairment losses	-1,134	-737
Net unrealized gains	-382	-784
Average stock	**395,343**	**373,097**
Ratio		
Current return(*)	3.2%	3.4%
Harvesing rate	0.2%	0.5%
P&L return	3.3%	4.0%

(*) Net of depreciation of the period.

The current return recorded a modest decline, standing at 3.2% (3.4% at 31 December 2015), with a slight decrease in absolute terms in current income, amounting to € 12,469 million (€ 12.552 million at 31 December 2015). The reduction in the ratio is partly due to the significant increase in average investments, and also to the low interest rates that can be obtained when reinvesting.

The contribution to the result for the period from realized gains and losses through profit or loss (harvesting rate) experienced a reduction to 0.2% (0.5% at 31 December 2015) mainly due to a decline in realized gains both in the life segment and in the property&casualty segment, in particular on equity securities and investment properties, aimed at preserving future return of portfolio in a context of ongoing low interest rates, and to an increase of impairment losses, mainly on the equities side, due to the negative trend of the markets.

4
Please refer to the methodological notes attached to this report for details on the calculation of this indicator.

Debt and liquidity

Liabilities

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, including subordinated liabilities, bonds issued and other loans obtained. This category includes liabilities incurred in connection with a purchase of controlling interests.

Total liabilities were as follows:

Group debt

(€ million)	31/12/2016	31/12/2015
Liabilities linked to operating activites	**38,747**	**36,787**
Liabilities linked to financing activities	**12,669**	**13,117**
Subordinated liabilities	9,126	9,643
Senior bonds	3,017	2,992
Other non subordinated liabilities linked to financing activities	526	481
Total	**51,416**	**49,904**

The decrease in the Group's liabilities linked to financing activities was due mainly to the following transactions completed in the course of the year:

- the issue by Assicurazioni Generali of a subordinated bond with a nominal value of € 850 million for the early financing of the repayment of another subordinated liability issued by the subsidiary Generali Finance, with an early repayment option as of 8 February 2017;
- the repayment as at 16 June 2016 of two subordinated bonds issued, in euro and pounds, by the subsidiary Generali Finance, for a total equivalent value of € 1,167 million.

The weighted average cost of liabilities linked to financing activities at 31 December 2016 amounted to 5.67%, similar to the 5.65% at 31 December 2015 and the 5.68% at 30 September 2016. The weighted average cost reflects the annualized average cost of the debt considering the outstanding liabilities at the reporting date and the related currency and interest rate hedging.

Interest expenses on total liabilities are detailed below:

Interest expenses

(€ million)	31/12/2016	31/12/2015	Change
Interest expense on liabilities linked to operating activities	358	411	-12.8%
Interest expense on liabilities linked to financing activities	723	684	5.8%
Total(*)	**1,081**	**1,094**	**-7.1%**

(*) Without taking into account the interest expenses on liabilities linked 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 financial activites

Details of subordinated liabilities and senior bonds

(€ million)	31/12/2016				31/12/2015			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost %	Nominal value	Book value	Accrued interest expenses	Average weighted cost %(*)
Subordinated liabilities	9,166	9,126	595	6.14%	9,681	9,643	551	6.10%
Senior bonds	3,000	3,017	125	4.18%	3,009	2,992	132	4.20%
Total	**12,166**	**12,144**			**12,690**	**12,635**		

(*) The weighted average cost reflects annualized cost of financial debt considering the outstanding debt at the reporting date and the related activities of currency and interest rate hedging.

Details of issues and redemptions of subordinated liabilities and senior bonds

(€ million)	31/12/2016			31/12/2015		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	850	1,167	-317	1,250	0	1,250
Senior bonds	0	0	0	0	500	0
Total	**850**	**1,167**		**1,250**	**500**	

Details on principal issuances

Subordinated liabilities

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Call date	Maturity
Generali Finance B.V.	5.32%	752	EUR	-	16/06/2006	repaid(***)	Perp
Generali Finance B.V.	6.21%	345	GBP	-	16/06/2006	repaid(***)	Perp
Assicurazioni Generali	6.27%	350	GBP	407	16/06/2006	16/06/2026	Perp
Generali Finance B.V.	5.48%	869	EUR	711	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	6.42%	495	GBP	576	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	750	EUR	748	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	1,250	EUR	1,246	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	989	02/04/2014	na	04/05/2026
Generali Finance B.V.	4.60%	1,500	EUR	1,340	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,242	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	840	08/06/2016	08/06/2028	08/06/2048

(*) in currency million.

(**) in € million.

(***) on 16/06/2016.

This category also includes unlisted subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries. Liabilities issued by Assicurazioni Generali S.p.A. in the form of private placements amounted to a nominal amount of € 1,000 million corresponding to an amortized cost of € 998 million. The remaining subordinated liabilities relate to shares issued by subsidiaries in Austria with an amortized cost of about € 29 million.

A subordinated bond was issued in June 2016 for a total amount of € 850 million the proceeds from which were used to refinance a subordinated bond issued by the Group with a call date in February 2017.

Senior bonds

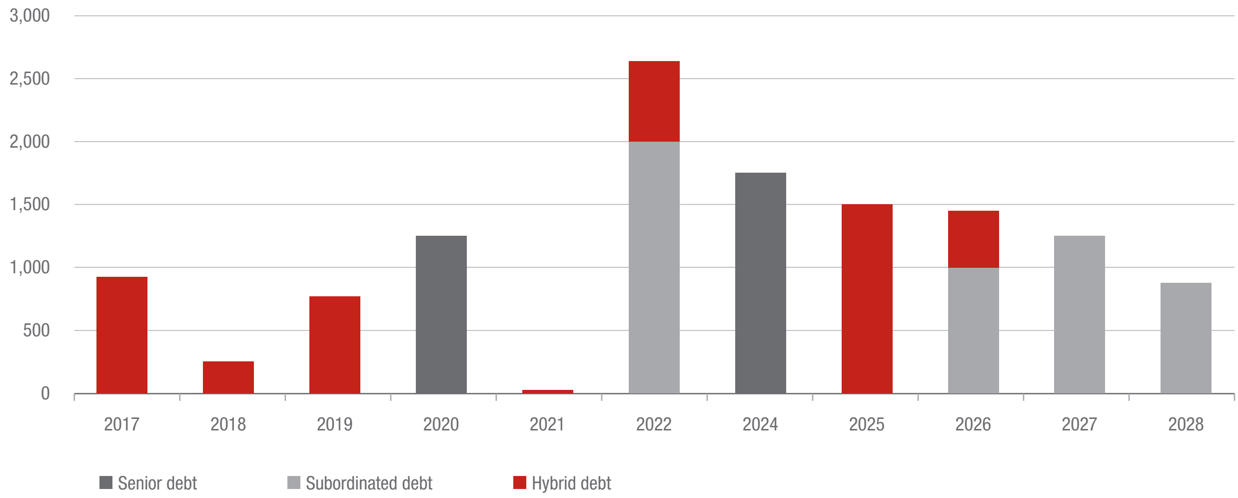
Main senior bonds issues

Issuer	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,724	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,245	14/01/2014	14/01/2020

(*) in currency million.
(**) in € million.

This category also includes other bonds, mainly including those issued by the subsidiary Ceska Pojistovna for a nominal amount of CZK 500 million. The amortized cost of the remaining positions amounts to about € 48 million.

Maturity of the financial debt



The average duration at 31 December 2016 was 6.72 years compared to 6.68 years at 31 December 2015. The change in the average duration is a direct result of the re-financing operations described above.

Lines of credit

As in established market practice for the sector, in May 2015 Assicurazioni Generali renewed the previous revolving credit lines programme. The series of lines with a total maximum amount of € 2 billion has expiries from 3 to 5 years.

The counterparties are major financial institutions of high international standing. This will only impact the Group's financial liabilities if the facility is drawn down, and will allow Generali to improve financial flexibility to manage future cash requirements in a volatile environment.

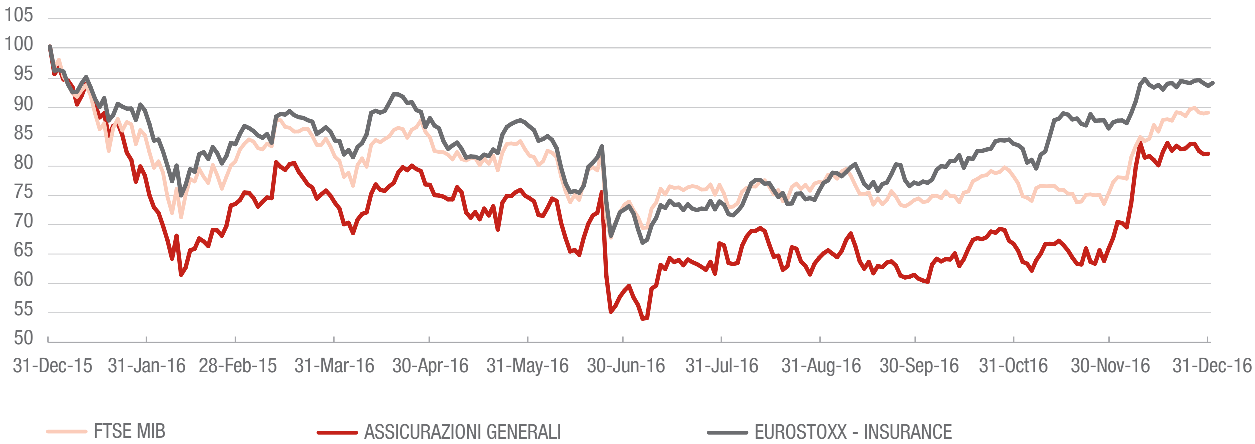
Liquidity

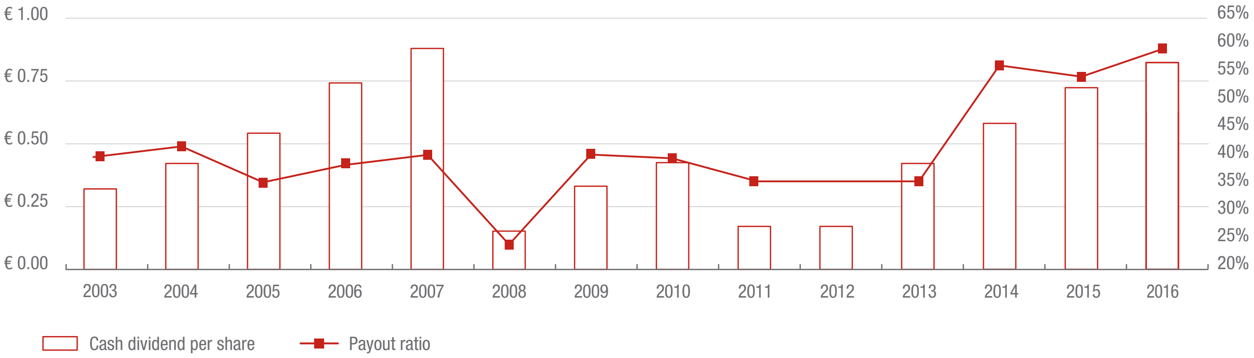
Cash and cash equivalent

(€ million)	31/12/2016	31/12/2015
Cash at bank and short-term securities	6,279	8,792
Cash and cash equivalents	649	211
Cash and balances with central banks	606	41
Money market investment funds unit	4,362	5,527
Other	-796	-803
Cash and cash equivalents	**11,099**	**13,768**

Liquidity decreased to € 11,099 million, in particular due to its reinvestment, in order to limit the dilution of yelds, which are currently negative for bank deposits.

Share performance





KPIs per share

	31/12/2016	31/12/2015
EPS	1.34	1.30
Operating earning per share	1.64	1.64
DPS	0.80	0.72
Payout ratio	60.0%	55.3%
Total dividends (in € million)	1,249	1,123
Share price	14.12	16.92
Minimum share price	9.82	15.26
Maximum share price	16.37	19.07
Average share price	12.42	17.35
Weighted average number of ordinary shares outstanding	1,558,512,070	1,556,428,701
Market capitalization (in € milion)	22,026	26,342
Average daily number of traded shares	9,962,523	7,603,419
Total shareholders' return (%)*	-11.60	2.95

* (total dividend + var. share price during the reference period) / share price at the beginning of the year.

Our reference markets: positioning* and performance

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

Italy

Gross written premiums
€ 23.6 bln

Total operating result
€ 2,087 mln

Life market share
16.2%

P&C market share
15.8%

Our people
14,091

Ranking
1st

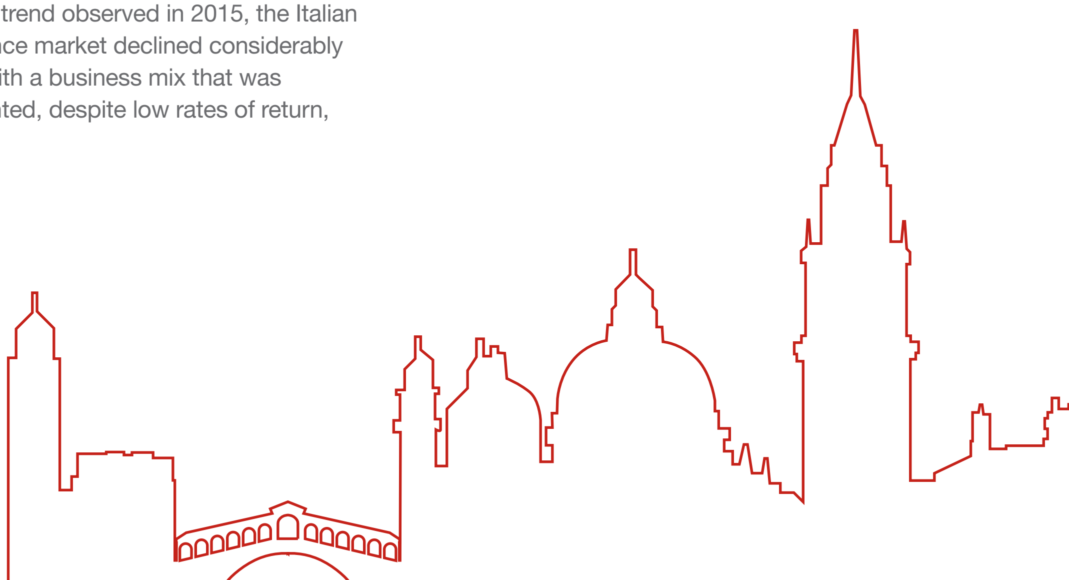
Generali is a leader on the Italian insurance market with an overall share of 16.2% thanks to the complete range of insurance solutions the Group offers its clients – retail, SME and corporate – in both the life and P&C segments. For distribution, Generali operates through a multi-channel strategy, mainly concentrated on agents. It also has a strong position in the direct channel, through Genertel – Genertellife, the first online insurance launched in Italy. The Group also offers a complete variety of insurance, pension and savings products to its customers through Banca Generali.
With the completion of the integration process, launched in 2013, aiming at the unification of all the existing brands into three main strategic brands - Generali (retail market and SME), Alleanza (households) and Genertel (alternative channels) – in 2016 Generali Italia has launched its simplification programme. The goal is to improve the customer experience by simplifying the relationship between customers and agents - for the entire process from pre-sales to assistance - and providing more accessible and innovative services.

At macroeconomic level, the Italian economy has exited its long recession; GDP growth for 2016 is estimated at 0.9%, supported by exports, a weak recovery in both domestic demand and in investments in machinery and equipment. The growth in disposable income caused by more favourable employment conditions is favouring household consumption.

Unlike the trend observed in 2015, the Italian life insurance market declined considerably in 2016, with a business mix that was more oriented, despite low rates of return, towards traditional products, which are more attractive than unit-linked products when financial markets are particularly volatile.

The P&C market also recorded worse performance this year due to strong competition amongst the various motor insurers, resulting in a further decline in average premiums. Benefitting from the macroeconomic recovery, though modest, positive growth rates continued to be seen in the non-motor segment.

The domestic financial market was characterized by increased volatility starting in the second part of the year, due to the Italian bank recapitalization process in addition to the constitutional referendum. Government bonds were impacted by this to a certain extent, with the yield spread between the 10-year Italian bond and the German bund expanding to 162 bps (97 bps at the end of 2015), while the equity market recorded negative performance overall (FTSE MIB -10%) despite the significant recovery in December after the quick formation of a new government and the accommodating actions of the ECB.



Life premiums
€ 17,911 mln
(-7.7%)

APE
€ 2,129 mln
(-8.3%)

NBV
€ 579 mln
(-1.8%)

Life OR
€ 1,298 mln
(+7.6%)

Important decrease of unit-linked products (-25.2%), especially for the single premium products, because of financial markets volatility. As for savings products, the decrease (-4.2%) is almost attributable to the more selective underwriting policy, which led to a review of the product range, implemented as a counteraction for the current low-interest rate environment.

New production registered a negative trend in terms of APE (-8.3%) following the reduction of both annual (-2.7%) and single premiums (-13.0%), mainly because of the drop in hybrid products sales caused by the review of the product range. NBM (margin on APE) grew from 25.4% (year end 2015) to 27.2, mainly because of the calibration of the offered guarantees, of more profitable unit-linked products and of a taxation reduction. Notwithstanding the reduction in terms of volumes, the increase in profitability brought the new production value to € 579 million (-1.8%), slightly lower than the previous year one.

P&C premiums
€ 5,701 mln
(-4.1%)

P&C OR
€ 669 mln
(-5.0%)

Cor
89.9%
(+0.9 pps)

The reduction of the gross written premiums is attributable to both segment trends. As for the motor one (-5.2%), its result is impacted by the decrease of the average premium and the loss of important fleet contracts occurred during the first part of the year. The negative trend of non-motor segment (-3.6%) has to be entirely conducted to the SME sector which is affected by strong competition.

Cor is increasing mainly because of the expense ratio of the non-motor portfolio. Loss ratio improved (-0.6 pps) thanks to the positive contribution of prior years loss ratio and nat cat claims, which counted for € 100 million (1.9 pps; 2.1 pps in 2015), of which € 56 million are attributable to the earthquake occurred in centre Italy.

In Italy we offer Generali qui per voi, a service to be used in the case of natural catastrophes which involve several people. A team specialized in Natural events is activated when the events occurs. It is made up of an event manager and of several teams which on one hand will help local agencies with the work-peaks in case of emergency and on the other hand it will identify and coordinate partners for the definition and settling of claims. A dedicated line and an operating unit are also set in case local agencies are unavailable because of the natural catastrophe.
Generali Italia has also extended policies' coverage for earthquake and flooding risks for the customers already insured against fire and other damages, not considering a possible State help in case of calamity.

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Germany

Gross written premiums
€ 16.2 bln

Total operating result
€ 847 mln

Life market share
10.2%

P&C market share
5.6%

Our people
12,424

Ranking
2nd

In Germany, Generali Deutschland is the second insurance group in terms of total premium income. Its market share is 5.6% in the P&C segment and 10.2% in the life segment (also including the healthcare business), and is particularly well positioned in the unit-linked and protection business lines, in hybrid products, corporate pension plans and in the direct channel.

In 2016 Generali Deutschland continued the strategic repositioning aimed at implementing different initiatives to strengthen its position by leveraging its strong multi-channel presence, the simplified and market focused approach, a new business model in the life segment, as well as through the launch of innovative and smart products and of services and processes focusing on the specific customer needs.
Thanks to the strategic repositioning on German market started in May 2015, governance in Generali Deutschland has been strongly revised and made more efficient. The local holding, whose headquarter wad based in Cologne, organizationally speaking has been integrated with the two main business units - Generali Versicherung (P&C) and Generali Leben (life) located in Munich - becoming the new Generali Deutschland AG. With the realignment of the different Group companies' board of directos and the creation of a matrix management structure, Generali in Germany is continuously oriented towards agile governance.

The product range is built on the following three pillars:

- **Generali** as a multi-channel life and P&C insurer, mainly relying on agents and brokers as to the distribution;
- **AachenMünchener**, leader in unit-linked products with a successful partnership with DVAG, representing the strongest financial consultant network in Germany;
- **CosmosDirekt** as first direct insurer and leader in term-life products.

Central, Advocard, Dialog and Badenia also guarantee tailored insurance solutions for customers and more agile sales channels at country level.
July saw the launch of Vitality, an innovative programme combined with life policies, particularly term life and professional disability, in order to promote healthy lifestyles.

The negative performance of the German life segment, which began in 2015, continued again in 2016: interest rates have remained quite low and are not expected to recover in the short term. The main sector counter play was to push towards unit-linked products. In P&C, on the other hand, motor continues to grow at good pace, also thanks to rising vehicle registrations, but a slowdown is forecast in the years to come due to the flattening of the tariff cycle and decreased expectations of GDP growth.
Within a context of high volatility, the yield on the 10-year German bund declined significantly, even recording negative returns during the summer, to then bounce back to around 0.2% (0.6% at the end of 2015). On the other hand, there was growth in the equity market (DAX +7%).

Life premiums
€ 12,576 mln
(-11.1%)

APE
€ 708 mln
(-14.2%)

NBV
€ 275 mln
(+44.3%)

Life OR
€ 457 mln
(+3.9%)

Decrease of savings products (-18.8%), in particular the single premium one, consistently with the strategic actions implemented for the reduction of this product category.
New business in terms of APEs was down (-14.2%) due to the drop in the life segment (-14.9%), primarily following the decrease in single premium policies, whereas there was growth in the healthcare line (+3.4%). In terms of business lines, there was an increase in unit-linked policies (+1.8%) but savings products were down (-34.9%).
The NBM (margins on the APEs) increased from 23.1% in 2015 to 38.8% in 2016, mainly due to the better business mix, a recalibration of guarantees offered and a reduced cost of capital. New business value amounted to € 275 million (+44.3%).

P&C premiums
€ 3,651 mln
(+1.2%)

P&C OR
€ 428 mln
(+9.9%)

Cor
90.0%
(-2.5 pps)

Increase in the Gross written premiums thanks to the positive trends of both motor and non motor segments. Motor segment (+2.3%) benefitted from the pricing policies on the existing portfolio; non motor segment is also increasing (+0.6%).
Cor strongly improves, thanks to the reduced current accident year loss and to the expense ratio restraint, which reflects the cost-reduction policies, and the reduced catastrophe losses (€ 71 million, 2.0 pps. instead of the 2.3 pps of last year.).

Generali Vitality is the first holistic health- and wellness-based insurance product which thanks to its innovative approach helps consumers gain in-depth knowledge about their health, how to improve it, and how to reap the rewards for improving their lifestyle. We decided to reinvent insurance, creating a constant and emotional way to keep in touch and reward people. We did this by taking a start-up mentality and combining it with central and local teams; then we inspired those teams and launched a partnership with Discovery in order to reshape value proposition based on customer research. We wanted to be the first in Europe to capture the wellness insurance space. We created a new eco-system, also thanks to valuable partners such as Adidas and Fitness First. Vitality will change our relationship with customers, offering them a tailored program of services to help them improve their lives. Sales will be able to engage with customers about rewards and wellness instead of death, illness, and disability. That's why the 90% of agents subscribed to Vitality membership in the first week.

Sustainability Report 2016, p. 30

France

Gross written premiums
€ 10.9 bln

Total operating result
€ 701 mln

Market share

Life	**4.9%**
P&C	**4.6%**
A&H	**6.5%**

Our people
7,594

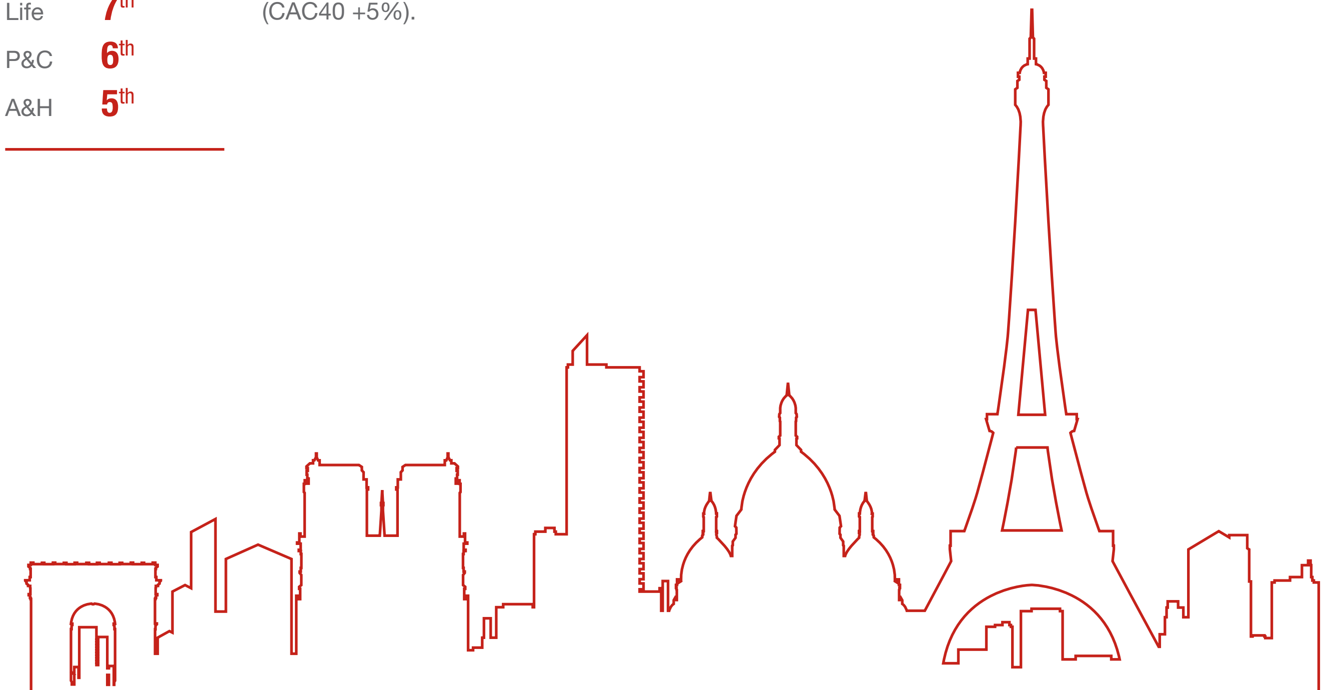
Ranking

Life	**7th**
P&C	**6th**
A&H	**5th**

France is the third most important market in the Group, after Italy and Germany, contributing roughly 15% to the Group's total premiums. In the French insurance market, Generali France is a major player, with a strong position and a multi-channel distribution network. Its sales force includes agents, employed sales persons, brokers, financial advisors, banks, direct channels and affinity groups. The variety of the distribution channels reflects the features of the market and of the products distributed. This approach gained momentum after the "Customer centric" reorganization occured in 2014, based on the creation of 4 separate client areas (Individual, Affluent, Professional&SME and Commercial). Generali is also renowned for its leadership in the Internet savings segment thanks to the excellence of the services provided and its important partnerships.

The French economy showed signs of recovery in 2016 compared to the previous year, although GDP growth has remained at low levels just over 1% yearly in real terms. Within a weak growth and low inflation scenario, interest rates remained at historically low levels, as in the rest of Europe. In particular, the yield on the 10-year OAT government bond declined to close to zero in the summer, and thereafter rose to 0.7% (1% at the end of 2015). There was moderate growth in the equity market (CAC40 +5%).

The low interest rates environment, especially in the its short term favoured the reallocation of financial assets into life products, i.e. the savers' favourite insurance form in France. Net cash inflows in the French life insurance sector was positive, although they were lower than in 2015. Despite contrasting trends in the securities markets, unit-linked products, which represent roughly 20% of premium income, posted a favourable performance at around the same levels as last year.
The rather modest trend in the P&C market continues (+1.5% compared to last year), due to the mentioned weak economic environment, ongoing competition and a soft phase within the corporate business underwriting.



Life premiums
€ 8,405 mln
(-4.3%)

APE	NBV
€ 939 mln	**€ 90 mln**
(-0.4%)	(+37%)

Life OR
€ 593 mln
(+4.5%)

Saving products shrinkage (-7.8%) due to the strict underwriting policies put into action to counter the difficult financial context characterized by low interest rates. This difficult environment affected also unit-linked products (-8.0%). Positive trend for pure-risk segment (+7.9%), thanks to the positive effect of the ANI reform.
APE was substantially stable (-0.4%), reflecting the excellent development of annual premiums (+10.2%), offset by the contraction in single premium policies (-8.4%). With reference to the lines of business, the risk business had particularly excellent performance (+21.7%). The NBM (margins on the APEs) increased from 6.5% in 2015 to 9.6% in 2016, mainly due to the decrease in guarantees offered in the savings segment, which represented 42.8% of business. New business value amounted to € 90 million (+37.0%).

P&C premiums
€ 2,514 mln
(-0.9%)

P&C OR	Cor
€ 137 mln	**99.4%**
(+6.9%)	(-0.8 pps)

Property&Casualty premium income was down to a modest extent; the motor segment (-0.6%) reflects the lower average retail premium and the fleet portfolio restructuring actions. The slight decline in the non-motor segment (-0.4%) was caused primarily by multi-risk and corporate businesses.
Cor is improving continuously as a result of the decline in the loss ratio, which reflects actions undertaken in recent years to restore an adequate level of profitability. The impact of catastrophe claims remained basically unchanged (1.8 pps compared to 1.9 pps in 2015).

Generali France found a new way to help SMEs be more aware of their risk exposure and to help them manage and expand their business: Generali Performance Globale (GPG), a new holistic approach to risk management.
GPG is an innovative strategy of risk management, with a focus not only on traditional and insurable risks, but with a wider perspective on business. After a preliminary assessment phase of in-depth data-collection from the company and analysis, we determine a company's strengths and weaknesses and make a cross-business risk-management plan with an eye toward sustainable development issues.
By 2016, ten years after its birth, GPG's influence has extended to larger organizations and franchise networks, leaving a mark on the history of risk management for any kind of business, thanks to its innovative and responsible approach.

CEE

CEE includes Czech Republic (Cz), Poland (Pl), Hungary (Hu), Slovakia (Sl), Serbia, Montenegro, Romania, Slovenia, Bulgaria and Croatia.

Gross written premiums
€ 3.5 bln

Total operating result
€ 461 mln

Life market share

Cz:	**26.2%**
Hu:	**9.7%**
Sk:	**7.5%**
Pl:	**4.3%**

P&C market share

Cz:	**32.8%**
Hu:	**19.1%**
Sk:	**11.5%**
Pl:	**4.6%**

Our people
12,061

Ranking

Cz:	**2nd**
Hu:	**2nd**
Sk:	**3rd**
Pl:	**6th**

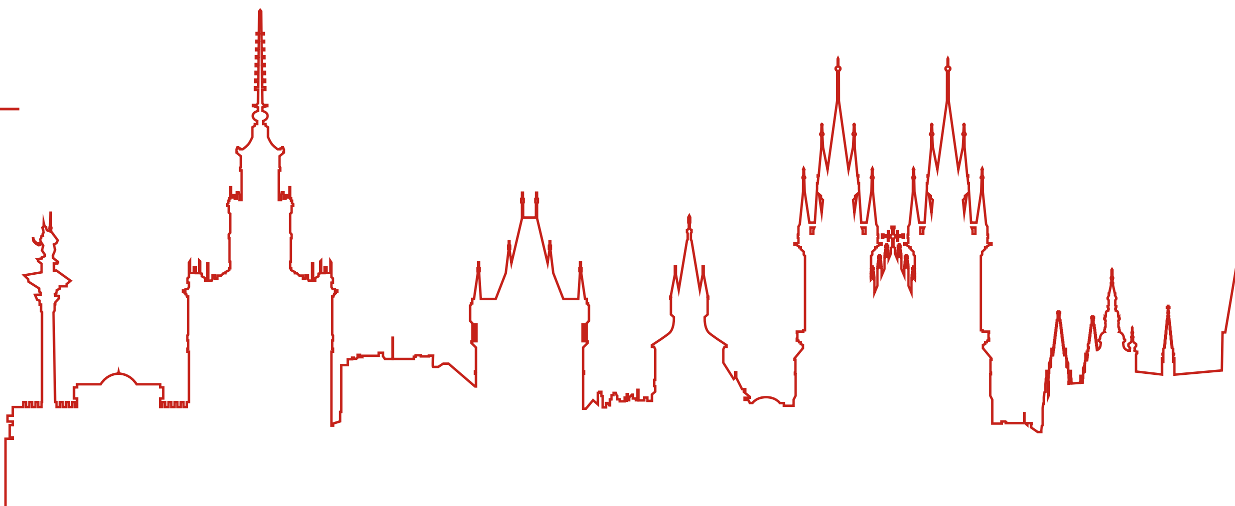
Generali CEE Holding is one of the biggest insurers in the Central Eastern European market. The Group ranks second in the Czech Republic, Hungary and Serbia, third in Slovakia and among the top ten in the other countries.

In terms of volumes, main insurance markets are Czech Republic, Poland, Hungary, Slovakia. The contribution of the minor markets has improved during the last years, resulting in an increase of the premium income on the total volume of the area. Generali CEE is the best in the entire region by technical profitability, with a medium-long term Net Combined Ratio at below 90%.

In the Czech Republic, the region's most significant financial market for Generali Group, growth and inflation trends have remained anchored to those of the Eurozone. The continuation of low interest rates has been combined with the increased volatility of the Czech koruna, expected especially in 2017, while awaiting for the launch of different methods of market intervention by the central bank.

As in other regions, in Eastern European countries local supervisory authorities are continuing to issue new insurance market regulations, thereby increasing the level of complexity for companies during their subsequent adoption and implementation.

In 2016, life premium volumes declined, due for the most part to single premium policies, while there were positive developments in P&C premiums, driven by motor insurance.



Life premiums

€ 1,448 mln

(-9.4%)

APE	NBV
€ 136 mln	**€ 47 mln**
(-16.8%)	(+21.2%)

Life OR

€ 248 mln

(+9.2%)

There was a decline in unit-linked products (-23.9%, particularly single premium policies) and savings products (-6.1%, for the most part recurring premium policies). In detail, this evolution can be ascribed to a significant extent to the drop in the Czech Republic (-7.5%), where there was strong competition amongst the main market players focusing on market share, and in Poland (-28.7%). In the latter country, premium income was down due to the complex legislative environment and the company's continuous focus on boosting insurance business profitability.
By contrast, the protection (+7.9%) recorded positive performance, in line with the Group strategy.
The drop in new business in terms of APE (-16.8%) is mainly due to the reduction in the unit-linked business (-28.3%). The rise in NBM (margins on APEs) from 23.7% in 2015 to 34.8% in 2016 is explained mainly by the sharp drop in the profitability of the risk business, which represents 56.9% of business, up compared to the previous year. The increased profitability despite lower volumes resulted in a new business value of € 47 million (+21.2%).

P&C premiums

€ 2,041 mln

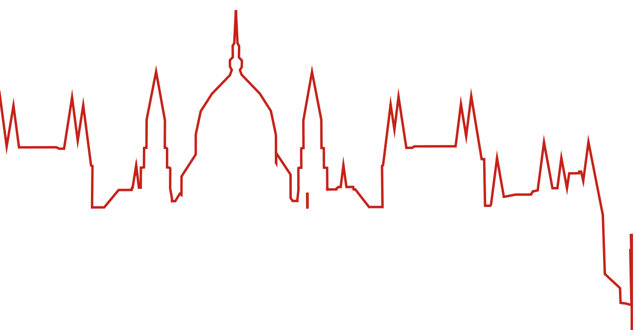
(+3.8%)

P&C OR	Cor
€ 204 mln	**89.5%**
(-0.4%)	(-0.6 pps)

The improvement in premium income emerged entirely from the motor segment (+7.1%), in particular the Czech Republic (+4.6%, thanks primarily to Casco line), Romania (+64.6%, especially due to retail trends), Slovakia (+13%) and Hungary (+8.3%).

The improved Net Cor can be ascribed entirely to the limitation of the expense ratio (-1.3 pps, linked to cost reduction policies), offsetting the pressure that can be observed in the net loss ratio, which reflects the deterioration in non-motor segments.

Claims management is key to how clients perceive us. Hence, we want to prove to our customers that they can truly rely on us, especially in the toughest times.
We want to offer more: a more personal experience, a more convenient service, faster communications by launching a series of smart and simple actions to improve our customers' experience. For example, we have introduced a real-time claims payment, a service that is unrivaled in Hungary and that, thanks to online systems, gives the customer the opportunity to initiate the claim process directly on-site and to receive payout right away. We send regular email updates on the settlement process and we make phone calls to communicate certain information.
Moreover, we provide our motor insurance clients with additional services free-of-charge, such as interior and exterior car-washes and a one-year guarantee at a selected repair shops.



EMEA

EMEA includes Austria (At), Belgium, Greece, Guernsey, Ireland, the Netherlands, Portugal, Spain (Es), Switzerland (Ch), Tunisia, Turkey and Dubai.

Gross written premiums
€ 10.6 bln

Total operating result
€ 865 mln

Life market share

Es:	**3.7%**
Ch:	**3.7%**
At:	**14.0%**

P&C market share

Es:	**4.3%**
Ch:	**4.9%**
At:	**16.3%**

Our people
10,557

Ranking

Es:	**8th**
Ch:	**8th**
At:	**3rd**

The Group's main EMEA markets are Spain, Switzerland and Austria. In these countries the implementation of strategic initiatives focused on improving client centricity and the quality of service offered is on-going, with the aim to develop smart and innovative solutions in coherence with the Group strategy.

Spain

Generali España is one of the main insurance groups in Spain, ranked eighth in terms of total premiums, with a market share of 3.7% in the life segment and 4.3% in the P&C segment.
The Group offers a wide range of life and P&C policies dedicated to private individuals and companies, using a multi-channel distribution strategy including bank offices and a network of agents and brokers which is among the most extensive in Spain.
In 2016, the bancassurance agreement with Cajamar was renewed and reinforced, thereby giving Generali España exposure to the main life distribution channel, which is also expanding in the P&C segment.
With reference to the insurance market, in 2016 the P&C segment grew for the second consecutive year since 2008, also supported by signs of recovery in the motor sector and in multi-risk and healthcare products. There was also a significant recovery in the life market, benefitting in part from the recovery of the bancassurance channel, which pushes the distribution of savings products.

Switzerland

Generali has been operating in Switzerland since 1987, consolidating its presence over time by the acquisition and merger of many insurance companies. Generali Switzerland is the 8th largest insurance group in terms of life and P&C premium income, with a life market share of 3.7%, and a P&C share of 4.9%. In accordance with the Group strategy, Generali Switzerland focuses on the retail business and provides high quality and innovative services through various distribution channels.

Overall, the Swiss economy has shown flexibility even after the decision of the central bank to abandon the floor on the exchange rate, which proves again to be stable. However, the inflation rate remains negative, the rate of unemployment, especially for young people, is growing and consumption levels are less dynamic.
As regards market trends, we are witnessing stable performance for the life segment - despite the context of low interest rates - and slight growth in the P&C segment

Austria

Generali has operated in this country since 1832 and is the third largest insurance operator in terms of written premiums, with a market share of 14.0% in life insurance and of 16.3% in P&C. It currently operates in the country through the insurance companies Generali Versicherung, BAWAG P.S.K. Versicherung and Europäische Reiseversicherung. The multi-channel distribution strategy involves multiple sales channels: agents, brokers, financial advisors and banks (BAWAG P.S.K. and 3Banken). The strategy adopted in the Austrian market reflects that of the Group, allowing the company to confirm its position as market leader in the retail sector thanks to the focus on customers and on their needs and to the quality of services, offering simple and innovative solutions.
At market level, the economic context remains overall quite complex, due to low interest rates, low inflation and a slightly increasing unemployment rate. As for the insurance market, price competition is very high, especially for the broker market, in which there has been a trend of concentration in pools. There have been difficulties in hiring new people for the sales force, and comparative web portals are on the rise.

Life premiums
€ 6,028 mln
(-7.1%)

APE
€ 544 mln
(-15.4%)

NBV
€ 212 mln
(+23.3%)

Life OR
€ 454 mln
(+19.8%)

The trend in life premiums is explained by the slowdown in income in Austria (-7.5%) and Switzerland (-7.3%), concentrated within savings products, in line with the Group's commercial strategy, in addition to the significant contraction in Ireland following the decline in single premium unit-linked products. Income from pure risk and healthcare premiums experienced gradual growth, especially in Spain and Austria.
New business in terms of APEs was down (-15.4%), following the reductions in Ireland (-23.7%) and Guernsey (-49.8%), with direct effects on the unit-linked sector (-16.1%). On the other hand, there was good progress in Spain (+10.0%) and Belgium (+48.7%) where, in particular, the company's commercial actions boosted sales of single premium unit-linked products.
Overall, NBM rose from 27.0% in 2015 to 39.0% in 2016, mainly due to the sharp decrease in traditional business in favour of the risk business in Austria, the recovery in profitability in Switzerland in light of new unit-linked products and the recalibration of the level of guarantee offered.
New business value amounted to € 212 million (+23.3%).

P&C premiums
€ 4,539 mln
(+3.4%)

P&C OR
€ 440 mln
(+16.6%)

Cor
93.3%
(-1.9 pps)

P&C premium growth in both segments was due in particular to Spain and Switzerland, which posted non-motor line growth. The motor segment is driven for the most part by growth in Spain and the Netherlands.
The Cor improved due to the lower loss ratio, especially in Austria and Belgium in non-motor lines and in Spain in the commercial line. The expense rate was down slightly, especially thanks to trends in Spain and the Netherlands.

In Spain the need to optimize the underwriting process, finds its solution in an underwriting platform that is conceived and managed to maximize industrialization, task-prioritization, and business specialization.
Our main goal is to improve on the main challenge areas of our previous system, while maintaining and even improving its strengths such as system flexibility and technical control.
The implementation of a state-of-the-art underwriting platform has had a huge impact, internally allowing us to gain high efficiency in analysis and network management, and externally to improve the satisfaction of intermediaries and to reduce the administrative burden. Although the solution is almost fully scaled up, additional synergies with respect to economies of scale and emerging technologies could still be generated.

Asia

Asia includes China, Indonesia, India, Hong Kong, Vietnam, Thailand, the Philippines, Malaysia and Japan.

Gross written premiums
€ 2.6 bln

Total operating result
€ 60 mln

Life market share (China)
7.4%

P&C market share (China)
1.8%

Our people
4,805

Ranking foreign insurers in China

Life **5th**

P&C **13th**

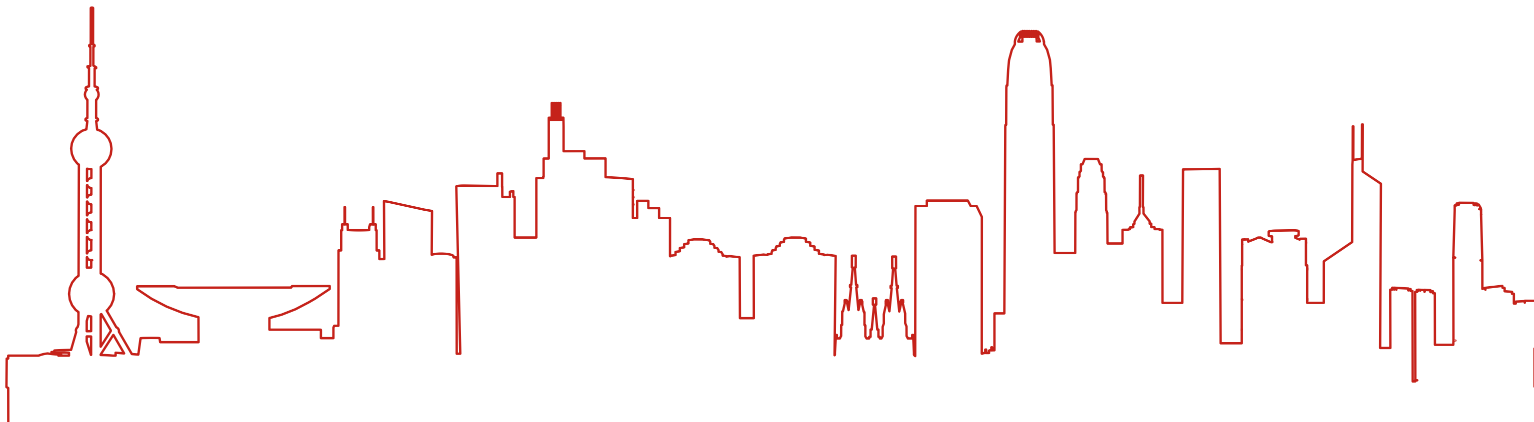
The Group has carried on business in Asia since the 1980s. It is currently present in China, Indonesia, the Philippines, Hong Kong, Japan, Thailand, Vietnam, India and Malaysia. The companies present in these last two countries, as well as China P&C, are not consolidated line-by-line as, at the moment, the relative shareholdings do not reach 50%.

Hong Kong is also home to the regional office, which coordinates the entire area's activities. The life business comes from China, Indonesia, Hong Kong, the Philippines, Thailand, Vietnam and India, and is concentrated primarily in the saving&pension segment, as well as Protection and, to a lesser extent, unit-linked.

In the P&C segment we operate in China, India, Malaysia, Hong Kong, Thailand and Japan, with a premium volume which is in any event limited with respect to total income in the Region (directly and not directly consolidated).

The main distribution channels are banks and agencies, in rapid development especially in China. The direct channel is still in the initial phases of development in China and Thailand. The main contributor in terms of sales and profit in the Region is the Chinese life company, Generali China Life, a joint venture with the local partner CNPC, which today has become one of the top foreign insurance groups on the market.

Recently, the most significant transactions were the creation of a new life company in Hong Kong, added alongside the branch and the regional office. The company, founded in July 2016, is specialized in the High Net Worth segment. On the other hand, at the end of 2014 the Group entered the Malaysian market through an agreement with Multi-Purpose Capital Holdings Berhad (a wholly owned subsidiary of the Malaysian group headed by MPHB Capital) to acquire 49% of the P&C insurance firm MPIB "Multi-Purpose Insurance Berhad", with the option to exercise a call option on the additional 21% of MPIB in the course of 2017. Thus, the Generali Group would hold a 70% stake in the company, the maximum allowed for foreign companies in Malaysia.



Life premiums
€ 2,380 mln
(+30.5%)

Life OR
€ 61 mln
(-35.7%)

Income experienced growth in all countries, driven by China and Hong Kong, the latter thanks to the High Net Worth business from the new life insurance company that has operated since July 2016.

P&C premiums
€ 198 mln
(+54.6%)

P&C OR
€ 1 mln
(n.m.)

Cor
100.5%
(+6.1 pps)

Premiums were up, mainly reflecting the performance of the Hong Kong branch, thanks to the volumes of premiums accepted for reinsurance in the accident&health and corporate segments.
The downturn in technical performance can be ascribed to a significant extent to the deteriorating profitability of the Hong Kong branch, impacted on one hand by the strengthening of reserves to come into line with the market's reserving level and, on the other hand, by the increased business mix of the accident and healthcare segment, with a higher loss ratio than the portfolio average. The worse loss ratio was partially offset by the decline in the cost rate, which benefitted from the increase in volumes.

The Generali brand was not recognizable in the Hong Kong life insurance market back in 2014. That year, Generali Asia made a strategic decision to launch a High Net Worth (HNW) project and developed a high benefit term life product called "Sigillo" to tap into Hong Kong's fast growing HNW-individual market. After the launch of this project we were able to offer competitive policies to the high-end customer base. The structure of Sigillo maximises the value for both insurers and insurees. Our share in life single premium sales in the Hong Kong brokerage market jumped from virtually 0% to 10% in two years.
It was such a success that Generali HK immediately shared its knowledge and experience with the company's China and Southeast Asia teams so that they, too, could grow their HNW business strategy.

Asia&Americas new business

APE
€ 391 mln
(+32.8%)

NBV
€ 53 mln
(+33.2%)

The new business in terms of APEs is up (+32.8%) with a good increase in Asia (+36.9%), despite the decline in Latin America (-23.1%).
Overall, thanks to the confirmation of higher NBM (13.5% in 2015 and 2016) and the increase in volumes, the value of new business stood at € 53 million, up 33.2%.

Americas

Americas includes Argentina, Brazil, Colombia, Chile, Ecuador, Guatemala and Panama.

Gross written premiums
€ 1.2 bln

Total operating result
€ 107 mln

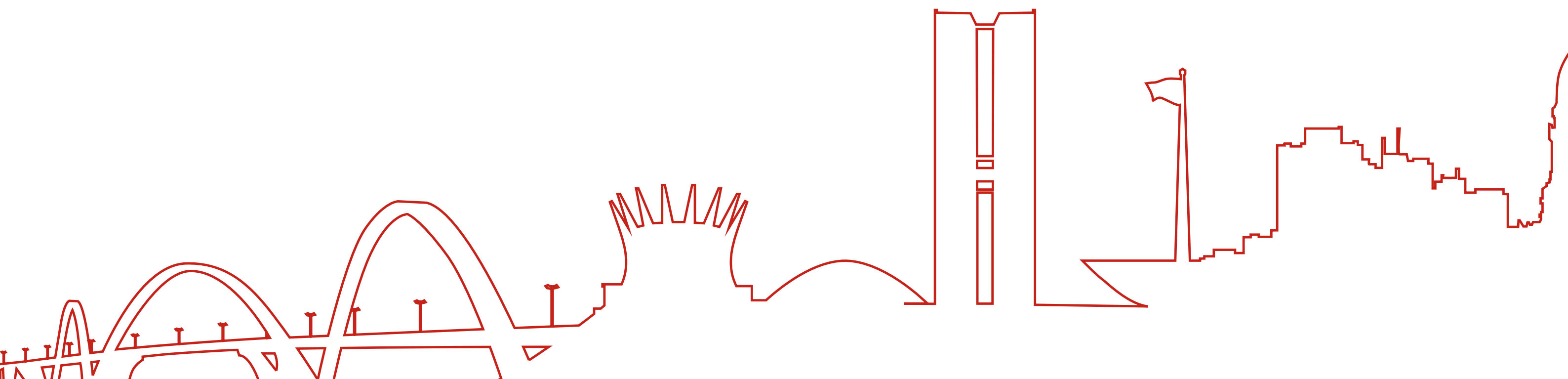
Life market share (Argentina)
6.2%

P&C market share (Argentina)
6.0%

Our people
3,399

Ranking (Argentina)
4th

Argentina is the main market in this region, where Generali is ranked as the fourth operator.
The Argentinian market is characterized by an historically high inflation rate, and a volatile financial environment, both of which have accentuated after the last political elections in late 2015. However, in the second part of 2016, the economy began to show signs of stabilization and opening towards the international markets despite the recession, which are positive signs for the future of this key Latin American country. Despite the 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.
Brazil is the second most important country in this area, although the current economic crisis and political instability are limiting development. Despite systemic turbulence, Brazil boasts of an emerging middle class which represents potential for insurance market development in the coming years.
The Group also operates in Chile, Colombia, Ecuador, Guatemala (whose disposal was finalised in early 2017) and Panama.



Life premiums

€ 272 mln

(+24.8%)

Life OR

€ 47 mln

(-5.2%)

The evolution in volumes is mainly associated with Argentina (more than 60% of the entire Region), operating in the protection segment, driven by the continuation of high inflation.

P&C premiums

€ 971 mln

(+27.1%)

P&C OR

€ 58 mln

(n.m.)

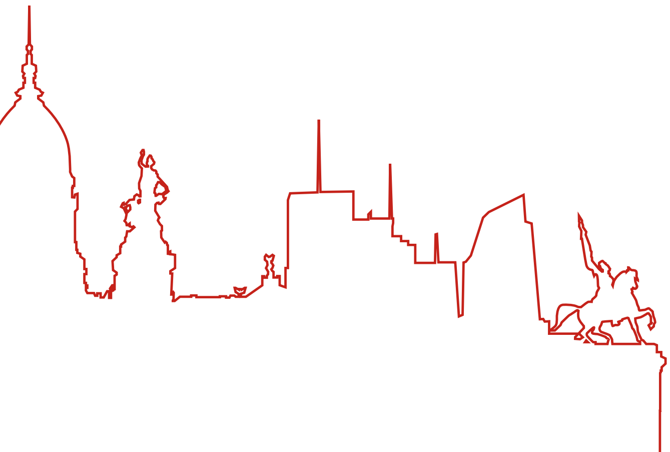
Cor

102.7%

(-3.5 p.p.)

Also in this case, the increase is linked for the most part to Argentina (more than 70% of the Region) and is explained by tariff increases (especially motor) enacted to deal with the peak in inflation. On the other hand, volumes were down in Brazil, as part of the measures taken to restore the company's profitability.
The improved Cor can be explained by the lower impact of the loss ratio with respect to the previous year, as well as the improvement of acquisition costs.

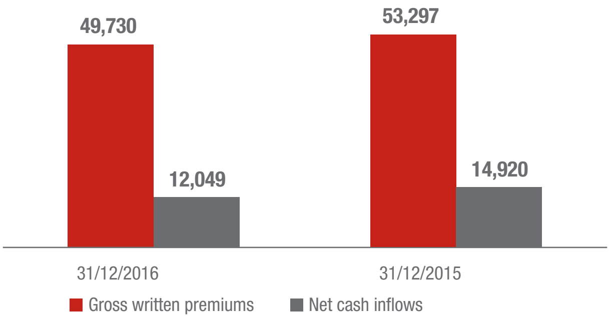
Mobile technology has changed the way we communicate, the way we search for information, the way we live. In a digital world where everyone has a mobile phone in his or her pocket, going to an office or even phoning a call center seems a very old-fashioned and inefficient solution. To minimize the gap between customers and branches, La Caja set up a partnership with Waze, a social app that uses geolocation to connect drivers and create local transport communities. Launched in 2015, this initiative has allowed us to increase brand visibility and client satisfaction.



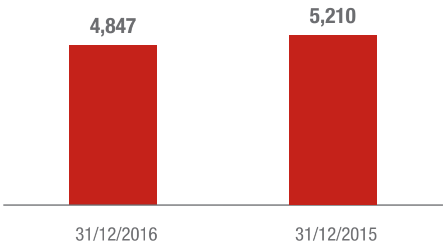
Performance and financial position by segment

Life segment

Gross written premiums[5] and net cash inflows



APE



Operating result

NBV

- Gross written premiums in excess of € 49.7 billion (-6.3%) and APE at € 4,847 million (-6.6%) due to the increasingly disciplined approach to the offer
- Excellent net cash inflows, at more than € 12 billion (-18.5%)
- New business value (NBV) at € 1,256 million (+14.6%), in line with the target of creating long-term value
- Operating result of € 3,127 million, growth of 5.5% thanks to technical margin development

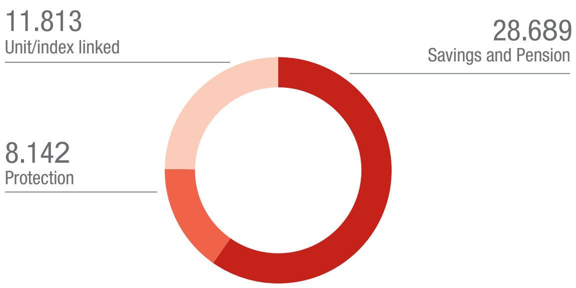
5 Including € 3,324 mln of premiums related to investement contracts.

Gross written premiums and new business development

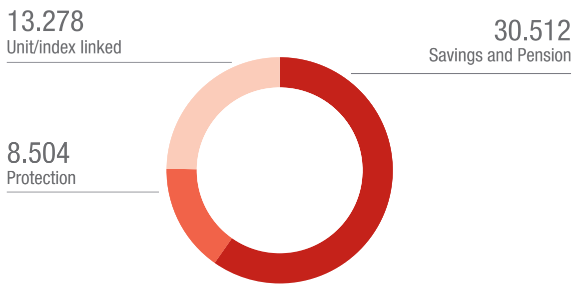
Gross written premiums in the life segment, including premiums related to investment contracts, amounted to € 49,730 million, a 6.3% decrease over the previous year, reflecting the increasingly disciplined approach taken to the offer.

With regard to the lines of business, the planned decline in savings products continues (-5.7%), reflecting the actions of rebalancing income towards products with better risk/return characteristics in the main countries in which the Group operates. The unit-linked line (-10.9%) is still impacted by equity market volatility, whilst protection line (-2.8%) is seeing positive performance in the Group's main areas, offset by the downturn in Germany (-12,4%) due to a positive effect in 2015.

Group written premiums by line of business at 31/12/2016



Group written premiums by line of business at 31/12/2015



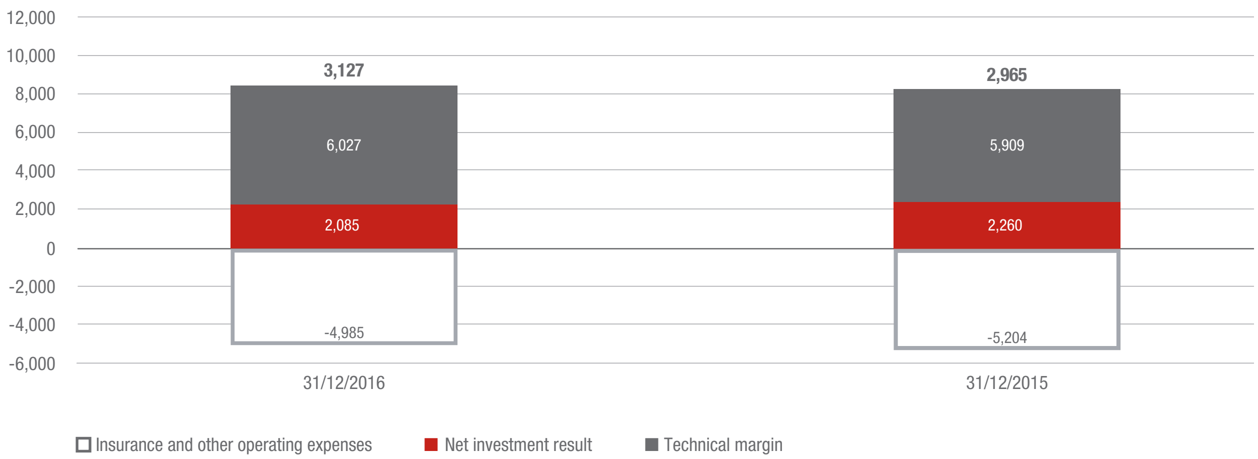
Net cash inflows is confirmed at excellent levels, reaching € 12,049 million, above the average of the last 5 years. The drop (-18.5%) recorded was due to the comparison with 2015 in which premium income reached the record level of nearly € 15 billion. This performance in particular reflects the drop seen in Germany, France and Italy due to more highly selective subscription policies for savings products, which are also involved in a significant revision of the offer, to adjust it to the current low-interest rate environment. In addition, there was an increase in amounts paid out in Germany linked to a particular portfolio that had reached its natural maturity. On the other hand, excellent performance continues in Asia, where net premium income grew by 40%.

New business in terms of annual premium equivalents (APE) stood at € 4,847 million, down 6.6% with respect to the previous year. This performance is mainly attributable to the decline in single premium policies (-13.4%) observed in all of the main markets except Asia, where instead there was growth of 47.8%. Annual premiums are basically stable (-0.5%); the decline in Italy, Germany, CEE and EMEA countries was offset by growth in France and Asia.
With reference to the lines of business, there was an improvement in the risk business with a good level of growth (+12.4%), primarily thanks to business in France (+21.7%) and Asia (+72.0%). On the other hand, unit linked business declined (-11.3%) in the main areas: -18.8% in Italy, factoring in the significant increase in "multi-line" products in the previous year, as well as in France and Germany. The savings business also decreased (-9.7%) due to the unfavourable financial situation and the Group's actions with a view to prudent management of the guarantees offered.

The effectiveness of the actions put into place, in line with the strategic plan, are also confirmed by the **new business value (NBV)**, which improved significantly (+14.6%), standing at € 1,256 million (€ 1,097 million at 31 December 2015).

The **new business margin (NBM)** rose significantly by 4.8 pps to 25.9% (21.0% at 31 December 2015), primarily due to the refocusing of sales towards the pure risk business and the effective recalibration of guarantees, although the economic environment is worse than last year.

Operating result



The operating result in the life segment amounted to € 3,127 million, up 5.5% compared to the € 2,965 million at the end of 2015. In particular, there was positive development in the technical margin net of acquisition and administration costs, partially offset by the contraction in the net investment result.

Finally, the operating return on investments[6] of the life segment stood at 0.74% (0.74% at 31 December 2015), despite the current financial market environment.

6 Please refer to the Glossary in the Appendix to Management Report section for more details on the way the indicator was calculated.

Operating result: Technical margin

Life segment operating result: technical margin

(€ million)	31/12/2016	31/12/2015	Change
Technical margin	**6,027**	5,909	2.0%
Net earned premiums	45,667	48,689	-6.2%
Fee and commission from financial service activities	191	236	-19.1%
Net insurance claims adjusted for financial interests and bonuses credited to policyholders	-40,137	-43,205	-7.1%
Other insurance items	306	189	61.7%

The technical margin[7], equal to € 6,027 million, is strongly up due primarily to the positive development of risk business profitability.

This margin does not include the insurance and other operating expenses, reported under the item total operating expenses.

Operating result: Net investment result

Life segment operating result: net investment result

(€ million)	31/12/2016	31/12/2015	Change
Net investment result	**2,085**	**2,260**	**-7.7%**
Operating income from investments	13,006	15,141	-14.1%
Net income from investments	11,345	12,416	-8.6%
Current income from investments	11,305	11,248	0.5%
Net operating realized gains on investments	1,673	2,365	-29.3%
Net operating impairment losses on investments	-706	-334	111.2%
Other operating net financial expenses	-927	-863	7.4%
Net income from financial instruments at fair value through profit or loss	1,661	2,725	-39.0%
Net income from financial instruments related to unit and index-linked policies	1,728	2,276	-24.1%
Net other income from financial instruments at fair value through profit or loss	-66	448	n.m.
Policyholders' interests on operating income from own investments	-10,921	-12,880	-15.2%

The net investment result, amounting to € 2,085 million, was down (-7.7%) on the € 2,260 million recorded at 31 December 2015.

This performance was particularly caused by the decline in net realized gains, reflecting the planned strategy of reducing this income component with a view to supporting the future return on investments. This was partially offset by the increase in current income from investments in equity and bonds despite the low interest rates in general.

7
Please refer to the Glossary in the Appendix to Management Report section for more details on the way the indicator was calculated.

More specifically:

- **current income from investments** – which also include the current income from investments at fair value through profit or loss – was up slightly at € 11,305 million (€ 11,248 million at 31 December 2015), while the related profitability, calculated on the basis of the book value of the investments, was down to 3.2%. In more detail, the current income from fixed income instruments fell from € 9,877 million at 31 December 2015 to € 9,801 million. The current income in the equity line was up, from € 416 million at 31 December 2015 to € 520 million. Finally, current income from investment properties was also slightly up, at € 543 million (€ 526 million in 2015);
- **net operating realized gains** on investments stood at € 1,673 million (€ 2,365 million as at 31 December 2015) against lower realized gains on all asset classes. In fact, the Group pursued the policy of sustaining future returns on its investments with a view to creating long-term value;
- **net operating impairment losses** on investments increased from € -334 million at 31 December 2015 to € -706 million; this performance mainly reflects higher impairments on equity instruments due to market trends;
- **other operating net financial expense**, which includes interest expense related to operating debt and investment management expenses, amounted to € -927 million (€ -863 million at 31 December 2015);
- **net income from financial assets and liabilities related to unit-linked and index-linked contracts** fell from € 2,276 million at 31 December 2015 to € 1,728 million. This trend was affected by the change in value of the investments against the performance of certain financial markets with respect to the corresponding period of the previous year;
- **net income from other financial instruments at fair value through profit or loss** amounted to € -66 million (€ 448 million at 31 December 2015). The significant change was due to the performance of certain financial markets during the year.

The policyholders' interests on operating income from own investments went from € -12,880 million at 31 December 2015 to € -10,921 million, down from the corresponding period of the previous year, due to the volatility of the income from financial instruments at fair value through profit or loss.

Operating result: Insurance and other operating expenses

Life segment operating result: insurance and other operating expenses

(€ million)	31/12/2016	31/12/2015	Change
Insurance and other operating expenses	**-4,985**	**-5,204**	**-4.2%**
Acquisition and administration costs related to insurance business	-4,888	-5,047	-3.1%
Net other operating expenses	-97	-157	-38.2%

The acquisition and administration costs related to insurance business and the other operating expenses have increased from € -5,204 million at 31 December 2015 to € -4,985 million.

More specifically, acquisition and administration costs related to insurance business stood at € -4,888 million, down by 3.1% compared to 31 December 2015. The costs of acquisition contributed to that change, which amounted to € -3,884 million, down by -4%, reflecting the general decline in the various countries in which the Group carries on business. Administration costs are essentially stable, amounting to € -1,004 million.

The ratio of the acquisition and administration costs to volume stood at 10.0% (9.6% at 31 December 2015).

Finally, the percentage of the total administration costs related to insurance business to the average insurance provisions stayed substantially stable at 0.26%.

Other operating items reduced to € -97 million, due to lower risk provisions. This item also includes the brand royalties paid by the companies in this segment to the Parent company for marketing and branding activities.

Non-operating result

The non-operating result of the life segment went from € -312 million at 31 December 2015 to € -464 million due to the decrease in the non-operating result of investments, reflecting the higher net impairment losses, which stood at € -246 million (€ -132 million at 31 December 2015) as well as lower realized gains (€ -1 million compared to € 24 million at 31 December 2015).

The other non-operating income and expenses increased, amounting to € -216 million (€ -204 million at 31 December 2015), of which € -87 million related to the amortization of the value of acquired portfolios (€ -86 million at 31 December 2015). This trend is mainly due to certain non-recurring costs that were made in 2016.

Life segment operating result

(in milioni di euro)	31/12/2016	31/12/2015	Change
Life segment operating result	**3,127**	**2,965**	**5.5%**
Net premiums	45,667	48,689	-6.2%
Net insurance benefits and claims	-51,127	-56,010	-8.7%
of which change in the provisions for unit and index-linked policies	-3,404	-5,564	-38.8%
Acquisition and administration costs	-4,817	-4,953	-2.8%
Acquisition and administration costs related to insurance business(*)	-4,817	-4,953	-2.8%
Other acquisition and administration costs	-3	-1	n.m.
Net fee and commission income and net income from financial service activities	117	142	-17.7%
Net operating income from financial instruments at fair value through profit or loss	2,107	3,117	-32.4%
of which net income from financial assets and liabilities related to unit and index-linked policies	1,728	2,276	-24.1%
Net operating income from other financial instruments	10,899	12,024	-9.4%
Interest income and other income	10,859	10,855	0.0%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,673	2,365	-29.3%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-706	-334	111.2%
Interest expense on liabilities linked to operating activities	-175	-214	-18.4%
Other expenses from other financial instruments and land and buildings (investment properties)	-752	-649	15.9%
Net other operating expenses(**)	281	-43	n.m.
Life segment non-operating result	**-464**	**-312**	**48.4%**
Net non-operating income from other financial instruments	-247	-108	128.0%
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)(***)	-1	24	n.m.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)(***)	-246	-132	86.5%
Net other non-operating expenses	-216	-204	6.0%
Life segment earnings before taxes	**2,664**	**2,653**	**0.4%**

(*) Commissions related to investments contracts, which amounted to € -74 million (€ -94 million at 31 December 2015), are included in net fee and commission income and net income from financial service activities.

(**) At 31 December 2015 the amount is net of operating taxes for € 64 million and of non-recurring taxes shared with the policyholders in Germany for € -3 million (at 31 December 2014 respectively for € 64 million and € 27 million).

Life segment indicators by country

Life segment indicators by country

(€ million)	Gross written premiums		Net cash flow		APE	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	17,911	19,400	7,197	7,646	2,129	2,322
France	8,405	8,787	438	1,147	939	944
Germany	12,576	14,146	1,560	2,997	708	826
Central and Eastern Europe	1,448	1,603	501	589	136	165
EMEA	6,028	6,512	920	1,444	544	645
Spain	1,041	958	-68	-114	134	121
Austria	1,127	1,224	-256	-106	82	102
Switzerland	1,122	1,236	481	553	50	68
Other EMEA	2,738	3,094	764	1,111	278	354
Americas	272	312	114	142	15	23
Asia	2,380	1,895	1,256	924	375	285
International Operations	709	642	62	31	0	0
Total	**49,730**	**53,297**	**12,049**	**14,920**	**4,847**	**5,210**

Life segment premiums by line of business by country

(€ million)	Savings and Pension		Protection		Unit/index linked		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	15,232	15,895	230	230	2,450	3,274	17,911	19,400
France	4,400	4,769	1,759	1,629	1,773	1,928	7,931	8,326
Germany	4,392	5,407	4,191	4,782	3,993	3,957	12,576	14,146
Central and Eastern Europe	705	746	335	312	409	545	1,448	1,603
EMEA	2,055	2,168	957	908	3,010	3,424	6,022	6,500
Spain	801	741	215	200	25	17	1,041	958
Austria	541	646	352	326	234	245	1,127	1,218
Switzerland	217	301	146	150	759	784	1,122	1,236
Other EMEA	496	479	243	231	1,993	2,378	2,732	3,089
Americas	33	31	236	279	0	0	269	310
Asia	1,799	1,407	403	339	177	150	2,380	1,895
International Operations	74	82	32	32	0	0	105	114
Total direct written premiums	**28,689**	**30,504**	**8,142**	**8,512**	**11,813**	**13,278**	**48,643**	**52,294**

Life segment NBV and operating result by country

(in milioni di euro)	Operating result		NBV	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	1,298	1,207	579	589
France	593	567	90	62
Germany	457	439	275	191
Central and Eastern Europe	248	228	47	39
EMEA	454	379	212	174
Spain	129	123	83	79
Austria	65	66	28	10
Switzerland	165	164	50	16
Other EMEA	94	26	51	69
Americas	47	50	0	0
Asia	61	95	53	42
International Operations	-31	1	0	0
Total	**3,127**	**2,965**	**1,256**	**1,097**

Financial position of life segment

Investments

Life segment: investments

(in € million)	31/12/2016	Weight (%)	31/12/2015	Weight (%)
Equity instruments	13,109	3.8%	14,066	4.2%
Fixed income instruments	313,660	89.9%	296,433	89.3%
Bonds	286,943	82.2%	269,381	81.1%
Other fixed income instruments	26,717	7.7%	27,052	8.1%
Land and buildings (investment properties)	10,025	2.9%	8,912	2.7%
Other investments	4,805	1.4%	4,100	1.2%
Investments in subsidiaries, associated companies and joint ventures	3,944	1.1%	3,874	1.2%
Derivatives	230	0.1%	-859	-0.3%
Other investments	631	0.2%	1,084	0.3%
Cash and cash equivalents	7,343	2.1%	8,605	2.6%
General accounts investments	**348,942**	**100.0%**	**332,117**	**100.0%**
Investment back to unit and index-linked policies	78,317		74,966	
Total investments	**427,258**		**407,082**	

At 31 December 2016, total investments in the life segment showed a 5% increase over 31 December 2015, amounting to € 427,258 million. Group investments amounted to € 348,942 million (+5.1%), while the investments related to the unit/index linked investments amounted to € 78,317 million (+4.5%).

The exposure in absolute terms towards fixed income instruments is up, standing at € 313,660 million (€ 296,433 million at 31 December 2015), with an incidence increasing from 89.3% to 89.9%, while exposure to equity instruments decreased to € 13,109 million (€ 14,066 million at 31 December 2015). Investment properties of the Group in terms of book value rose to € 10,025 million (€ 8,912 million at 31 December 2015). Finally, there was a decrease in cash and cash equivalents, standing at 2.1% (2.6% at 31 December 2015).

With reference to the breakdown of the bond investment portfolio, exposure to government bonds was slightly up, standing at € 156,639 million (€ 149,400 million at 31 December 2015), amounting to 54.6% of the portfolio (55.5% at 31 December 2015). The change during the period is due to the purchases made in the period.

Corporate bonds also increased to € 130,304 million (€ 119,981 million at 31 December 2015), equal to 45.4% (44.5% at 31 December 2015). This trend is due to the net purchases made during the year and the increase in value.

The main movements in the asset allocation compared to 31 December 2015 are attributable to a marginal improvement of corporate bonds, which compensates the decrease in the exposure to government bonds, and to the reduction of equities. Priority was given to corporate bonds in order to reduce the dilution of yields. The decrease in equity exposure was due to the negative performances of the markets at the beginning of the period and with the will to protect income statement and equity.

Lastly, the average duration of the bond portfolio is 8.4 years (8.0 years at 31 December 2015), in line with the Group's ALM strategy.

Life segment: return on investments

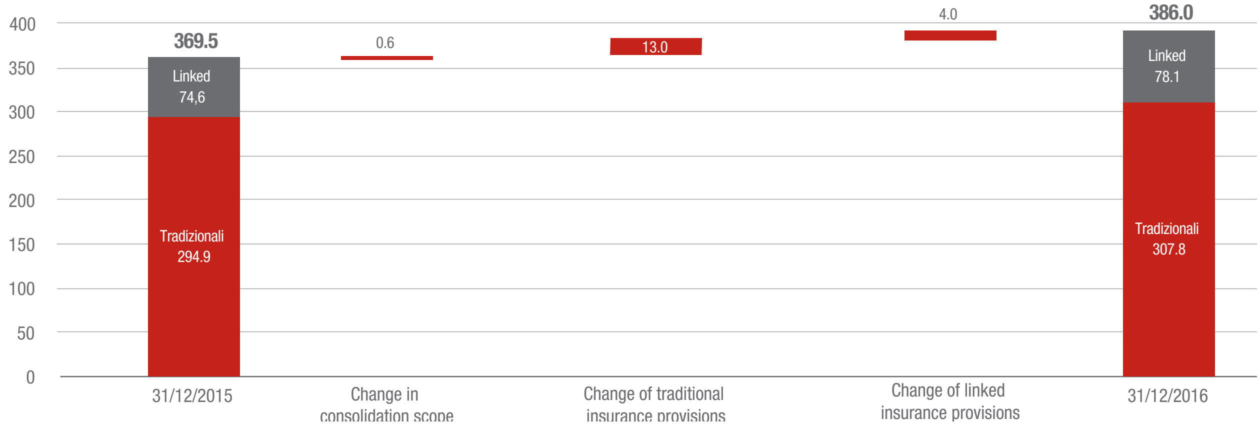
	31/12/2016	31/12/2015
Current return (*)	3.2%	3.4%
Harvesting rate	0.2%	0.4%
P&L return	3.3%	4.0%

(*) Net of depreciations.

The net current return from investments in the life segment recorded a modest decline, falling from 3.4% at 31 December 2015 to 3.2% even though the relative income increased to € 11,186 million (€ 11,112 million at 31 December 2015).

The contribution to the result for the period from the harvesting transactions stood at 0.2% (0.4% at 31 December 2015).

Life segment insurance provisions



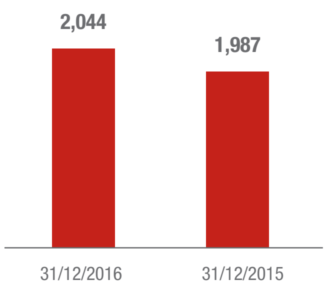
The technical provisions and financial liabilities of the life segment - not including deferred liabilities towards policyholders - amounted to € 385,882 million; the increase of 4.4% reflects the increase in reserves for the traditional portfolio (+4.4%) as well as the linked portfolio (+4.8%), and benefits from the combined effect of net inflows and financial market trends reflected in the trend of the unit-linked reserves.

Finally, deferred policyholders' liabilities stood at € 23,882 million (€ 22,642 million at 31 December 2015), reflecting the change in the value of the investments, particularly in bonds.

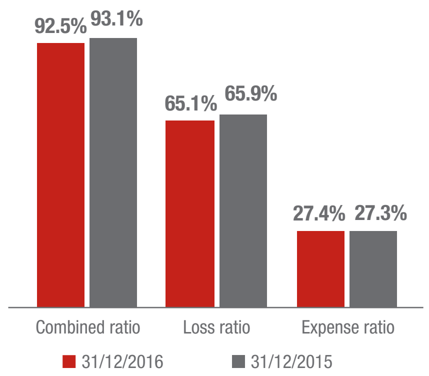
Property&Casualty segment

Gross written premiums

Operating result



Combined ratio



- Growing gross written premiuns (+2.1%) driven by motor segment
- Operating result (+2.9%) has grew up
- Excellent Group Net Cor is further improving (-0.7 p.p.), thanks to the positive trend of the loss ratio

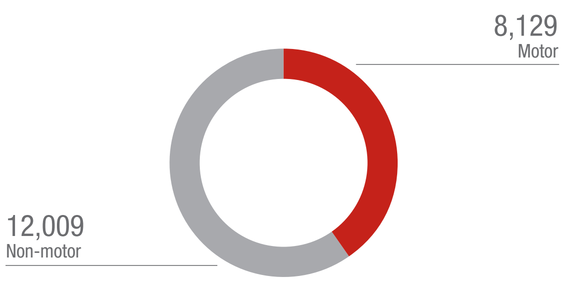
Premiums development

Gross written premiums in the P&C segment continued the recovery in place during the year, standing at € 20,783 million. The performance (on a like-for-like basis, +2.1%) can be attributed to the development of the motor segment (+4.3%), driven by Spain, CEE Countries, Germany and Argentina, which more than offset the continuing decline in motor premium income in Italy (-5.2%). France is stable.

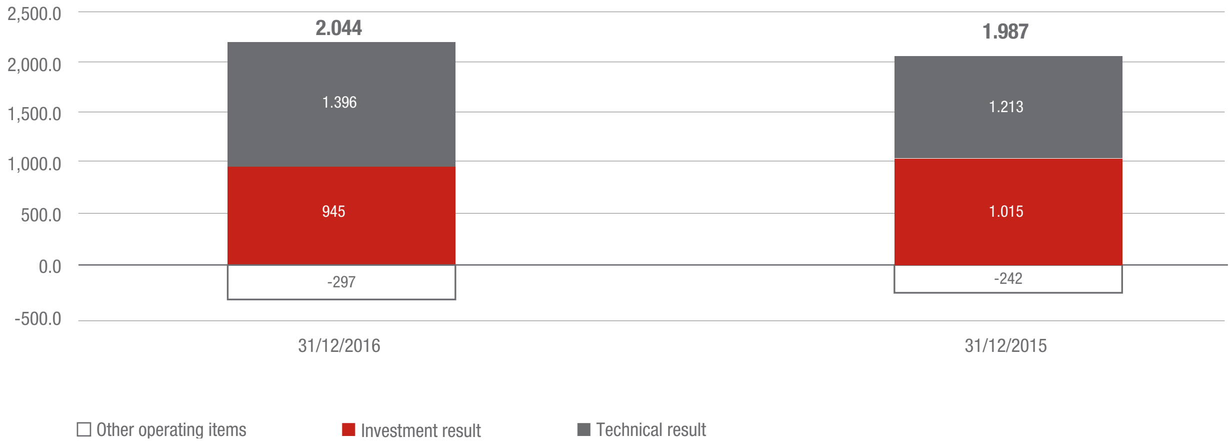
Non-motor premium income is also up slightly (+0.5%), benefitting from positive development in general across the countries in which the Group carries on business, with the exception of Italy.

Group written premiums by line of business at 2016

Group written premiums by line of business at 2015



Operating result



The operating result for the property&casualty segment increased to € 2,044 million (€ 1,987 million at 31 December 2015). This increase (+2.9%) is mainly attributable to trends in the technical result, with a Group Net CoR of 92.5%, further improving (-0.7 pps) compared to the previous year.

The operating return on investments in the property&-casualty segment increased to 5.13% (5.09% at 31 December 2015).

Operating result: Technical result

Property&Casualty operating result: technical result

(€ million)	31/12/2016	31/12/2015	Change
Technical result	**1,396**	**1,213**	**15.0%**
Net earned premiums	19,685	19,818	-0.7%
Net insurance benefits and claims	-12,813	-13,053	-1.8%
Net acquistion and administration costs	-5,388	-5,404	-0.3%
Other net technical income	-87	-148	-41.0%

The **technical result** stands at € 1,396 million, significant growth compared to 31 December 2015 (+15%); this result includes the impact of catastrophe claims of around € 295 million, mainly deriving from the storms and flooding that took place in France and Germany in May and June, and the earthquakes in central Italy in August and October. Similar events had an impact of approximately € 313 million at 31 December 2015.

Technical indicators

(€ million)	31/12/2016	31/12/2015	Change
Combined ratio	**92.5%**	**93.1%**	**-0.7**
Loss ratio	65.1%	65.9%	-0.8
current year loss ratio excluding natural catastrophes	69.3%	68.9%	0.4
natural catastrophes impact	1.5%	1.6%	-0.1
prior year loss ratio	-5.7%	-4.6%	-1.1
Expense ratio	27.4%	27.3%	0.1
Acquisition cost ratio	21.6%	21.3%	0.2
Administration cost ratio	5.8%	5.9%	-0.1

The Group **combined ratio** improved to 92.5% (-0.7 pps compared to 31 December 2015), due entirely to the drop in the loss ratio (-0.8 pps); the cost rate rose to 27.4% (27.3% at 31 December 2015).

With respect to the total loss ratio, the current year loss ratio excluding natural catastrophes rose by 0.4 pps due to the deterioration observed in the non-motor sector, while the loss ratio from previous times stood at -5.7 pps. As usual, the Group maintained its prudent reserving approach, confirmed by the stable reserving ratio of 155%. The percentage catastrophic claims was 1.5 pps, compared to 1.6% in 2015.

Acquisition and administration costs related to the insurance business stood at € 5,388 million, a slight decline (-0.3%) compared to 31 December 2015 (€ 5,404 million). In detail, administration costs of € 1,142 million dropped by 2.8%, thanks to the reductions seen in Germany and France. The ratio of costs to net earned premiums was down slightly at 5.8%.

Acquisition costs are essentially stable, amounting to € 4,246 million (+0.4%). The ratio of acquisition costs to net earned premiums therefore increased to 21.6% (21.3% at 31 December 2015).

Therefore, the expense ratio stood at 27.4% (27.3% at 31 December 2015).

Operating result: Investment result

Property&Casualty operating result: investment result

(€ million)	31/12/2016	31/12/2015	Change
Investment result	**945**	**1,015**	**-6.9%**
Current income from investments	1,229	1,314	-6.4%
Other operating net financial expenses	-284	-298	-4.8%

The financial result in the P&C segment amounted to € 945 million, down compared to 31 December 2015 (-6.9%). In particular the current income from investments amounted to € 1,229 million (€ 1,314 million at 31 December 2015); this decrease is mainly attributable to the continuing context of low interest rates. However, the actions by the Group meant that it could achieve a current return of 3.0% (3.2% at 31 December 2015).

The change in current income is primarily attributable to the decline in income from fixed income instruments that fell from € 856 million at 31 December 2015 to € 819 million.

Current income from investment properties - net of depreciation - was also down, amounting to € 220 million (€ 256 million at 31 December 2015).

Income from investments in equity instruments was stable, in line with the previous year, falling from € 96 million at 31 December 2015 to € 86 million.

Other operating net financial expenses, which includes interest expense related to operating debt and investment management expenses amounted to € -284 million (€ -298 million at 31 December 2015) against lower investment property management costs.

Operating result: Other operating items

Other operating items of the property&casualty segment, which primarily include non-insurance operating expenses, depreciation and amortization of tangible assets and multi-annual costs, provisions for recurring risks and other taxes, were up to € -297 million (€ -242 million at 31 December 2015) mainly due to higher provisions for risks.

Non-operating result

The non-operating result of the property&casualty segment worsened to € -251 million (€ -67 million at 31 December 2015).

The non-operating result for financial management was down due to the reduction in net realized gains from € 662 million to € 400 million at 31 December 2016 and higher impairment losses, which went from € -194 million at 31 December 2015 to € -262 million.

Net income from financial instruments at fair value through profit or loss remained stable, amounting to € -110 million (€ -100 million at 31 December 2015), while the other non-operating income and expenses decreased to € -280 million (€ -435 million at 31 December 2015), of which € -51 million related to the amortization of the value of acquired portfolios (€ -55 million at 31 December 2015). This performance can substantially be ascribed to lower restructuring costs incurred with respect to last year.

Property&Casualty operating result

Property&Casualty operating result

(€ million)	31/12/2016	31/12/2015	Change
Property&Casualty operating result	**2,044**	**1,987**	**2.9%**
Net earned premiums	19,685	19,818	-0.7%
Net insurance benefits and claims	-12,836	-13,081	-1.9%
Acquisition and administration costs	-5,391	-5,410	-0.4%
Acquisition and administration costs related to insurance business	-5,388	-5,404	-0.3%
Other acquisition and administration costs	-2	-6	-62.4%
Fee and commission income and income from financial service activities	0	0	n.m
Net operating income from financial instruments at fair value through profit or loss	87	83	5.2%
Net operating income from other financial instruments	880	960	-8.4%
Interest income and other income	1,143	1,231	-7.2%
Interest expense on liabilities linked to operating activities	-83	-85	-2.6%
Other expenses from other financial instruments and land and buildings (investment properties)	-179	-185	-3.2%
Net other operating expenses	-381	-383	-0.7%
Property&Casualty non-operating result	**-251**	**-67**	**n.m**
Net non-operating income from financial instruments at fair value through profit or loss	-110	-100	9.9%
Net non-operating income from other financial instruments	139	468	-70.4%
Net realized gains on other financial instruments and land and buildings (investment properties)	400	662	-39.5%
Net impairment losses on other financial instruments and land and buildings (investment properties)	-262	-194	34.8%
Net other operating expenses	-280	-435	-35.7%
Property&Casualty earnings before taxes	**1,794**	**1,920**	**-6.6%**

Property&Casualty segment indicators by country

Property&Casualty segment indicators by country

(€ million)	Gross written premiums		Operating result	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	5,701	5,947	669	704
France	2,514	2,538	137	128
Germany	3,651	3,608	428	389
Central and Eastern Europe	2,041	1,976	204	204
EMEA	4,539	4,410	440	377
Spain	1,461	1,358	168	151
Austria	1,441	1,432	169	166
Switzerland	761	759	70	74
Other EMEA	876	860	32	-13
Americas	971	1,156	58	11
Asia	198	128	1	6
International Operations	1,168	1,106	108	167
Total	**20,783**	**20,868**	**2,044**	**1,987**

Direct written premiums by line of business by country

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

(€ million)	Motor		Non-motor		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	2,184	2,303	3,390	3,515	5,574	5,818
France	840	884	1,624	1,593	2,464	2,477
Germany	1,429	1,397	2,219	2,206	3,648	3,603
Central and Eastern Europe	1,052	989	952	950	2,004	1,939
EMEA	1,745	1,675	2,726	2,652	4,470	4,327
Spain	448	380	972	936	1,420	1,317
Austria	561	557	871	863	1,432	1,420
Switzerland	310	330	449	427	759	757
Other EMEA	426	406	434	426	860	833
Americas	749	865	213	283	963	1,148
Asia	16	12	90	79	106	91
International Operations	8	4	794	731	802	735
Total direct written premiums	**8,023**	**8,129**	**12,009**	**12,009**	**20,032**	**20,138**

Technical indicators by country

(€ million)	Combined ratio*		Loss ratio		Expense ratio	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Italy	89.9%	89.1%	66.0%	66.6%	23.9%	22.5%
France	99.4%	100.2%	71.5%	72.6%	27.9%	27.6%
Germany	90.0%	92.4%	63.0%	64.6%	27.0%	27.9%
Central and Eastern Europe	89.5%	90.1%	58.6%	57.9%	30.9%	32.2%
EMEA	93.3%	95.2%	65.1%	66.9%	28.2%	28.3%
Spain	92.3%	93.2%	64.5%	65.1%	27.9%	28.1%
Austria	91.9%	93.4%	64.3%	66.1%	27.7%	27.3%
Switzerland	92.8%	92.2%	67.5%	68.3%	25.3%	23.8%
Other EMEA	98.8%	107.0%	65.6%	71.0%	33.2%	36.1%
Americas	102.7%	106.1%	64.2%	66.0%	38.4%	40.1%
Asia	100.5%	94.4%	58.9%	49.7%	41.7%	44.7%
International Operations	90.0%	85.9%	66.7%	63.6%	23.4%	22.3%
Total	**92.5%**	**93.1%**	**65.1%**	**65.9%**	**27.4%**	**27.3%**

(*) CAT claims impacted on the Group combined ratio for 1.5 pps, of which1.9 pps in Italy, 1.8 pps in France, 2.0 pps in Germany, 1.0 pps in European Eastern Countries and 1.7 pps attributable to International Operations (At 31 December 2015 CAT claims impacted on the Group combined ratio for 1.6 pps, of which 2.1 pps in Italy, 1.9 pps in France, 2.3 pps in Germany, 1 p.p. in Central and Eastern Europe, 1 pps in EMEA and 4,1 p.p in Asia).

Group financial position in the property&casualty segment

Investments

Property and casualty segment: investments

(in € million)	31/12/2016	Weight (%)	31/12/2015	Weight (%)
Equity instruments	2,151	5.5%	2,489	6.3%
Fixed income instruments	29,136	73.9%	26,680	67.3%
Bonds	25,827	65.5%	23,793	60.0%
Other fixed income instruments	3,310	8.4%	2,887	7.3%
Land and buildings (investment properties)	3,778	9.6%	4,338	10.9%
Other investments	1,475	3.7%	1,524	3.8%
Investments in subsidiaries, associated companies and joint ventures	1,494	3.8%	1,541	3.9%
Derivatives	-27	-0.1%	-72	-0.2%
Other investments	8	0.0%	55	0.1%
Cash and cash equivalents	2,901	7.4%	4,593	11.6%
Total investments	**39,440**	**100.0%**	**39,624**	**100.0%**

Total investments in the property&casualty segment fell from € 39.624 million at 31 December 2015 to € 39,440 million (-0.5%).

With reference to the exposure to the various asset classes, the fixed income portfolio was up to € 29,136 million, accounting for 73.9% of the total. On the other hand, there was a fall in the exposure to equity instruments, from 6.3% at 31 December 2015 to 5.5%, while the exposure to real estate investments fell from 10.9% to 9.6%.

Finally, the percentage of cash and cash equivalents decreased from 11.6% at 31 December 2015 to 7.4%.

With reference to the breakdown of the bond investment portfolio, exposure to government bonds increased, standing at € 12,346 million (€ 10,317 million at 31 December 2015), amounting to 47.8% of the portfolio (43.4% at 31 December 2015), against a substantially stable corporate component, of € 13,480 million, with a ratio of 52.2% (56.7% at 31 December 2015).

The main movements in the asset allocation compared to 31 December 2015 were due to the increase in government bonds and to the decrease of equities and cash. The reduction of the equity exposure is attributable to the prudent approach taken due to the volatility and the negative performance of the equity markets, in order to protect income statement and equity position. Cash was reduced in order to limit the dilution of yelds, which are currently negative for bank deposits.

Finally, the average duration of the bond portfolio was 5.4 years (5.0 years at 31 December 2015), in line with the Group's ALM strategy.

Property&Casualty segment: return on investments

	31/12/2016	31/12/2015
Current return (*)	3%	3.2%
Harvesting rate	0.5%	1.4%
P&L return	3.2%	4.1%

(*) Net of depreciations.

The net current return of total investments in the property&casualty segment fell slightly to 3% (3.2% at 31 December 2015), with related incomes amounting at € 1,195 million (€ 1,267 million at 31 December 2015).

The harvesting rate decreased to 0.5% (1.4% at 31 December 2015).

Property and Casualty insurance provisions

Propery&Casualty: technical reserves

(€ million)	31/12/2016	31/12/2015
Net provisions for unearned premiums	5,011	4,972
Net provisions for outstanding claims	25,158	25,036
Other net provisions	476	475
Property&Casualty insurance provisions	30,645	30,482
of which motor	13,631	13,487
of which non-motor	17,014	16,996

Holding and other businesses segment

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 business sectors are summarized in the table below:

Operating result of the holding and other businesses segment

(in € million)	31/12/2016	31/12/2015	Change
Holding and other business operating result	**-91**	**59**	**n.m.**
Financial	370	434	-14.7%
Holding operating expenses	-459	-429	7.0%
Other businesses	-2	55	n.m.

The operating result of the **holding and other businesses segment** amounted to € -91 million, down compared to the € 59 million at 31 December 2015. This performance was mainly caused by the financial segment, particularly the lower results of Banca Generali due to lower performance fees, as well as lower realized gains on real estate in the other businesses segment.

The operating result of the **financial segment** registered a decrease, and amounted to € 370 million (€ 434 million at 31 December 2015). The decline (-14.7%) reflects the result of Banca Generali, which declined from € 252 million to € 190 million at 31 December 2016.

At 31 December 2016, the third party assets managed by the Group banks and the asset management companies amounted to € 54,877 million (€ 44,323 million at 31 December 2015), up by 23.8%.

Operating holding expenses amounted to € -459 million (€ -429 million at 31 December 2015). This increase primarily reflects the development of the Regional Offices aimed at directing, coordinating and controlling the business in key areas in terms of growth opportunities, such as Asia.

The operating result of **other businesses** amounted to € -2 million, down compared to the € 55 million recorded in the corresponding period of the previous year, reflecting lower net realized gains in the real estate sector.

Operating result of the holding and other businesses segment

Operating result of the holding and other businesses segment

(€ million)	31/12/2016	31/12/2015	Change
Holding and other businesses operating result	**-91**	**59**	**n.m**
Net earned premiums	0	0	n.m
Net insurance benefits and claims	0	0	-31.7%
Acquisition and administration costs	-389	-360	8.0%
Fee and commission income and income from financial service activities	678	697	-2.8%
Net operating income from financial instruments at fair value through profit or loss	7	8	-7.9%
Net operating income from other financial instruments	174	255	-31.9%
Interests and other income	376	397	-5.4%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	32	70	-54.8%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-2	-7	-78.2%
Interest expenses on liabilities linked to to operating activities	-123	-123	0.1%
Other expenses from other financial instruments and land and buildings (investment properties)	-109	-81	33.2%
Net other operating expenses	-101	-111	-8.8%
Operating holding expenses	-459	-429	7.0%
Holding and other businesses non-operating result	**-815**	**-941**	**-13.3%**
Net non-operating income from financial instruments at fair value through profit or loss	14	3	n.m
Holding and other businesses non-operating result	-829	-944	-12.2%
Net non-opeating income from other financial instruments	-12	-106	-88.3%
Net non-operating realized gains on ither financial instruments and land and buildings (investment properties)	22	70	-68.2%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-35	-176	-80.3%
Net other non-operating expenses	-23	-73	-68.7%
Non operating holding expenses	-794	-764	3.8%
Interest expenses on financial debt	-723	-684	5.8%
Holding non recurring expenses	-71	-81	-12.5%
Holding and other businesses result before taxes	**-906**	**-881**	**2.8%**

Risk Report

Risk Report

A. Executive Summary

The purpose of the Risk Report 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, consisting of long-term institutional investors, is mostly vulnerable to financial markets and the economic environment. Generali has proven to be resilient to the prolonged low interest rate environment and lower growth in the Eurozone. Nevertheless, prolonged low interest rate environment as well as financial instability represent the key challenges for the sector.

For more details on financial markets' developments please see Risks and Opportunities of the external context at page 34 of this Document.

In addition to the financial environment, regulatory developments represent a major external driver of threats and opportunities to insurance companies. These include developments in the area of prudential supervisory regimes, such as Solvency II, International Capital Standards (ICS), as well as regulations defining new principles in terms of distribution, product governance (Insurance Distribution Directive - IDD), Packaged Retail and Insurance-based Investment Products (PRIIPs Regulation), personal data protection (General Data Protection Regulation - GDPR) and anti-money laundering (IV AML Directive).

For more details on the regulatory environment please see Risks and Opportunities of the external context at page 34 of this Document.

From January 1, 2016 the Group and all of its European insurance subsidiaries have to comply with Solvency II regulation, which requires capital to be held for all quantifiable risks.

Solvency II allows the use of internal models, subject to Supervisory Authority approval, to calculate capital requirements to better reflect the risk profile. The Group applied for the use of its own Partial Internal Model[1] (PIM) to calculate the Solvency Capital Requirement (SCR) under Solvency II. In March 2016, the Supervisory Authority authorization was granted for the use of the PIM to determine the SCR at Group level and for the main business units, covering Italian, German and French entities[2] as well as the Czech company Ceska Pojistovna as. The PIM has become the cornerstone of the Group risk assessment framework and its use is embedded in all risk and capital management related processes. For the purpose of better capturing the Group's risk profile, the PIM scope is planned to be extended to other European insurance entities.

The Regulatory Solvency Ratio, estimated on the basis of preliminary data, amounts to 177.2%[3] as at 31 December 2016. For the purpose of the Regulatory Solvency Ratio calculation, the Group companies within the PIM scope use the PIM, while other insurance entities adopt the EIOPA Standard Formula to calculate the SCR. Other financial regulated entities contribute to the Group Solvency Ratio on the basis of local sectorial regulatory requirements (e.g. mostly banks and pension funds).

The final Regulatory Solvency Ratio and the impact of the long term guarantees used will be disclosed according to the deadlines for the publishing of the Solvency and Financial Condition Report.

Given both the PIM extension plan and the objective of better capturing the Group risk profile, the so called Economic Solvency Ratio is also presented in this Report. This takes into account the use of the broader PIM scope. On this basis, the Economic Solvency Ratio as at 31 December 2016 is 193.9%.

For the following part of this Report we refer to Economic Solvency Ratio view.

1
The Internal Model is defined as Partial because it covers all risks except Operational risk and because the approval has been provided for the main Business Units at a first stage, with an extension plan to cover the other entities under implementation.

2
The authorization for the French life entity has been granted subsequently to the indicated date.

3
On the basis of IVASS *Provvedimento* n. 53, 2016, the SCR and MCR calculations to be disclosed in the Annual Report can rely on a preliminary estimate.

The results confirm the sound capital position of the Group, which is well positioned above the regulatory threshold and the risk tolerance levels set by the Group within its risk appetite[4]: the Group Economic Solvency Ratio is positioned above the tolerances set[5] respectively at 130% and 160% (hard and soft limits for Economic Solvency Ratio).

For risks not included in SCR calculation, other assessment techniques deemed more appropriate for monitoring and management purposes are used. In particular, for liquidity risk, the Group has in place procedures and limits that confirm the Group's low risk profile and a sound liquidity position.

Generali Group also relies on a sound risk management system including governance and structured risk management processes. A set of risk policies rule the risk management system and all risk related-processes. Within the risk management system, the Own Risk and Solvency Assessment (ORSA) represents the main risk reporting tool, with the purpose of supporting risk strategy update.

Group risk management 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 (FSB) and the International Association of Insurance Supervisors (IAIS) standards[6].

Starting from this year the Solvency and Financial Condition Report (SFCR) will be published. This year the Risk Report has been restructured to achieve better alignment with the Solvency II risk and capital reporting structure and to pursue alignment with the SFCR structure.

In particular:

- Section B provides a brief description of the risk management system;
- Section C presents the Solvency Position of the Group and the key elements of the Group's Capital Management;
- Section D provides an overview of the Group's risk profile.

Finally, Group rating assessment by external rating agencies is provided on the Group web site in the section http://www.generali.com/investors/debt-ratings/ratings, while sensitivity analyses of life underwriting risks results in terms of EEV (European Embedded Value) are provided in the section Details on insurance and investment contracts of the Notes.

4
In defining the level of risk it is willing to take, the Group defines its own risk strategy within the Group Risk Appetite Framework (RAF) while complementing the overall business strategy. The Group RAF defines the level of risk the Group is willing to take and ensures risk embedding into key business processes, to grant all risks are properly managed.

5
Soft and hard limits' thresholds set within the RAF aim to limit excessive risk taking and to maintain the Solvency Position at the desired level.

6
Generali Group prepared these Plans, although it 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 internal control and risk management system.

The Group internal control and risk management system is the set of rules, procedures and structures that ensure the effective operation of the company and enable it to identify, manage and monitor the main risks to which it is exposed. Key elements of the system are:

- Internal control environment and activities;
- Awareness and monitoring;
- Reporting duties;
- Roles and responsibilities that the Board of Directors (BoD) and its committees, the Senior Management, including the Chief Executive Officer (CEO), also acting as the Director in charge of the internal control and risk management system, and the Chief Financial Officer (CFO), appointed as Manager in charge of the preparation of the company's financial reports, as well as risk owners and Control Functions must discharge within the internal control and risk management system.

To ensure a consistent framework through the Group, the Parent Company sets Group Directives on Internal Control and Risk Management System, complemented by Group Risk Policies, which have to be applied by all Group companies.

The Group internal control and risk management system is founded on the establishment of three lines of defence:

- The Operating Functions (the "risk owners"), which represent the first line of defence and have ultimate responsibility for risks relating to their area of expertise;
- Actuarial, Compliance and Risk Management Functions, which represent the second line of defence;
- Internal Audit, which represents the third line of defence.

Internal Audit together with Actuarial, Compliance and Risk Management Functions represent the "Control Functions".

The roles and responsibilities of the BoD and related committees, Senior Management, Control Functions and the interactions among Control Functions are described within the Corporate Governance Report. Key roles within the risk management system are outlined below:

- The BoD defines, with the Risk and Control Committee's support, the guidelines of the internal control and risk management system and assesses its adequacy, effectiveness and functioning at least once a year. It also defines the organizational set-up, appoints the heads of the Control Functions and defines their mandates, adopts Group risk policies, approves the ORSA results and based on them defines the risk appetite and tolerance limits;
- The Senior Management is then responsible for executing the defined strategy, implements the internal control system and keeps it suitable and effective;
- Control Functions are established at Group level and within the operating entities:
  - The Risk Management Function supports the BoD 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 the internal control system's adequateness to manage compliance risks, thus contributing to maintain Group's integrity and reputation;
  - The Actuarial Function coordinates the technical provisions calculation and grants their adequacy of underlying methodologies, models and assumptions, verifies the quality of the related data and expresses an opinion on the overall Underwriting Policy;
  - The Audit Function verifies business processes and the adequacy and effectiveness of controls in place.

Heads of Control Functions report functionally to the BoD except the head of Group Audit who reports hierarchically and functionally to the BoD.

Group Control 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 Control Functions is granted by the so called solid reporting lines model established between the head of the Group Control Function and heads of the respective Functions within the operating entities.

Risk Management System

The principles defining the Group risk management system are provided in the Generali Group Risk Management Policy[7] which is the cornerstone of all risk-related policies and guidelines. The Risk Management Policy covers all risks the company is exposed to, on a current and forward-looking basis.

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 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, emerging risks are also considered.

The categorization of identified risks is consistent with Italian regulation (IVASS Reg. n.20/2008) and reflects the risk categories foreseen by Solvency II.

2. Risk measurement

Identified risks are then measured through their contribution to the capital requirement, 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 risk is covered by an adequate amount of capital that could absorb the loss incurred if the risk materialized.

The capital requirement is calculated by means of the Group's PIM for financial, credit, life and non-life underwriting risks. Operational risks are measured by means of EIOPA Standard Formula, complemented by quantitative and qualitative risk assessments. The PIM provides an accurate representation of the main risks to which the Group is exposed, measuring not only the impact of each risk taken individually but also their combined impact on the Group's Own Funds.

PIM methodology and governance are provided in section Solvency Position.

Risks not included in the capital requirement calculation, such as liquidity risk and other risks are evaluated based on quantitative and qualitative techniques, models and additional stress testing or scenario analysis.

3. Risk management and control

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.

The purpose of the RAF is to set the desired level of risk on the basis of the Group strategy. The RAF statement is complemented by qualitative assertions (risk preferences) supporting the decision-making processes as well as by risk tolerances providing quantitative boundaries, lim-

7
The Group Risk Management 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;
- Group P&C and Reserving Policy;
- Group Life and Reserving Policy;
- Group Operational Risk Management Policy;
- Group Liquidity Risk Management Policy;
- Other risk-related policies, such as Group Capital Management Policy.

iting excessive risk-taking. These are expressed in terms of hard and soft tolerances.

The RAF governance provides a framework for embedding risk management into day-to-day and extraordinary business operations and control mechanisms as well as the escalation and reporting to be applied in case of risk tolerance breaches.

Tolerance levels are set on the basis of capital and liquidity metrics. Should an indicator approach or breach the defined tolerance levels, escalation mechanisms are activated.

4. Risk reporting

The purpose of risk monitoring and reporting is to keep Business Functions, Senior Management, BoD and also the Supervisory Authority aware and informed on the development of the risk profile, on the risk trends and on the breaches of risk tolerances.

Under Solvency II, the Own Risk and Solvency Assessment (ORSA) is the main risk reporting process and is coordinated by the Risk Management Function. Its purpose 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, followed by a regular communication of ORSA results to the Supervisory Authority after BoD approval.

The ORSA process includes the assessment of the risks in scope of the capital requirement, along with other risks that are not included in the capital requirement calculation. 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.

The ORSA Report, documenting main results of this process, is produced on an annual basis. In addition to this, non-regular ORSA Reports are produced when the risk profile has changed significantly.

C. Solvency Position

Regulatory Solvency II Capital Position

Risk and capital management are closely integrated processes aimed at managing the Group's Regulatory Solvency Position and risk profile. The Regulatory Solvency Position is defined as the ratio between Eligible Own Funds (EOF) and SCR.

In compliance with IVASS Provvedimento n. 53, issued in December 2016, the SCR and Minimum Consolidated Group SCR (MCR) data hereby reported are based on a preliminary estimate.

Preliminary Regulatory SCR Coverage

(€ million)	31/12/2016
	SCR Coverage
EOF to cover SCR	41,159.4
SCR	23,226.3
Solvency Ratio	177.2%

Following the Regulation, EOF are calculated as described hereafter:

- Starting from the difference between assets and liabilities at fair value, foreseeable dividends are deducted and subordinated liabilities with adequate features prescribed by the Regulation as well as Ancillary Own Funds, already approved by the Authority, are added;
- Availability constraints at Group level and limitations to transferability are taken into consideration and afterwards classification into Tiers, representing different level of quality of OF, is performed;
- Within this process, entities belonging to other financial sectors, contribute with their sectoral available capital determined according to relevant sectoral regime (i.e. banks and pension business).

The following template provides the reconciliation between IFRS Net Equity and EOF to cover SCR. The following are the main adjustments applied:

- Investments such as loans and real estate are revaluated at fair value;
- Technical Provisions (TPs) are accounted based on Solvency II rules, as a sum of best estimate of liabilities and risk margin[8];
- Intangible assets (i.e. Goodwill) are eliminated;
- Net deferred taxes on the above evaluations are applied;
- Subordinated debt (with specific features in terms of availability, sufficient duration and absence of incentives to redeem or encumbrances) is included and the amount of foreseeable dividend is afterwards deducted;
- Finally, eligibility and transferability filters so as the impact of other regulated financial entities are considered.

8
Solvency II Technical Provision reliability and adequacy are evaluated by the Actuarial Function.

Reconciliation of IFRS Shareholders' Equity to Group Eligible Own Funds

(€ million)	31/12/2016
IFRS Shareholders' Equity (Gross of Minorities)	25,667.6
Change to fair value of Assets	10,469.6
Technical Liabilities Adjustment	16,726.7
Change to Fair value of other liabilities	-1,063.2
Elimination of Intangibles	-10,801.2
Impact Net deferred Taxes	-5,422.4
Excess of Assets over Liabilities	**35,577.1**
Subordinated Debt	9,142.3
Forseeable dividend	-1,249.4
Other Adjustments (incl. other sectoral regimes and transferability filters)	-2,310.6
EOF to cover SCR	**41,159.4**

Own Funds (OF) are then classified into tiers, representing different levels of quality with respect to loss-absorbing capacity[9] criteria.

Total EOF to meet the SCR

(€ million)	31/12/2016				
	Total	*Tier* 1[10]	*Tier* 1 (restricted)	*Tier* 2	*Tier* 3
EOF	41,159.4	31,848.7	3,735.8	5,406.5	168.3

Tier 2 OF refer to subordinated debt, while Tier 3 OF refer to deferred taxes.

Under Solvency II, the SCR is calculated as the Value at Risk (VaR) of the OF subject to a confidence level of 99.5% over a one-year period (in other words the SCR is calculated to ensure 1 in 200 years events coverage).

In addition to SCR coverage, the Group calculates the MCR. Under Solvency II, 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 MCR is defined following simple rules and remains within the corridor between 25% and 45% of the SCR. The deriving coverage ratio is presented below.

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To grant a high quality of capital available, the amounts of Tier 2 and Tier 3 items eligible to cover the SCR are subject to the following limits. The eligible amount of Tier 1 items shall be at least one half of the SCR; in case of admissible subordinated liabilities and preference shares, exceeding 20% of total Tier 1, it is downgraded towards Tier 2. The eligible amount of Tier 3 items shall be less than 15 % of the SCR. The sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50 % of the SCR.

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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.

Preliminary Regulatory MCR Coverage

(€ million)	31/12/2016
	MCR Coverage
EOF to cover MCR	39,153.8
MCR	17,846.4
Solvency Ratio	219.4%

To define MCR coverage, stricter OF eligibility rules are applied[11]. EOF are determined as follows:

Total EOF to meet the MCR

(€ million)	31/12/2016				
	Total	*Tier* 1[12]	*Tier* 1 (restricted)	*Tier* 2	*Tier* 3
EOF	39,153.8	31,848.8	3,735.8	3,569.3	0

In addition to the preliminary Solvency Ratio data reported above, the Group calculates the Economic Solvency Ratio (ESR). For the ESR calculation the Internal Model framework is applied to all Group insurance companies[13]. Within this Report, the risk profile section is based on the Economic Solvency Ratio as hereby reported.

Economic SCR Coverage

(€ million)	31/12/2016
	SCR Coverage
EOF	41,657.5
SCR	21,480.4
Solvency Ratio	193.9%

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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 Requirements.

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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.

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When determining the ESR, only a residual set of entities calculate the SCR based on the Standard Formula.

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

Economic SCR split by risk

(€ million)	31/12/2016	
	Total	Impact (%)
SCR before Diversification	**32,253.3**	**100.0%**
Financial risk	11,327.4	35.1%
Credit risk (*)	12,791.3	39.7%
Life underwriting risk	2,204.6	6.8%
Non-life underwriting risk	3,763.5	11.7%
Operational risk	2,166.5	6.7%
Diversification benefit	-5,991.7	
Tax absorption	-5,903.9	
SCR excl. Other regimes	**20,357.7**	
Other regimes (**)	1,122.7	
Total Economic SCR	**21,480.4**	

(*) Credit risk includes default risk, spread widening risk and rating migration risk

(**) Within this category other regulated financial entities are included (e.g. IORP, Banking, Asset Management)

Group Partial Internal Model (Group PIM)

Generali deems the PIM 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 companies in scope in terms of granularity, calibration and correlation of the various risk factors.

The Group PIM is structured around a specific Risk Map, which contains all quantifiable risks that Generali 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 model, the Group has adopted the so called Monte-Carlo approach with “proxy functions” to determine the full probability distribution (PDF) of the change 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. 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 aggregation process uses advanced mathematical techniques following market best practices and the calibration procedure involves quantitative and qualitative aspects.

2. Group PIM Governance

Governance and processes regarding the Internal Model are defined in the Internal Model Governance Policy to ensure:

- 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 confirmed.

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 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 PIM calibrations, to support decision making on 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, which is responsible for ensuring the overall consistency and reliability of the Group PIM.

The Group CRO 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 Group CRO is also responsible for defining the methodology of each model component, on the basis of the Group Internal Model Committee's proposals, as well as for the results production.

The Group CEO, within the Balance Sheet Committee, is kept informed on key steps and results of the Internal Model Process. The BoD, 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 Internal Model continues to appropriately reflect the risk profile of the Group.

These roles are generally mirrored within the organizational structure of each company within PIM scope.

3. Group PIM Validation

The Group PIM is subject to regular independent Validation on an ongoing basis, which aims to gain independent assurance of the completeness, robustness and reliability of the processes and results of the Internal Model as well as their compliance with the Solvency II regulatory requirements. In particular, the Validation output is designed to support Senior Management and BoD in understanding the appropriateness of the Internal Model, 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 and operation of the Internal Model.

Furthermore, the regular Validation procedures also serve 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 Internal Model, the Validation covers both the quantitative and qualitative aspects of the Model, and is therefore not limited to the calculation engine and methodology. Other important items such as Data Quality, documentation and uses of the Model are validated accordingly.

D. Risk Profile

Life Underwriting Risk

Life underwriting risks derive from the Group's core insurance business in the life segment. Life technical provisions refer mostly to traditional business, related to insurance with profit participation business. Unit-linked products represent a minor component of the Group portfolio in respect to the traditional business, although their incidence is increasing. For the Group's life underwriting business key figures, please see the Section Details on insurance and investment contracts in the Notes.

The Group's life portfolio has a prevailing component of traditional savings business. The life portfolio also includes pure risk covers, with related mortality risk, and some annuity portfolios, with the presence of longevity risk.

Life and health underwriting risks include 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. Operating risks derive from the uncertainty regarding the amount of expenses and the adverse exercise of contractual options by policyholders. Along with the premium payment, the lapse of the policy is the most significant contractual option held by the policyholders.

The 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 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. This also includes the catastrophic event on lapse;
- 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.

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 Solvency II technical provisions before and after the application of the stress.

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

The Economic SCR for life underwriting risk before diversification amounts to € 2,204.6 million. The total is mainly given by expense risk, followed by longevity and mortality risks. In terms of contribution to the risk profile, it is to be noted that life underwriting risks are well diversified with other categories.

Life underwriting risk management is based on two main processes:

- Ex-ante selection of risks through underwriting; and
- Accurate pricing.

Product pricing consists of setting product features and assumptions regarding expenses, biometric and policyholders' behaviour assumptions so as to allow the Group 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, this 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 are biometric risks 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, the Group Parent Company issues underwriting guidelines and determines operating limits to be followed by Group companies. This aims to ensure a consistent use of capital and risk exposure and their maintenance between the pre-set limits.

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 and 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 swiftly undertaken.

The product approval process foresees a review by the Risk Management Function to ensure that new products are in line with the risk appetite and that risk absorption is considered part of risk-adjusted performance management.

Reinsurance represents the main risk mitigating technique. The Parent Company acts as core reinsurer for the Group companies and cedes part of the business to external reinsurers. The Group reinsurance program also grants the coverage of geographical concentration in relation to catastrophe risk.

Non-Life Underwriting Risk

Non-life underwriting risks derive from the Group's insurance business in the P&C segment. The Group operates in the retail, middle market and corporate & commercial segments and has a client centric philosophy based on a multichannel distribution model. Generali coordinates a variety of distribution channels (e.g. tied agents, professional intermediaries, direct channels), with the objective of improving the service provided to its customers and also to diversify the risks. The Group favors longstanding relationships with clients to reduce the risk of moral hazard and adverse selection.

For the volumes of premiums and related geographic breakdown please refer to property&casualty segment indicators by country in the Management Report, for technical provisions please refer to the Section Details on insurance and investment contracts in the Notes.

Non-life underwriting risks arise in relation to the perils covered and the processes used in the conduct of the business model described above. They 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:

- The pricing and the catastrophe risks derive from the possibility that premiums are not sufficient to cover future claims, contract expenses and extremely volatile events;
- The reserving risk relates to the uncertainty of the claims reserves' run-off around its expected value, in a one-year time horizon;
- The lapse risk arises from the uncertainty of the underwriting profits recognised in the premium provisions.

Non-life underwriting risks are assessed by means of the Group PIM. 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 Economic SCR for non-life underwriting risk before diversification amounts to € 3,763.5 million. The total 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.

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

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 companies 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 company.

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 RAF.

Reinsurance is the key mitigating factor 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 RAF. The reinsurance market cycle is also taken into account.

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 Property Catastrophe Reinsurance Program is designed as follows:

- The protection aims to cover single occurrence losses up to a return period of at least 250 years;
- The protection has proved capable in all recent major catastrophe losses;
- The program has proved to be effective in a multi-territory event by reducing the volatility of the Group;
- Substantial risk capital has been saved by means of the protection;
- An additional aggregate XL programme is protecting the Group balance sheet in case of multiple events in a year.

The same level of return period protection and risk capital savings are guaranteed for other non-catastrophe protections, i.e. related to single extreme risks in property, transportation and liability lines of business.

Due to the increasing weight of European windstorm exposures in the protected portfolio in the past years, part of these exposures have been carved out from the main reinsurance protection and placed in the Insurance Linked Securities (ILS) market, offering more competitive terms, whilst keeping the dominant Italian exposure in the traditional reinsurance market with a consequent optimization of the overall pricing.

Alternative risk transfer solutions are continuously analyzed and options for the implementation of such tools are present in Group protections in order to keep the door open to more competitive reinsurance solutions. As an example, in addition to traditional reinsurance, a protection has been recently placed on the capital market to reduce the impact of a high Loss Ratio for what concerns 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 honoring future promises to policyholders and generating value for its shareholders.

As a result, the Group is exposed to the financial risks that:

- Invested assets do not perform as expected because of falling or volatile market prices;
- Cash from maturing bonds is reinvested at unfavourable market conditions, typically lower interest rates.

Generali's traditional life savings business is a long term business, therefore the Group holds mostly long term investments which have the capability to absorb 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”[14], and strives to optimize the return of its assets while minimizing the negative impact of short term market fluctuations on its solvency.

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 Strategic Asset Allocation (SAA) and the Asset Liability Management (ALM) within the same process.

The aim of the SAA&ALM process is to define the most efficient combination of asset classes which, according to the “Prudent Person Principle” set out in the Solvency II Directive and related relevant implementation measures, 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 asset portfolio is invested and rebalanced according to the asset class and duration weights. One of the main risk mitigation techniques used by the Group is liability-driven management of the assets. This technique aims at granting the comprehensive management of assets whilst taking into account the liabilities structure (for example, interest rate and currency risk are mitigated when a movement observed on the asset side would correspond to an offsetting movement on the liability side of the balance sheet).

ALM&SAA activities aim at ensuring the Group holds sufficient and adequate assets in order 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.

Close interaction between the Investment, Finance, Actuarial, Treasury and Risk Management Functions is pursued in order to ensure that the ALM&SAA process remains consistent with the RAF, the strategic planning and the capital allocation processes.

The annual SAA proposal:
- Defines target exposure and limits for each relevant asset class, in terms of the minimum and maximum exposure allowed;
- Embeds the deliberate ALM 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 centralized their management and monitoring. In particular:
- These kind 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 extent and thoroughness of the analysis may vary according to criteria such as the investment structure under evaluation, the volume of investments and the regulatory framework.

The Group also uses derivatives with the aim of mitigating the risk present in the asset or/and liability portfolios. The derivatives help the Group to improve the quality, liquidity and profitability of the portfolio, according to the Business Planning targets.

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

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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 risk can be identified, measured, monitored, control 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 long period. If during the contractual period the return generated by the financial investment is below the guaranteed return for a prolonged period, the Group shall compensate itself the contractual guarantees. In addition, independently on their realization, the Group has to ensure that the value of the financial investments backing the insurance contracts do not fall below the value of its obligations.

Unit-Linked business typically does not represent a source of financial risk for insurers (except in case of guarantees issued), 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:

- 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;
- 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 expensive 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. This increases the possibility that a negative event hitting only a small number or even a single counterparty can produce large losses.
-

For further details on the Group's key figures and details on financial assets please refer to the Section Investments in the Notes.

Financial risks are measured by means of the Group PIM. 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. The 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 bonds values (and of other interest rate sensitive assets) and also on the value of future liability cash-flows;
- Interest rate volatility risk models the impact that the variability in interest rate curves can have on both the market value of derivatives and on the value of liabilities sensitive to interest rate volatility assumptions (such as minimum pension guarantees);
- Property risk models 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 Economic SCR for financial risk before diversification amounts to € 11,327.4 million. This is mainly given by equity risk, followed by property, interest rate and currency risk. Concentration risk contribution to the risk profile remains negligible.

Credit Risk

The Group is exposed to credit risks related to invested assets and also arising from other counterparties (i.e. reinsurance). Similarly to financial risk, the Group has to grant that the value of assets does not fall below the value of insurance obligations.

Credit risks include the following two categories:
- Spread widening risk, defined as the risk of adverse changes in the market value of assets due to changes in the market value of non-defaulted credit assets. The decrease in the market value of an asset due to 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. 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).

For the overall volume of assets subject to credit risk please refer to the volumes of bonds and receivables (including reinsurance recoverable) provided within the Section Investments of the Notes.

Credit risks are measured by means of the Group PIM. 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 derivative, reinsurance and other transactions on the value of the Group's assets.

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, set by EIOPA. Under the EIOPA Standard Formula bonds issued by EU Central Governments and denominated in domestic currency are not subject to credit risk.

The Economic SCR for credit risk before diversification amounts to € 12,791.3 million. Credit risk is mostly deriving from 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 Group Risk Management Policy.

Within this framework additional rating assessments can be performed at counterparty and/or financial instrument level. This applies even where an external rating is available. The additional rating assessment has to be renewed at least annually. 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 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 a collateralisation strategy that strongly mitigates the losses that the Group might suffer because of the default of one or more of its counterparties.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Losses from events such as fraud, litigation, damages to Generali premises, cyber-attack and failure to comply with regulations are therefore covered in the definition. It also includes financial reporting risk but excludes strategic and reputational risks.

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.

Furthermore, since 2015, the Group has been exchanging operational risk data in an anonymized fashion through the “Operational Risk data eXchange Association (ORX)”, a global association of operational risk practitioners with whom the main industry players also participate. The aim is to use the data to improve internal controls and to anticipate emerging trends. In addition, since losses are collected by the first line, the process contributes to creating awareness among the risk owners upon the risks that are actually hitting 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 mitigation initiatives.

Based on the last assessments, the most relevant scenarios at Group level are related to cyber and compliance.

The risks related to non-compliance are addressed by a dedicated and independent Group Compliance Function that provides guidance to the local teams and monitors the execution of the Group Compliance Program.

To further strengthen the internal control systems and in addition to the usual risk owners’ responsibilities for managing their risks, 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 from this cooperation is constituted by a series of risk-mitigating measures triggered across the Group as results of the controls testing, the assessments, and the 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 occasionally affect the business. This initiative helps the Group to better cope with the growing threat represented by cyber risk.

The Economic SCR for operational risk before diversification amounts to € 2,166.5 million, 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 Group companies to meet payment obligations in a full and timely manner, in a current or stressed environment. This could include meeting commitments only through accessing credit markets at unfavorable conditions or through the sale of financial assets, incurring in additional costs due to the illiquidity of (or difficulties in liquidating) the assets.

The Group is exposed to liquidity risk from its insurance operating activity, depending on the cash flow profile of the expected new business, 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 (i.e. capacity to sell adequate amounts at a fair price and within a reasonable timeframe). Finally, the Group can be exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls, or regulatory constraints regarding the Insurance Provisions Coverage Ratio and capital position.

The Group’s liquidity risk management relies on projecting cash obligations and available cash resources into the future, in order to monitor that available liquid resources are at all times sufficient to cover the cash obligations that will become due in the same period.

A set of liquidity risk metrics has been defined to monitor the liquidity situation of each Group insurance company on a regular basis. All such metrics are forward-looking, i.e. they are calculated at a future date based on projections of cash flows, assets and liabilities and an estimation of the level of liquidity of the asset portfolio. The ratios measure the ability of each company to ensure the fulfilment of its regulatory capital requirements as well as its cash obligations towards customers and other stakeholders.

The metrics are calculated under both the so-called “base scenario”, in which the values of cash flows, assets and liabilities correspond to those projected according to each company’s Strategic Plan scenario, and a set of so-called “stress scenarios”, in which the projected cash inflows and outflows, the market price of assets and the amount of technical provisions are recalculated to take into account unlikely but plausible circumstances that would adversely impact the liquidity of each company.

Liquidity risk limits have been defined by Group Head Office in terms of value of the above-mentioned metrics that each Group company cannot exceed. The limit framework is designed to ensure that each Group company holds a “buffer” of liquidity in excess of the amount required to withstand the adverse circumstances depicted in the stress scenarios.

Generali has defined a set of metrics to measure liquidity risk at Group level, based on the liquidity indicators calculated at company level. The Group manages expected cash inflows and outflows so as to maintain a sufficient available cash level to meet the short and medium term needs and by investing in instruments that can be quickly and easily converted into cash with minimum capital losses. The Group considers the prospective liquidity situation in plausible market conditions as well as under stressed scenarios.

The Group has established clear governance for liquidity risk measurement, management, mitigation and reporting consistent with Group regulations, including the setting of specific limits and the escalation process in case of limit breaches or other liquidity issues.

The principles for liquidity risk management designed in the Group RAF are fully embedded in the Strategic Planning as well as in business processes including investments and product development.

As far as the investment process is concerned, Generali has explicitly identified liquidity risk as one of the main risks connected with investments. As a result, indicators such as cash flow duration mismatch are embedded in the Strategic Asset Allocation process. Investment limits are set to ensure that the share of illiquid assets remains within a level that does not impair the Group’s asset liquidity. As far as product development is concerned, the Group has defined in its Life and P&C Underwriting Policies the principles to be applied to mitigate the impact on liquidity from lapses and surrenders in life business and claims in non-life business.

Reputational, Contagion and Emerging Risk

Although not included in the calculation of SCR, the following risks are also taken into account:

- Reputational risk referring to potential losses arising from deterioration or a negative perception of the company or among its customers, counterparties and Supervisory Authority. Reputational risk management is mostly embedded into following processes: Communication and media monitoring activities, Corporate and Social Responsibility (CSR), Compliance, Marketing and Distribution management.
- Emerging risks arising from new trends or risks difficult to perceive and quantify, although typically systemic. These usually include changes to the internal or external environment, social trends, regulatory developments, technological achievements, etc. For the assessment of these risks, Group Risk Manage-

ment engages with a dedicated network, including specialists from Business Functions (e.g. Insurance, Investment, Actuarial, Corporate Social Responsibility, etc.) and results of local emerging risk identification processes. To strengthen its understanding and awareness of emerging risks, the Group is also part of the Emerging Risk Initiative. Within this working group emerging risks common to the insurance industry are discussed and specific studies are conducted.

- Contagion risk is inherent in the Group structure. It refers to potential negative implications that events occurring within one Group company may negatively affect other Group companies (or the Group itself).

Sensitivity Analysis

To test the Group's Solvency Position resilience to adverse market conditions or shocks, sensitivity analysis taking into account unexpected, potentially severe, but plausible events is undertaken. The purpose of such analysis is to create awareness and prepare to take appropriate management actions should such events materialize.

The following template provides the resilience of the Solvency Position to the main risk drivers (e.g. interest rates, equity shock, credit spreads).

Sensitivity analysis

(€ million)	31/12/2016
	Economic Solvency Ratio
	193.9%
Yield curve +50bps	200.5%
Yield curve -50bps	184.9%
Corporate spread +100 bps	191.3%
Equities+20%	200.9%
Equities -20%	186.8%
Italian BTP spread +100 bps	181.9%
Ultimate Forward rates -50 bps	188.8%

Outlook

Outlook

The International Monetary Fund has forecast global growth of 3.4% in 2017, compared to 3.1% in 2016. In particular, the Eurozone, United Kingdom and Chinese economies are expected to slow down, while the US economy should accelerate and Russia and Brazil are expected to exit their recessions. In the Eurozone, GDP growth is expected to decline from 1.7% in 2016 to 1.4% in 2017, primarily as a result of weaker economic performance in Germany and Spain, while inflation in the Eurozone is expected to rise from 0.3% to 1.1%, driven by a modest price recovery in some commodities. In this context of economic weakness, the ECB will maintain an accommodating position, although towards the end of the year speculation will rise on the exit of the Central Bank from its quantitative easing programme. In 2017, US interest rates are expected to rise, driven by the Fed's gradual exit from quantitative easing, and long-term rates in the Eurozone should increase as well, especially towards the end of the year.
Combined with a high degree of uncertainty on the political front, these elements will once again create a challenging environment for investors. Forecasts point to a modest recovery in the Eurozone equity market and less brilliant performance than last year in the United States.

In 2017, within the insurance sector, the main countries of the Eurozone (Italy, Germany, France and Spain) are expected to show a good performance in the P&C business, which should recover in Italy as well. The life segment, influenced by low interest rates, will show signs of difficulty once again in 2017, except in Italy, where life premiums are expected to improve compared to 2016.
To be noted is that the catastrophic events occurring all over the world in 2016 did not have a significant impact on the reinsurance industry. The continuing absence of economic impacts from significant catastrophic events has generated a prolonged reduction in reinsurance costs. Within a similar context, the Generali Group has benefited from the favourable market trend, obtaining competitive coverage renewals for the year 2017.

In the life segment, the Group will continue to deal with a range of dynamic restrictions deriving from the market environment, such as the Solvency 2 directive, the IMD2 rules more restrictively governing transparency in the distribution of insurance products, and in general, financial markets characterized by continuing low interest rates. It will further strengthen its focus on the Techex program initiatives, both at Group level and in the business units, aiming to strengthen the combined portfolio value by taking a simplification and innovation approach for the range of product solutions. Income trends will continue to reflect careful underwriting policies, in line with the common Group goals, driven by the risk appetite framework and the focus on the value of the products. Initiatives dedicated to portfolio enhancement will continue with renewed emphasis:

- in terms of in-force business through dedicated actions for improving the degree of persistency of valuable portfolios, particularly thanks to the reinforcement of active liability management actions;
- in the creation of new business thanks to the selective development of certain business lines, such as protection and unit-linked products (particularly based on volatility-controlled unit-linked funds), as an alternative to investments in traditional type funds, which are still sustainable only if they are capital-light. The development of these business 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 property&casualty, total premium income is expected to grow in the Generali Group's main geographical areas, in line with the relative GDP developments, although this growth will take place within an environment of strong competitive pressure. Competition is also expected to accelerate in terms of distribution; digital transformation will create more space for non-traditional or non-exclusive distribution networks (such as aggregators), with possible impacts on portfolio volatility and, from the

business perspective, a decline in volumes and profits. To deal with this situation, the Group is intensifying its implementation of a series of initiatives launched previously in order to offset the effects on profitability (especially in the motor segment, particularly fleets, but not only) with anti-cyclical measures, a disciplined approach to setting rates and risk selection, improving customer profiling, promoting long-term relationships and developing products with a modular system to take up non-motor cross-selling opportunities.
Property&Casualty segment management will therefore continue to play a key role in the implementation of the strategy of the Group, which aims to become a leader in the retail segment in Europe thanks to the degree of capital absorption of those products which allows for efficient allocation.

The Group investments policy will continue to be based on an asset allocation strategy aimed at consolidating current returns and safeguarding consistency with liabilities to the policyholders.
The investment strategy for fixed-income investments aims at portfolio diversification, in both government bonds and corporate bonds. This is in order to ensure adequate profitability for the policyholders and a satisfactory return on capital, while maintaining a controlled risk profile.
Alternative investments are considered appealing due to their contribution to portfolio diversification, but overall investment volumes are impacted by the limited supply and the high quality characteristics required by investment policies.
Equity exposure will be kept substantially stable.
New investments in the real estate sector will be primarily oriented towards the European market and, only as opportunities arise, other geographical areas in order to improve the overall diversification of the portfolio. In addition, attention is focused on the efficiency of existing portfolio management to boost overall returns.

Despite the challenging environment and the high volatility of the financial markets, in 2017 the Group expects to increase shareholder remuneration, consistently with the strategic plan presented to the market.

Milan, 15 March 2017

THE BOARD OF DIRECTORS


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Appendices

to the Management Report

Note to the Management Report

The consolidated financial statements of the Generali Group as at 31 December 2016 were drawn up in accordance with the IAS/IFRS international accounting standards issued by the IASB and The Generali Group's consolidated financial statements at 31 December 2016 were prepared taking into account the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606/2002, Legislative Decree No. 58/1998 as amended, and Legislative Decree No. 209/2005, as amended by Legislative Decree No. 32/2007.

The Generali Group presented its consolidated financial statements and notes in this report, in accordance with ISVAP Regulation No. 7 of 13 July 2007 as amended, and the information required under CONSOB Communication No. 6064293 of 28 July 2006. As allowed by the aforementioned Regulations, the Generali Group believed it appropriate to supplement its consolidated financial statements with detailed items and provide further details in the notes, also to meet the international accounting standards (IAS/IFRS) requirements.

The Group used the option provided for under art. 70, paragraph 8, and art. 71, paragraph 1-bis of the Issuers' Regulations 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.

At 31 December 2016, the consolidated scope of the Group decrease from 435 to 428 companies, of which 393 were consolidated on a line by line basis, and 35 measured with the equity method.

This report was drawn up in euros (the functional currency used by the entity that prepared the consolidated financial statements) and the amounts are shown in millions, rounded to the first decimal unless otherwise stated, and therefore the rounded amounts may not always coincide with the rounded total.

A description of the **alternative performance indicators** presented in this report can be found in the Methodological note on alternative performance indicators.

In line with the concept of Integrated Reporting (see below), the Group has revised the structure and content of the Risk Report and its position within the Annual Integrated Report.

In particular, the Risk Report was restructured with a view to providing a disclosure aligned with the regulatory context of Solvency 2 and the associated reporting. In addition, in order to make the document more usable for the reader, it is presented as a supplementary part of the Management Report.

All reporting by geographical area presented in this report is based on the Group's territorial structure, consisting of the business units of the three main markets - Italy, France and Germany - and four regional structures:

- CEE: Czech Republic, Poland, Hungary, Slovakia, Serbia, Montenegro, Romania, Slovenia, Bulgaria and Croatia;
- EMEA: Austria, Belgium, Greece, Guernsey, Ireland, the Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai;
- Americas: Argentina, Brazil, Colombia, Chile, Ecuador, Guatemala and Panama;
- Asia: China, Indonesia, India, Hong Kong, Vietnam, Thailand, the Philippines, Japan and Malaysia.

In addition to these areas, the International Operations cluster has been introduced, which includes Holding activities - including Group reinsurance and the international business of the Parent Company not allocated to the other geographical areas - the Europ Assistance business and securities and real estate investment management activities carried out for Group companies.

As noted above, the Management Report is prepared in accordance with the applicable law as well as the Content Elements and the Guiding Principles envisaged by the International <IR> Framework of the International Integrated Reporting Council (IIRC).
The Annual Integrated Report adds to the Management Report to provide more information and clarify matters, expanding on it while maintaining a more rigorous and logical order.

The **Content Elements** are connected to the document's structure.

Annual Integrated Report

Content Elements

Annual Integrated Report	Content Elements
We, Generali	
Group highlights	Performance
Our history	Organisational overview and external environment
2016 and 2017 significant events	
How we create value: our business model	Business model
Vision, Mission, Values	Organisational overview and external environment
Our strategy	Strategy Performance
Our governance and remuneration policy	Governance
Risks and opportunities of the external context	Risks and opportunities
Our performance	Performance
Outlook	Outlook

As regards the **Guiding Principles**, the *Strategic focus and future orientation* principle is applied in the whole document. Indeed, the strategy guides the process of creating value and summarizes in and of itself the material aspects for the Group. The *Materiality* of the information is then represented in detail within a matrix.

Sustainability Report 2016, p. 17

In accordance with the *Connectivity of information* principle, the report should represent the combination and interrelatedness of the factors that influence the ability to create value over time. The key forms of connectivity used by Generali include the connectivity between qualitative and quantitative information, financial and pre-financial* information, in accordance with the information included in other communication tools. Other elements that improve the connectivity of information and the overall usefulness of the report are the cross-referencing (also thanks to the graphic component) and a clear language. The Glossary can be used where the language is excessively technical. Generali also publishes an interactive version of the integrated financial statements on its website. This is another tool to further highlight the connectivity of information.

Generali maintains *Stakeholder relationships* in order to understand and meet their needs, especially their information and dialogue requirements.

Sustainability Report 2016, p. 16
for more information on stakeholders and methods of dialogue

We regularly engage with i**nvestors, analysts and rating agencies** to fulfil their information needs. The interaction takes place during quarterly results presentation, as well as during the Annual Shareholders' Meeting and Investor Days. We also organise roadshows and sector conferences, providing them with the appropriate information. During 2016 we came into contact with more than 530 people (about 230 individual meetings and 300 small-group meetings) in the most important financial centres of Europe and North America.
We regularly interact with **regulators** and the **European Institutions** to maintain good relationships and share authoritative and updated information in order to properly interpret and apply new regulations. 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 our 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. Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.
Some years ago we started interacting with students from the main Italian universities, providing specific sessions on our new reporting approach and on the implications at a national and international level. With a survey we are also taking their feedback and suggestions on the Integrated Report implementation. In 2016, we have extended this experience to Group employees as well.
Overall, we met with nearly 300 people.

We also engage **customers, distributors** and Group **employees** with a view to continuous improvement.

Annual Integrated Report 2016, p. 28; 30

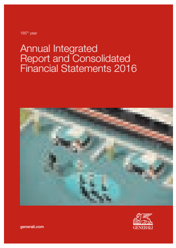
Our report has been improved in many aspects also considering our stakeholders' feedback; for instance, *Conciseness* was improved, as was connectivity among the Group's different reports and among the different parts of the report, therefore making it easier to read with a more logical structure. The diagram below shows the passage of the Annual Integrated Report, drawn up in accordance with the *Materiality* principle, and the Consolidated Financial Statements were drawn up in accordance with the law.

Annual Integrated Report

Additional management information

Financial statements and notes

Management Report



Annual Integrated Report and Consolidated Financial Statements

As for *Reliability and completeness*, the Annual Integrated Report is supported by a structured information system, processing financial and pre-financial information. This allows Generali to increase homogeneity and reliability of both types of information. As for the scope of the reporting, the performance indicators refer to the entire Group unless otherwise indicated.

In accordance with the *Consistency and Comparability* principle, the report includes information that is consistent with the previous year (any changes in the criteria applied are noted in the Appendix to the Management Report) and the strategic objectives announced to the market.

Methodological note 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.

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 was 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 liabilities linked to financing activities, specific net income from investments and non-recurring income and expenses.

Starting from this integrated report, the Group has reviewed the portrayal of its operating segments in order to provide disclosures which are more closely aligned with the new organizational structure of the Group and to ensure an improved economic representation of the performance of the individual business and geographical segments.

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 on investments that do not affect the formation of the local technical reserves, but only the calculation of the deferred liabilities towards policyholders for the amount not attributable to the policyholders, and on those of the free assets;
- net other non-operating expenses that mainly include the results of the run-off activities, company restructuring charges, depreciation of the value of the portfolios acquired directly or through acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

In particular, with respect to the calculation method of the policyholders' profit sharing based on the net result of the period, the life non-operating result in Germany and Austria was entirely calculated net of the estimated amount attributable to the policyholders.

Furthermore, where a new fiscal law materially affects the operating result of the countries where the policyholders' profit sharing is based on the net result of the period, the estimated non-recurring effect on the income taxes attributable to the policyholders has been 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, principally including the results of real estate development activities, run-off activities, the impairment losses on property held for own use, company restructuring charges and amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

The holding and other businesses segment includes the activities in the banking and asset management sectors, the costs incurred for the direction, 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 the results of the run-off activities, company restructuring charges, depreciation 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 or VOBA) and other net non-recurring expenses.

With reference to holding costs, the general expenses incurred for management and coordination are considered as operating, by the Parent Company and territorial sub-holdings.

In addition, non-operating holding expenses include:
- interest expenses on financial debt[1],
- restructuring charges and other non-recurring expenses incurred in the 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 above mentioned segments and related consolidation adjustments.

In accordance with the approach described above, the Generali Group also provided the operating result in the main countries where it operates 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 review of the key performance indicators 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 were considered by the same standards as transactions concluded with external reinsurers. This representation of the life and property&casualty operating result by territory 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 income statement items:

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

1
For further details on the definition of financial debt, please refer to the paragraph Debt in the section on The financial position of the Management report.

The following reclassifications were made in the calculation of the operating result with respect to the corresponding items of the income statement:

- the investment management and investment property management expenses in the operating result were reclassified from acquisition and administration costs to net operating income from other financial instruments, more specifically into other expenses from financial instruments and land and buildings (investment properties);
- income and expenses related to real estate development activities in the operating result were classified as other non-operating income and expenses, in accordance with the management model adopted that provides for sale at completion;
- gains and losses on foreign currencies in the operating result were reclassified in the life and financial segment from net operating income to net operating income from financial instruments at fair value through profit or loss. In the property&casualty segment, gains and losses on foreign currencies in the operating result were 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. The net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- in net operating income from 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;
- the net other operating expenses in the operating result were adjusted for operating taxes and for non-recurring taxes that significantly affect the operating income of the countries where policyholders' stakes are determined by taking the taxes for the period into account. These adjustments were included in the calculation of operating income and are excluded from the income taxes item.

Operating result by margins

The operating result of the various segments was also shown in accordance with a **margin-based layout** which shows the operating trends of the changes that occurred in each segment performance more clearly.

The operating result of the **life segment** comprises a technical margin including insurance costs, a net investment result and a component that includes acquisition and administration costs related to the insurance business and other net operating expenses. The technical margin includes the loadings and the risk and profit from the surrender results for the period.

The net investment result comprises operating income from investments, net of the portion attributable to the policyholders. Finally, the insurance management and other operating components are indicated separately.

The operating result for the **property&casualty segment** comprises the technical result, the financial result and other operating items. The technical result is equivalent to 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.

Operating return on equity

The operating return on equity indicates the return on capital in terms of the Group operating result. It is calculated through the relationship between:

- consolidated operating result as described above adjusted to include:
  - o interest on financial debt;
  - o income taxes based on a mid-term expected tax rate as assumed in the 2017 Target (please refer to the chapter "The Generali Group's strategy");
  - o minority interests;
- average Group shareholders' equity at the beginning and end of each period of valuation, adjusted to exclude other gains and losses booked directly to equity included in Other Comprehensive Income OCI (such as gains and losses on AFS investments, foreign currency translation differences, net unrealized gains and losses on hedging derivatives).

Return on Investments

The indicators for the **return on investments** are presented, obtained as the relationship:

- for the **net current return** between 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 and the average investments (calculated on book value);
- for the **harvesting rate** between 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) and the average investments (calculated on book value).

The **profit and loss return** is equal to the current return plus the harvesting rate net of investment management expenses.

The **average investments (calculated on book value)** included land and buildings (investment properties), investments in subsidiaries, associated companies and joint ventures, loans and receivables, available for sale financial assets, financial assets at fair value through profit or loss less financial assets and liabilities related to linked contracts, derivatives classified in financial liabilities at fair value through profit or loss and cash and cash equivalents. Total investments are adjusted for 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 asset base of each quarter of the reporting period.

These profitability indicators were presented for the life and property&casualty segments for the consolidated figures.

Consolidated investments

With regard to the presentation of consolidated investments, the following variations, with respect to the corresponding balance sheet items have been implemented, in order to provide the figures consistently with those used to calculate the relative profitability:

- Investment Fund Units were split by nature between equity, bond and investment property portfolios;
- derivatives are presented on a net basis, and therefore also including derivative liabilities. Moreover, hedging derivatives are classified in the respective asset class hedged;
- reverse REPOs were reclassified, in accordance with their nature of short-term liquidity commitments, from ‘Other fixed income instruments’ to ‘Cash and cash equivalents’; and
- REPOs classified as liabilities are presented in “Cash and cash equivalents”.

The segment investments were presented in accordance with the methods described in the Chapter General drafting and measurement criteria of the Notes, paragraph 6 in the section Other Information.

Net Operating Cash

Net Operating Cash measures the Parent Company’s cash generation. It is the result of the sum of dividends paid by the Subsidiaries, the net result of the Group Reinsurance centralization activity, administrative costs, interest expenses paid and the net balance relating to taxes.

Consolidated Financial Statements

Introduction

In line with the concept of Integrated Reporting and the Group targets set as from 31 December 2015 when the Notes were reviewed, the Group has revised the structure and contents of the Risk Report and its position in the Annual Integrated Report.

In particular, the Risk Report has been prepared as to provide a disclosure aligned with the Solvency II regulatory framework and related disclosure.

With the aim of improving the usability of the document for the reader, it has been included in the Management Report by enriching its contents.

Consolidated financial statements

BALANCE SHEET

Assets

References:	(€ million)	31/12/2016	31/12/2015
	1 INTANGIBLE ASSETS	**8,866**	**8,645**
4	1.1 Goodwill	6,664	6,661
19	1.2 Other intangible assets	2,202	1,985
	2 TANGIBLE ASSETS	**4,476**	**4,469**
20	2.1 Land and buildings (self used)	2,810	2,844
20	2.2 Other tangible assets	1,666	1,625
14	**3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**3,933**	**4,094**
40, 41, 42, 43	**4 INVESTMENTS**	**469,172**	**447,448**
11	4.1 Land and buildings (investment properties)	12,584	12,112
3	4.2 Investments in subsidiaries, associated companies and joint ventures	1,194	1,369
7	4.3 Held to maturity investments	2,168	1,984
8	4.4 Loans and receivables	44,178	48,198
9	4.5 Available for sale financial assets	313,933	289,399
10	4.6 Financial assets at fair value through profit or loss	95,114	94,385
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	78,317	74,966
21	**5 RECEIVABLES**	**11,790**	**11,706**
	5.1 Receivables arising out of direct insurance operations	7,155	6,497
	5.2 Receivables arising out of reinsurance operations	1,163	1,060
	5.3 Other receivables	3,471	4,149
22	**6 OTHER ASSETS**	**15,414**	**15,142**
	6.1 Non-current assets or disposal groups classified as held for sale	772	0
15	6.2 Deferred acquisition costs	2,083	2,000
	6.3 Deferred tax assets	2,477	2,652
	6.4 Tax receivables	2,974	3,115
	6.5 Other assets	7,108	7,375
12	**7 CASH AND CASH EQUIVALENTS**	**7,533**	**9,044**
	TOTAL ASSETS	**521,184**	**500,549**

Equity and liabilities

References:	(€ million)	31/12/2016	31/12/2015
16	**1 SHAREHOLDERS' EQUITY**	**25,668**	**24,708**
	1.1 Shareholders' equity attributable to the Group	**24,545**	**23,565**
	1.1.1 Share capital	1,560	1,557
	1.1.2 Other equity instruments	0	0
	1.1.3 Capital reserves	7,098	7,098
	1.1.4 Revenue reserves and other reserves	8,604	7,688
	1.1.5 (Own shares)	-7	-6
	1.1.6 Reserve for currency translation differences	42	74
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	6,319	6,067
	1.1.8 Reserve for other unrealized gains and losses through equity	-1,153	-944
	1.1.9 Result of the period	2,081	2,030
	1.2 Shareholders' equity attributable to minority interests	**1,123**	**1,143**
	1.2.1 Share capital and reserves	879	748
	1.2.2 Reserve for unrealized gains and losses through equity	86	166
	1.2.3 Result of the period	158	229
23	**2 OTHER PROVISIONS**	**1,804**	**1,807**
13	**3 INSURANCE PROVISIONS**	**421,477**	**404,687**
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	60,799	57,793
	4 FINANCIAL LIABILITIES	**51,416**	**49,904**
17	4.1 Financial liabilities at fair value through profit or loss	19,484	20,082
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	17,404	16,793
18	4.2 Other financial liabilities	31,932	29,821
	of which subordinated liabilities	9,126	9,643
24	**5 PAYABLES**	**9,550**	**8,828**
	5.1 Payables arising out of direct insurance operations	3,465	3,464
	5.2 Payables arising out of reinsurance operations	579	511
	5.3 Other payables	5,506	4,853
25	**6 OTHER LIABILITIES**	**11,269**	**10,614**
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	702	0
	6.2 Deferred tax liabilities	2,616	3,034
	6.3 Tax payables	1,644	1,320
	6.4 Other liabilities	6,307	6,259
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**521,184**	**500,549**

INCOME STATEMENT

Income statement

References:	(€ million)	31/12/2016	31/12/2015
26	1.1 Net earned premiums	65,352	68,507
	1.1.1 Gross earned premiums	67,176	70,400
	1.1.2 Earned premiums ceded	-1,824	-1,894
27	1.2 Fee and commission income and income from financial service activities	1,010	1,094
28	1.3 Net income from financial instruments at fair value through profit or loss	1,822	1,941
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	1,727	2,275
29	1.4 Income from subsidiaries, associated companies and joint ventures	133	130
30	1.5 Income from other financial instruments and land and buildings (investment properties)	14,860	16,219
	1.5.1 Interest income	9,955	10,075
	1.5.2 Other income	2,043	2,065
	1.5.3 Realized gains	2,605	3,873
	1.5.4 Unrealized gains and reversal of impairment losses	258	206
31	1.6 Other income	2,927	4,070
	1 TOTAL INCOME	**86,103**	**91,961**
32	2.1 Net insurance benefits and claims	-63,963	-69,091
	2.1.1 Claims paid and change in insurance provisions	-64,916	-70,204
	2.1.2 Reinsurers' share	953	1,113
33	2.2 Fee and commission expenses and expenses from financial service activities	-611	-586
34	2.3 Expenses from subsidiaries, associated companies and joint ventures	-43	-16
35	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,425	-3,215
	2.4.1 Interest expense	-1,110	-1,103
	2.4.2 Other expenses	-350	-390
	2.4.3 Realized losses	-471	-686
	2.4.4 Unrealized losses and impairment losses	-1,495	-1,035
36	2.5 Acquisition and administration costs	-10,838	-10,856
	2.5.1 Commissions and other acquisition costs	-8,056	-8,179
	2.5.2 Investment management expenses	-188	-96
	2.5.3 Other administration costs	-2,594	-2,581
37	2.6 Other expenses	-4,066	-4,792
	2 TOTAL EXPENSES	**-82,947**	**-88,555**
	EARNINGS BEFORE TAXES	**3,157**	**3,407**
38	**3 Income taxes**	**-918**	**-1,112**
	EARNINGS AFTER TAXES	**2,239**	**2,295**
	4 RESULT OF DISCONTINUED OPERATIONS	**0**	**-35**
	CONSOLIDATED RESULT OF THE PERIOD	**2,239**	**2,259**
	Result of the period attributable to the Group	2,081	2,030
	Result of the period attributable to minority interests	158	229
16	EARNINGS PER SHARE		
	Basic earnings per share (€)	1.34	1.30
	From continuing operations	1.34	1.33
	Diluted earnings per share (€)	1.32	1.29
	From continuing operations	1.32	1.31

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

(€ million)	31/12/2016	31/12/2015
1 CONSOLIDATED RESULT OF THE PERIOD	2,239	2,259
Items that may be reclassified to profit and loss in future periods		
2.1 Foreign currency translation differences	-60	328
2.2 Net unrealized gains and losses on investments available for sale	195	-398
2.3 Net unrealized gains and losses on cash flows hedging derivatives	26	41
2.4 Net unrealized gains and losses on hedge of a net investment in foreign operations	-9	-49
2.5 Share of other comprehensive income of associates	6	9
2.8 Result of discontinued operations	17	-576
2.10 Other		0
Subtotal	175	-645
Items that may not be reclassified to profit and loss in future periods		
2.5 Share of other comprehensive income of associates	0	0
2.8 Result of discontinued operations	0	437
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	-244	162
Subtotal	-244	600
2 OTHER COMPREHENSIVE INCOME	-69	-46
3 TOTAL COMPREHENSIVE INCOME	2,170	2,214
attributable to the Group	2,092	1,912
attributable to minority interests	78	302
Earnings per share (in €)	1.34	1.23
Diluted earnings per share (in €)	1.33	1.22

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

		Amounts at 31/12/2014	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2015
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	Share Capital	1,557	0	0	0	0	0	1,557
	Other equity instruments	0	0	0	0	0	0	0
	Capital reserves	7,098	0	0	0	0	0	7,098
	Revenue reserves and other reserves	7,571	0	1,055	0	-934	-4	7,688
	(Own shares)	-8	0	2	0	0	0	-6
	Result of the period	1,670	0	361	0	0	0	2,030
	Other comprehensive income	5,316	0	1,354	-1,473	0	1	5,197
	Total shareholders' equity attributable to the group	**23,204**	**0**	**2,772**	**-1,473**	**-934**	**-3**	**23,565**
SHAREHOLDERS' EQUITY TO MINORITY INTERESTS	Share capital and reserves	706	0	156	0	-108	-6	748
	Result of the period	182	0	47	0	0	0	229
	Other comprehensive income	93	0	147	-74	0	-1	166
	Total shareholders' equity attributable to minority interests	**981**	**0**	**350**	**-74**	**-108**	**-7**	**1,143**
TOTAL		**24,185**	**0**	**3,122**	**-1,547**	**-1,042**	**-10**	**24,708**

Amounts at 31/12/2015	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2016
1,557	0	3	0	0	0	1,560
0	0	0	0	0	0	0
7,098	0	0	0	0	0	7,098
7,688	0	2,039	0	-1,123	0	8,604
-6	0	-1	0	0	0	-7
2,030	0	50	0	0	0	2,081
5,197	0	-119	130	0	0	5,208
23,565	**0**	**1,973**	**130**	**-1,123**	**0**	**24,545**
748	0	225	0	-93	-2	879
229	0	-71	0	0	0	158
166	0	-41	-40	0	0	86
1,143	**0**	**113**	**-40**	**-93**	**-2**	**1,123**
24,708	**0**	**2,087**	**91**	**-1,216**	**-2**	**25,668**

STATEMENT OF CASH FLOW (INDIRECT METHOD)

Cash flow statement

(€ million)	31/12/2016	31/12/2015
Earnings before taxes	**3,157**	**3,407**
Changes in non-cash items	**14,647**	**16,549**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	67	-56
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	109	404
Change in the mathematical provisions and other insurance provisions for life segment	16,094	20,475
Change in deferred acquisition costs	-74	-76
Change in other provisions	179	156
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	405	-103
Other changes	-2,133	-4,252
Change in receivables and payables from operating activities	456	-203
Change in receivables and payables arising out of direct insurance and reinsurance operations	-633	774
Change in other receivables and payables	1,089	-977
Income taxes paid	**-728**	**-1,674**
Net cash flows from cash items related to investing or financing activities	**3,132**	**38**
Financial liabilities related to investment contracts	885	1,042
Payables to banks and customers	2,285	-867
Loans and receivables from banks and customers	-38	-137
Other financial instruments at fair value through profit or loss	0	0
NET CASH FLOWS FROM OPERATING ACTIVITIES	**20,663**	**18,116**
Net cash flows from investment properties	-136	1,019
Net cash flows from investments in subsidiaries, associated companies and joint ventures(***)	36	929
Net cash flows from loans and receivables	4,700	2,778
Net cash flows from held to maturity investments	-295	1,059
Net cash flows from available for sale financial assets	-22,442	-13,961
Net cash flows from tangible and intangible assets	-1,150	-151
Net cash flows from other investing activities	1,117	-8,609
CASH FLOW FROM INVESTING ACTIVITIES	**-18,170**	**-16,936**
Net cash flows from shareholders' equity attributable to the Group	0	0
Net cash flows from own shares	0	0
Dividends payment	-1,123	-934
Net cash flows from shareholders' equity attributable to minority interests(****)	-93	-121
Net cash flows from subordinated liabilities and other similar liabilities	-367	1,298
Net cash flows from other financial liabilities	-2,497	-1,016
CASH FLOW FROM FINANCING ACTIVITIES	**-4,079**	**-774**
Effect of exchange rate changes on cash and cash equivalents	4	134
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD(*)	9,025	8,484
CHANGES IN CASH AND CASH EQUIVALENTS	-1,582	542
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(**)	7,443	9,025

(*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (€ 9,044 million), liabilities to banks payables on demand (€ -7 million) and bank overdrafts (€ -13 million).

(**) Cash and cash equivalents at the end of the period include cash and cash equivalents (€ 7,533 million), liabilities to banks payables on demand (€ -38 million), bank overdrafts (€ -52 million).

(***) Includes mainly proceeds arising from the disposal of two companies in Philippines (€ 36 million).

(****)It refers entirely to dividends attributable to minority interests.

Notes

Basis of presentation and accounting principles

Basis of presentation

The Generali Group's consolidated financial statements at 31 December 2016 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 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.

The consolidated financial statements at 31 December 2016 were approved by the Board of Directors on 15 March 2016.

The consolidated financial statements at 31 December 2016 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 ISVAP (now 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.

Exchange rates of the balance sheet

Currency	Exchange rate at the end of the period (€)	
	31/12/2016	31/12/2015
US dollar	1.055	1.086
Swiss franc	1.072	1.087
British pound	0.854	0.738
Argentine peso	16.691	14.062
Czech Koruna	27.021	27.022

Exchange rates of the income statement

Currency	Average exchange rate (€)	
	31/12/2016	31/12/2015
US dollar	1.107	1.110
Swiss franc	1.090	1.068
British pound	0.819	0.726
Argentine peso	16.332	10.267
Czech Koruna	27.034	27.287

Basis of consolidation

The consolidated financial statements of the Group include the financial statements of Assicurazioni Generali SpA and its subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, 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 investree);
- 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 result 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 arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's 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 package", which contribute to the consistent application of the Group's accounting policies. For consolidation purposes, if the financial year-end date of a company differs from that of the Parent Company, the former prepares interim financial statements at December 31st 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 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.

A change 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 profit or loss. Any investment retained 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 if 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 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 acquire is re-measured at its acquisition date fair value and any resulting gain or loss recognized in 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 either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The assets acquired and liabilities assumed in 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 is accounted for as goodwill. If the impairment test lead to the result that theacquisition cost is less than the fair value of the assets acquired and liabilities assumed, the difference is recognised in the profit and loss account.

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 statements 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 and 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

Following the guidelines set out in the strategic plan, the Group has recently concluded some transactions that have led to fully control the most part of its subsidiaries. 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 more than 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 2016 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).

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 1st January 2016 new principles and amendments shall be applied. The most relevant changes for the Group with respect to the consolidated financial statements at 31 December 2015 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, changes in the accounting rules that shall be applied from 1 January 2016

There are no new accounting standards or changes to existing standards effective from 1 January 2016 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.

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 an 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.

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, the 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 carrying amount (ie 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. (ie 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 (ie 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 (ie the change in fair value of the hedging relationship must not be dominated by the component of credit risk).

The standard will be effective, in the case of endorsement, from annual periods beginning on or after 1 January 2018. 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

IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment to IFRS 4)

On 12 September 2016 the IASB published the amendment “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” that introduces modifications that aim to address the concerns of the insurance industry arising from the misalignment of the IFRS 9 effective date and the expected effective date of the upcoming insurance contracts standard.

Both standards, IFRS 9 (with effective date 1 January 2018) and IFRS 17 (with subsequent effective date) are relevant for insurance entities. The amendment. aims to address the concerns of some interested parties, in particular insurers, about the different effective dates of IFRS 9 Financial Instruments and the forthcoming new insurance contracts Standard.

The application of IFRS 9 beginning from 1 January 2018 would have the following critical issues:

- additional volatility to profit or loss arising from the application of SPPI test;
- higher costs caused by a first implementation of IFRS 9 without appropriate international accounting standard fort insurance liabilities and a following revision of the implementation of the standard when IFRS 17 will be applied;
- two significant amendments for the users of financial statements in a short period of time.

The amendment provides for the introduction of two options within IFRS 4:

1. the Overlay approach, that allows the companies that issue insurance contracts to remove from profit or loss the incremental volatility caused by changes in the measurement of financial assets upon application of IFRS 9. An entity that applies this approach shall reclassify in the other comprehensive income the difference between:

a) the amount reported in profit or loss of the financial assets linked to insurance liabilities in the scope of IFRS 4; and

b) the amount that would have been reported in profit or loss by applying IAS 39 “Financial Instruments: Recognition and Measurement”;

2. the Deferral approach, a temporary exemption from applying IFRS 9 that would be available to companies whose predominant activity is the issuance of insurance contracts. Such a deferral would be available until the date on which the new insurance contracts standard comes into force (but not later than 1 January 2021).

The Group considers the Deferral approach as most appropriate to solve the problems resulting from the application of IFRS 9 before the new accounting standard on insurance liabilities. The overlay approach implementation would create incremental costs compared to those of the first implementation of IFRS 9. In particular, the Group has identified as critical the concurrent application of IAS 39 and IFRS 9.

Implementation of the standard

The Group has undertaken a project to assess the accounting, operating and organizational impacts arising from the forthcoming application of IFRS 9 and to define the requirements of the standard in terms of methodology, process, systems and governance. The project aims also to set up an implementation roadmap, considering the interdependency with IFRS 17, the future standard on insurance contracts. The Group expects material impacts regarding classification and measurement of financial instruments resulting in a larger part of financial investments measured at fair value through profit or loss. Concerning the impairment model, the Group expects that the new Expected Credit Losses model could lead to less significant impacts in the Group financial statements.

On the basis of this assessment, the Group started the implementation phase of the standard, in order to ensure the proper and homogeneous application of the new accounting standard. The implementation of the principle takes into account the option to defer the application of the standard to 1 January 2021, which the Group considers appropriate. The Group will apply the temporary exception (in case of approval by the EU), sharing the concerns about accounting mismatch and the temporary volatility in the income statement arising from the application of IFRS 9 before the entry into force of IFRS 17. Therefore, the implementation of the standard aims to ensure compliance with the disclosure requirements resulting from the application of the deferral.

The deferral of the standard is applicable from entities whose activities are predominantly insurance, that is if the percentage of the carrying amount of liabilities linked to insurance on the total carrying amount of entity’s liabilities is higher than 90%, or between 80% and 90%, and non-insurance activities of the company are not significant (predominance ratio). The Group has calculated a predominance ratio higher than 90%.

IFRS 17 – Insurance contracts

On 20 June 2013 the IASB published the exposure draft "Insurance Contracts". The E.D. proposes a new measurement model for insurance contracts that will replace the current IFRS 4 - Insurance Contracts. The valuation method is 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 a margin for the services provided within the contract ("contractual service margin"). A simplified approach ("Premium Allocation Approach") is permitted if the coverage period of the contract is less than one year, or if the model used for assessment provides a reasonable approximation compared to the building block approach. Between 2014 and 2016 it took place a re-deliberation process of the E.D., as a result of consultation with the industry and the interested stakeholders, that highlighted some areas of operational complexity of the standard. The IASB re-deliberations left unchanged the basics of the model described above, but introduced changes supporting the operational application of the standard, which regarded, in particular, the participating contracts, for which a building block approach variant has been introduced, the level of aggregation for the measurement of insurance contracts and the transitional measures. The publication of the standard is expected in May 2017. The expected effective date is 1 January 2021.

The IASB will constitute a Transitional Resource Group (TRG), a public forum, as the TRGs for IFRS 15 Revenue from contracts with customers, and for the 'IFRS 9 Financial Instruments in relation to the impairment, which will highlight to the IASB potential implementation issues arising from the application of the new standard by companies, and propose possible actions to address the potential issues identified. The membership of the TRG, which has yet to be defined, will include a variety of stakeholders such as preparers of financial statements, insurance companies, auditors and users of financial statements.

The Group has launched a project in order to assess the requirements of the new standards and the roadmap of the phase of implementation of the standard, taking into account interactions with the implementation of IFRS 9.

The Group expects a very significant impact on financial reporting both in terms of valuation of the technical provisions in the balance sheet and in terms of performance reporting in the income statement and in the notes. Given the extent of the changes introduced by the standard, significant impact is expected in terms of resources, processes and information systems to support the valuation framework.

IFRS 15 – Revenue from contracts with customers

On 28 May 2014 the IASB published IFRS 15 "Revenue from contracts with customers" which concerns the recognition of revenues. The standard replaces IAS 11 "Constructions Contracts" and IAS 18 "Revenue", and incudes new requirements concerning the measurement and timing of revenue recognition. In particular IFRS 15 defines the following phases:

Step 1: Identifying the contract
Step 2: Identifying performance obligations
Step 3: Determining the transaction price
Step 4: Allocating the transaction price to performance obligations
Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized "point-in-time", as the control of the asset is passed, or "over time", during the period. The revenues are recognized "over time" if one of the following criteria is met:

1) the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;

2) the entity's performance creates or enhances an asset that the customer controls as the asset is created;

3) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Insurance contracts are excluded from the scope of the standard; as a result the potential impacts for insurance companies are connected to contracts that include non-insurance services and asset management fees. The expected impacts are not significant for the Group.

The effective date is 1 January 2018.

IFRS 16 – Leases

On 13 January 2016 the IASB published IFRS 16 "Leases". The new standard introduces new requirements for the recognition, presentation and disclosure of leases in the financial statements

In particular the distinction between operating and finance leases is eliminated concerning the lessee accounting: all leases require the recognition of a right -of – use asset along the lease term, and a lease liability, which represents the obligation to pay the lease payments.

The leases accounting treatment is unchanged for the lessor.

No material impacts are expected for the Group resulting from the application of the new standard requirements, compared to current requirements of IAS 17.

The effective date is 1 January 2019.

Other changes not significant for the Group

Amendments	Effective date	Date of publication
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	1 July 2014[1]	November 2013
Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014[2]	December 2013
IFRS 14 Regulatory Deferral Account	1 January 2016	January 2014
IFRS 11 Amendments regarding the accounting for acquisition of an interest in a joint operation	1 January 2016	May 2014
IAS 16 and IAS 38 Amendments regarding the clarification of acceptable methods of depreciation and amortization	1 January 2016	May 2014
IFRS 10 Amendments regarding the sale and the contribution of assets between an investor and its associate or joint venture	to be defined	September 2014
IAS 28 Amendments regarding the sale and the contribution of assets between an investor and its associate or joint venture	1 January 2016	September 2014
Amendments resulting from 2014 Annual Improvements 2012-2014 Cycle	1 January 2016	September 2014
IAS 1 Amendments resulting from the disclosure initiative	1 January 2016	December 2014

1 The Regulation (EU) 2015/29 postponed the effective date for the EU countries to annual periods beginning on or after 1 February 2015.

2 The Regulation (EU) 2015/28 postponed the effective date for the EU countries to annual period beginning on or after 1 February 2015..

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 embedded value 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.

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 and 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.

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.

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.

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
- x\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 accounted 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

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.

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)

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 includes the pro-rata temporis provision, which is the amount of gross premiums written allocated to the following financial periods, 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 meets 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

The item includes payables arising out of insurance and reinsurance operations.

Other payables

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 liabilities

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 non-current assets and disposal groups classified as held for sale, as 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 not in the income statement..

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 includes 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 IAS 18 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 items of the balance sheet.

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 items of the balance sheet.

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.

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 the recognition of gains or losses arising from the first time application of accounting standards (IFRS 1).

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

With effect from 1st January 2013, the Generali Group has implemented IFRS 13 - Fair Value Measurement. This standard 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 are 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 (ie 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 equiparable 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. 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;
- hey are settled at a future date. Derivatives are classified as at fair value through profit or loss.

In relation to the issue of some subordinated liabilities, the Group hedged the interest expense rates and GBP/EUR exchange rate, recognised as cash flow hedges and accounted for as hedging instruments.

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 a 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).

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 above mentioned 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 above mentioned 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, subject to IFRS 8, tree 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;
- 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.

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 life companies are also reported in this segment.

Holding and other business segment

This grouping is an heterogeneous pool of non insurance assets and in particular it includes banking and asset management activities, expenses regarding coordination activities and interest expenses on the Group financial debt, as well as other activities that the Group considers ancillary to the core insurance business. The holding expenses mainly include the holding and territorial sub-holding direction expenses regarding coordination activities, the expenses relating to the parent company of 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 sector and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the appendix to the notes, prepared under the ISVAP Regulation No. 7 of 13 July 2007 as subsequently amended.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of the transactions between companies belonging to the same segment and, the carrying amount of the investments in subsidiaries and the related portion of equity. 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 interest income and expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

In detail, this approach presents the following main changes: both investments and dividends received by non-life and holding and other businesses companies and paid by companies of other segments, and realized gains and losses on intra-segment transactions are eliminated within the non-life and holding and other businesses segments; both investments and dividends received by life holding and paid by companies of other segments, and realized gains and losses on intra-segment transactions are eliminated within the life segment.

The abovementioned approach reduces consolidation adjustments, that currently include dividends received by life companies and paid by Group companies belonging to other segments, and net commissions for financial services rendered and received by Group companies.

Generali Group is divided into seven markets, in line with the strategy to simplify the Group and its governance. The new setup aims to optimise the Group's international operations and will enable greater coordination between local businesses and the Head office. The new structure is composed of the business units o the three core markets – Italy, France and Germany – and four regional units: CEE (Central and Eastern European countries members of the EU), EMEA (Austria, Belgium, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai), Asia, and Americas (Argentina, Brazil, Colombia, Ecuador, Guatemala and Panama). The reporting by geographical area presented in this report has been adapted to the new territorial structure of the Group.

In order to provide a management view of the key performance indicators, the geographical reporting is now disclosed as country's consolidated view, instead of contribution to the Group's results. The elimination of transactions between Generali Group companies in different geographic regions is included within the cluster International Operations.

For more information on performance indicators used refer to Management report.

Balance sheet and Income statement by segment are reported in the following tables.

Annex 1

Segment reporting - Balance sheet

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
1 INTANGIBLE ASSETS	3,538	3,514	4,847	4,752
2 TANGIBLE ASSETS	2,091	2,124	1,029	1,074
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,704	2,895	1,229	1,199
4 INVESTMENTS	37,418	36,853	425,202	404,617
4.1 Land and buildings (investment properties)	3,683	4,261	8,250	7,340
4.2 Investments in subsidiaries, associated companies and joint ventures	1,494	1,541	3,944	3,874
4.3 Held to maturity investments	34	81	1,403	1,479
4.4 Loans and receivables	3,377	2,952	39,843	43,118
4.5 Available for sale financial assets	27,444	25,839	278,202	257,193
4.6 Financial assets at fair value through profit or loss	1,385	2,179	93,562	91,611
5 RECEIVABLES	5,671	4,751	5,818	6,637
6 OTHER ASSETS	4,200	4,471	10,691	9,823
6.1 Deferred acquisition costs	277	278	1,806	1,722
6.2 Other assets	3,923	4,193	8,886	8,101
7 CASH AND CASH EQUIVALENTS	2,159	2,929	4,197	5,827
TOTAL ASSETS	57,782	57,537	453,012	433,928
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	904	791	639	770
3 INSURANCE PROVISIONS	33,349	33,377	388,128	371,310
4 FINANCIAL LIABILITIES	8,880	9,463	30,233	29,776
4.1 Financial liabilities at fair value through profit or loss	365	356	19,120	19,728
4.2 Other financial liabilities	8,515	9,107	11,114	10,048
5 PAYABLES	3,401	3,371	5,272	4,853
6 OTHER LIABILITIES	4,072	3,774	6,761	6,076
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
482	379	-1	0	8,866	8,645
1,355	1,271	0	0	4,476	4,469
0	0	0	0	3,933	4,094
18,256	16,632	-11,705	-10,654	469,172	447,448
652	511	0	0	12,584	12,112
320	429	-4,563	-4,476	1,194	1,369
731	424	0	0	2,168	1,984
8,099	8,306	-7,142	-6,178	44,178	48,198
8,287	6,367	0	0	313,933	289,399
167	596	0	0	95,114	94,385
301	318	1	0	11,790	11,706
602	928	-80	-80	15,414	15,142
0	0	0	0	2,083	2,000
602	928	-80	-80	13,331	13,142
1,841	1,135	-664	-846	7,533	9,044
22,837	20,664	-12,448	-11,581	521,184	500,549
				25,668	24,708
394	427	-132	-181	1,804	1,807
0	0	0	0	421,477	404,687
16,067	14,544	-3,765	-3,879	51,416	49,904
7	6	-8	-8	19,484	20,082
16,060	14,538	-3,758	-3,872	31,932	29,821
877	604	0	0	9,550	8,828
422	744	14	19	11,269	10,614
				521,184	**500,549**

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
1.1 Net earned premiums	19,685	19,818	45,667	48,689
1.1.1 Gross earned premiums	20,763	20,975	46,412	49,425
1.1.2 Earned premiums ceded	-1,079	-1,157	-745	-737
1.2 Fee and commission income and income from financial service activities	0	0	217	263
1.3 Net income from financial instruments at fair value through profit or loss	-29	40	1,830	1,903
1.4 Income from subsidiaries, associated companies and joint ventures	81	47	214	180
1.5 Income from other financial instruments and land and buildings (investment properties)	1,699	2,063	12,792	13,720
1.6 Other income	1,122	1,147	1,760	2,745
1 TOTAL INCOME	**22,558**	**23,115**	**62,480**	**67,499**
2.1 Net insurance benefits and claims	-12,836	-13,081	-51,127	-56,010
2.1.1 Claims paid and change in insurance provisions	-13,211	-13,604	-51,704	-56,600
2.1.2 Reinsurers' share	376	524	577	590
2.2 Fee and commission expenses and expenses from financial service activities	0	0	-85	-105
2.3 Expenses from subsidiaries, associated companies and joint ventures	-9	-12	-13	-3
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-672	-620	-1,838	-1,577
2.5Acquisition and administration costs	-5,463	-5,457	-5,148	-5,220
2.6Other expenses	-1,774	-2,023	-1,739	-1,984
2 TOTAL EXPENSES	**-20,754**	**-21,192**	**-59,951**	**-64,900**
EARNINGS BEFORE TAXES	**1,804**	**1,923**	**2,529**	**2,599**

HOLDING AND OTHER SEGMENTS		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
0	0	0	0	65,352	68,507
0	0	0	0	67,176	70,400
0	0	0	0	-1,824	-1,894
1,228	1,200	-436	-369	1,010	1,094
20	-3	0	0	1,822	1,941
6	15	-167	-113	133	130
489	543	-120	-106	14,860	16,219
330	417	-284	-239	2,927	4,070
2,073	**2,173**	**-1,008**	**-826**	**86,103**	**91,961**
0	0	0	0	-63,963	-69,091
0	0	0	0	-64,916	-70,204
0	0	0	0	953	1,113
-551	-503	25	23	-611	-586
-25	-1	4	0	-43	-16
-960	-1,040	46	22	-3,425	-3,215
-479	-422	252	243	-10,838	-10,856
-985	-1,100	433	315	-4,066	-4,792
-3,000	**-3,065**	**759**	**603**	**-82,947**	**-88,555**
-927	**-892**	**-248**	**-224**	**3,157**	**3,407**

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.

At 31 December 2016, the consolidation area decreased from 435 to 428 companies, of which 393 are subsidiaries consolidated line by line and 35 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 2015.

2 Disclosures on interests in other entities

2.1 Interests in Subsidiaries

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 *47 Contingent liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information section*.

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	Gruppo Banca Generali Italy		Generali China Life Insurance Co. Ltd China	
(€ million)	31/12/2016	31/12/2015	31/12/2016	31/12/2015
BALANCE SHEET				
Investments	7,162	5,430	7,567	7,370
Other assets	561	570	279	287
Cash and cash equivalents	789	228	43	187
TOTAL ASSETS	8,512	6,229	7,889	7,844
Technical provisions	-	-	5,749	5,477
Financial liabilities	7,455	5,135	1,097	1,142
Other liabilities	400	448	324	390
Net Assets	656	646	720	835
TOTAL NET ASSETS AND LIABILITIES	8,512	6,229	7,889	7,844
NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**312**	**306**	**361**	**419**
INCOME STATEMENT				
Net earned premiums	-	-	1,219	1,229
Fee and commission income	714	767	4	4
NET RESULT	286	381	64	121
OTHER COMPREHENSIVE INCOME	-13	4	-138	125
TOTAL COMPREHENSIVE INCOME	273	385	-74	247
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**78**	**101**	**25**	**59**
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	**69**	**56**	**20**	**8**
CASH FLOW				
cash flow from operating activities	936	-915	637	736
cash flow from investing activities	-319	960	-668	-726
cash flow from financing activities	-137	-112	-112	63

Transactions with non controlling interests

No relevant transactions with minority shareholders occurred during 2016

2.2 Interest in Associates

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 *47 Contingent liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information* section

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 significant 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	
	31/12/2015(*)	31/12/2014(*)	31/12/2016	31/12/2015
INCOME STATEMENT				
Revenues	1,314	1,235	150	212
Profit from continuing operations	186	154	55	81
Profit from discontinued operations after taxes	-	-	-	-
OTHER COMPREHENSIVE INCOME	-	-	-8	9
TOTAL COMPREHENSIVE INCOME	**186**	**154**	**46**	**90**
BALANCE SHEET		-		
Current assets	993	1,019	231	258
Non-current assets	243	178	14	2
Current liabilities	355	387	43	36
Non-current liabilities	184	150	41	42
NET ASSETS	**697**	**660**	**161**	**182**

(*) 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Carrying amount of interest in immaterial associates	**264**	**257**	**151**	**130**
Total comprehensive income attributable to the Group	58	52	12	27
Dividends received during the year	-88	-45	-18	-6
Carrying amount in investee at the end of the year	**234**	**264**	**145**	**151**

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)	31/12/2016	31/12/2015
Carrying amount of interests in immaterial associates	**421**	**365**
Aggregated Group's share of:		
Profit from continuing operations	13	12
Profit from discontinued operations after taxes	-	-
Other comprehensive income	-1	-7
Total comprehensive income	**12**	**5**

2.3 Joint ventures

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*.

Aggregated information on immaterial joint ventures

(€ million)	31/12/2016	31/12/2015
Carrying amount of interests in immaterial joint ventures	**233**	**233**
Aggregated Group's share of:		
Aggregated Group's share of:	14	17
Profit from continuing operations	-	-
Profit from discontinued operations after taxes	8	6
Total comprehensive income	**23**	**23**

2.4 Unconsolidated Structured Entites

As of 31 December 2016, Generali Group holds no interests in unconsolidated structured entities that expose the Group to the variability of returns arising from their performance.

However, Assicurazioni Generali is part of a reinsurance contract with a vehicle which provides coverage with respect to the potential losses affecting Generali Group from catastrophes arising from Europe windstorms over a three year period. Generali Group is deemed to be sponsor since is has originated the insurance risk of the structured entity. Generali pays a premium of 2.25% per annum on the € 190 million of cover under the reinsurance agreement. The related cost is presented within the "Earned premiums ceded" line in the statement of Profit or Loss.

Furthermore Generali Group has entered into an agreement 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, Czeck Republic, Spain and Switzerland). 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 cede" line in the statement of Profit or loss.

3 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures

(€ million)	31/12/2016	31/12/2015
Investments in non-consolidated subsidiaries	146	293
Investments in associated companies valued at equity	800	780
Investments in joint ventures	233	233
Investments in other associated companies	15	63
Total	**1,194**	**1,369**

4 Goodwill

Goodwill

(€ million)	31/12/2016	31/12/2015
Gross book value as at 31 December previous year	**6,661**	**6,617**
Accumulated depreciation and impairment as at 31 December previous year	**0**	**0**
Carrying amount as at 31 December previous year	**6,661**	**6,617**
Changes in consolidation scope	0	0
Other variations	3	43
Gross book value as at the end of the period	**6,664**	**6,661**
Accumulated depreciation and impairment as at the end of the period	**0**	**0**
Carrying amount as at the end of the period	**6,664**	**6,661**

At 31 December 2016 Group's goodwill amounted to € 6,664 million.

The table below details the goodwill by relevant companies:

Goodwill: details

(€ million)	31/12/2016	31/12/2015
Generali Deutschland Holding	2,179	2,179
Alleanza Assicurazioni	1,461	1,461
Generali Italia	1,332	1,332
Generali CEE Holding Group	594	594
Generali France Group	415	415
Generali Schweiz Holding AG	327	322
Generali Holding Vienna AG	153	153
Other	202	204
Total goodwill	**6,664**	**6,661**

The slight increase of the period was substantially attributable to the positive trend in the exchange rates which characterised 2016.

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 and Non-Life. This change has been made in order to better align the perimeter of analysis to the one that is currently used by management for the insurance business and for monitoring the performance.

The table below shows the details of the Group's goodwill by cash generating unit:

Goodwill by cash generating unit

(€ million)	Life	Non Life	Total
Generali Deutschland Holding	562	1,617	2,179
Alleanza Assicurazioni	1,461	0	1,461
Generali Italia	640	692	1,332
Generali CEE Holding Group	380	215	594
Generali France Group	319	97	415
Generali Schweiz Holding AG	93	234	327
Generali Holding Vienna AG	76	77	153
Europ Assistance Group	0	82	82
Other			120
Goodwill	**3,530**	**3,014**	**6,664**

The cash generating units have been defined consistently with IAS 36; with regard to the measurement of the recovery value, as described in the basis of presentation and accounting principles, the Dividend Discount Model (DDM) has been used.

The Dividend Discount Model (DDM) was used for the determination of the recovery value for the following cash generating unit (CGU): Generali Italia, Alleanza Assicurazioni, Generali Deutschland Holding, Generali CEE Holding Group, Generali Schweiz Holding AG, Europ Assistance, Generali Holding Vienna and Generali France.

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 expected cash flows used in the analysis for each CGU, were those detailed in the Strategic Plan 2017-2019, presented to the Board of Directors in December 2016 and any significant subsequent events. 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 (2020 and 2021). The net result (2020 and 2021) 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	2.00%
Generali Italia	2.00%
Generali CEE Holding Group	2.50%
Generali France Group	2.00%
Generali Schweiz Holding AG	1.00%
Generali Holding Vienna AG	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	7.40%
Non Life Companies	6.40%
Alleanza Assicurazioni	
Life Companies	9.00%
Generali Italia	
Life Companies	9.00%
Non Life Companies	7.90%
Generali CEE Holding Group	
Life Companies	8.80%
Non Life Companies	7.80%
Generali France Group	
Life Companies	7.80%
Non Life Companies	6.80%
Generali Schweiz Holding AG	
Life Companies	7.20%
Non Life Companies	6.20%
Generali Holding Vienna AG	
Life Companies	7.60%
Non Life Companies	6.60%
Europ Assistance Group AG	
Non Life Companies	8.30%

The cost of equity (Ke) for each entity is extrapolated based on the Capital Asset Pricing Model (CAPM) formula.

In detail:
- the risk free rate was defined as the average value - observed during the last three months of 2016 - 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.

All CGUs passed the impairment test, being their recoverable amounts higher than their carrying amounts. Furthermore a sensitivity analysis was performed on the results changing the cost of own capital of the company (Ke) (+/-1%) and the perpetual growth rate of distributable future cash flows (g) (+/-1%) and for Non-life segment also for the main non-financial assumptions.

This sensitivity, for Life segment, highlighted that for CGU Alleanza, Generali Holding Vienna e Generali CEE Holding the correspondence between the recoverable amount and the carrying amount is observed with an increase of ke respectively of 0.5%, 0.2% and 0.2%.

In Non-life segment the sensitivities 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, during 2016 Generali Group has entered the agreements for the sale of assets in Liechtenstein and insurance assets in Guatemala. Disposals will be finalized in the course of 2017, when the necessary regulatory authorisation will be obtained. Group considers these companies as "non-current assets classifies as held for sale", presenting them separately from other items in the balance sheet.

Please note that the assets held in Liechtenstein amount to € 670 million, of which approximately € 620 million of investments, mainly unit-linked, while liabilities amount to € 620 million, composed almost entirely from insurance provisions.

The assets held in Guatemala amount to € 100 million, of which € 70 million of held to maturity investments, while liabilities amount to € 80 million, of which €65 million of insurance provisions.

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	5	335	553	893	0.2%
Loans issued	-6	-2	-114	-122	0.2%
Interest income	3	4	20	27	0.3%
Interest expense	-1	0	-6	-7	0.6%

The subtotal other related parties includes the transactions with Mediobanca Group regarding investment bonds for € 553 million, and financial liabilities amounting to € 114 million.

The subtotal associated companies includes loans to Group companies valued with equity method for € 335 million, mostly related to real estate French companies .

With reference to the paragraph 18 of Related Party Transactions Procedures adopted by the Board of Directors in November 2010, excluding the aforementioned operation with PPF Group, 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.

Investments

In the table below Group investments are split into the four IAS categories, as reported on balance sheet, as well as by nature into the 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)	31/12/2016		31/12/2015	
	Total Book value	Impact (%)	Total Book value	Impact (%)
Equity instruments	**17,701**	**4.5%**	**18,353**	**4.9%**
Available for sale financial assets	15,942	4.0%	15,469	4.1%
Financial assets at fair value through profit or loss	1,758	0.4%	2,884	0.8%
Fixed income instruments	**348,729**	**88.1%**	**328,454**	**87.0%**
Bonds	317,427	80.2%	297,552	78.8%
Other fixed income instruments	31,302	7.9%	30,903	8.2%
Held to maturity investments	2,168	0.5%	1,984	0.5%
Loans	42,090	10.6%	46,175	12.2%
Available for sale financial assets	294,951	74.5%	271,326	71.8%
Financial assets at fair value through profit or loss	9,520	2.4%	8,970	2.4%
Real estate investments	**14,489**	**3.7%**	**13,783**	**3.6%**
Other investments	**3,735**	**0.9%**	**3,338**	**0.9%**
Investments in subsidiaries, associated companies and joint ventures	1,194	0.3%	1,369	0.4%
Derivatives	197	0.0%	-935	-0.2%
Receivables from banks or customers	1,703	0.4%	1,764	0.5%
Other investments	640	0.2%	1,140	0.3%
Cash and similar instruments	**11,099**	**2.8%**	**13,768**	**3.6%**
Total	**395,752**	**100.0%**	**377,697**	**100.0%**
Investments back to unit and index-linked policies	78,317		74,966	
Total investments	**474,069**		**452,662**	

7 Held to maturity investments

Held to maturity investments

(€ million)	31/12/2016	31/12/2015
Quoted bonds	2,168	1,949
Other held to maturity investments	0	35
Total	**2,168**	**1,984**

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 € 2,272 million, entirely represented by quoted bonds.

8 Loans and receivables

Loans and receivables

(€ million)	31/12/2016	31/12/2015
Loans	**42,475**	**46,434**
Unquoted bonds	28,850	32,365
Deposits under reinsurance business accepted	782	755
Other loans and receivables	12,843	13,314
Mortgage loans	6,548	6,290
Policy loans	2,458	2,715
Term deposits with credit institutions	1,215	1,899
Other loans	2,622	2,411
Receivables from banks or customers	**1,703**	**1,764**
Receivables from banks	223	202
Receivables from customers	1,480	1,562
Total	**44,178**	**48,198**

This category accounts for 9.4% of total investments. It mainly consisted of unquoted bonds and mortgage loans, which represent 67.9% and 15.4% of total loans, respectively. Vast majority of the bonds category is represented by fixed income medium-to-long term bond instruments.

The decrease was mainly due to net sales carried out during the year.

The debt securities of this category are almost entirely investment grade and more than 60% 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 amounted to € 49,216 million, of which € 33,198 million related to bonds.

9 Available for sale financial assets

Available for sale financial assets

(€ million)	31/12/2016	31/12/2015
Unquoted equities at cost	43	43
Equities at fair value	9,149	9,540
quoted	6,676	7,009
unquoted	2,473	2,531
Bonds	280,903	258,039
quoted	277,617	254,400
unquoted	3,287	3,639
Investment fund units	20,409	18,563
Other available for sale financial assets	3,429	3,214
Total	**313,933**	**289,399**

This category accounted for 66.9% of the total investments. The increase compared 31 December 2015 was attributable to net acquisition in the period, particularly of debt securities.

Available for sale bonds represented 95.2% of total bonds 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 € 281,043 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 31/12/2016

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	43	0	43
Equities at fair value	9,149	1,335	7,814
Bonds	280,903	29,865	251,038
Investment fund units	20,409	1,053	19,356
Other available for sale financial assets	3,429	637	2,792
Total	**313,933**	**32,891**	**281,043**

Available for sale financial assets - unrealised gains and losses 31/12/2015

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	43	0	43
Equities at fair value	9,540	1,230	8,310
Bonds	258,039	27,675	230,364
Investment fund units	18,563	992	17,571
Other available for sale financial assets	3,214	780	2,434
Total	**289,399**	**30,677**	**258,722**

Available for sale financial assets: gains and losses at profit or loss 31/12/2016

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	541	-194	-457
Bonds	1,286	-156	-379
Investment fund units	232	-68	-192
Other available for sale financial assets	29	-6	-71
Total	**2,089**	**-424**	**-1,099**

Available for sale financial assets: gains and losses at profit or loss 31/12/2015

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	1,241	-372	-331
Bonds	1,598	-139	-26
Investment fund units	476	-110	-219
Other available for sale financial assets	4	-16	-39
Total	**3,319**	**-637**	**-614**

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Equities	6	5	51	180	57	185
Quoted	6	5	14	18	19	23
Unquoted	0	0	37	162	37	162
Bonds	38	23	5,467	5,175	5,505	5,199
Quoted	34	23	4,271	4,171	4,306	4,194
Unquoted	3	0	1,196	1,004	1,199	1,004
Investment fund units	2	3	9,109	11,339	9,111	11,342
Derivatives	1,444	1,630	0	0	1,444	1,630
Hedging derivatives	0	0	367	338	367	338
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0	0	78,317	74,966	78,317	74,966
Other financial investments	0	0	314	726	314	726
Total	**1,489**	**1,661**	**93,625**	**92,724**	**95,114**	**94,385**

This category accounted for 20.3% of total investments. In detail, these investments were mainly allocated in the life segment (€ 93,562 million, which accounted for 98.4% of this category) whereas the residual part referred to the non-life segment (€ 1,385 million which accounted for 1.4% of this category) and in the financial segment (€ 167 million, which accounted for 0.2% of this category).

Bond securities in this category belong to classes of rating greater than or equal to BBB.

The increase compared to 31 December 2015 was mainly due to the increase in financial assets where the risk is borne by policyholders.

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Assets	76,614	73,245	1,703	1,721	78,317	74,966
Total assets	**76,614**	**73,245**	**1,703**	**1,721**	**78,317**	**74,966**
Financial liabilities	16,220	15,673	1,184	1,121	17,404	16,793
Insurance provisions (*)	60,616	57,612	40	26	60,657	57,637
Total liabilities	**76,837**	**73,284**	**1,224**	**1,147**	**78,061**	**74,431**

(*) (*) 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

(in milioni euro)	31/12/2016	31/12/2015
Gross book value as at 31 December previous year	**14,366**	**14,875**
Accumulated depreciation and impairment as at 31 December previous year	**-2,254**	**-2,247**
Carrying amount as at 31 December previous year	**12,112**	**12,628**
Foreign currency translation effects	-16	112
Acquisition of the period	426	257
Capitalized expenses	57	112
Changes in consolidation scope	261	-3
Reclassifications	163	-28
Sales of the period	-292	-788
Depreciation of the period	-173	-171
Impairment loss of the period	-46	-82
Reversal of impairment of the period	93	73
Carrying amount as at the end of the period	**12,584**	**12,112**
Accumulated depreciation and impairment as at the end of the period	**2,490**	**2,254**
Gross book value as at the end of the period	**15,074**	**14,366**
Fair value	**18,522**	**17,385**

12 Cash and cash equivalents

Cash and cash equivalents

(€ million)	31/12/2016	31/12/2015
Cash and cash equivalents	649	211
Cash and balances with central banks	606	41
Cash at bank and short-term securities	6,279	8,792
Total	**7,533**	**9,044**

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 fin. assets	Financial assets at fair value through profit	Held to maturity investments	Loans	Total
AAA	24,496	419	18	7,370	32,303
AA	63,313	521	359	6,010	70,203
A	51,136	907	696	4,371	57,110
BBB	128,436	2,910	901	9,382	141,629
Non investment grade	12,750	529	186	846	14,311
Not Rated	773	220	7	871	1,871
Total	**280,903**	**5,505**	**2,168**	**28,850**	**317,427**

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	8,279	813	137	3,399	12,628
From 1 to 5 years	52,339	1,308	956	7,378	61,981
From 5 to 10 years	97,989	713	762	6,914	106,378
More than 10 years	120,669	2,654	312	11,022	134,657
Perpetual	1,628	17	0	137	1,782
Total	**280,903**	**5,505**	**2,168**	**28,850**	**317,427**

Bond investments totalled € 317,427 million at the end of the period. The portfolio was composed for € 174,364 million by government bonds, while corporate bonds amounted to € 143,063 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)	31/12/2016			
	Total book value	Impact (%)	of which home-country	Impact (%)
Government bonds	**174,364**		**107,976**	
Italy	66,121	37.9%	59,805	90.4%
France	32,288	18.5%	24,113	74.7%
Germany	4,838	2.8%	3,760	77.7%
Central and Eastern Europe	15,317	8.8%	7,101	46.4%
Rest of Europe	36,490	20.9%	11,334	31.1%
Spain	14,747	8.5%	5,352	36.3%
Austria	5,403	3.1%	1,999	37.0%
Belgium	9,253	5.3%	2,224	24.0%
Others	7,086	4.1%	1,758	24.8%
Rest of world	8,845	5.1%	1,863	21.1%
Supranational	10,465	6.0%		na

The government bonds portfolio amounted to € 174,364 million at the end of the period, with the 59.2% 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.

Governemnt bonds: breakdown by rating

(€ million)	31/12/2016		31/12/2015	
	Total book value	Impact (%)	Total book value	Impact (%)
Government bonds	**174,364**		**163,474**	
AAA	17,471	10.0%	21,112	12.9%
AA	54,372	31.2%	53,655	32.8%
A	15,651	9.0%	6,964	4.3%
BBB	84,794	48.6%	78,186	47.8%
Non investment grade	2,016	1.2%	3,420	2.1%
Not Rated	60	0.0%	137	0.1%

In terms of exposure to different rating classes, the Class AAA credit rating includes German and US titles and some supranational issuances. Class AA includes French, Belgian and Austrian government bonds while the class BBB mainly includes Italian and Spanish 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)	31/12/2016	
	Total book value	Impact (%)
Corporate bonds	**143,063**	
Financial	44,256	30.9%
Covered bonds	27,040	18.9%
Asset-backed	1,554	1.1%
Utilities	20,589	14.4%
Industrial	11,588	8.1%
Consumer	12,480	8.7%
Telecommunication services	7,870	5.5%
Energy	6,853	4.8%
Other	10,832	7.6%

Corporate bonds: breakdown by rating

(€ million)	31/12/2016		31/12/2015	
	Total book value	Impact (%)	Total book value	Impact (%)
Corporate bonds	**143,063**		**134,077**	
AAA	14,832	10.4%	23,000	17.2%
AA	15,831	11.1%	11,923	8.9%
A	41,459	29.0%	37,850	28.2%
BBB	56,835	39.7%	46,699	34.8%
Non investment grade	12,295	8.6%	13,244	9.9%
Not Rated	1,810	1.3%	1,362	1.0%

The investments in corporate bonds totalled € 143,063 million at the end of the period. The portfolio was composed for 49.1% by non-financial corporate bonds, for 32.0% by financial corporate bonds and for 18.9% by covered 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)	31/12/2016	
	Total fair value	Impact (%)
Equity instruments	**17,701**	
Financial	3,865	21.8%
Consumer	1,162	6.6%
Utilities	1,334	7.5%
Industrial	883	5.0%
Other	2,004	11.3%
Alternative investments	4,745	26.8%
Asset allocation funds	3,707	20.9%

Direct equity investments: breakdown by country of risk

(€ million)	31/12/2016	
	Total fair value	Impact (%)
Direct equity investments	**9,249**	
Italy	1,541	16.7%
France	2,811	30.4%
Germany	1,291	14.0%
Central and Eastern Europe	94	1.0%
Rest of Europe	2,222	24.0%
Spain	275	3.0%
Austria	159	1.7%
Switzerland	195	2.1%
The Netherlands	478	5.2%
United Kingdom	194	2.1%
Others	922	10.0%
Rest of world	1,290	13.9%

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)	31/12/2016		31/12/2016	
	Investment properties		Self-used real estates	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Direct Real-estate investments	**18,522**		**3,330**	
Italy	5,134	27.7%	1,657	49.8%
France	5,718	30.9%	312	9.4%
Germany	3,047	16.5%	718	21.5%
Central and Eastern Europe	483	2.6%	66	2.0%
Rest of Europe	3,864	20.9%	457	13.7%
Spain	722	3.9%	82	2.5%
Austria	1,465	7.9%	129	3.9%
Switzerland	1,170	6.3%	210	6.3%
Others	507	2.7%	36	1.1%
Rest of world	275	1.5%	120	3.6%

Further information on reclassified financial instruments

As of 1st 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 2016, after sales and pay backs during the years, the stock of these reclassified financial instruments amounted to € 2,819 million.

Details on reclassified financial instruments

(€ million)	Book Value reclassified as at 1 January 2009	Book Value reclassified as at 1 January 2016	Change of the period	Book Value at the end of the period	Fair Value as at the end of the period
Available for sale financial assets	14,028	3,671	883	2,788	3,263
Financial assets at fair value through profit or loss	630	67	36	31	31
Total reclassified investments	**14,658**	**3,738**	**919**	**2,819**	**3,294**

As a consequence of the recovery in the value of corporate bonds, the reclassification in loans category of investments previously classified as available for sale financial assets, implied a missing recognition of the revaluation of the related equity reserve of € 475 million (considering both the group share and minorities), € 77.2 million net of policyholders share and deferred taxes for the 2016 year.

Furthermore, the reclassification into loans category of investments previously classified as financial assets at fair value through profit or loss implied a missing recognition of an unrealized gain in the profit or loss for € 0.6 million, which, net of policyholders share and deferred taxes results immaterial.

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 ale is recognised as a liability.

As far as Reverse REPO transactions are concerned, if all the underlying risks ad 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.

At 31 December 2016, 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 recognise approximately € 8,997 million of financial assets linked to various contracts and which are still recognised. In particular, approximately € 4,332 are subject to securities lending transactions mainly in France, approximately € 1,249 million are subject to repurchase agreements, while approximately € 3,417 million are assets pledged as collateral (please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in section Additional Information).

Derivative financial instruments

The Group's 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 € -149 million for a corresponding notional amount of € 33,269 million. The notional exposure is presented in absolute amounts, including positions with both positive and negative balances, and it arises for an amount of € 7,126 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 € -346 million.

- *Fair value hedge*

Fair value hedging relationships mainly relate to macro-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.

Other derivative instruments

The recognised amounts in the financial statements for these exposures at 31 December 2016 amounted to € 197 million for a corresponding notional amount of € 26,079 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, with particular reference to the US dollar. Furthermore during the year the Group has renewed the macro hedge strategy aimed at protecting the capital 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	1,739	529	173	2,441	87	-2	86
Total interest rate contracts	772	5,161	6,540	12,472	1,634	-803	831
Total foreign exchange contracts	16,654	276	1,425	18,356	89	-1,155	-1,065
Total	**19,165**	**5,966**	**8,138**	**33,269**	**1,811**	**-1,960**	**-149**

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.

Insurance and investment contracts

13 Insurance provisions

Insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life insurance provisions	**31,676**	**31,687**	**1,673**	**1,691**	**33,349**	**33,377**
Provisions for unearned premiums	5,132	5,147	228	216	5,360	5,363
Provisions for outstanding claims	26,074	26,068	1,437	1,469	27,511	27,537
Other insurance provisions	471	471	8	7	478	478
of which provisions for liability adequacy test	0	12	0	0	0	12
Life insurance provisions	**386,202**	**369,457**	**1,926**	**1,853**	**388,128**	**371,310**
Provisions for outstanding claims	5,740	5,364	1,139	1,046	6,879	6,410
Mathematical provisions	274,077	263,099	636	663	274,713	263,762
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	60,790	57,783	9	11	60,799	57,793
Other insurance provisions	45,595	43,211	142	133	45,737	43,344
of which provisions for liability adequacy test	1,289	1,036	0	0	1,289	1,036
of which deferred policyholder liabilities	23,882	22,642	0	0	23,882	22,642
Total	**417,878**	**401,143**	**3,599**	**3,544**	**421,477**	**404,687**

In the Non-life segment insurance provisions remain stable (-0.1% compared to 31 December 2015).

In the Life segment insurance provisions increase by 4.5%, mainly attributable to the development of net inflow and the financial revaluation of technical reserves.

The overall total of the other life insurance provisions included both the provision for profit sharing and premium refunds, which amounts to € 6,799 million (€ 6,725 million in 2015) and the ageing provisions for life segment, which amount to € 12,960 million (€ 12,242 million in 2015).

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life amounts ceded to reinsurers from insurance provisions	**1,897**	**2,086**	**808**	**809**	**2,704**	**2,895**
Life amounts ceded to reinsurers from insurance provisions	**484**	**635**	**745**	**563**	**1,229**	**1,199**
"Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds"	4	156	138	0	142	156
Mathematical provisions and other insurance provisions	480	480	607	563	1,087	1,043
Total	**2,381**	**2,722**	**1,552**	**1,372**	**3,933**	**4,094**

15 Deferred acquisition costs

Deferred acquisition costs

(€ million)	Segment Life		Segment Non Life		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Carrying amount as at 31 December previous year	**1,722**	**1,674**	**278**	**283**	**2,000**	**1,958**
Acquisition costs deferred	388	366	53	69	441	435
Changes in consolidation scope	0	0	0	0	0	0
Amortization of the period	-304	-318	-54	-75	-358	-393
Other movements	0	0	0	1	0	1
Carrying amount as at 31 December current year	**1,806**	**1,722**	**277**	**278**	**2,083**	**2,000**

The deferred acquisition costs amounted to € 2,083 million, substantially stable compared to the previous year.

Details on insurance and investment contracts

Insurance provisions and financial liabilities related to the life segment

Insurance provisions and financial liabilities related to the life segment

(€ million)	Net	
	31/12/2016	31/12/2015
Insurance contracts	213,646	207,964
Investment contracts with discretionary participation feature	134,312	125,311
Total insurance provisions	**347,958**	**333,275**
Investments contracts fair valued	17,491	16,921
Investments contracts at amortised cost	5,443	5,070
Total financial liabilities	**22,934**	**21,991**
Total	**370,892**	**355,266**

Total insurance provisions include the mathematical provisions and provisions for policies where the investment risk is borne by policyholders and for pension funds net of reinsurance (which amounted to € 274,357 million and € 60,657 million respectively), and net ageing provisions for life segment, which amounted to € 12,943 million (accounted for in other insurance provisions of the life segment). In the Life portfolio the policies with significant insurance risk amounted to 57.6% (58.5% at 31 December 2015), whereas investment contracts with discretionary participation feature amounted to 36.2% (35.3% at 31 December 2015).

The investment contracts within the scope of IAS 39 remained stable at 6.2% of Life portfolio. They are mainly unit/index linked policies without significant insurance risk.

Mathematical provisions and ageing for life segment

(€ million)	Gross direct amount	
	31/12/2016	31/12/2015
Carrying amount as at 31 December previous year	**275,338**	**260,722**
Foreign curreny translation effects	-258	755
Premiums and payments	2,916	4,132
Interests and bonuses credited to policyholders	9,843	9,912
Transfer to Non-current assets or disposal group classified as held for sale	-102	0
Acquisitions, disinvestments and other movements	-702	-183
Carrying amount as at the ed of the period	**287,034**	**275,338**

The increase in mathematical provisions and ageing for life segment shows both the development of net inflow and the financial revaluation of the period.

Provisions for policies where the investment risk is borne by policyholders and for pension funds

(€ million)	Gross direct amount	
	31/12/2016	31/12/2015
Carrying amount as at 31 December previous year	**57,783**	**51,663**
Foreign curreny translation effects	109	684
Premiums and claims	1,741	3,270
Interests and bonuses credited to policyholders	1,688	2,301
Acquisitions, disinvestments and other	-86	-135
Transfer to Non-current assets or disposal group classified as held for sale	-443	0
Carrying amount as at the ed of the period	**60,790**	**57,783**

The development of provisions for policies where the investment risk is borne by policyholders and for pension funds highlights the positive trend of net inflow, and the development in the value of assets backing unit/index linked 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 gurantees

(€ million)	Gross direct insurance	
	31/12/2016	31/12/2015
Liabilities with guaranteed interest (*)	**283,933**	**269,838**
between 0% and 1%	89,592	73,958
between 1% and 3%	122,279	118,416
between 3% and 4%	45,325	46,654
between 4% and 5%	25,721	29,725
more than 5 %	1,016	1,084
Provisions without guaranteed interest	**81,690**	**78,213**
Provisions matched by specific assets	**5,135**	**7,061**
Total	**370,758**	**355,112**

(*) The upper bound of each range is excluded.

The total insurance provisions include the gross direct amount of mathematical provisions, which amount to € 274,077 million (€263,099 million at 31 December 2015), the provisions for policies where the investment risk is borne by the policyholders and for pension fund, which amount to € 60,790 million (€ 57,783 million at 31 December 2015), the ageing provision for life segment, which amount to € 12,957 million (€ 12,240 million at 31 December 2015), and financial liabilities related to investment contacts, which amount to € 22,934 million (€ 21,991 million at 31 December 2015).

The table above shows a progressive shift of the exposures towards 'less than 3%' guarantee classes, also due to the new business. Lastly, the amount of provisions without guaranteed interest showed an increase amounting to € 81,690 million (€78,213 million as at 31 December 2015).

The table below shows the amount of the life gross direct insurance provisions broken down by expected contractual residual duration. For contracts without maturity (annuity or whole life contracts) the expected residual duration is calculated considering an expected date of conclusion of the contract, according to the embedded value valuation.

Life insurance provisions and financial liabilities related to investment contracts: contractual term to maturity

(€ million)	31/12/2016	31/12/2015
Up to 1 year	38,487	34,491
Between 1 and 5 years	78,233	73,650
Between 5 and 10 years	68,568	67,255
Between 11 and 20 years	86,208	86,442
More than 20 years	99,264	93,273
Total	**370,758**	**355,112**

Deferred policyholders liabilities

(€ million)	31/12/2016	31/12/2015
Carrying amount as at the beginning of the period	**22,642**	**25,300**
Foreign currency translation effects	6	59
Change of the period	1,234	-2,717
Acquisitions and disinvestments	0	0
Carrying amount as at the end of the period	**23,882**	**22,642**

Deferred policyholders liabilities recorded an increase as a consequence of the increase 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	
	31/12/2016	31/12/2015
Motor	11,893	11,821
Non motor	14,180	14,247
Personal and commercial lines	11,461	11,573
Accident/Health (*)	2,720	2,674
Total	**26,074**	**26,068**

(*) Life segment includes health insurance with life features.

With reference to the gross direct claims provisions 45.6% was referred to the motor business in line with the prior year (45.3%). In the non-motor business, the personal and commercial lines weighted 80.8%.

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.

It should be noted that the extension of terms to the classes with the highest duration was mainly due to regulatory changes, as well as to a better and more prudent approach in the estimates of long-tail claims.

Non-life insurance provisions: maturity

(€ million)	31/12/2016	31/12/2015
Up to 1 year	9,289	10,733
Between 1 and 5 years	13,748	11,888
Between 5 and 10 years	3,959	4,317
Between 11 and 20 years	2,982	2,928
More than 20 years	1,228	1,349
Total	**31,205**	**31,215**

The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and their development from 2007 to 2016. The ultimate cost includes paid losses, outstanding reserves on reported losses, estimated reserves for IBNR claims and ULAE.

The amount refer to direct business gross of reinsurance and recoveries.

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2016 constitutes the claim reserve for accident years 2007 to 2016. 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 2007-2016 indicates the adequate level of prudence adopted by the Generali Group in its reserving policy.

Claims development

(€ million)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Totale
Cumulative claim payments											
at the end of accident year	5,118	5,409	5,677	5,646	5,181	5,320	5,323	5,083	5,270	5,427	
one year later	8,828	9,304	9,503	9,380	8,689	8,850	8,697	8,250	8,416		
two years later	9,900	10,351	10,617	10,437	9,687	9,827	9,610	9,107			
threes years later	10,403	10,860	11,176	10,910	10,144	10,279	10,024				
four years later	10,719	11,178	11,494	11,215	10,427	10,547					
five years later	10,905	11,402	11,734	11,428	10,646						
six years later	11,067	11,585	11,910	11,597							
seven years later	11,204	11,711	12,049								
eight years later	11,304	11,807									
nine years later	11,376										
Estimate of ultimate cumulative claims costs:											
at the end of accident year	11,765	12,719	13,236	13,104	12,416	12,810	12,467	11,909	12,130	12,296	124,852
one year later	12,368	12,884	13,214	12,919	12,143	12,383	12,235	11,867	11,939		
two years later	12,176	12,625	12,977	12,720	11,963	12,152	11,879	11,531			
threes years later	12,021	12,541	12,880	12,689	11,899	11,992	11,745				
four years later	11,975	12,468	12,876	12,630	11,850	11,931					
five years later	11,972	12,480	12,852	12,612	11,823						
six years later	11,989	12,454	12,822	12,565							
seven years later	11,965	12,424	12,777								
eight years later	11,925	12,407									
nine years later	11,913										
Estimate of ultimate cumulative claims costs at reporting date	**11,913**	**12,407**	**12,777**	**12,565**	**11,823**	**11,931**	**11,745**	**11,531**	**11,939**	**12,296**	**120,927**
Cumulative payments to date	**-11,376**	**-11,807**	**-12,049**	**-11,597**	**-10,646**	**-10,547**	**-10,024**	**-9,107**	**-8,416**	**-5,427**	**-100,996**
Provision recognised in the balance sheet	**538**	**600**	**728**	**967**	**1,177**	**1,384**	**1,721**	**2,424**	**3,523**	**6,869**	**19,931**
Provision not included in the claims development table											6,670
Total provision included in the balance sheet											**26,601**

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. The small percentage of AAA counterparties reflects the almost total lack of market players that have maintained these characteristics.

Insurance provisions ceded to reinsurers: breakdown by rating

(€ million)	31/12/2016	31/12/2015
AAA	3	3
AA	1,739	1,984
A	894	1,049
BBB	8	73
Non investment grade	3	1
No Rating	1,286	984
Total	**3,933**	**4,094**

“Not rated” 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.

The change in the “No Rating” component is due to stricter rules set forth by Solvency II regulation which does not allow to fully recognise any forms of guarantee such as cut through clause, parental guarantee or other collaterals, which, in the past, enabled to recognise strong solvency position of counterparties even in the absence of their rating.

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

Sensitivity analysis of life underwriting risk

The impact of underwriting risk, as envisaged by IFRS4, is represented as percentage change of Life Embedded Value[3].

Embedded Value (EV) is an actuarially determined estimate of the Group value, net of any value attributable to future new business.

With reference to the covered business at the date of valuation, and to the relevant consolidation perimeter (i.e. the operating life and health Companies of the Group), the EV is equal to the sum of the Adjusted Net Asset Value (ANAV), and the Value In-Force (VIF):

- the Adjusted Net Asset Value corresponds to the market value of the consolidated shareholders’ funds, net of goodwill and DAC (Deferred Acquisition Costs), and before the payment of dividends from profits in the year;
- the Value In-Force corresponds to the present value of the projected stream of after-tax industrial profits generated by the business in force at the valuation date. This value takes into account the cost of finan-

3
The Group publishes annually an Embedded Value Report on the activities of the Life segment.

cial guarantees related to the options, embedded in insurance contracts, and less the frictional costs of holding the capital and the cost of non-financial risks.

Regarding the life underwriting risk and according to the parameters indicated by the CFO Forum, the Group performs the following Embedded Value sensitivities:

- maintenance expenses -10%: sensitivity to a 10% decrease of maintenance expenses;
- lapse rate -10%: sensitivity to a 10% decrease of lapse rates;
- mortality/morbidity for risk business -5%: sensitivity to a 5% decrease of mortality/morbidity for all product lines except annuities (e.g. term assurance, whole life, annuity during the accumulation period);
- mortality for annuity business -5%: sensitivity to a 5% decrease of mortality for annuity business only (e.g. annuities in payment).

Life Embedded Value Analysis: Underwriting Risks

(€ million)	31/12/2016
Expenses -10%	2.3
Lapse rate -10%	1.5
Mortality / Morbidity (excl. Annuities) -5%	1.0
Annuity Mortality -5%	**-1.0**

The table above shows that the reduction of expenses and mortality rates (except for annuities) has a positive effect in the value; on the contrary, as expected, for the annuities, a reduction in mortality rates leads to a corresponding decrease in value.

Regarding lapse, a decrease in surrender assumptions could produce both positive and negative effect in the Embedded Value, depending on the portfolio structure and on the economic contingencies. In particular the magnitude of variances depends on the alignment of some variables such as return of the fund, level of guarantee and structure of surrender penalties. Like the previous year, the offsetting effects of these factors result at Group level in an increase in the Embedded Value when the lapse rates decrease.

Shareholders’ equity and share

16 Shareholders’ equity

Shareholders’ equity

(€ million)	31/12/2016	31/12/2015
Shareholders' equity attributable to the Group	**24,545**	**23,565**
Share capital	1,560	1,557
Capital reserves	7,098	7,098
Revenue reserves and other reserves	8,604	7,688
(Own shares)	-7	-6
Reserve for currency translation differences	42	74
Reserve for unrealized gains and losses on available for sale financial assets	6,319	6,067
Reserve for other unrealized gains and losses through equity	-1,153	-944
Result of the period	2,081	2,030
Shareholders' equity attributable to minority interests	1,123	1,143
Total	**25,668**	**24,708**

The share capital is made up of 1,559,883,538 ordinary shares with a par value of € 1 each.

The Group’s own shares decreased to € –7 million, amounting to 310,273 shares (€ –6 million, 310,273 shares as at 31 December 2015).

During the year the Parent company distributed dividends amounting to € 1,123 million.

The reserve for currency translation differences arising from the translation of the subsidiaries’ financial statements denominated in foreign currencies amounted to € 42 million (€ 74 million as at 31 December 2015). The negative variation was attributable to the appreciation 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 € 6,319 million (€ 6,067 million at 31 December 2015).

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 and the reserves belonging to disposal groups held for sale reclassified also for the comparative period. The item decreased mainly because of actuarial losses arising from the re-measurement of the liability for defined benefit plans for € -244 million, as a result of a decrease of the reference interest rates used to discount these liabilities.

Other Comprehensive Income

Other comprehensive income

(€ million)	31/12/2016	31/12/2015
Consolidated result of the period	**2,239**	**2,259**
Items that may be reclassified to profit and loss in future periods	**0**	**0**
Foreign currency translation differences	-60	328
Allocation	-65	366
Transfer to profit and loss account	5	-38
Net unrealized gains and losses on investments available for sale	195	-398
Allocation	203	486
Transfer to profit and loss account	-8	-884
Net unrealized gains and losses on cash flows hedging derivatives	26	41
Allocation	-80	87
Transfer to profit and loss account	106	-45
Net unrealized gains and losses on hedge of a net investment in foreign operations	-9	-49
Allocation	3	-52
Transfer to profit and loss account	-12	2
Share of other comprehensive income of associates	6	9
Allocation	7	18
Transfer to profit and loss account	-1	-9
Result of discontinued operations	17	-576
Allocation	17	-4
Transfer to profit and loss account	0	-572
Others	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Subtotal	175	-645
Allocation	84	900
Transfer to profit and loss account	91	-1,546
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	0	437
Allocation	0	437
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	-244	162
Allocation	-244	162
Subtotal	-244	600
Allocation	-244	600
Total other comprehensive income	**-69**	**-46**
Total comprehensive income	**2,170**	**2,214**
attributable to the Group	2,092	1,912
attributable to minority interests	78	302

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)	31/12/2016	31/12/2015
Income taxes related to other comprehensive income	**24**	**271**
Foreign currency translation differences	-1	5
Unrealized gains and losses on available for sale financial assets	-69	353
Net unrealized gains and losses on cash flows hedging derivatives	-5	-21
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	0
Actuarial gains or losses arising from defined benefit plans	99	-67

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.

Earning per share

	31/12/2016	31/12/2015
Result of the period (€ million)	2,081	2,030
- from continuing operations	2,081	2,066
- from discontinued operations	0	-35
Weighted average number of ordinary shares outstanding	1,558,512,070	1,556,428,701
Adjustments for potential diluitive effect	18,055,207	18,055,207
Weighted average number of ordinary shares outstanding	1,576,567,277	1,538,373,494
Earnings per share (in €)	1.34	1.30
- from continuing operation	1.34	1.33
- from discontinued operations	0.00	-0.02
Diluted earnings per share (in €)	1.32	1.32
- from continuing operation	1.32	1.34
- from discontinued operations	0.00	-0.02

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)	31/12/2016		31/12/2015	
	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	**13,574**	**1,096**	**13,768**	**931**
Adjustments to Parent Company for IAS/IFRS application	938	42	1,229	-241
Parent Company amounts in conformity with IAS/IFRS principles	**14,513**	**1,138**	**14,997**	**691**
Result of the period of entities included in the consolidation area		7,180		5,855
Dividends	5,983	-5,983	5,294	-5,294
Elimination of participations, equity valuation impacts and other consolidation adjustments	-3,352	-255	-4,080	779
Reserve for currency translation differences	43		74	
Reserve for unrealized gains and losses on available for sale financial assets	6,218		5,982	
Reserve for other unrealized gains and losses through equity	-941		-731	
Shareholders equity attributable to the group	**22,464**	**2,081**	**21,535**	**2,030**

Financial liabilities

17 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Financial liabilities related to investment contracts issued by insurance companies	0	0	17,491	16,921	17,491	16,921
where the investment risk is borne by the policyholders	0	0	16,220	15,673	16,220	15,673
pension funds	0	0	1,184	1,121	1,184	1,121
other financial liabilities related to investment contracts	0	0	87	127	87	127
Derivaties	1,246	2,566	0	0	1,246	2,566
Hedging derivatives	0	0	713	568	713	568
Other financial liabilities at FV	0	0	33	28	33	28
Total	**1,246**	**2,566**	**18,238**	**17,517**	**19,484**	**20,082**

18 Other financial liabilities

Other financial liabilities

(€ million)	31/12/2016	31/12/2015
Subordinated liabilities	**9,126**	**9,643**
Loans and bonds	**11,533**	**11,228**
Deposits received from reinsurers	577	558
Bonds	3,273	3,312
Other loans	2,240	2,288
Financial liabilities related to investment contracts issued by insurance companies	5,443	5,070
Liabilities to banks or customers	**11,272**	**8,951**
Liabilities to banks	506	142
Liabilities to customers	10,766	8,809
Total	**31,932**	**29,821**

The increase of total of ‘Other financial liabilities’ was attributable to liabilities to banks and customers in the context of the banking activity of the 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)	31/12/2016			31/12/2015		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	1,463	711	711	1,864	1,208	1,221
between 1 and 5 years	3,038	1,027	1,134	3,881	1,735	1,890
between 5 and 10 years	7,163	5,306	5,822	5,726	4,000	4,499
more than 10 years	2,254	2,081	2,164	2,968	2,701	2,855
Total subordinated liabilities	**13,918**	**9,126**	**9,831**	**14,439**	**9,643**	**10,465**

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
Generali Finance B.V.	5.32%	752	EUR	-	16/06/2006	repaid(***)	Perp
Generali Finance B.V.	6.21%	345	GBP	-	16/06/2006	repaid(***)	Perp
Assicurazioni Generali	6.27%	350	GBP	407	16/06/2006	16/06/2026	Perp
Generali Finance B.V.	5.48%	869	EUR	711	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	6.42%	495	GBP	576	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	750	EUR	748	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	1,250	EUR	1,246	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	989	02/04/2014	na	04/05/2026
Generali Finance B.V.	4.60%	1,500	EUR	1,340	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,242	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	840	08/06/2016	08/06/2028	08/06/2048

(*) in currency million.

(**) in € million.

(***) on 16/06/2016.

Unquoted subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries are also classified in this category. The unquoted private placements issued by Assicurazioni Generali S.p.A. increase up to a nominal amount of € 1,000 million are accounted for at a corresponding amortized cost of € 999 million. The remaining subordinated liabilities are mainly issued by Austrian subsidiaries for approximately € 29 million.

On 16 june 2016 two subordinated notes has been reimbursed by the subsidiary Generali Finance for a total amount of € 1,167 million (carrying amount)

In June 2016 subordinated bond was issued in June 2016 for a total amount of € 850 million the proceeds from which were used to refinance a subordinated bond issued by the Group with a call date in February 2017.

The fair value of subordinated liabilities amounts to € 9,831 million.

Senior bonds - undiscounted cash flows

(€ million)	31/12/2016			31/12/2015		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	224	48	48	209	0	0
between 1 and 5 years	1,931	1,500	1,606	2,065	1,587	1,704
between 5 and 10 years	2,019	1,724	2,238	2,109	1,724	2,212
more than 10 years	0	0	0	0	0	0
Total bond issued	**4,174**	**3,273**	**3,892**	**4,382**	**3,312**	**3,916**

The category of bonds includes several senior issues shown below:

Main senior bonds issues

Emittente	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,724	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,245	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 the following bonds:

- Other senior bonds, of which mainly those issued by Ceska Pojistovna for a nominal amount of CZK 500 million corresponding to an amortized cost of approximately € 48 million;
- A senior bond issued in May 2010, for a nominal amount of € 560 million (at 31 December 2015 the remaining amount was about € 255 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 € 3,892 million.

Other balance sheet items

19 Intangible assets

Intangible assets

(€ million)	31/12/2016	31/12/2015
Goodwill	**6,664**	**6,661**
Other intangible assets	**2,202**	**1,985**
Software	345	317
Value of in-force business arising from insurance business combination	835	968
Other intangible assets	1,023	699
Total	**8,866**	**8,645**

Other intangible assets

(€ million)	31/12/2016	31/12/2015
Gross book value as at 31 December previous year	**5,443**	**5,213**
Accumulated depreciation and impairment as at 31 December previous year	**-3,459**	**-3,230**
Carrying amount as at 31 December previous year	**1,985**	**1,983**
Foreign currency translation effects	8	20
Acquisitions of the period	322	354
Changes in consolidation scope	29	1
Sales of the period	-19	-25
Amortization of the period	-312	-283
Impairment losses of the period	0	0
Other variations	190	-66
Carrying amount as at the end of the period	**2,202**	**1,985**
Accumulated depreciation and impairment as at the end of the period	**3,794**	**3,459**
Gross book value as at the end of the period	**5,996**	**5,443**

Other intangible assets, which According to the IFRS 3 included the value of the insurance portfolio (or “The value in force”) acquired in business combinations, amounted to € 835 million. This amount was attributable to:

- the acquisitions which took place in 2006 of portfolios of Toro Group (€ 103 million net of accumulated amortisation) and in Central-Eastern Europe (€ 15 million net of accumulated amortization);
- the acquisition of the Ceška group, which brought a further activation of € 717 million, net of accumulated amortisation.

With reference to the other intangible assets, the change of the period is mostly attributable to the novation of the bancassurance agreement with Cajamar Vida S.A.

Deferred tax liabilities were accounted for with reference to the above mentioned 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)	31/12/2016	31/12/2015
Gross book value as at 31 December previous year	**3,864**	**3,785**
Accumulated depreciation and impairment as at 31 December previous year	**-1,020**	**-988**
Carrying amount as at 31 December previous year	**2,844**	**2,797**
Foreign currency translation effects	1	21
Acquisition of the period	52	42
Capitalized expenses	29	32
Changes in consolidation scope	7	6
Reclassifications	-36	38
Sales of the period	-33	-29
Depreciation of the period	-55	-49
Impairment loss of the period	-1	-17
Reversal of impairment of the period	1	4
Carrying amount as at the end of the period	**2,810**	**2,844**
Accumulated depreciation and impairment as at the end of the period	**1,140**	**1,020**
Gross book value as at the end of the period	**3,951**	**3,864**
Fair value	**3,330**	**3,286**

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)	31/12/2016	31/12/2015
Gross book value as at 31 December previous year	**2,904**	**3,054**
Accumulated depreciation and impairment as at 31 December previous year	**-1,279**	**-1,241**
Carrying amount as at 31 December previous year	**1,625**	**1,814**
Foreign currency translation effects	0	-1
Acquisition of the period	202	235
Changes in consolidation scope	0	0
Sales of the period	-75	-335
Amortization of the period	-91	-76
Impairment losses of the period	-3	-24
Other variations	8	12
Carrying amount as at the end of the period	**1,666**	**1,625**
Accumulated depreciation and impairment as at the end of the period	**1,269**	**1,279**
Gross book value as at the end of the period	**2,935**	**2,904**

Other tangible assets, which amounted to € 1,666 million (€ 1,625 million at 31 December 2015), mainly includes property inventories for an amount of € 1,079 million (mainly related to Citylife) and furniture, fittings and office equipment, net of accumulated amortisation and impairment losses (€ 348 million).

21 Receivables

Receivables

(€ million)	31/12/2016	31/12/2015
Recivables arising out of direct insurance operations	7,155	6,497
Recivables arising out of reinsurance operations	1,163	1,060
Other receivables	3,471	4,149
Receivables	**11,790**	**11,706**

The category included receivables arising out of the different activities of the Group, such as direct insurance and reinsurance operations.

22 Other assets

Other assets

(€ million)	31/12/2016	31/12/2015
Non-current assets or disposal groups classified as held for sale	772	0
Deferred acquisition costs	2,083	2,000
Tax receivables	2,974	3,115
Deferred tax assets	2,477	2,652
Other assets	7,108	7,375
Total	**15,414**	**15,142**

For details on deferred taxes please refer to reference 38 of the section 'Notes to the income statement'.

23 Other provisions

Other provisions

(€ million)	31/12/2016	31/12/2015
Provisions for taxation	104	182
Provisions for commitments	611	599
Other provisions	1,089	1,026
Total	**1,804**	**1,807**

Provisions for commitments and other provisions include 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.

The amounts recognized in the financial statements are based on valuation models for determining 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.

The table below summarized the main changes occurred during the period:

Other provisions - main changes occurred during the period

(€ million)	31/12/2016	31/12/2015
Carrying amount as at 31 December previous year	**1,807**	**1,751**
Foreign currency translation effects	-1	0
Changes in consolidation scope	-1	2
Changes	-1	55
Carrying amount as at the end of the period	**1,804**	**1,807**

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 the paragraph *Contingent* *liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information*.

During the year Generali group has received from Banco BTG Pactual S.A. requests for damages by means of a notice of arbitration as provided by the Share and Purchase Agreement of BSI S.A.

BTG's claims, strongly challenged by Generali, are related to alleged damages deriving – according to the counterparty - from the breach of the seller's representations and warranties contained in the Share and Purchase Agreement of BSI S.A. At this stage, due to the complexity of the litigation, it is not possible to reliably estimate the outcome of such arbitration.

24 Payables

Payables

(€ million)	31/12/2016	31/12/2015
Payables arising out of direct insurance operations	**3,465**	**3,464**
Payables arising out of reinsurance operations	**579**	**511**
Other payables	**5,506**	**4,853**
Payables to employees	1,118	1,082
Provision for defined benefit plans	106	104
Payables to suppliers	1,185	1,134
Social security	242	225
Other payables	2,855	2,308
Total	**9,550**	**8,828**

The category mainly included payables related to collateral as guarantee of derivative operations.

25 Other liabilities

Other liabilities

(€ million)	31/12/2016	31/12/2015
Liabilities directly associated to non-current assets and disposal groups classified as held for sale	702	0
Deferred tax liabilities	2,616	3,034
Tax payables	1,644	1,320
Other liabilities	6,307	6,259
Total	**11,269**	**10,614**

Other liabilities include liabilities related to defined employee benefit plans amounting to € 4,194 million (€ 3,828 million as of 31 December 2015).

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life earned premiums	**20,763**	**20,975**	**-1,079**	**-1,157**	**19,685**	**19,818**
Premiums written	20,779	20,898	-1,028	-1,136	19,751	19,762
Change in the provision for unearned premiums	-16	77	-51	-21	-67	56
Life premiums	**46,412**	**49,425**	**-745**	**-737**	**45,667**	**48,689**
Other premiums written	**0**	**0**	**0**	**0**	**0**	**0**
Total	**67,176**	**70,400**	**-1,824**	**-1,894**	**65,352**	**68,507**

27 Fee and commissions income and income from financial service activities

Fee and commissions income from financial services activites

(€ million)	31/12/2016	31/12/2015
Fee and commission income from banking activity	137	155
Fee and commission income from asset management activity	655	676
Fee and commission income related to investment contracts	184	230
Fee and commission income related to pension funds management	19	18
Other fees and commission income	15	15
Total	**1,010**	**1,094**

28 Net income from financial asset 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Interest income	43	47	416	297	491	428	950	772
Realized gains	407	216	369	663	23	178	799	1,057
Realized losses	-293	-220	-456	-518	-92	-173	-841	-911
Unrealized gains	963	1,741	5,301	6,840	629	1,063	6,893	9,644
Unrealized losses	-1,389	-2,723	-3,902	-5,007	-687	-891	-5,979	-8,621
Total	**-270**	**-939**	**1,727**	**2,275**	**365**	**605**	**1,822**	**1,941**

The net income from financial assets at fair value through profit or loss mainly referred to the life segment (€ 1,830 million). This item is not material for non-life segment (€ -29 million) and for the holding and other businesses segment (€ 20 million).

29 Income and expenses from subsidiaries, associated companies and joint venture

Income and expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2016	31/12/2015
Dividends and other income	113	118
Realized gains	7	12
Reversal of impairment	14	0
Total	**133**	**130**

30 Income from other financial instruments and land and buildings (investment properties)

Income from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2016	31/12/2015
Interest income	**9,955**	**10,075**
Interest income from held to maturity investments	93	105
Interest income from loans and receivables	1,693	1,926
Interest income from available for sale financial assets	8,116	8,007
Interest income from other receivables	6	8
Interest income from cash and cash equivalents	47	30
Other income	**2,043**	**2,065**
Income from land and buildings (investment properties)	852	909
Other income from available for sale financial assets	1,190	1,156
Realized gains	**2,605**	**3,873**
Realized gains on land and buildings (investment properties)	169	364
Realized gains on held to maturity investments	0	6
Realized gains on loans and receivables	345	184
Realized gains on available for sale financial assets	2,089	3,319
Realized gains on other receivable	0	0
Realized gains on financial liabilities at amortised cost	2	0
Reversal of impairment	**258**	**206**
Reversal of impairment of land and buildings (investment properties)	88	73
Reversal of impairment of held to maturity investments	1	0
Reversal of impairment of loans and receivables	39	30
Reversal of impairment of available for sale financial assets	37	8
Reversal of impairment of other receivables	92	94
Total	**14,860**	**16,219**

31 Other income

Other income

(€ million)	31/12/2016	31/12/2015
Gains on foreign currencies	1,088	2,297
Income from tangible assets	191	197
Reversal of other provisions	164	200
Leasing fees	0	0
Income from service and assistance activities and recovery of charges	559	604
Income from non-current assets or disposal group classified as held for sale	0	1
Other technical income	827	575
Other income	98	196
Total	**2,927**	**4,070**

Expenses

32 Net insurance benefits and claims

Net insurance benefits and claims

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life net insurance benefits and claims	**13,211**	**13,604**	**-376**	**-524**	**12,836**	**13,081**
Claims paid	13,293	13,316	-567	-639	12,726	12,677
Change in the provisions for outstanding claims	-53	240	190	112	138	352
Change in claims paid to be recovered	-55	6	1	-3	-54	3
Change in other insurance provisions	26	42	0	7	26	48
Life net insurance benefits and claims	**51,704**	**56,600**	**-577**	**-590**	**51,127**	**56,010**
Claims payments	35,578	36,082	-546	-554	35,031	35,528
Change in the provisions for outstanding claims	361	184	-22	-45	339	139
Change in the mathematical provisions	11,729	12,552	3	29	11,732	12,581
Change in the provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	3,404	5,564	5	4	3,409	5,568
Change in other insurance provisions	633	2,218	-17	-25	616	2,193
Total	**64,916**	**70,204**	**-953**	**-1,113**	**63,963**	**69,091**

33 Fee and commissions expenses and expenses from financial service activities

Fee and commissions expenses and expenses from financial service activities

(€ million)	31/12/2016	31/12/2015
Fee and commission expenses from banking activity	334	323
Fee and commission expenses from asset management activity	192	157
Fee and commission expenses related to investment contracts	74	94
Fee and commission expenses related to pension funds management	11	12
Total	**611**	**586**

34 Expenses from subsidiaries, associated companies and joint ventures

Expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2016	31/12/2015
Realized losses	17	2
Impairment losses	27	14
Total	**43**	**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)	31/12/2016	31/12/2015
Interest expense	**1,110**	**1,103**
Interest expense on subordinated liabilities	605	563
Interest expense on loans, bonds and other payables	345	397
Interest expense on deposits received from reinsurers	29	9
Other interest expense	131	135
Other expenses	**350**	**390**
Depreciation of land and buildings (investment properties)	173	171
Expenses from land and buildings (investment properties)	177	219
Realized losses	**471**	**686**
Realized losses on land and buildings (investment properties)	27	11
Realized losses on held to maturity investments	0	0
Realized losses on loans and receivables	15	35
Realized losses on available for sale financial assets	424	637
Realized losses on other receivables	4	3
Realized losses on financial liabilities at amortized cost	0	0
Impairment losses	**1,495**	**1,035**
Impairment of land and buildings (investment properties)	41	62
Impairment on held to maturity investments	1	3
Impairment of loans and receivables	264	308
Impairment of available for sale financial assets	1,136	622
Impairment of other receivables	52	41
Total	**3,425**	**3,215**

36 Acquisition and administration costs

Acquisition and administration costs

(€ million)	Non-life segment		Life segment		Holding and other businesses	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net acquisition costs and other commissions	4,246	4,229	3,810	3,950	0	0
Investment management expenses(*)	66	44	327	265	46	30
Other administration costs	1,150	1,184	1,011	1,005	433	392
Total	**5,463**	**5,457**	**5,148**	**5,220**	**479**	**422**

(*) Before the elimination of intra-group transactions between segments.

The item “other administration costs” includes expenses related to real estate activity which, overall, increased amounting to € 53 million (€ 37 million at 31 December 2015), focusing mainly in the holding and other businesses segment for an amount of € 43 million.

In the Property&Casualty segment, non-insurance administration expenses, equal to € 8 million, slightly declined in respect to the previous year (€ 9 million at 31 December 2015); a proportion of € 6 million of these expenses are related to real estate activities.

Within “other administrative costs” of the Life segment, the investment management expenses amounted to € 73 million (€ 76 million at 31 December 2015), the non-insurance management expenses amounted to € 7 million and are mainly refer to real estate activities.

37 Other expenses

Other expenses

(€ million)	31/12/2016	31/12/2015
Amortization and impairment of intangible assets	345	329
Amortization of tangible assets	95	83
Expenses from tangible assets	160	193
Losses on foreign currencies	805	1,133
Restructuring charges, termination employee benefit expenses and allocation to other provisions	453	648
Other taxes	209	200
Expenses from service and assistance activities and charges incurred on behalf of third parties	372	440
Expenses from non-current assets or disposal group classified as held for sale	0	0
Other technical expenses	651	619
Holding costs	529	510
Other expenses	447	636
Total	**4,066**	**4,792**

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 2016 and 2015 are as follow:

Income taxes

(€ million)	31/12/2016	31/12/2015
Income taxes	1,036	1,183
Deferred taxes	-119	-71
Total taxes of period	**918**	**1,112**
Income taxes on discontinued operations	0	5
Total income taxes	**918**	**1,117**

In Italy, with respect to the 2016 fiscal year, income taxes are calculated by using the ordinary corporate income tax rate of 27.50%. Furthermore, income taxes of Italian companies include the regional tax on productive activities (IRAP), which was computed – in respect of insurance companies – at the ordinary tax rate generally equal to 6.82%.

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 2016 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%), Belgium (34%), Bulgaria (10%), China (25%), Czech Republic (19%), Netherlands (25%), Romania (16%), Spain (25%), Switzerland (22%) and United States (35%).

The following table shows a reconciliation from the theoretical income tax expense, by using the Italian corporate income tax rate of 27.50%, to the effective tax rate.

Reconciliation from theoretical income tax expenses to the effective tax rate

(€ million)	31/12/2016	31/12/2015
Expected income tax rate	**27.5%**	**27.5%**
Earning before taxes	**3,157**	**3,407**
Expected income tax expense	**868**	**937**
Effect of permanent differencies and foreign tax rate differential	-170	-142
Effect of fiscal losses	-6	0
IRAP, trade tax and other local income taxes	164	154
Substitute taxes	74	180
Foreign withholding taxes not recoverable	20	26
Income taxes for prior years	-58	-38
Other	0	-5
Tax expenses	**918**	**1,112**
Effective tax rata	**29.1%**	**32.6%**

With respect to the 2016 fiscal year, the effective tax rate decreased to 3.5 basis points compared to the previous fiscal year and amounted to 29.1%. In particular, due to the impacts linked to the decrease of the substitute taxes due to the reduction of the scope of the CFC companies, the reduction of the nominal corporate income taxes in France and Spain, as well as extraordinary income recognized in Germany in relation to lower for previous years.

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 as of 31 December 2016 and 2015 are scheduled according to their expiry periods as follows.

Fiscal losses

(€ million)	31/12/2016	31/12/2015
2016	0	0
2017	0	0
2018	0	2
2019	0	0
2020	0	25
2021	24	0
2022	0	0
2023	0	0
2024 and over	0	0
Unlimited	944	864
Fiscal losses carried forward	**968**	**891**

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. In particular, with regard to Italian companies, in 2016 fiscal year, the deferred taxes have been determined taking into account the reduction in the corporate income tax rate (IRES) at 24% from 2017, as provided by Law no. 208/2015.

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 as of 31 December 2016 and 2015 are related to the following assets and liabilities.

Net deferred tax assets

(€ million)	31/12/2016	31/12/2015
Intangible assets	119	128
Tangible assets	74	77
Land and buildings (investment properties)	614	648
Available for sale financial assets	5,552	6,020
Other investments	336	222
Deferred acquisition costs	16	17
Other assets	324	336
Fiscal losses carried forward	77	73
Allocation to other provisions and payables	623	593
Insurance provisions	538	533
Financial liabilities and other liabilities	976	1,380
Other	275	317
Total deferred tax assets	**9,524**	**10,344**
Netting	-7,047	-7,692
Total net deferred tax assets	**2,477**	**2,652**

Net deferred tax liabilities

(€ million)	31/12/2016	31/12/2015
Intangible assets	205	241
Tangible assets	102	111
Land and buildings (investment properties)	394	380
Available for sale financial assets	7,280	7,782
Other investments	247	417
Deferred acquisition costs	403	388
Other assets	52	48
Other provisions and payables	94	122
Insurance provisions	597	987
Financial liabilities and other liabilities	173	108
Other	117	141
Total deferred tax liabilities	**9,663**	**10,726**
Netting	-7,047	-7,692
Total net deferred tax liabilities	**2,616**	**3,034**

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 are 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 2016[4].

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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)	31/12/2016	
	Total carrying amount	Total fair value
Available for sale financial assets	313,933	313,933
Financial assets at fair value through profit or loss	16,797	16,797
Held to maturity investments	2,168	2,272
Loans	42,181	47,212
Land and buildings (investment properties)	12,584	18,522
Own used land and buildings	2,810	3,330
Investments in subsidiaries, associated companies and joint ventures	1,194	1,194
Cash and cash equivalents	7,533	7,533
Investments back to unit and index-linked policies	78,317	78,317
Total investments	**477,518**	**489,111**
Financial liabilities at fair value through profit or loss	19,484	19,484
Other liabilities	14,639	15,960
Liabilities to banks or customers	11,272	11,277
Total financial liabilities	**45,396**	**46,721**

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.

40 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:

- 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 IFRS13.

Fair Value Hierarchy

31/12/2016	Level 1	Level 2	Level 3	Total
Available for sale financial assets	272,311	34,745	6,877	313,933
Equities	6,790	691	1,711	9,192
Bonds	247,655	31,243	2,006	280,903
Investment funds units	17,247	2,453	709	20,409
Other assets available for sale financial	620	359	2,450	3,429
Financial assets at fair value through profit or loss	79,707	13,599	1,807	95,114
Equities	19	4	34	57
Bonds	3,741	1,640	124	5,505
Investment fund units	8,427	395	289	9,111
Derivatives	12	1,429	3	1,444
Hedging derivatives	0	367	0	367
Investments back to policies where the risk is borne by the policyholders	67,508	9,528	1,280	78,317
Other assets at fair value through profit or loss	0	236	77	314
Total assets at fair value	**352,019**	**48,345**	**8,684**	**409,047**
Financial liabilities at fair value through profit or loss	16,546	2,882	56	19,484
Financial liabilities related to investments contracts issued by insurance companies	16,538	906	46	17,491
Derivatives	5	1,240	1	1,246
Hedging derivatives	0	706	7	713
Other financial liabilities	2	30	2	33
Total liabilities at fair value	**16,546**	**2,882**	**56**	**19,484**

Fair Value Hierarchy: comparative period

31/12/2015	Level 1	Level 2	Level 3	Total
Available for sale financial assets	252,186	31,067	6,146	289,399
Equities	7,108	749	1,726	9,583
Bonds	228,303	28,108	1,628	258,039
Investment funds units	16,147	1,967	449	18,563
Other assets available for sale financial	629	242	2,343	3,214
Financial assets at fair value through profit or loss	77,559	14,759	2,067	94,385
Equities	182	1	1	185
Bonds	3,592	1,442	164	5,199
Investment fund units	10,630	299	413	11,342
Derivatives	6	1,625	0	1,630
Hedging derivatives	0	338	0	338
Investments back to policies where the risk is borne by the policyholders	63,149	10,370	1,447	74,966
Other assets at fair value through profit or loss	0	684	42	726
Total assets at fair value	**329,745**	**45,826**	**8,213**	**383,785**
Financial liabilities at fair value through profit or loss	15,687	4,222	173	20,082
Financial liabilities related to investments contracts issued by insurance companies	15,684	1,090	147	16,921
Derivatives	2	2,564	0	2,566
Hedging derivatives	0	543	25	568
Other financial liabilities	1	26	2	28
Total liabilities at fair value	**15,687**	**4,222**	**173**	**20,082**

41 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 € 2,235 and from level 1 to level 2 € 1,683 million of corporate and government bonds, mainly due to changed availability of marker observable inputs;
- from level 2 to level 1 € 120 million and from level 1 to level 2 € 295 million of investment fund units and other investments classified as available for sale, mainly due to changed availability of quoted prices and changed liquidity of mentioned assets.
- from level 2 to level 1 € 292 and from level 1 to level 2 € 105 of investments where the risk is borne by policy-holders for the same reason as in point above.

42 Additional information on level 3

The amount of financial instruments classified in Level 3 represents 2.1% of total financial assets and liabilities at fair value, stable compared to 31 December 2015.

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 this 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.

In addition to the analyses described above, the Group has decided to classify all asset-backed securities in Level 3 since their evaluation is not generally supported by market inputs. Regarding prices from providers or counterparties have been classified in Level 3 all those titles for which you cannot replicate the price through market inputs.

The following table shows a reconciliation of financial instruments measured at fair value and classified as level 3. In particular, as mentioned above, the transfers highlighted with reference to Level 3 are attributable to a more precise allocation among levels due to a better analysis of the inputs used in the valuation primarily of unquoted equities.

It should be mentioned that the split of “Other changes” for each available for sale asset class contains relevant amounts deriving from some reclassifications between categories, incurred in the first semester of the year, and from changes in the consolidation perimeter.
For what regards financial assets where the investment risk is borne by the policyholders and related to pension funds the relevant amounts of “Other changes” can be explained by the movements of specific assets within the class, for example cash and credits.

In should also be mentioned that, in addition to physiological movements in “Net transfers in (out of) Level 3”, the Group has transferred €510 million of corporate securities from Level 1 to Level 3, because it is considered that market prices are not representative of their fair value.

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	**6,146**	**1,225**	**190**	**-579**
- Equities	1,726	159	3	-159
- Bonds	1,628	42	460	-114
- Investment fund units	449	83	-69	-137
- Other available for sale financial assets	2,343	941	-204	-169
Financial assets at fair value through profit or loss	**2,067**	**288**	**-67**	**-148**
- Equities	1	0	0	0
- Bonds	164	21	-20	-32
- Investment fund units	413	45	-32	-2
- Derivatives	0	0	0	0
- Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	1,447	167	-15	-73
Other assets at fair value through profit or loss	42	55	0	-41
Total assets at fair value	**8,213**	**1,513**	**123**	**-728**
Financial liabilities at fair value through profit or loss	**173**	**8**	**-107**	**0**
- Financial liabilities related to investment contracts issued by insurance companies	147	8	-107	0
- Derivatives	0	0	0	0
- Hedging derivatives	25	0	0	0
Other financial liabilities	2	0	0	0
Total liabilities at fair value	**173**	**8**	**-107**	**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	**-53**	**-52**	**6,877**	**189**	**-3**
0	61	-78	1,711	60	14
0	2	-12	2,006	10	-19
0	-75	458	709	100	-7
0	-41	-419	2,450	18	9
-58	**0**	**-274**	**1,807**	**-**	**-6**
0	0	33	34	-	0
-5	0	-3	124	-	0
-64	0	-71	289	-	0
3	0	0	3	-	-5
0	0	0	0	-	0
8	0	-254	1,280	-	-8
0	0	22	77	-	7
-58	**-53**	**-326**	**8,684**	**-**	**-9**
-16	**0**	**-2**	**56**	**-**	**-1**
1	0	-3	46	-	0
0	0	1	1	-	-1
-17	0	0	7	-	0
0	0	0	2	-	0
-16	**0**	**-2**	**56**	**-**	**-1**

43 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.

In comparison to the previous period some impacts due to methodological changes regarding the attribution of Fair value hierarchy levels can be observed, mainly related to repurchase arrangements, classified as *Other debt,* which are considered as Level 2.

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2016	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,324	948	0	2,272
Loans	4,452	33,794	7,263	45,509
Debt securities	4,443	28,636	120	33,198
Other loans	9	5,158	7,143	12,311
Receivables from banks and customers	0	993	710	1,703
Investments in subsidiaries, associated companies and joint ventures	0	0	1,194	1,194
Land and buildings (investment properties)	0	0	18,522	18,522
Own used land and buildings	0	0	3,321	3,321
Total assets	**5,776**	**35,735**	**31,010**	**72,521**
Other liabilities	12,286	1,510	2,164	15,960
Subordinated liabilities	8,697	25	1,111	9,834
Senior debt	3,581	262	48	3,892
Other debt	8	1,222	1,004	2,235
Liabilities to banks and customers	10	6,267	5,000	11,277
Total liabilities	**12,297**	**7,777**	**7,164**	**27,237**

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2015	Level 1	Level 2	Level 3	Total
Held to maturity investments	949	1,151	40	2,140
Loans	5,425	36,777	6,850	49,052
Debt securities	5,392	31,384	116	36,892
Other loans	32	5,393	6,734	12,160
Receivables from banks and customers	1	1,057	724	1,783
Investments in subsidiaries, associated companies and joint ventures	0	0	1,369	1,369
Land and buildings (investment properties)	0	0	17,385	17,385
Own used land and buildings	0	0	3,286	3,286
Total assets	**6,375**	**38,985**	**29,654**	**75,015**
Other liabilities	13,626	548	2,516	16,690
Subordinated liabilities	9,307	23	1,136	10,465
Senior debt	3,558	13	345	3,916
Other debt	762	512	1,035	2,309
Liabilities to banks and customers	0	3,880	5,327	9,206
Total liabilities	**13,626**	**4,427**	**7,842**	**25,896**

- 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

44 Information on employees

Employees

	31/12/2016	31/12/2015
Managers	1,781	1,831
Employees	53,498	55,369
Sales attendant	18,238	18,827
Others	210	164
Total	**73,727**	**76,191**

The number of employees decreased due to disposal of the Argentinian and Philippines companies and due to restructuring in some countries where the Group operates.

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 € 106 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)	31/12/2016	31/12/2015
Net liability as at 31 December previous year	**3,932**	**4,185**
Foreign currency translation effects	2	14
Net expense recognised in the income statement	188	164
Re-measurements recognised in Other Comprehensive Income	380	-248
Contributions and benefits paid	-191	-175
Changes in consolidation scope and other changes	-12	-10
Net liability as at 31 December current year	**4,298**	**3,932**

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 83% 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)	31/12/2016	31/12/2015
Current service cost	127	110
Net interest	88	79
Past service cost	-28	-24
Losses (gains) on settlements	1	0
Net expense recognised in the income statement	**188**	**164**

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)	31/12/2016	31/12/2015
Actuarial gains (losses) from change in financial assumptions	-415	214
Actuarial gains (losses) from change in demographical assumptions	-8	3
Actuarial gains (losses) from experience	27	26
Return on plan assets (other than interest)	16	5
Re-measurements recognised in Other Comprehensive Income	**-380**	**248**

The actuarial losses recognised during the period are mainly linked to the movements of the reference interest rates, consistently with the requirements of IAS 19, used for the determination of the discount rate for the measurement of the liability related to defined benefit plans. 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)	31/12/2016	31/12/2015
Defined benefit obligation as at 31 December previous year	**4,928**	**5,119**
Foreign currency translation effects	7	66
Current Service cost	127	110
Past service cost	-28	-24
Interest expense	102	93
Actuarial losses (gains)	396	-243
Losses (gains) on settlements	1	0
Contribution by plan participants	10	10
Benefits paid	-217	-193
Changes in consolidation scope and other variation	-15	-8
Defined benefit obligation as at 31 December current year	**5,313**	**4,928**

Current value of plan assets: movements

(€ million)	31/12/2016	31/12/2015
Defined benefit obligation as at 31 December previous year	**997**	**934**
Foreign currency translation effects	5	52
Interest income	15	14
Return on plan assets (other than interest)	16	5
Gains (losses) on settlements	0	0
Employer contribution	22	21
Contribution by plan participants	10	10
Benefits paid	-48	-40
Changes in consolidation scope and other changes	-2	1
Fair value of plan assets as at 31 December	**1,015**	**997**

The defined benefit plans' weighted-average asset allocation by asset category is as follows:

Defined benefit plans: asset allocation

(%)	31/12/2016	31/12/2015
Bonds	53.4	52.1
Equities	12.3	12.5
Real estate	12.9	13.0
Investment fund units	9.7	10.5
Insurance policies issued by non Group insurers	1.3	1.7
Other investments	10.5	10.2
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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Discount rate for evaluation at reporting date	1.7	2.4	0.6	0.7
Rate of salary increase	2.8	2.8	1.3	1.3
Rate of pension increase	1.9	1.9	0.0	0.0

The average duration of the obligation for defined benefit plans is 14 years at 31 December 2016 (14 years at 31 December 2015).

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) hypothesis	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	-341	383	49	-48	292

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

	31/12/2016	31/12/2015
Within the next 12 months	211	207
Between 2 and 5 years	862	835
Between 5 and 10 years	1,063	1,043
Beyond 10 years	5,029	5,321
Total	**7,164**	**7,406**

46 Share-based compensation plans

At 31 December 2016 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.

From 2011 to 2012, the Company adopted multi-year plans, currently still in place, based on two cycles of three years. Once the first cycle reaches its conclusion, if the relevant targets have been achieved, a monetary bonus is disbursed of which a part shall be re-invested in Generali shares. This is then followed by a second cycle, after which, again assuming certain targets have been achieved, participants may be granted a certain number of free shares for each share purchased. Please note that the cost component linked to monetary bonuses of the first cycle is fully accrued in the previous years while the cost component linked to the equity component will come to full maturity at the end of next year.

From 2013, Generali adopted new plans based on a single three-year cycle, after which, assuming certain targets have been achieved, free shares, subject to specific lock-up periods, may be granted to the participants.

The plan LTI 2013 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 ROE and relative TSR, as well as threshold levels required in terms of Solvency I ratio.

The LTI plans 2014 and 2015, currently in progress, may result in shares' granting respectively in 2017 and 2018, subject to the Group performance level (determined by the comparison of ranges of ROE and relative TSR) and the overcoming of the minimum level, where requested in terms of Return on Risk Capital and Solvency ratio (the latter referring to the Solvency I ratio, or to the Economic Solvency Ratio, in line with the regulations in force in the year of performance assessed).

As far as the lock-up constraint, 50% of the shares are immediately available, 25% is subject to a one-year lock-up period and the remaining 25% to a two year lock-up period, reduced to one year with the extent to the 25% of the equity instruments assigned in relation to LTI 2013 and 2014 plans.

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.

With a structure similar to the last year, a new long-term incentive plan based on Assicurazioni Generali shares – Group Long Term Incentive (LTI) 2016 - has been submitted for the approval of the Shareholders' Meeting.

In line with market practices and investor expectations, shares are assigned and available to beneficiaries over a total time frame of 6 years, subject to the achievement of Group's performance conditions (*Return on Equity – ROE - and relative Total Shareholders Return - rTSR*) and the achievement of a minimum level of Economic Solvency Ratio, 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 three-year performance period.

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 plan participants (or a different percentage considered the role of the related beneficiaries); 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 Holding Company and the consolidated financial statements for the previous year.

The maximum number of shares that can potentially be assigned to participants at the end of the three years is divided up into three tranches; the first tranche is for 30% of the maximum number of shares to be possibly assigned, the second is for a further 30% and the remaining 40% represents the third tranche, each tranche being subject to certain specific targets as described below.

Once the level of the Economic Solvency ratio has been reached, the achievement of the Group's financial targets, represented by the ROE and the relative TSR, compared with the peers part of the STOXX Euro Insurance index, is verified on a yearly and overall three-year cycle basis.

The performance level, expressed as a percentage, is determined by a calculation methodology, based on two independent baskets respectively for the achievement of the ROE and the relative TSR. The final results in each basket, with a 50% weight on the bonus assignable, shall be calculated using a linear interpolation approach. The maximum performance level is 175% (or a different percentage considered the role of the related beneficiaries).

During each year of the plan and at the end of the three years, the Board of Directors evaluates the degree to which the Economic Solvency Ratio has been achieved as compared with the limit set as 130%, or alternative percentage as may be chosen from time to time by the Board of Directors. On the basis of this evaluation, the number of shares to be accrued annually or definitively granted may be reduced or even zeroed by the Board of Directors if the Economic Solvency Ratio should fall below the threshold established.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of the Company. 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 wilful misconduct or gross negligence.

Individual tranches of shares are only granted at the end of the performance period and, therefore, at the end of the three years, after verifying the degree to which the targets have been achieved in the third year (i.e. assessment by the Board of Directors on the actual achievement of the targets set, considered both on an annual and overall 3-year basis) and as long as there continues to be an employment/ director relationship in place with the Company or with other companies of the Group as at the grant date. Consequently, save for extraordinary situations as specifically envisaged by the plan rules, and unless otherwise decided by the delegated bodies, any case of termination of the employment/director relationship automatically entails forfeiture of the right to be granted shares.

As regards the holding period, in line with investors requests. at the grant date, 50% of the shares are immediately available (to allow the participants to pay the tax charges connected with the grant), the remaining 50% is subject to a two year lock-up period; subject to the requirement for the directors that participate the plan to maintain a suitable number of shares assigned until term of the office in course at the expiry of the lock-up.

In line with the LTI plan 2015, a dividend equivalent mechanism has been introduced on the basis of the dividends distributed during the three-year 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) mentioned above 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 previous year.

The maximum number of shares that can be granted is 10,000,000, accounting for 0.64% of the current share capital.

For additional information related to incentive plans refer to the 2016 Remuneration Report.

In line with the previous plans, the 2016 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 that promises becomes an entitlement of the counterparty, rather than the value of any shares finally delivered.

The condition related to rTSR 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 statistic model which estimates the statistically probable positioning of Group TSR respect to peer group identified in the STOXX Euro Insurance Index.

As regards plans 2013 and 2014, the performance level to be assessed was determined by the cross-comparison of ranges of ROE and relative TSR; for each tranche was calculated a fair value for each of the possible RoE intervals according to the reference matrix for the cross-comparison of ranges of ROE and relative TSR.

In order to assess the cumulative cost of the individual plans, for each tranche, the fair value related to the most probable RoE outcome was multiplied by the number of shares that can be assigned based on satisfaction of the vesting conditions. This cost has been allocated over a period of maturity of 3 years (vesting period), with a corresponding increase in equity.

Given the calculation method applied last year, described above and based on an independent assessment of the levels of achievement on the Group's financial indicators, the cost of the plans 2015 and 2016 was determined by separating the component connected to the relative TSR to the one linked to the ROE.

The evaluation of the bonus right linked to market condition is made by multiplying the fair value of assignable shares (equal to the market price at grant date) with the determined pay-out by applying the linear interpolation of the probable position of rTSR 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.

For each tranche of the LTI plan 2016, the table below shows the fair value at the grant date of the bonus right related to the performance level in terms of rTSR:

(%)	Tranche 2016	Tranche 2017	Tranche 2018
Fair value of bonus related to market condition	**5.04**	**5.03**	**5.03**

The related cost on overall plan is resulted from the multiplication, weighted for each tranche, of the above mentioned fair value with 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 ROE, identifying the pay-out through the linear interpolation applied to the level of RoE considered most probable. The range applied to the linear interpolation is included between the maximum pay-out, granted in case of a level of RoE equal to or greater than 13%, and a pay-out equal to 0 in case of a level of RoE equal to or lower than 11%.

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.

The overall cost of the LTI plans 2015 and 2016, sum of the three components above mentioned, is allocated over a period of maturity of 3 years (vesting period) starting from the first financial year on which the performance levels are assessed, with a corresponding increase in equity.

During the year, the Board of Directors resolved to submit to the next Shareholders' Meeting a special Stock Plan for the Managing Director / Group CEO.

The Plan involves the free award of a maximum of n. 200.000 ordinary Assicurazioni Generali shares, subject to the following conditions being met:

- the Managing Director/Group CEO continuing to hold his existing n. 200.000 Assicurazioni Generali shares, acquired with his own means, until the end of his current term in office;
- achieving a specific three-year Total Shareholders Return (TSR) target of +72,8%, calculated over the period 5 July 2016 - 5 July 2019;
- maintaining predetermined Solvency thresholds;
- remaining in office as Managing Director/Group CEO until the end of the current term (therefore losing all rights in the event of termination of the working relationship for any reason before the end of this term).

Furthermore, the Plan calls for the award of additional shares, determined on the basis of the amount of the overall dividends distributed during the reference period, according to a dividend equivalent mechanism.

The Plan also obligates the Managing Director/Group CEO to retain 50% of the shares awarded to him for free for at least two years, as well as other standard sustainability clauses (e.g. malus, clawback, hedging restrictions) to protect financial solidity and the Group's non-excessive exposure to risk.

The condition related to TSR configures as a market condition, other conditions mentioned above are considered as service condition.

The estimated fair value of the bonus right subject to the performance in terms of TRS was calculated by multiplying the projection of the future share price at the grant date of approval of the Plan, identified by the forward price of the share at market conditions, with the pay-out given linearly interpolating the probable TSR, estimated by applying a statistical model for the possible evolution of the share price in the three years considered.

The relative cost of the overall plan is obtained by multiplying the market value above mentioned (amounting to € 2.6) with the number of rights relating to the market condition, assignable on the basis of the achievement of vesting condition; the cost related to the recognition of dividends paid during the three-year period (so called dividend equivalent) was estimated by applying a deemed dividend to the expected number of shares to be assigned under the Plan.

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; the relative cost share, already accrued during the current financial year, is subject to the possible reversal in the case of non-approval of the Plan by the next Shareholders' Meeting.

The cost associated with all above mentioned outstanding plans recognised during the period amounted to € 51.2 million. The maximum number of shares that can be granted in relation to mentioned plans is approximately 18.1 million.

The following table shows the development of the options given by the Parent company to personnel, chairman, managing directors and general managers and their weighted average exercise price.

Options given by the Parent company to personnel

	Personnel		Chairman, Managing Directors and General Managers	
	Number of options	Average price of the year	Number of options	Average price of the year
Options outstanding as at 31/12/2015	**215,192**	**28.8**	**0**	**0.0**
Granted	0	0.0	0	0.0
Forfeited	0	0.0	0	0.0
Exercised	0	0.0	0	0.0
Expired	215,192	28.8	0	0.0
Options outstanding as at 31/12/2016	**0**	**0.0**	**0**	**0.0**
Of which exercisable	0	0.0	0	0.0

The options held by executive and non executive personnel expired during the year. The options for the benefit of the president, managing directors and general managers had already expired in previous years.

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 31 December 2016, the share-based compensation plans granted by Banca Generali are composed of two stock option plans reserved respectively to financial promoters and network managers and Relationship Managers (employees) of Banca Generali, approved by Shareholder's meeting on 21 April 2010. These option plans are already vested and also the option exercisable period is near to end.

Banca Generali remuneration and incentive policy foresees that a portion of variable remuneration to key employees is assigned through payments based on own financial instruments.

Option plans designated to financial promoters and network managers and Relationship Managers of Banca Generali

With reference with the plans approved in 2010, at the end of the financial year 2016 the granted options amounted to 434 thousands, of which 38 thousands reserved to the relationship managers (employees). All mentioned options expires by 30 June 2017.The reduction of stock options respect to prior period was mainly due to exercise of options by the relationship manager and, in a lesser extent, to the end of the relationships with some financial promoters.

The fair value mentioned of the share options was between € 1.01 and € 0.65, depending on the exercise date.

The cost recognised during 2016 exercise in relation to these plans was of € 0.03 million.

Share based payments granted by Banca Generali

	Number of options	Average price of the year
Options outstanding as at 31/12/2015	**779,511**	**10.7**
Granted (*)	0	0.0
Forfeited	5,318	10.7
Exercised	340,007	10.7
Expired	0	0.0
Options outstanding as at 31/12/2016	**434,186**	**10.7**
Of which exercisable	434,186	10.7

(*) Excluding shares allocated on the basis of the share based compensation plans linked to the variable component of remuneration related to performance targets, as these plans are not comparable to stock option plans adopted in 2010.

Share-based payment plans as part of the variable component of remuneration linked to performance objectives

As part of the policy on remuneration and incentives in relation to key personnel of Banca Generali Group, applied as from 2015, on, is expected that a portion of the variable remuneration, both current and deferred, takes place through the allocation of financial instruments of Banca Generali.

The total number of shares to be granted is determined by dividing the 25% of the variable compensation payable in shares, for the average of the price of Banca Generali share in the three months preceding the meeting of the Board of Directors which approves both individual and consolidated financial statements of Banca Generali.

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 for the year.

The fair value Banca Generali share at the grant date is the stock market price recorded on the date of the shareholders meeting approving the Remuneration Policy for the current year.

Within the first cycle linked to variable remuneration for 2015, approved by the shareholders on 23 April 2015, the shares to be allocated to key personnel totalled 68,250, of which 51,960 assigned to network managers, 14,578 to employees of Banca Generali and 1,712 to employees of BGFML.

For the purposes of determining the number of shares to be allocated, the reference price of Banca Generali shares, determined as the average of the official quotations between 12 December 2014 and 9 March 2015, it was determined as of 23.94 €. The fair value Banca Generali action on the grant date of the shares was determined based on the action of the market price recorded as at 23 April 2015, amounted to approximately € 29.4.

The first tranche of the shares has been allocated on 27 April 2016 for a total of 38,099 own shares.

The total fair value of the plan was estimated at about € 2 million, of which 1.6 million were already accounted for in 2015, and 0.3 million recorded in the year 2017.

The second plan of payments in shares, on the variable remuneration of 2016, was approved by the shareholders on 21 April 2016 and has substantially the same characteristics as of the previous year, with the only difference of the extension of this type of compensation also for variable compensation below the threshold of € 75 thousands. In this context, the Assembly of April 21, 2016 approved the repurchase of a maximum number n. 67,051 own shares, which was subsequently authorized by the Bank of Italy in date 6 June 2016.

For the purposes of determining the number of shares to be allocated, the reference price of Banca Generali shares, determined as the average of the official quotations between 12 December 2015 and 9 March 2016, was defined as of € 25.26. The fair value Banca Generali shares on the grant date of the shares was determined based on the market price recorded as at 21 April 2016, amounting to € 26.

In relation to the assessment of the achievement by the key personnel of the objectives set for 2016 it is estimated that the share of variable compensation subject to payment of shares amounts to approximately 77.4 thousand shares, for a total fair value of the plan of € 1.9 million.

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: eight 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 and 6 March 2015 and 9 March 2016, and a stock granting plan, reserved to the employees of the Generali France group.

At 31 December 2016, the number of shares granted amounted to 5,643,393 preferred shares, of which 323,197 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 recognised in the profit or loss amounted to € 17.4 million. The plans are considered as cash-settled and therefore a € 106 million liability was accounted for.

47 Contingent liabilities, commitments, guarantees, pledged assets and collaterals

47.1 Contingent liabilities

In the course of the ordinary business, the Group may encounter 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). At 31 December 2016 the estimate of the contingent liabilities results as immaterial or related probability of occurrence results as remote.

A contingent liability is:

- a possible obligation that arise 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 can not be measured with sufficient reliability.

47.2 Commitments

Generali Group at 31 December 2016 has subscribed commitments for a total amount of approximately € 4,512 million, related to potential commitments on investments, loans and other commitments.

Because part of these commitments may expire without being called back, the amounts disclosed are not indicative of the actual liquidity needs arising from these commitments.

In particular, approximately € 1,780 million represent commitments associated with alternative investments (private equity), mainly allocated in private equity funds which are consolidated line-by-line by the Group. Approximately € 1,008 million refer to several investment opportunities and, in particular, to real estate investment funds. The potential commitments to grant loans amount to approximately € 444 million, mainly associated to liquidity or funding needs of the customers of the Group's banking operations.

As far as other commitments are concerned, approximately € 953 million refer to potential commitments of the German life companies towards a German entity in order to protect the policyholders in the local market 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 € 839 million, of which € 707 million refer to guarantees provided in the context of the Group's real estate development and € 118 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

At 31 December 2016, as already mentioned in the paragraph *Assets transferred that do not qualify for derecognition* of the section *Investments*, the Group has pledged approximately € 3,417 million of its assets. In particular, approximately € 1,891 million have been pledged to cover bonds and loans issued, mainly related to the Group's banking and real estate activities, and approximately € 1.037 million to cover its reinsurance activities. Residual part is related to collateral pledged in relation to transactions in derivatives.

Furthermore, the Group has received financial assets as collateral for approximately € 5,641 million, in particular for transactions in bonds and loans for approximately € 4,428 million and € 827 million to cover Group reinsurers' obligations.

48 Agreements resulting from leasing operations

In the course of the ordinary business, the Group companies normally enter into leasing agreements as lessees. Mentioned agreements are mainly related to use of real estates used for business, company cars and office furniture and equipment. Among those agreements, none of them results material at single contract level.

In some cases Group companies acts also as lessor, mainly related to real estates rental through operating lease. The value of real estates involved in these arrangements is of approximately € 3,330 million. Among those agreements, none of them results material at single contract level.

49 Significant non-recurring events and transaction

The Group is concluding the sale arrangement of assets in Guatemala and Lichtenstein.

For more information on this matter refer to the paragraph *"Information on consolidation perimeter and group companies"*.

50 Other Information

In 2015 the Company appealed the decision of the Labour Court of Trieste that had dismissed Generali's claim to make null and void the settlement agreement signed upon termination of the work relationship and to obtain the restitution of the amount already paid to Mr. Perissinotto. The proceeding is currently pending before the

Labour Division of the Court of Appeal of Trieste. Furthermore, Generali appealed before the Supreme Court against the first instance decision that had declined its jurisdiction in favour of the “Tribunale delle Imprese” (court specialized in corporate matters) with reference to the claims for damages. The Supreme Court upheld the appeal and the proceeding has been re-filed and is currently pending before the Labour Court of Trieste.

The same Labour Court of Trieste, with separate measures of March 2015 and November 2016, initially dismissed both the claims for damages, and of the appeal of the settlement of the employment relationship with Mr. Agrusti, as well as the claims for damages of the same Mr. Agrusti, and subsequently it quantified the STI bonus in 2013 due to the Mr. Agrusti, condemning the company to its payment. In this period it is pending the deadline for appeal against such measures.

51 Audit and other service fees for the fiscal year

In the table below, filled under the article 149-duodecies of Consob Regulation, are reported the 2016 fees for auditing and other services to Parent company’s audit and companies within audit company’s network..

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Audit and other service fees

(in migliaia di euro)	E&Y Italy	E&Y Network
	31/12/2016	31/12/2016
Parent Company	**16,683**	**545**
Audit fee	1,155	449
Attestation service fees	4,323	10
Other services	11,205	86
Subsidiaries	**3,828**	**22,271**
Audit fee	1,996	16,532
Attestation service fees	1,261	2,107
Other service fees	571	3,632
of which Tax service fees	307	150
of which Other services	264	3,482
Total	**20,511**	**22,816**

Appendices

to the Notes

Appendix 3

Tangible and intangible assets

	At cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	12,584		12,584
Land and buildings (self used)	2,810		2,810
Other tangible assets	1,666		1,666
Other intangible assets	2,202		2,202

Amounts ceded o reinsurers from insurance provisions

Appendix 4

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life amounts ceded to reinsurers from insurance provisions(*)	1,897	2,086	808	809	2,704	2,895
Provisions for unearned premiums	279	321	70	70	349	391
Provisions for outstanding claims	1,616	1,762	737	739	2,353	2,501
Other insurance provisions	2	3	0	0	2	3
Life amounts ceded to reinsurers from insurance provisions(*)	484	635	745	563	1,229	1,199
Provisions for outstanding claims	297	309	371	336	668	645
Mathematical provisions	142	145	213	207	355	351
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	4	156	138	0	142	156
Other insurance provisions	41	26	23	21	64	47
Total	2,381	2,722	1,552	1,372	**3,933**	**4,094**

(*) After the elimination of intra-group transactions between segments.

Appendix 5

Financial assets

(€ 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			
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Equities at cost					43	43					43	43
Equities at fair value					9,149	9,540	6	5	3,172	2,833	12,327	12,378
- of which quoted equities					6,676	7,009	6	5	3,020	2,617	9,702	9,630
Bonds	2,168	1,949	28,850	32,365	280,903	258,039	38	23	13,090	13,445	325,049	305,821
- of which quoted bonds	2,168	1,949			277,617	254,400	34	23	11,460	12,061	291,279	268,433
Investment fund units					20,409	18,563	2	3	74,415	72,714	94,826	91,280
Loans and receivables from customers			1,480	1,562							1,480	1,562
Loans and receivables from banks			223	202							223	202
Deposits under reinsurance business accepted			782	755							782	755
Deposit components of reinsurance contracts											0	0
Other loans and receivables			12,843	13,314							12,843	13,314
Derivatives							1,444	1,630	-11	50	1,433	1,680
Hedging derivatives(*)									367	338	367	338
Other financial investments	0	35			3,429	3,214	-0	0	2,592	3,343	6,022	6,592
Total	2,168	1,984	44,178	48,198	313,933	289,399	1,489	1,661	93,625	92,724	455,393	433,967

(*) 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 pension funds

Appendix 6

	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
(€ million)	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Assets	76,614	73,245	1,703	1,721	78,317	74,966
Intra-group assets(*)						
Total	**76,614**	**73,245**	**1,703**	**1,721**	**78,317**	**74,966**
Financial liabilities	16,220	15,673	1,184	1,121	17,404	16,793
Insurance provisions(**)	60,616	57,612	40	26	60,657	57,637
Intra-group liabilities(*)						
Total	**76,837**	**73,284**	**1,224**	**1,147**	**78,061**	**74,431**

(*) 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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Non-life insurance provisions(*)	**31,676**	**31,687**	**1,673**	**1,691**	**33,349**	**33,377**
Provisions for unearned premiums	5,132	5,147	228	216	5,360	5,363
Provisions for outstanding claims	26,074	26,068	1,437	1,469	27,511	27,537
Other insurance provisions	471	471	8	7	478	478
of which provisions for liability adequacy test	0	12	0	0	0	12
Life insurance provisions(*)	**386,202**	**369,457**	**1,926**	**1,853**	**388,128**	**371,310**
Provisions for outstanding claims	5,740	5,364	1,139	1,046	6,879	6,410
Mathematical provisions	274,077	263,099	636	663	274,713	263,762
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	60,790	57,783	9	11	60,799	57,793
Other insurance provisions	45,595	43,211	142	133	45,737	43,344
of which provisions for liability adequacy test	1,289	1,036	-0	0	1,289	1,036
of which deferred policyholder liabilities	23,882	22,642			23,882	22,642
Total provisions	**417,878**	**401,143**	**3,599**	**3,544**	**421,477**	**404,687**

(*) After the elimination of intra-group transactions between segments.

Financial liabilities

Appendix 8

	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					
(€ million)	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Preference shares							0	0
Subordinated liabilities					9,126	9,643	9,126	9,643
Financial liabilities related to investment contracts issued by insurance companies			17,491	16,921	5,443	5,070	22,934	21,991
where the investment risk is borne by the policyholders			16,220	15,673			16,220	15,673
pension funds			1,184	1,121			1,184	1,121
other liabilities related to investment contracts			87	127	5,443	5,070	5,530	5,197
Deposits received from reinsurers					577	558	577	558
Deposit components of insurance contract							0	0
Bonds					3,273	3,312	3,273	3,312
Liabilities to customers					10,766	8,809	10,766	8,809
Liabilities to banks					506	142	506	142
Other loans					2,240	2,288	2,240	2,288
Derivatives	1,246	2,566					1,246	2,566
Hedging derivatives			713	568			713	568
Other financial liabilities			33	28			33	28
Total	**1,246**	**2,566**	**18,238**	**17,517**	**31,932**	**29,821**	**51,416**	**49,904**

(*) 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)	31/12/2016			31/12/2015		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NON-LIFE SEGMENT						
NET EARNED PREMIUMS	20,763	-1,079	19,685	20,975	-1,157	19,818
a Premiums written	20,779	-1,028	19,751	20,898	-1,136	19,762
b Change in the provisions for unearned premiums	-16	-51	-67	77	-21	56
NET INSURANCE BENEFITS AND CLAIMS	-13,211	376	-12,836	-13,604	524	-13,081
a Claims paid	-13,293	567	-12,726	-13,316	639	-12,677
b Change in the provisions for outstanding claims	53	-190	-138	-240	-112	-352
c Change in claims to be recovered	55	-1	54	-6	3	-3
d Change in other insurance provisions	-26	0	-26	-42	-7	-48
LIFE SEGMENT						
NET PREMIUMS	46,412	-745	45,667	49,425	-737	48,689
NET INSURANCE BENEFITS AND CLAIMS	-51,704	577	-51,127	-56,600	590	-56,010
a Claims paid	-35,578	546	-35,031	-36,082	554	-35,528
b Change in the provisions for outstanding claims	-361	22	-339	-184	45	-139
c Change in the mathematical provisions	-11,729	-3	-11,732	-12,552	-29	-12,581
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	-3,404	-5	-3,409	-5,564	-4	-5,568
e Change in other insurance provisions	-633	17	-616	-2,218	25	-2,193

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 expenses31/12/2016	Total income and expenses31/12/2015
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**10,456**	**2,700**	**-350**	**3,168**	**-1,123**	**14,851**	**6,516**	**179**	**-5,095**	**-1,469**	**132**	**14,983**	**17,443**
a from land and buildings (investment properties)		852	-350	169	-27	645		88		-41	47	692	884
b from investments in subsidiaries, associated companies and joint ventures		113		7	-17	103		14		-27	-13	90	114
c from held to maturity investments	93			0	-0	93		1		-1	-0	93	108
d from loans and receivables	1,693			345	-15	2,023		39		-264	-225	1,798	1,797
e from available for sale financial assets	8,116	1,190		2,089	-424	10,971		37		-1,136	-1,099	9,872	11,231
f from financial assets held for trading	148	0		166	-92	223	587		-511		76	299	394
g from financial assets designated as at fair value through profit or loss	405	545		392	-548	794	5,929		-4,584		1,345	2,139	2,916
Income and expenses from receivables	**6**			**0**	**-4**	**1**		**92**		**-52**	**40**	**41**	**58**
Income and expenses from cash and cash equivalents	**47**					**47**					**0**	**47**	**30**
Income and expenses from financial liabilities	**-1,258**	**0**		**243**	**-202**	**-1,217**	**376**	**0**	**-884**	**0**	**-508**	**-1,724**	**-2,472**
a from financial liabilities held for trading	-106			241	-202	-66	375		-878		-503	-569	-1,333
bfrom financial liabilities designated as at fair value through profit or loss	-43			0	0	-43	1		-6		-5	-47	-35
c from other financial liabilities	-1,110			2	0	-1,108					0	-1,108	-1,103
Income and expenses from payables						**0**					**0**	**0**	
Total	**9,250**	**2,700**	**-350**	**3,411**	**-1,329**	**13,682**	**6,893**	**271**	**-5,979**	**-1,521**	**-336**	**13,347**	**15,060**

Acquisition and administration costs of insurance business

Appendix 11

(€ million)	Non-life segment		Life segment	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Commissions and other acquisition costs	4,384	4,385	3,942	4,081
a Acquisition and administration commissions	3,358	3,317	2,883	3,026
b Other acquisition costs	916	952	1,071	1,081
c Change in deferred acquisition costs	1	7	-75	-83
d Collecting commissions	110	109	63	57
Commissions and profit commissions from reinsurers	-138	-156	-132	-131
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers(*)	66	44	327	265
Other administration costs	1,150	1,184	1,011	1,005
Total	5,463	5,457	5,148	5,220

(*) Before the elimination of intra-group transactions between segments.

Appendix 12

Details on financial assets reclassified and its effects in profit or loss account and comprehensive income (€ million)

	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amounts	
(€ million)	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Items that may be reclassified to profit and loss in future periods												
Reserve for currency translation differences	-65	366	5	-38			-60	328	-1	5	77	137
Net unrealized gains and losses on investments available for sale	203	486	-8	-884			195	-398	-69	353	6,371	6,175
Net unrealized gains and losses on cash flows hedging derivatives	-80	87	106	-45			26	41	-5	-21	-107	-133
Net unrealized gains and losses on hedge of a net investment in foreign operations	3	-52	-12	2			-9	-49	0	0	-106	-97
Share of other comprehensive income of associates	7	18	-1	-9			6	9	0	-0	86	81
Result of discontinued operations	17	-4	0	-572			17	-576	0	0	17	0
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	-0	-0
Result of discontinued operations	0	437					0	437	0	0	0	0
Reserve for revaluation model on intangible assets												
Reserve for revaluation model on tangible assets												
Actuarial gains or losses arising from defined benefit plans	-244	162					-244	162	99	-67	-1,044	-800
TOTAL OTHER COMPREHENSIVE INCOME	-160	1,500	91	-1,546	0	0	-69	-46	24	271	5,294	5,363

Details on financial assets reclassified and its effects in profit or loss account and comprehensive income (€ million)

Appendix 13

Financial asset categories affected by the reclassification		Financial assets	Amount of the financial assets reclassified in the year at the reclassification date	Book value reclassified at 31/12/2016		Fair value as at 31/12/2016		Financial assets reclassified in 2016		Financial assets reclassified until 2016		Financial assets reclassified in 2016		Financial assets reclassified until 2016	
from	to			Financial assets reclassified in 2016	Financial assets reclassified until 2016	Financial assets reclassified in 2016	Financial assets reclassified until 2016	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses through profit or loss	Fair value gains or losses through equity	Fair value gains or losses that would be recognised through profit or loss without reclassification	Fair value gains or losses that would be recognised through equity without reclassification	Fair value gains or losses that would be recognised through profit or loss without reclassification	Fair value gains or losses that would be recognised through equity without reclassification
Available for sale financial assets	Loans and receivables	Corporate bonds	14,028		2,788		3,263								-475
Financial asset at fair value through profit or loss	Loans and receivables	Corporate bonds	630		31		31							-1	
Total			14,658		2,819		3,294							-1	-475

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

Appendix 14

	Level 1		Level 2		Level 3		Total	
(€ million)	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Financial assets and liabilities at fair value through profit or loss on recurring basis								
Available for sale financial assets	272,311	252,186	34,745	31,067	6,877	6,146	313,933	289,399
Financial assets at fair value through profit or loss	79,707	77,559	13,599	14,759	1,807	2,067	95,114	94,385
Financial assets held for trading	23	11	1,451	1,637	15	13	1,489	1,661
Financial assets designated at fair value through profit or loss	79,684	77,548	12,148	13,123	1,793	2,054	93,625	92,724
Investment properties								
Tangible assets								
Intangible assets								
Total financial assets at fair value	352,019	329,745	48,345	45,826	8,684	8,213	409,047	383,785
Financial liabilities at fair value through profit or loss	16,546	15,687	2,882	4,222	56	173	19,484	20,082
Financial liabilities held for trading	5	2	1,240	2,564	1	0	1,246	2,566
Financial liabilities designated at fair value through profit or loss	16,540	15,685	1,642	1,658	55	173	18,238	17,517
Total financial liabilities on recurring basis	16,546	15,687	2,882	4,222	56	173	19,484	20,082
Total financial assets and liabilities at fair value on non recurring basis								
Non-current assets or of discontinued operations	0	0	0	0	0	0	0	0
Non-current liabilities or of discontinued operations	0	0	0	0	0	0	0	0

Appendix 15

Details of the variations of assets and liabilities measured at fair value on a recurring basis classified in Level 3

(€ 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	**6,146**	**13**	**2,054**	**0**	**0**	**0**	**0**	**173**
Purchases and issues	1,225	0	288	0	0	0	0	8
Disposals through sales and settlements	-508	-0	-127	0	0	0	0	0
Pay-backs	-71	-1	-20	0	0	0	0	0
Net gains and losses recognized in P&L	0	2	-60	0	0	0	-0	-16
of which net unrealised gains and losses	0	2	-60	0	0	0	-0	-16
Net unrealised gains and losses recognized in OCI	-53	0	0	0	0	0	0	0
Net transfers in Level 3	562	0	66	0	0	0	0	0
Net transfers out of Level 3	-372	0	-134	0	0	0	0	-107
Other changes	-52	0	-274	0	0	0	1	-3
Closing balance	**6,877**	**15**	**1,793**	**0**	**0**	**0**	**1**	**55**

Appendix 16

Assets and liabilities not measured at fair value: fair value hierarchy

(€ million)	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Assets										
Held to maturity investments	2.168	1.984	1.324	949	948	1.151	0	40	2.272	2.140
Loans and receivables	42.181	45.544	4.452	5.426	34.787	37.834	7.973	7.574	47.212	50.834
Investments in subsidiaries, associated companies and joint ventures	1.194	1.369	0	0	0	0	1.194	1.369	1.194	1.369
Land and buildings (investment properties)	12.584	12.112	0	0	0	0	18.522	17.385	18.522	17.385
Other assets	2.810	2.844	0	0	0	0	3.321	3.286	3.321	3.286
Totale assets	**60.938**	**63.854**	**5.776**	**6.375**	**35.735**	**38.985**	**31.010**	**29.654**	**72.521**	**75.015**
Liabilities										
Other liabilities	25.912	24.193	12.297	13.626	7.777	4.427	7.164	7.842	27.237	25.896

Consolidation area: interests in entities with significant minority interests

Appendix 17

					Summarised financial information							
Entity Name	% Minority interests	% Availability to Minority Interests of voting rights in the General Shareholders' meeting	Consolidated Profit (loss) attributable to minority interests	Total liabilities and shareholders' equity attributable to minority interests	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	49.59%	49.59%	78	312	8,512	7,162	-	7,455	656	286	69	-
Generali China Life Insurance Co. Ltd	50.00%	50.00%	25	361	7,889	7,567	5,749	1,097	720	64	20	1,322

Change in the consolidation area(*)

Newly consolidated:	
1.	AFP Planvital S.A., Santiago
2.	Asesoria e Inversiones Los Olmos SA, Santiago
3.	Atacama Investments Ltd, Tortola
4.	FFDTV GmbH, Grünwald
5.	FLI GmbH, Grünwald
6.	Fondo immobiliare Donizetti, Trieste
7.	FPS GmbH, Grünwald
8.	GEIH France OPCI, Parigi
9.	Generali Finanz Service GmbH, Unterfohring
10.	Generali Life (Hong Kong) Limited, Hong Kong
11.	Generali Real Estate Investments BV, Amsterdam
12.	Generali Real Estate Investments Netherlands B.V., Amsterdam
13.	Generali Services Pte Ltd, Singapore
14.	Generali Vitality GmbH, Monaco
15.	GIAF Financial Limited, Shenzhen
16.	GID-FONDS CLTGP, Colonia
17.	GLL GmbH & Co. Retail KG, Monaco
18.	GRE PAN-EU Brussels 1 s.p.r.l., Bruxelles
19.	GRE PAN-EU Munich 1 S.à r.l., Lussemburgo
20.	Magister Internacional S.A., Santiago
21.	Mustek Properties s.r.o., Praga
22.	MyDrive Solutions Limited, Londra
23.	Náměstí Republiky 3a, s.r.o., Praga
24.	SMALL GREF a.s., Praga
25.	SW13, Vienna

* Consolidation area consists of companies consolidated "line by line".

Company disposed of/wound up/merged in:	
1.	CA Global Property Internationale Immobilien AG (merged in Generali Versicherung AG), Vienna
2.	Courtage Inter Caraibes (merged in GFA Caraïbes), Fort de France
3.	Europ Assistance Service S.p.A. (merged in Europ Assistance Vai S.p.A.), Milano
4.	FATA Asigurari S.A., Bucarest
5.	Flandria Participations Financières S.A. (merged in Graafschap Holland N.V.), Bruxelles
6.	Fondo Cimarosa - Fondo Immobiliare chiuso (merged in Fondo Immobiliare Toscanini), Trieste
7.	Fortuna Investment AG, Vaduz, Vaduz
8.	Generali Argentina Compañía de Seguros S.A., Buenos Aires
9.	Generali Beteiligungs- und Verwaltungs-AG (merged in Generali Deutschland AG), Monaco
10.	Generali Bulgaria Holding EAD, Sofia
11.	Generali Capital Management GmbH (merged in Generali Holding Vienna AG), Vienna
12.	Generali France Assurances S.A. (merged in Generali France S.A.), Parigi
13.	Generali Investments CEE a.s.(merged in CP INVEST investicní spolecnost, a.s.), Praga
14.	Generali Investments Deutschland Kapitalanlag mbH (merged in Generali Investments Europe S.p.A. SGR), Monaco
15.	Generali IT-Solutions GmbH (merged in Generali Versicherung AG), Vienna
16.	Generali Life Insurance AD, Sofia
17.	Generali Pilipinas Holding Co. Inc., Makati City-Manila
18.	Generali Pilipinas Life Assurance Co. Inc., Makati City-Manila
19.	Generali Real Estate Investments B.V., Amsterdam
20.	Generali VIS Informatik GmbH (merged in Generali Versicherung AG), Vienna
21.	Keviana - Empreendimentos Imobiliários, S.A., Lisbona
22.	MKE Kaufhausvermietungs GmbH (merged in HSR Verpachtung GmbH), Vienna
23.	SCI Font Romeu Neige et Soleil, Parigi
24.	SCI Generali Pyramide, Parigi
25.	Sellin Bond Sub-Fund II, Lussemburgo
26.	Telco AG S.r.l., Trieste

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	1,559,883,538	G	1	0.01			0.03	100.00
							0.01	Banca Generali S.p.A.		
							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.	100.00	99.99
							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	99.99
							8.44	Europ Assistance VAI S.p.A.		
Europ Assistance VAI S.p.A.	086	EUR	4,325,000	G	11		100.00	Europ Assistance Italia S.p.A.	100.00	99.99
Generali Properties S.p.A.	086	EUR	268,265,145	G	10		100.00	Generali Italia S.p.A.	100.00	100.00
Assitimm S.r.l.	086	EUR	100,000	G	10	1.00			100.00	100.00
							99.00	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	199,400,000	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	50.30
Banca Generali S.p.A.	086	EUR	116,424,502	G	7		9.55	Generali Vie S.A.	50.41	50.30
							0.44	Genertel S.p.A.		
							2.41	Alleanza Assicurazioni S.p.A.		
							4.84	Genertellife S.p.A.		
							33.17	Generali Italia S.p.A.		
Fondo Scarlatti - Fondo Immobiliare chiuso	086	EUR	540,756,624	G	10		2.89	Generali Vie S.A.	67.31	67.28
							1.94	Genertel S.p.A.		
							3.35	Alleanza Assicurazioni S.p.A.		
							5.87	Genertellife S.p.A.		
							53.26	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	2,013,791,705	G	10		1.35	Genertel S.p.A.	100.00	100.00
							29.18	Alleanza Assicurazioni S.p.A.		
							11.61	Genertellife S.p.A.		
							57.86	Generali Italia S.p.A.		
Fondo Immobiliare Toscanini	086	EUR	812,011,314	G	10		1.87	Generali Vie S.A.	100.00	99.98
							0.36	Genertel S.p.A.		
							0.19	Assitimm S.r.l.		
							32.69	Alleanza Assicurazioni S.p.A.		
							4.88	Genertellife S.p.A.		
							60.01	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]
GSS - Generali Shared Services S.c.a.r.l.	086	EUR	1,002,000	G	11	47.90			100.00	99.73
							0.10	Generali Belgium S.A.		
							0.10	Generali Investments Europe S.p.A. Società di Gestione Risparmio		
							0.10	Generali Vida Companhia de Seguros S.A.		
							0.10	Generali Pojistovna a.s.		
							0.10	Ceská Pojištovna a.s.		
							0.50	Generali Vie 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	1.00			99.77	99.48
							0.01	Europ Assistance Italia S.p.A.		
							0.01	Generali Properties S.p.A.		
							0.01	Alfuturo Servizi Assicurativi s.r.l.		
							0.01	BG Fiduciaria - Società di Intermediazione Mobiliare S.p.A.		
							0.01	Generali Real Estate S.p.A. SGR		
							0.25	Genertel S.p.A.		
							1.29	Alleanza Assicurazioni S.p.A.		
							0.55	Banca Generali S.p.A.		
							0.05	GSS - Generali Shared Services S.c.a.r.l.		
							0.26	Genertellife S.p.A.		
							96.06	Generali Italia S.p.A.		
							0.27	Generali Investments Europe S.p.A. Società di Gestione Risparmio		
CityLife S.p.A.	086	EUR	351,941	G	10		100.00	Generali Properties 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.		
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
Alfuturo Servizi Assicurativi s.r.l.	086	EUR	70,000	G	11		100.00	Alleanza Assicurazioni S.p.A.	100.00	100.00
BG Fiduciaria - Società di Intermediazione Mobiliare S.p.A.	086	EUR	5,200,000	G	8		100.00	Banca Generali S.p.A.	100.00	50.30
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	99.61
							28.29	Generali Deutschland AG		
							33.99	Generali France S.A.		
Fondo Donizetti	086	EUR	95,978,250	G	11		31.64	Alleanza Assicurazioni S.p.A.	100.00	100.00
							16.73	Genertellife 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]
							51.64	Generali Italia S.p.A.		
Genertellife S.p.A.	086	EUR	168,200,000	G	1		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 Investments Europe S.p.A. Società di Gestione Risparmio	086	EUR	60,085,000	G	8		17.13	Alleanza Assicurazioni S.p.A.	100.00	99.68
							82.87	Generali Investments Holding S.p.A.		
Dialog Lebensversicherungs-Aktiengesellschaft	094	EUR	2,045,200	G	2		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
AachenMünchener Versicherung AG	094	EUR	136,463,896	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Lebensversicherung Aktiengesellschaft	094	EUR	520,053,300	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Versicherung Aktiengesellschaft	094	EUR	27,358,000	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 Versicherungs-Aktiengesellschaft	094	EUR	2,800,000	G	2		75.00	Europ Assistance S.A.	100.00	99.99
							25.00	Generali Deutschland AG		
Europ Assistance Services GmbH	094	EUR	250,000	G	11		100.00	Europ Assistance Versicherungs-Aktiengesellschaft	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 AG	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
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
ALLWO GmbH	094	EUR	17,895,500	G	10		46.86	AachenMünchener Versicherung AG	100.00	100.00
							53.14	Generali Versicherung Aktiengesellschaft		
Generali 3. Immobilien AG & Co. KG	094	EUR	62,667,551	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Generali Private Equity Investments GmbH	094	EUR	500,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.61
VVS Vertriebsservice für Vermögensberatung GmbH	094	EUR	250,000	G	11		100.00	ATLAS Dienstleistungen für Vermögensberatung GmbH	100.00	74.00
GLL GmbH & Co. Retail KG	094	EUR	381,010,000	G	10	31.50			52.49	52.49
							5.25	AachenMünchener Lebensversicherung AG		
							7.87	Generali Lebensversicherung Aktiengesellschaft		
							7.87	Central Krankenversicherung Aktiengesellschaft		

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 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	252,520,250	G	10		1.00	Dialog Lebensversicherungs-Aktiengesellschaft	99.99	99.99
							1.00	Cosmos Versicherung Aktiengesellschaft		
							1.00	ADVOCARD Rechtsschutzversicherung AG		
							15.00	AachenMünchener Lebensversicherung AG		
							5.00	AachenMünchener Versicherung AG		
							33.00	Generali Lebensversicherung Aktiengesellschaft		
							6.00	Generali Versicherung Aktiengesellschaft		
							20.00	Central Krankenversicherung Aktiengesellschaft		
							18.00	Cosmos Lebensversicherungs Aktiengesellschaft		
Generali Northern America Real Estate Investments GmbH & Co. KG	094	EUR	17,560,021	G	10		27.77	AachenMünchener Lebensversicherung AG	99.94	99.94
							38.83	Generali Lebensversicherung Aktiengesellschaft		
							16.65	Central Krankenversicherung Aktiengesellschaft		
							16.65	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.05	Generali Real Estate S.p.A.		
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
Volksfürsorge 1.Immobilien AG & Co. KG	094	EUR	3,583	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Thuringia Generali 1.Immobilien AG & Co. KG	094	EUR	21,388,630	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Thuringia Generali 2.Immoblien AG & Co. KG	094	EUR	84,343,265	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
AM Vers Erste Immobilien AG & Co. KG	094	EUR	16,775,749	G	10		100.00	AachenMünchener 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 Schadenmanagement GmbH	094	EUR	100,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Finanzdienstleistung GmbH	094	EUR	52,000	G	11		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 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 GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
FLI GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
FFDTV GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
Generali Pensions- und SicherungsManagement GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Volksfürsorge 5.Immobilien AG & Co. KG	094	EUR	637,238,457	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Marienplatz-Galerie Schwerin mbH & Co. KG	094	EUR	14,805,190	G	10		100.00	AachenMünchener Versicherung AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Louisen-Center Bad Homburg mbH & Co. KG	094	EUR	77,675,829	G	10		100.00	Generali Deutschland AG	100.00	100.00
GID Fonds AAREC	094	EUR	3,538,647,418	G	11		0.85	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							22.74	AachenMünchener Lebensversicherung AG		
							21.05	Central Krankenversicherung Aktiengesellschaft		
							10.92	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.46	ADVOCARD Rechtsschutzversicherung AG		
							0.67	Generali Deutschland Pensionskasse AG		
							43.30	GID Fonds GLRET		
GID Fonds ALAOT	094	EUR	803,034,597	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CLAOT	094	EUR	332,085,198	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID Fonds AVAOT	094	EUR	89,462,713	G	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00
GID Fonds CEAOT	094	EUR	564,823,445	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID Fonds VLAOT	094	EUR	1,629,328,619	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLLAE	094	EUR	651,433,814	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GDRET	094	EUR	175,807,521	G	11		21.38	Generali Deutschland AG	100.00	100.00
							47.16	Generali Versicherung Aktiengesellschaft		
							2.95	Cosmos Versicherung Aktiengesellschaft		
							28.51	ADVOCARD Rechtsschutzversicherung AG		
GID Fonds AMLRET	094	EUR	574,466,602	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds GVMET	094	EUR	329,182,874	G	11		100.00	Generali Versicherung Aktiengesellschaft	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)
GID Fonds GLMET	094	EUR	801,922,792	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 3	094	EUR	847,684,513	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 2	094	EUR	781,522,027	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 4	094	EUR	473,253,221	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	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	85,203,041	G	11		96.24	Generali Pensionsfonds AG	96.24	96.24
GLL AMB Generali Properties Fund I GmbH & Co. KG	094	EUR	47,448,479	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
GLL AMB Generali Properties Fund II GmbH & Co. KG	094	EUR	64,304,996	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
GLL Properties Fund I LP	069	USD	33,010,030	G	10		100.00	GLL AMB Generali Properties Fund I GmbH & Co. KG	100.00	100.00
GLL Properties Fund II LP	069	USD	82,366,056	G	11		100.00	GLL AMB Generali Properties Fund II GmbH & Co. KG	100.00	100.00
GLL Properties 444 Noth Michig. LP	069	USD	82,366,056	G	10		100.00	GLL Properties Fund II LP	100.00	100.00
GLL AMB Generali 200 State Street	094	EUR	36,312,097	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
GID Fonds AVAOT II	094	EUR	40,670,985	G	11		100.00	AachenMünchener Versicherung AG	100.00	100.00
GID Fonds AVAOT III	094	EUR	32,709,688	G	11		100.00	ADVOCARD Rechtsschutzversicherung AG	100.00	100.00
GID Fonds ALRET	094	EUR	1,370,033,598	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CERET	094	EUR	1,824,269,890	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID-Fonds CLRET	094	EUR	796,311,833	G	11		100.00	GID-Fonds CLRET 2	100.00	100.00
GID Fonds GLRET	094	EUR	4,161,715,237	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds DLRET	094	EUR	58,377,878	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID Fonds GDPRET	094	EUR	138,615,488	G	11		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
GID Fonds GVRET	094	EUR	198,206,581	G	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00
Gentum Nr. 1	094	EUR	193,876,214	G	11		2.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							23.00	AachenMünchener Lebensversicherung AG		
							27.00	Generali Lebensversicherung Aktiengesellschaft		
							25.00	Central Krankenversicherung Aktiengesellschaft		
							20.00	Cosmos Lebensversicherungs Aktiengesellschaft		
							3.00	ADVOCARD Rechtsschutzversicherung AG		
GID Fonds AVRET	094	EUR	112,461,703	G	11		100.00	AachenMünchener Versicherung AG	100.00	100.00
GID Fonds GLAKOR	094	EUR	157,333,040	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	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]
GID Fonds AARGT	094	EUR	235,371,034	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
Gentum Nr. 2	094	EUR	241,723,995	G	11		39.99	AachenMünchener Lebensversicherung AG	100.00	100.00
							39.99	Generali Lebensversicherung Aktiengesellschaft		
							20.02	Central Krankenversicherung Aktiengesellschaft		
GID-Fonds GLRET 5	094	EUR	6,218,977,191	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds DLAET	094	EUR	41,799,722	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID-Fonds AAINF	094	EUR	144,633,528	G	11		27.50	AachenMünchener Lebensversicherung AG	100.00	100.00
							40.00	Generali Lebensversicherung Aktiengesellschaft		
							17.50	Central Krankenversicherung Aktiengesellschaft		
							15.00	Cosmos Lebensversicherungs Aktiengesellschaft		
GID-Fonds AAHYSL	094	EUR	321,306,343	G	11		40.85	AachenMünchener Lebensversicherung AG	98.20	98.20
							26.59	Generali Lebensversicherung Aktiengesellschaft		
							17.75	Central Krankenversicherung Aktiengesellschaft		
							13.01	Generali Deutschland Pensionskasse AG		
GID-Fonds CLRET 2	094	EUR	778,064,718	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds AACAGS	094	EUR	276,426,351	G	11		27.48	AachenMünchener Versicherung AG	100.00	100.00
							53.90	Generali Versicherung Aktiengesellschaft		
							11.18	Cosmos Versicherung Aktiengesellschaft		
							7.43	ADVOCARD Rechtsschutzversicherung AG		
GID-Fonds AACBGS	094	EUR	364,745,261	G	11		41.68	AachenMünchener Lebensversicherung AG	96.96	96.96
							13.21	Generali Lebensversicherung Aktiengesellschaft		
							13.73	Central Krankenversicherung Aktiengesellschaft		
							28.04	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.30	ENVIVAS Krankenversicherung AG		
GID-Fonds ALAET	094	EUR	301,924,055	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID-FONDS CLTGP	094	EUR	164,999,965	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
Generali IARD S.A.	029	EUR	94,630,300	G	2		100.00	Generali France S.A.	100.00	98.86
Generali Vie S.A.	029	EUR	336,872,976	G	2		100.00	Generali France S.A.	100.00	98.86
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	98.86
GFA Caraïbes	213	EUR	6,839,360	G	2		100.00	Generali IARD S.A.	100.00	98.86

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	247	EUR	7,026,960	G	2		95.34	Generali IARD S.A.	95.35	94.27
							0.01	Generali France S.A.		
SAS Lonthènes	029	EUR	529,070	G	10		100.00	Generali Vie S.A.	100.00	98.86
Europ Assistance France S.A.	029	EUR	2,541,712	G	11		100.00	Europ Assistance Holding S.A.	100.00	99.99
Ocealis S.A.S.	029	EUR	300,000	G	11		75.00	Europ Assistance Holding S.A.	75.00	74.99
Generali France S.A.	029	EUR	114,411,652	G	4	67.05			98.86	98.86
							31.81	Participatie Maatschappij Graafschap Holland N.V.		
Europ Assistance Holding S.A.	029	EUR	17,316,016	G	2	95.67			99.99	99.99
							4.31	Participatie Maatschappij Graafschap Holland N.V.		
Cofifo S.A.S.	029	EUR	3,900,000	G	9		100.00	Generali France S.A.	100.00	98.86
Suresnes Immobilier S.A.S.	029	EUR	43,040,000	G	10		100.00	Generali Vie S.A.	100.00	98.86
Haussmann Investissement SAS	029	EUR	2,501,000	G	9		10.00	Generali IARD S.A.	100.00	98.86
							90.00	Generali Vie S.A.		
Expert & Finance S.A.	029	EUR	3,203,490	G	11		98.45	Generali Vie S.A.	98.45	97.33
SCI Terra Nova Montreuil	029	EUR	19,800,000	G	10		30.00	Generali Vie S.A.	100.00	98.86
							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	99.61
Immobiliere Commerciale des Indes Orientales IMMOCIO	029	EUR	134,543,500	G	10		100.00	Generali Vie S.A.	100.00	98.86
SAS IMMOCIO CBI	029	EUR	61,058,016	G	10		100.00	Immobiliere Commerciale des Indes Orientales IMMOCIO	100.00	98.86
Europ Assistance S.A.	029	EUR	35,402,786	G	2		100.00	Europ Assistance Holding S.A.	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	98.86
GEIH France OPCI	029	EUR	62,000,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
SCI du 54 Avenue Hoche	029	EUR	152,400	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI 42 Notre Dame Des Victoires	029	EUR	13,869,690	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Generali Wagram	029	EUR	284,147	G	10		100.00	Generali IARD S.A.	100.00	98.86
SCI du Coq	029	EUR	12,877,678	G	10		0.81	Generali IARD S.A.	100.00	98.86
							99.19	Generali Vie S.A.		
SCI Espace Seine-Generali	029	EUR	1,000	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI GF Pierre	029	EUR	47,394,248	G	10		1.18	Generali IARD S.A.	100.00	98.86
							90.96	Generali Vie S.A.		
							7.87	SCI Generali Wagram		
SCI Landy-Novatis	029	EUR	672,000	G	10		0.10	Generali Vie S.A.	100.00	98.86
							99.90	SC Novatis		
SCI Cogipar	029	EUR	10,000	G	10		100.00	Generali Vie S.A.	100.00	98.86

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]
SC Commerce Paris	029	EUR	1,746,570	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Landy-Wilo	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.86
							99.90	Generali Vie S.A.		
SCI Generali Carnot	029	EUR	10,525,000	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Generali Commerce 1	029	EUR	100,000	G	10		0.10	Generali Vie S.A.	100.00	98.86
							53.80	SCI GF Pierre		
							46.10	SC Commerce Paris		
SCI Generali Commerce 2	029	EUR	100,000	G	10		100.00	Generali IARD S.A.	100.00	98.86
SCI Generali le Moncey	029	EUR	1,923,007	G	10		100.00	Generali Vie S.A.	100.00	98.86
SC Generali Logistique	029	EUR	160,001,000	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Beaune Logistique 1	029	EUR	1,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Lille Hénin Beaumont 2	029	EUR	1,130,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Iris La Défense	029	EUR	1,350	G	10		44.44	Generali IARD S.A.	100.00	98.86
							55.56	Generali Vie S.A.		
OPCI Parcolog Invest	029	EUR	225,848,750	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Parc Logistique Maisonneuve 1	029	EUR	7,051,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parc Logistique Maisonneuve 2	029	EUR	5,104,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parc Logistique Maisonneuve 3	029	EUR	8,004,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parc Logistique Maisonneuve 4	029	EUR	8,004,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Isle D'Abeau 1	029	EUR	11,472,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Isle D'Abeau 2	029	EUR	12,476,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Isle D'Abeau 3	029	EUR	12,476,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Gondreville Fontenoy 2	029	EUR	3,838,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Combs La Ville 1	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Mitry Mory	029	EUR	11,320,950	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Bordeaux Cestas	029	EUR	9,508,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Parcolog Marly	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SC Parcolog Messageries	029	EUR	1,000	G	10		100.00	SC Generali Logistique	100.00	98.86
SCI Commerces Regions	029	EUR	1,000	G	10		1.00	Generali IARD S.A.	100.00	98.86
							99.00	Generali Vie S.A.		
SCI Thiers Lyon	029	EUR	1,000	G	10		40.00	Generali Vie S.A.	100.00	98.86
							60.00	SCI GF Pierre		
SCI Iliade Massy	029	EUR	1,000	G	10		100.00	Generali Vie S.A.	100.00	98.86
SAS Parcolog Lille Henin Beaumont 1	029	EUR	302,845	G	10		100.00	OPCI Parcolog Invest	100.00	98.86
OPCI Generali Bureaux	029	EUR	103,996,539	G	10		100.00	Generali Vie S.A.	100.00	98.86
OPCI Generali Residentiel	029	EUR	149,607,800	G	10		100.00	Generali Vie S.A.	100.00	98.86
OPCI GB1	029	EUR	153,698,740	G	10		100.00	Generali Vie S.A.	100.00	98.86

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]
OPCI GR1	029	EUR	200,481,793	G	10		19.13	Generali IARD S.A.	100.00	98.86
							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	98.86
SCI Berges de Seine	029	EUR	6,975,233	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI 6 MESSINE	029	EUR	9,631,000	G	10		100.00	OPCI GR1	100.00	98.86
SCI 204 Pereire	029	EUR	4,480,800	G	10		100.00	OPCI GR1	100.00	98.86
SCI du 33 avenue Montaigne	029	EUR	174,496	G	10		100.00	OPCI GR1	100.00	98.86
SCI 5/7 MONCEY	029	EUR	13,263,396	G	10		100.00	OPCI GR1	100.00	98.86
SCI 28 Cours Albert 1er	029	EUR	14,629,770	G	10		100.00	OPCI GR1	100.00	98.86
SC Novatis	029	EUR	17,081,141	G	10		100.00	Generali Vie S.A.	100.00	98.86
SCI Bureaux Paris	029	EUR	250	G	10		100.00	Generali Vie S.A.	100.00	98.86
Generali Holding Vienna AG	008	EUR	63,732,464	G	5		29.67	Generali Beteiligungsverwaltung GmbH	100.00	100.00
							32.47	Participatie Maatschappij Graafschap Holland N.V.		
							0.05	Generali Finance B.V.		
							37.81	Transocean Holding Corporation		
Europäische Reiseversicherung Aktiengesellschaft	008	EUR	730,000	G	2		74.99	Generali Holding Vienna AG	74.99	74.99
HSR Verpachtung GmbH	008	EUR	100,000	G	10		40.00	Generali Versicherung AG	100.00	85.00
							60.00	BAWAG P.S.K. Versicherung AG		
Generali Versicherung AG	008	EUR	27,338,520	G	2		100.00	Generali Holding Vienna AG	100.00	100.00
BAWAG P.S.K. Versicherung AG	008	EUR	12,000,000	G	2		75.00	Generali Holding Vienna AG	75.00	75.00
Europ Assistance Gesellschaft mbH	008	EUR	70,000	G	11		75.00	Europ Assistance Holding S.A.	100.00	99.99
							25.00	Generali Holding Vienna AG		
Generali Sales Promotion GmbH	008	EUR	50,000	G	11		100.00	Generali Versicherung AG	100.00	100.00
Allgemeine Immobilien-Verwaltungs GmbH & Co. KG	008	EUR	17,441,553	G	10		100.00	Generali Versicherung AG	100.00	100.00
Generali Immobilien GmbH	008	EUR	4,900,000	G	10		100.00	Generali Versicherung AG	100.00	100.00
Generali Beteiligungsverwaltung GmbH	008	EUR	1,000,000	G	4	100.00			100.00	100.00
SW13	008	EUR	35,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
Generali Bank AG	008	EUR	26,000,000	G	7		78.57	Generali Holding Vienna AG	100.00	100.00
							21.43	Generali Versicherung AG		
Generali Leasing GmbH	008	EUR	730,000	G	11		100.00	Generali Versicherung AG	100.00	100.00
Care Consult Versicherungsmakler GmbH	008	EUR	138,078	G	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.99
3 Banken-Generali-GLStock	008	EUR	5,724	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken Generali GLBond Spezialfonds	008	EUR	9,330	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken-Generali-GSBond	008	EUR	3,650	G	11		100.00	Generali Versicherung 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]
3 Banken-Generali - GEN4A Spezialfonds	008	EUR	55,500	G	11		100.00	Generali Versicherung AG	100.00	100.00
BAWAG Spezialfonds 6	008	EUR	13,730	G	11		100.00	BAWAG P.S.K. Versicherung AG	100.00	75.00
3 Banken-Generali - GNLStock	008	EUR	1,248,500	G	11		100.00	Generali Versicherung AG	100.00	100.00
Generali European Retail Investments Holdings S.A.	092	EUR	256,050	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.51
Generali Luxembourg S.A.	092	EUR	75,000,000	G	2		100.00	Generali Vie S.A.	100.00	98.86
Generali Investments Luxembourg S.A.	092	EUR	1,921,900	G	11		100.00	Generali Investments Holding S.p.A.	100.00	99.61
Generali Real Estate Luxembourg S.à r.l.	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		8.20	Generali Real Estate Investments B.V.	100.00	98.96
							91.80	Generali Vie S.A.		
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	99.94
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	308,735,045	G	8		0.81	Generali Immobilien GmbH	100.00	99.61
							5.46	Generali Real Estate Investments B.V.		
							3.81	GP Reinsurance EAD		
							22.71	Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG		
							5.34	Generali España, S.A. de Seguros y Reaseguros		
							31.62	Generali Vie S.A.		
							1.63	Alleanza Assicurazioni S.p.A.		
							20.96	Fondo Donizetti		
							0.77	Genertellife S.p.A.		
							4.93	Generali Italia S.p.A.		
							1.96	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	99.61
Generali European Real Estate Investments S.A.	092	EUR	173,485,116	G	8		7.45	Generali Versicherung AG	100.00	99.51
							7.45	Generali Real Estate Investments B.V.		
							5.96	AachenMünchener Lebensversicherung AG		
							12.67	Generali Lebensversicherung Aktiengesellschaft		
							3.73	Generali España, S.A. de Seguros y Reaseguros		
							42.31	Generali Vie S.A.		
							18.64	Generali Italia S.p.A.		
							0.89	Generali Vida Companhia de Seguros S.A.		
							0.89	Generali Companhia de Seguros, 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]
Frescobaldi S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.51
GLL AMB Generali Cross-Border Property Fund FCP	092	EUR	225,000,000	G	9		33.33	AachenMünchener Lebensversicherung AG	100.00	100.00
							38.10	Generali Lebensversicherung Aktiengesellschaft		
							19.05	Central Krankenversicherung Aktiengesellschaft		
							9.52	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	50.30
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	12,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.51
Torelli S.à.r.l.	092	EUR	12,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.51
Sammartini S.A.	092	EUR	31,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.51
GLL AMB Generali Bankcenter S.à.r.l.	092	EUR	175,000	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
Generali Diversification USD Investment Grade Corporate Bond Fund	092	EUR	1,084,642,378	G	11		0.65	Dialog Lebensversicherungs-Aktiengesellschaft	98.51	98.51
							65.68	AachenMünchener Lebensversicherung AG		
							21.26	Central Krankenversicherung Aktiengesellschaft		
							2.77	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.47	ENVIVAS Krankenversicherung AG		
							7.57	Generali Deutschland Pensionskasse AG		
							0.10	Generali Pensionsfonds AG		
Generali Diversification USD Corporate Bond Fund AAA - A-	092	EUR	2,456,773,109	G	11		0.49	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							16.27	AachenMünchener Lebensversicherung AG		
							55.95	Generali Lebensversicherung Aktiengesellschaft		
							7.87	Central Krankenversicherung Aktiengesellschaft		
							16.45	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.23	ENVIVAS Krankenversicherung AG		
							2.63	Generali Deutschland Pensionskasse AG		
							0.12	Generali Pensionsfonds AG		
Generali Financial Holding FCP-FIS - Sub-Fund 2	092	EUR	743,567,877	G	11		4.72	Alleanza Assicurazioni S.p.A.	100.00	99.89
							4.69	Generali Deutschland Holding 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]
							44.53	Generali Italia S.p.A.		
							9.99	Generali Vie S.A.		
							10.66	Generali Worldwide Insurance Company Limited		
							7.19	Genertellife S.p.A.		
							18.22	Participatie Maatschappij Graafschap Holland 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 España S.A. de Seguros y Reaseguros	067	EUR	3,612,000	G	2		5.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.98
							95.00	Europ Assistance Holding S.A.		
Europ Assistance Servicios Integrales de Gestion, S.A.	067	EUR	400,000	G	11		100.00	Europ Assistance España S.A. de Seguros y Reaseguros	100.00	99.98
Coris Gestión de Riesgos, S.L.	067	EUR	3,008	G	11		100.00	Europ Assistance Servicios Integrales de Gestion, S.A.	100.00	99.98
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		9.34	Grupo Generali España Agrupación de Interés Económico	100.00	99.90
							90.66	Generali España, S.A. de Seguros y Reaseguros		
Grupo Generali España Agrupación de Interés Económico	067	EUR	35,599,000	G	11		99.97	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							0.03	Generali España Holding de Entidades de Seguros S.A.		
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
Cafel Inversiones 2008, S.L.	067	EUR	3,006	G	10		100.00	Frescobaldi S.à.r.l.	100.00	99.51
Generali Vida Companhia de Seguros S.A.	055	EUR	9,000,000	G	2	79.16			99.99	99.99
							20.83	Generali Companhia de Seguros, S.A.		
Generali Companhia de Seguros, S.A.	055	EUR	41,000,000	G	2	100.00			100.00	100.00
Europ Assistance - Companhia Portuguesa de Seguros de Assistencia, S.A.	055	EUR	7,500,000	G	2		53.00	Europ Assistance Holding S.A.	53.00	52.99
Europ Assistance - Serviços de Assistencia Personalizados S.A.	055	EUR	250,000	G	11		99.92	Europ Assistance - Companhia Portuguesa de Seguros de Assistencia, S.A.	99.92	52.95
Generali Belgium S.A.	009	EUR	40,000,000	G	2		32.29	Generali Italia S.p.A.	99.99	99.99
							67.42	Participatie Maatschappij Graafschap Holland N.V.		
							0.28	Generali Finance B.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 Real Estate Investments B.V.	050	EUR	250,000,000	G	10		100.00	Generali Belgium S.A.	100.00	99.99
Europ Assistance Belgium S.A.	009	EUR	6,012,000	G	2		100.00	Europ Assistance S.A.	100.00	99.99
Europ Assistance Services S.A.	009	EUR	186,000	G	11		20.00	Generali Belgium S.A.	100.00	99.99
							80.00	Europ Assistance Belgium S.A.		
GRE PAN-EU Brussels 1 s.p.r.l.	009	EUR	492,391	G	11		100.00	Generali Europe Income Holding S.A.	100.00	99.61
Generali Levensverzekering Maatschappij N.V.	050	EUR	11,344,505	G	2		100.00	Generali Nederland N.V.	100.00	98.54
Generali Schadeverzekering Maatschappij N.V.	050	EUR	1,361,341	G	2		100.00	Generali Nederland N.V.	100.00	98.54
Generali Real Estate Investments Netherlands B.V.	050	EUR	10,000	G	10		100.00	Generali Levensverzekering Maatschappij N.V.	100.00	98.54
Participatie Maatschappij Graafschap Holland N.V.	050	EUR	3,000,000,000	G	4	52.43			100.00	100.00
							3.36	Alleanza Assicurazioni S.p.A.		
							5.60	Genertellife S.p.A.		
							38.60	Generali Italia S.p.A.		
Generali Nederland N.V.	050	EUR	5,545,103	G	4		52.26	Participatie Maatschappij Graafschap Holland N.V.	98.54	98.54
							17.06	B.V. Algemene Holding en Financierings Maatschappij		
							29.23	Transocean Holding Corporation		
B.V. Algemene Holding en Financierings Maatschappij	050	EUR	4,696,625	G	9		100.00	Generali Holding Vienna AG	100.00	100.00
Generali Finance B.V.	050	EUR	500,000,000	G	4	26.00			100.00	100.00
							74.00	Generali Italia S.p.A.		
Redoze Holding N.V.	050	EUR	22,689,011	G	9	6.02			100.00	100.00
							50.01	Generali Worldwide Insurance Company Limited		
							43.97	Transocean Holding Corporation		
Generali Asia N.V.	050	EUR	250,000	G	4		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Turkey Holding B.V.	050	EUR	100,000	G	4		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Saxon Land B.V.	050	GBP	15,576	G	10		20.00	Generali Italia S.p.A.	100.00	99.66
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							30.00	Generali Deutschland AG		
							30.00	Generali Vie S.A.		
Lion River I N.V.	050	EUR	586,996	G	9	29.49			100.00	99.65
							0.16	Generali Versicherung AG		
							0.04	Generali Belgium S.A.		
							0.01	GP Reinsurance EAD		
							0.34	Generali Assurances Générales SA		

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]
							30.52	Generali Deutschland AG		
							30.52	Generali Vie S.A.		
							0.20	Generali España, S.A. de Seguros y Reaseguros		
							0.25	Alleanza Assicurazioni S.p.A.		
							0.07	Genertellife S.p.A.		
							0.61	Generali Italia S.p.A.		
							7.67	Lion River II N.V.		
							0.12	Generali CEE Holding B.V.		
Generali Horizon B.V.	050	EUR	90,760	G	9		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Lion River II N.V.	050	EUR	48,500	G	9		2.06	Generali Beteiligungs-GmbH	100.00	99.98
							2.06	Generali Vie S.A.		
							2.06	Generali Italia S.p.A.		
							93.81	Participatie Maatschappij Graafschap Holland N.V.		
Generali CEE Holding B.V.	275	CZK	2,621,820	G	4	100.00			100.00	100.00
CZI Holdings N.V.	050	CZK	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	Ceská Pojištovna a.s.	100.00	100.00
MyDrive Solutions Limited	031	GBP	776	G	11		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Saxon Land Development Company Ltd	031	GBP	250,000	G	8		20.00	Generali Italia S.p.A.	100.00	99.66
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							30.00	Generali Deutschland AG		
							30.00	Generali Vie S.A.		
Generali Worldwide Insurance Company Limited	201	EUR	86,733,396	G	3		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Portfolio Management (CI) Ltd	201	USD	194,544	G	9		100.00	Generali Worldwide Insurance Company Limited	100.00	100.00
Generali PanEurope dac	040	EUR	61,134,869	G	2	69.67			100.00	100.00
							4.92	Generali Deutschland AG		
							24.99	Generali Worldwide Insurance Company Limited		
							0.42	Generali Finance B.V.		
Genirland Limited	040	EUR	113,660,000	G	9		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
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
Europai Utazasi Biztosito Rt.	077	HUF	400,000,000	G	2		13.00	Europäische Reiseversicherung Aktiengesellschaft	74.00	70.75

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	
							61.00	Generali Biztosító Zrt.		
Vàci utca Center Uzletközpont Kft	077	EUR	4,497,120	G	10		100.00	Generali Immobilien GmbH	100.00	100.00
Generali-Ingatlan Vagyonkezelo és Szolgáltató Kft.	077	HUF	5,296,788,000	G	10		100.00	Generali Biztosító Zrt.	100.00	100.00
Generali Alapkezelo Zártköruen Muködo 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
Generali Pojistovna a.s.	275	CZK	500,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Velky Spalicek S.r.o.	275	CZK	1,800,000	G	10		100.00	Generali Immobilien GmbH	100.00	100.00
ČP Distribuce s.r.o.	275	CZK	200,000	G	10		100.00	Ceská Pojištovna a.s.	100.00	100.00
PCS Praha Center Spol.s.r.o.	275	CZK	396,206,000	G	10		100.00	Generali Versicherung AG	100.00	100.00
Direct Care s.r.o.	275	CZK	1,000,000	G	11		72.00	Generali Pojistovna a.s.	100.00	100.00
							28.00	Ceská Pojištovna a.s.		
Parížská 26, s.r.o.	275	CZK	200,000	G	10		100.00	Ceská Pojištovna a.s.	100.00	100.00
Palac Krizik a.s.	275	CZK	2,020,000	G	10		50.00	Ceská Pojištovna a.s.	100.00	100.00
							50.00	Generali Real Estate Fund CEE a.s.		
IDEE s.r.o.	275	CZK	200,000	G	10		100.00	Generali Real Estate Fund CEE a.s.	100.00	100.00
Small GREF a.s.	275	CZK	100,000,000	G	10		42.00	Generali Pojistovna a.s.	100.00	100.00
							32.00	Generali Biztosító Zrt.		
							26.00	Generali Poist'ovňa, a.s.		
Námestí Republiky 3a, s.r.o.	275	CZK	1,000,000	G	10		100.00	Generali Real Estate Fund CEE a.s.	100.00	100.00
Mustek Properties s.r.o.	275	CZK	200,000	G	11		100.00	Generali Real Estate Fund CEE a.s.	100.00	100.00
Ceská Pojištovna a.s.	275	CZK	4,000,000,000	G	2		100.00	CZI Holdings N.V.	100.00	100.00
Penzijní spolecnost Ceské Pojištovny, a.s.	275	CZK	300,000,000	G	11		100.00	CP Strategic Investments N.V.	100.00	100.00
Ceská pojištovna ZDRAVI a.s.	275	CZK	105,000,000	G	2		100.00	Ceská Pojištovna a.s.	100.00	100.00
Generali Investments CEE, Investicní Spolecnost, a.s.	275	CZK	91,000,000	G	8		100.00	CZI Holdings N.V.	100.00	100.00
FINHAUS a.s.	275	CZK	3,000,000	G	11		100.00	Ceská Pojištovna a.s.	100.00	100.00
Acredité s.r.o.	275	CZK	100,000	G	11		19.60	Generali Pojistovna a.s.	100.00	100.00
							80.40	Ceská Pojištovna a.s.		
Generali Real Estate Fund CEE a.s.	275	CZK	364,000,000	G	9		23.63	GP Reinsurance EAD	100.00	100.00
							16.21	Small GREF a.s.		
							60.16	Ceská Pojištovna a.s.		
City Empiria a.s.	275	CZK	2,004,000	G	10		100.00	Generali Real Estate Fund CEE a.s.	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.	100.00	100.00
Transformovaný fond Penzijní spolecnosti Ceské Pojištovny, a.s.	275	CZK	300,000,000	G	11		100.00	Penzijní spolecnost Ceské Pojištovny, a.s.	100.00	100.00
Generali Poist'ovňa, a.s.	276	EUR	25,000,264	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 %				Group Equity Ratio[3]
						Direct	Indirect	Through	Total	
Green Point Offices a.s.	276	EUR	25,000	G	10		100.00	Ceská Pojištovna a.s.	100.00	100.00
Generali Towarzystwo Ubezpieczen S.A.	054	PLN	191,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Zycie Towarzystwo Ubezpieczen S.A.	054	PLN	63,500,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Finance spólka z ograniczona odpowiedzialnoscia	054	PLN	15,230,000	G	8		100.00	Generali Towarzystwo Ubezpieczen S.A.	100.00	100.00
Generali Powszechne Towarzystwo Emerytalne S.A.	054	PLN	78,000,000	G	11		100.00	Generali Towarzystwo Ubezpieczen S.A.	100.00	100.00
PL Investment Jerozolimskie I SP. Z o.o.	054	PLN	10,000	G	11		100.00	Generali Real Estate Fund CEE a.s.	100.00	100.00
PL Investment Jerozolimskie II SP. Z o.o.	054	PLN	5,000	G	11		100.00	Generali Real Estate Fund CEE a.s.	100.00	100.00
Generali Zavarovalnica d.d.	260	EUR	39,520,356	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Societate de Administrare a Fondurilor de Pensii Private S.A.	061	RON	52,000,000	G	11		0.01	Generali Romania Asigurare Reasigurare S.A.	100.00	100.00
							99.99	Ceská Pojištovna a.s.		
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		99.93	Generali (Schweiz) Holding AG	99.93	99.93
Generali Personenversicherungen AG	071	CHF	106,886,890	G	3		15.06	Generali Assurances Générales SA	100.00	99.99
							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	100.00
Europ Assistance (Suisse) S.A.	071	CHF	200,000	G	11		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	69.99
Europ Assistance (Suisse) Assurances S.A.	071	CHF	3,000,000	G	3		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	69.99
Europ Assistance (Suisse) Holding S.A.	071	CHF	1,400,000	G	4		70.00	Europ Assistance Holding S.A.	70.00	69.99
Generali (Schweiz) Holding AG	071	CHF	4,332,000	G	4	51.05			100.00	100.00
							20.01	Generali Holding Vienna AG		
							28.94	Redoze Holding N.V.		
Fortuna Investment AG	071	CHF	1,000,000	G	8		100.00	Generali (Schweiz) Holding AG	100.00	100.00
Fortuna Lebens-Versicherungs AG	090	CHF	10,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	100.00
GW Beta	202	GBP	643,854	G	9		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Sigorta A.S.	076	TRY	272,485,822	G	3		99.95	Generali Turkey Holding B.V.	99.95	99.95
Akcionarsko društvo za osiguranje Generali Osiguranje Montenegro	290	EUR	4,399,000	G	3		57.49	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija	100.00	100.00
							42.51	Generali CEE Holding B.V.		
Akcionarsko društvo za osiguranje Generali Osiguranje Srbija	289	RSD	2,131,997,310	G	3		0.05	GP Reinsurance EAD	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]
							99.95	Generali CEE Holding B.V.		
Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija	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		
Akcionarsko društvo za upravljanje dobrovoljnim penzijskim fondom Generali	289	RSD	135,000,000	G	11		100.00	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija	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	34,061,342	G	11		100.00	Europ Assistance Holding S.A.	100.00	99.99
Customized Services Administrators Inc.	069	USD	2,974,773	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
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	99.61
							1.00	Generali North American Holding 2 S.A.		
							1.00	Generali North American Holding S.A.		
							97.00	GNAREH 1 Farragut LLC		
GNAREH 1 Farragut LLC	069	USD	34,421,491	G	10		1.00	General Securities Corporation of North America	100.00	99.61
							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	99.61
Genamerica Management Corporation	069	USD	100,000	G	11	100.00			100.00	100.00
Generali Consulting Solutions LLC	069	USD	0	G	11	100.00			100.00	100.00
Generali Claims Solutions LLC	069	USD	269,558	G	11		100.00	Generali Consulting Solutions LLC	100.00	100.00
Europ Assistance Canada Inc.	013	CAD	4,708,011	G	9		100.00	Europ Assistance Holding S.A.	100.00	99.99
CMN Global Inc.	013	CAD	203	G	11		100.00	Europ Assistance Canada Inc.	100.00	99.99
Caja de Seguros S.A.	006	ARS	228,327,701	G	3		99.01	Caja de Ahorro y Seguro S.A.	100.00	90.10
							0.99	Participatie Maatschappij Graafschap Holland N.V.		
Caja de Ahorro y Seguro S.A.	006	ARS	269,000,000	G	4	62.50			90.00	90.00
							27.50	Genirland Limited		
Ritenere S.A.	006	ARS	530,000	G	11		97.15	Caja de Ahorro y Seguro S.A.	100.00	90.00
							2.85	Caja de Seguros S.A.		
Generali Brasil Seguros S.A.	011	BRL	1,256,177,730	G	3	98.71			100.00	100.00
							1.29	Transocean Holding Corporation		
Generali Latam Prestação de Serviços e Partecipações Ltda.	011	BRL	450,000	G	11	99.99			100.00	100.00
							0.01	Generali Brasil Seguros 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]
Asesoria e Inversiones Los Olmos SA	015	CLP	4,769,708,625	G	11		0.92	Participatie Maatschappij Graafschap Holland N.V.	100.00	44.57
							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	38.38
Magister Internacional S.A.	015	CLP	138,980,475	G	11		99.98	AFP Planvital S.A.	99.98	38.37
Generali Colombia Vida - Compañia de Seguros S.A.	017	COP	5,613,344,100	G	3	11.56			99.86	93.26
							76.15	Generali Colombia Seguros Generales S.A.		
							12.15	Transocean Holding Corporation		
Generali Colombia Seguros Generales S.A.	017	COP	34,244,441,700	G	3	88.25			91.34	91.34
							3.09	Transocean Holding Corporation		
Generali Ecuador Compañía de Seguros S.A.	024	USD	8,000,000	G	3	52.45			52.45	52.45
Aseguradora General S.A.	033	GTQ	500,000,000	G	3	51.00			51.00	51.00
Atacama Investments Ltd	249	USD	76,713	G	11		44.06	Participatie Maatschappij Graafschap Holland N.V.	44.06	44.06
PT Asuransi Jiwa Generali Indonesia	129	IDR	1,103,000,000,000	G	3		98.00	Generali Asia N.V.	98.00	98.00
PT Generali Services Indonesia	129	USD	11,376,454	G	10		1.00	Generali IARD S.A.	100.00	98.86
							99.00	Generali Vie S.A.		
Generali Life Assurance Philippines, Inc.	027	PHP	1,641,260,600	G	3		100.00	Generali Asia N.V.	100.00	100.00
Generali Life Assurance (Thailand) Co. Ltd	072	THB	3,300,000,000	G	3		49.00	Generali Asia N.V.	91.42	89.30
							42.42	KAG Holding Company Ltd		
Generali Insurance (Thailand) Co. Ltd	072	THB	1,105,000,000	G	3		48.42	Generali Asia N.V.	86.43	84.52
							38.01	KAG Holding Company Ltd		
IWF Holding Company Ltd	072	THB	2,300,000	G	4		43.48	Participatie Maatschappij Graafschap Holland N.V.	100.00	94.67
							56.52	DWP Partnership		
KAG Holding Company Ltd	072	THB	1,911,244,200	G	4		5.99	Generali Asia N.V.	100.00	94.98
							94.01	IWF Holding Company Ltd		
FTW Company Limited	072	THB	200,000	G	4		90.57	Generali Asia N.V.	90.57	90.57
MGD Company Limited	072	THB	200,000	G	4		90.57	Generali Asia N.V.	90.57	90.57
DWP Partnership	072	THB	200,000	G	4		50.00	FTW Company Limited	100.00	90.57
							50.00	MGD Company Limited		
Generali Vietnam Life Insurance Limited Liability Company	062	VND	2,182,600,000,000	G	3	100.00			100.00	100.00
Generali China Life Insurance Co. Ltd	016	CNY	3,700,000,000	G	3	50.00			50.00	50.00
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
GIAF Financial Limited	016	CNY	51,703,507	G	11		100.00	NKFE Insurance Agency Company Limited	100.00	89.00
Generali Services Pte Ltd	147	SGD	300,000	G	11		100.00	Generali Asia N.V.	100.00	100.00
Generali Financial Asia Limited	103	HKD	105,870,000	G	9	89.00			89.00	89.00

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	
Generali Life (Hong Kong) Limited	103	HKD	475,000,000	G	3		100.00	Generali Asia N.V.	100.00	100.00
Generali Investments Asia Limited	103	HKD	50,000,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.61
NKFE Insurance Agency Company Limited	103	HKD	62,353,100	G	11		100.00	Generali Financial Asia Limited	100.00	89.00
Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	078	ZAR	881,385	G	11		87.50	Europ Assistance Holding S.A.	87.50	87.49
HealthiChoices (Pty) Limited	078	ZAR	200	G	11		50.50	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	50.50	44.18
Europ Assistance Financial Services (Pty) Ltd	078	ZAR	100	G	11		58.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	58.00	50.74
EASA Training Academy (Pty) Ltd	078	ZAR	100	G	11		100.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	87.49
24 Fix (Pty) Ltd	078	ZAR	4,444,149	G	11		90.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	90.00	78.74
Access Health Africa (Proprietary) Limited	078	ZAR	1,000	G	11		100.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	87.49
Randgo Rewards (Pty) Ltd	078	ZAR	1,000	G	11		50.10	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	50.10	43.83
Buxola (Pty) Ltd	078	ZAR	100	G	11		100.00	Randgo Rewards (Pty) Ltd	100.00	43.83
MRI Criticare (Pty) Limited	078	ZAR	200	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 partecipation percentage.

The total percentage of votes exercitable at shereholders'general meeting, which differs from that of direct on indirect shareholding, is a follows:

Generali Nederland N.V. 98.56%

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 %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
Generali CyberSecurTech S.r.l.	086	EUR	10,000	a	11	100.00			100.00	100.00	
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
Generali Corporate Services S.c.a.r.l. in liquidazione	086	EUR	10,000	a	11	1.00			100.00	99.49	10
							1.00	Banca Generali S.p.A.			
							1.00	GSS - Generali Shared Services S.c.a.r.l.			
							1.00	Generali Business Solutions S.c.p.A.			
							1.00	Europ Assistance Italia S.p.A.			
							1.00	Genertel S.p.A.			
							1.00	Generali Real Estate S.p.A. SGR			
							1.00	Generali Investments Europe S.p.A. Società di Gestione Risparmio			
							88.00	Generali Italia S.p.A.			
							2.00	Alleanza Assicurazioni S.p.A.			
							2.00	Genertellife S.p.A.			
Initium S.r.l. in liquidazione (*)	086	EUR	250,000	b	10		49.00	Generali Properties S.p.A.	49.00	49.00	3,067
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. in liquidazione	086	EUR	6,700,000	a	8		99.90	Alleanza Assicurazioni S.p.A.	100.00	100.00	4,274
							0.10	Generali Italia 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	
Tiberina S.r.l. Unipersonale	086	EUR	20,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	933
Telco S.p.A. (*)	086	EUR	687,375	b	8	9.07			19.32	19.30	
							3.76	Generali Italia S.p.A.			
							3.57	Alleanza Assicurazioni S.p.A.			
							1.43	Generali Vie S.A.			
							0.08	Cosmos Lebensversicherungs Aktiengesellschaft			
							0.05	AachenMünchener Versicherung AG			
							0.11	Central Krankenversicherung Aktiengesellschaft			
							0.07	Generali Versicherung Aktiengesellschaft			
							0.28	AachenMünchener Lebensversicherung AG			
							0.90	Generali Lebensversicherung Aktiengesellschaft			

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		
CityLife Sviluppo 2 S.r.l.	086	EUR	10,000	a	10		100.00	Generali Properties S.p.A.	100.00	100.00	
CityLife Sviluppo 3 S.r.l.	086	EUR		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	CityLife S.p.A.	100.00	100.00	9
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	231,150,000	b	11		45.00	Generali Europe Income Holding S.A.	45.00	44.82	103,725
Solaris S.r.l. in liquidazione	086	EUR	20,000	b	10		40.00	Generali Properties S.p.A.	40.00	40.00	
Fondo Sammartini (*)	086	EUR	820,844	c	11	66.23			100.00	100.00	553
							33.77	Generali Italia S.p.A.			
Generali Innovation Center for Automobile Repairs S.c.a.r.l.	086	EUR	3,100,000	a	11		1.00	Generali Business Solutions S.c.p.A.	100.00	100.00	3,212
							98.75	Generali Italia S.p.A.			
							0.25	Genertel S.p.A.			
Donatello Intermediazione S.r.l.	086	EUR	59,060	a	11	10.87			100.00	100.00	1,344
							89.13	Generali Italia S.p.A.			
Generali Deutschland Alternative Investments GmbH & Co. KG	094	EUR		a	9		100.00	Generali Deutschland AG	100.00	100.00	75
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	094	EUR	25,000	a	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00	25
BBG Beteiligungsgesellschaft m.b.H.	094	EUR	25,600	a	9		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00	33
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 Lebensversicherung Aktiengesellschaft	100.00	100.00	808
Generali Deutschland Immobilien Verwaltungs GmbH	094	EUR	35,000	a	10		100.00	Generali Real Estate S.p.A.	100.00	100.00	35
BA1 Alstercampus Grundstücksgesellschaft mbH & Co. KG	094	EUR	1,000	c	10		50.00	Generali Lebensversicherung Aktiengesellschaft	50.00	50.00	
Zweite AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	AachenMünchener Versicherung AG	100.00	100.00	25
Generali Akademie GmbH	094	EUR	25,600	a	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00	
Versicherungs-Planer-Vermittlungs GmbH	094	EUR	45,600	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	40
Thuringia Versicherungsvermittlungs-GmbH	094	EUR	25,600	a	11		100.00	Generali Deutschland AG	100.00	100.00	76
MLV Beteiligungverwaltungsgesellschaft mbH	094	EUR	51,129	a	9		100.00	Generali Holding Vienna AG	100.00	100.00	77
Deutsche Vermögensberatung Aktiengesellschaft DVAG (*)	094	EUR	150,000,000	b	11		40.00	Generali Deutschland AG	40.00	40.00	234,397
MPC Real Value Fund GmbH & Co. KG	094	EUR	5,000,200	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	3,229

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 SicherungsTreuhand GmbH	094	EUR	52,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	112
Volksfürsorge Fixed Assets GmbH	094	EUR	104,000	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	104
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	Generali Versicherung Aktiengesellschaft	26.00	26.00	2,232
Generali European Retail Investments GmbH & Co. KG	094	EUR	252,520,250	a	10		6.00	Generali Versicherung Aktiengesellschaft	100.00	100.00	114
							20.00	Central Krankenversicherung Aktiengesellschaft			
							5.00	AachenMünchener Versicherung AG			
							33.00	Generali Lebensversicherung Aktiengesellschaft			
							15.00	AachenMünchener Lebensversicherung AG			
							1.00	Dialog Lebensversicherungs-Aktiengesellschaft			
							1.00	Cosmos Versicherung Aktiengesellschaft			
							1.00	ADVOCARD Rechtsschutzversicherung AG			
							18.00	Cosmos Lebensversicherungs Aktiengesellschaft			
AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00	25
AM Versicherungsvermittlung GmbH	094	EUR	25,000	a	11		100.00	AachenMünchener Versicherung AG	100.00	100.00	25
ver.di Service GmbH	094	EUR	75,000	b	11		50.00	Generali Versicherung Aktiengesellschaft	50.00	50.00	21
Dein Plus GmbH - Vorteile für Gewerkschaftsmitglieder	094	EUR	50,000	b	11		60.00	Generali Versicherung Aktiengesellschaft	60.00	60.00	
VOV GmbH	094	EUR	154,000	b	11		21.50	Generali Versicherung Aktiengesellschaft	43.00	43.00	1,735
							21.50	AachenMünchener Versicherung AG			
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	AachenMünchener Versicherung AG	100.00	100.00	25
Europ Assistance Océanie S.A.S.	225	XPF	24,000,000	a	11		99.88	Europ Assistance Holding S.A.	99.88	99.86	286
Cabinet Berat et Fils S.A.S.	029	EUR	8,000	a	11		100.00	Cofifo S.A.S.	100.00	98.86	1,814
ASSERCAR SAS	029	EUR	37,000	b	11		14.87	Generali IARD S.A.	29.73	29.39	380
							14.87	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature			
COSEV@D Société par actions simplifiée	029	EUR	4,759,035	a	11		40.88	Generali France S.A.	100.00	98.86	3,396

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)
							59.12	Cofifo S.A.S.			
Landy PVG S.A.S.	029	EUR	1,839,000	a	11		100.00	Cofifo S.A.S.	100.00	98.86	
Generali Reassurance Courtage S.A.	029	EUR	3,016,656	a	11		100.00	Generali France S.A.	100.00	98.86	
Trieste Courtage S.A.	029	EUR	39,000	a	11		0.02	Generali Vie S.A.	99.98	98.84	39
							99.96	Generali France S.A.			
Generali 7 S.A.	029	EUR	274,320	a	11		99.86	Generali France S.A.	99.92	98.78	405
							0.06	Generali Vie S.A.			
PMC Treize Montluçon S.A.S.	029	EUR	3,371,730	a	9		79.21	Generali France S.A.	100.00	98.86	2,242
							20.79	Cofifo S.A.S.			
Generali 9 S.A.S.	029	EUR	7,223	a	9		100.00	Generali France S.A.	100.00	98.86	
Generali 10 S.A.S.	029	EUR	37,000	a	9		99.99	Generali France S.A.	100.00	98.86	37
							0.01	Generali Vie S.A.			
Generali Gerance S.A.	029	EUR	228,000	a	11		0.07	Generali IARD S.A.	99.73	98.60	
							99.67	Generali Vie S.A.			
EAP France SAS (*)	029	EUR	100,000	c	11		51.00	Europ Assistance France S.A.	51.00	50.99	484
Bien Être Assistance S.A.S. (*)	029	EUR	1,000,000	c	11		51.00	Europ Assistance France S.A.	51.00	50.99	576
Europ Assistance - IHS Services S.A.S.	029	EUR	3,225,950	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	12,400
Risque et Sérénité S.A.	029	EUR	6,135,300	a	9		12.04	Generali France S.A.	61.16	60.46	3,955
							49.12	Generali Vie S.A.			
MAPREG	029	EUR	133,182	b	11		25.26	Generali France S.A.	25.26	24.98	5,750
GF Sante S.A.S.	029	EUR	921,150	a	11		100.00	Cofifo S.A.S.	100.00	98.86	953
ABT SAS	029	EUR	125,000	c	11		25.00	Generali France S.A.	25.00	24.72	25
Metropole Assurances S.à r.l.	029	EUR	1,166,460	a	11		100.00	Generali IARD S.A.	100.00	98.86	
E3 S.a.r.l.	029	EUR	5,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	
gconcierges S.A.S.	029	EUR	50,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	50
Reunnion Aerienne & spatiale	029	EUR	999,999	c	11		33.33	Generali IARD S.A.	33.33	32.95	
SAS 100 CE (*)	029	EUR	49,967,080	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.81	23,938
SCI Generali Pyramides	029	EUR	603,600	a	10		32.12	SCI Generali Wagram	100.00	98.86	255
							67.88	Generali IARD S.A.			
SCI Les 3 Collines Le Ferandou	029	EUR	304,000	b	10		33.30	Generali IARD S.A.	48.30	47.75	142
							15.00	Generali Vie S.A.			
SCI Font Romeu Neige et Soleil	029	EUR	15,200	a	10		100.00	Generali IARD S.A.	100.00	98.86	16
SCI Parcolog Isle d'Abeau Gestion	029	EUR	8,000	a	10		100.00	SC Generali Logistique	100.00	98.86	
SCE Château La Pointe	029	EUR	2,068,903	a	10		100.00	Generali France S.A.	100.00	98.86	35,646
Bois Colombes Europe Avenue SCI (*)	029	EUR	1,000	c	10		50.00	Generali Vie S.A.	50.00	49.43	8,351
SCI Pasquier (*)	029	EUR	6,437,750	c	10		50.00	Generali IARD S.A.	50.00	49.43	11,919

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 9 Messine (*)	029	EUR	2,420,250	c	10		50.00	Generali Vie S.A.	50.00	49.43	4,661
SCI Daumesnil (*)	029	EUR	16,753,270	c	10		50.00	Generali IARD S.A.	50.00	49.43	23,405
SCI Malesherbes (*)	029	EUR	32,930,674	c	10		50.00	Generali Vie S.A.	50.00	49.43	22,747
SCI 15 Scribe (*)	029	EUR	14,738,000	c	10		50.00	Generali IARD S.A.	50.00	49.43	26,879
SCI CIC	213	EUR	1,000,000	a	10		100.00	GFA Caraïbes	100.00	98.86	1,000
SCI GFA CARAIBES	213	EUR	1,500,000	a	10		100.00	GFA Caraïbes	100.00	98.86	1,474
Lead Equities II. Auslandsbeteiligungs AG	008	EUR	730,000	b	9		21.59	Generali Versicherung AG	21.59	21.59	
Lead Equities II. Private Equity Mittelstandsfinanzierungs AG	008	EUR	7,300,000	b	9		21.59	Generali Versicherung AG	21.59	21.59	
SK Versicherung AG (*)	008	EUR	3,633,500	b	2		19.23	Generali Versicherung AG	39.66	39.66	5,664
							20.43	Generali Holding Vienna AG			
Drei Banken Versicherungsagentur GmbH	008	EUR	7,500,000	b	7		20.00	Generali Holding Vienna AG	20.00	20.00	2,546
Bonus Pensionskassen AG (*)	008	EUR	5,087,098	b	11		50.00	Generali Holding Vienna AG	50.00	50.00	17,305
Generali 3 Banken Holding AG (*)	008	EUR	70,000	b	9		49.30	Generali Versicherung AG	49.30	49.30	83,121
Generali Vermögensberatung GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	100.00	35
M.O.F. Immobilien AG	008	EUR	1,000,000	b	10		20.00	Generali Immobilien GmbH	20.00	20.00	
Generali FinanzService GmbH	008	EUR	50,000	a	11		100.00	Generali Sales Promotion GmbH	100.00	100.00	187
3 Banken-Generali Investment-Gesellschaft m.b.H. (*)	008	EUR	2,600,000	b	8		48.57	Generali Holding Vienna AG	48.57	48.57	1,998
Risk-Aktiv Versicherungsservice GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	100.00	35
BONUS Vorsorgekasse AG (*)	008	EUR	1,500,000	b	11		50.00	Generali Holding Vienna AG	50.00	50.00	
Generali Telefon- und Auftragsservice GmbH	008	EUR	35,000	a	11		100.00	Generali Bank AG	100.00	100.00	35
Generali Betriebsrestaurants GmbH	008	EUR	36,336	a	11		100.00	Generali Versicherung AG	100.00	100.00	484
Car Care Consult Versicherungsvermittlung GmbH	008	EUR	55,000	a	11		100.00	Generali Sales Promotion GmbH	100.00	100.00	1,061
TTC - Training Center Unternehmensberatung GmbH	008	EUR	35,000	a	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.99	166
Global Private Equity Holding AG	008	EUR	482,680	b	9		11.62	Generali Versicherung AG	23.02	23.02	56
							11.40	Generali Lebensversicherung Aktiengesellschaft			
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	24.88	
Point Partners Special Limited Partnership (*)	092	GBP	55,102,630	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.88	
Holding Klege S.à.r.l. (*)	092	EUR	12,500	c	9		50.00	Torelli S.à.r.l.	50.00	49.76	
GARBE Logistic European Strategic Fund II (*)	092	EUR	57,682,765	b	11		23.84	Generali Lebensversicherung Aktiengesellschaft	39.73	39.73	10,864
							7.95	Central Krankenversicherung Aktiengesellschaft			
							7.95	AachenMünchener Lebensversicherung AG			

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 Travel S.A.	067	EUR	60,101	a	11		100.00	Europ Assistance Servicios Integrales de Gestion, S.A.	100.00	99.98	219
Keviana – Empreendimentos Imobiliários, S.A.	055	EUR	50,000	a	10		100.00	Generali Vie S.A.	100.00	98.86	
Ponte Alta - Consultoria e Assistência, Lda	055	EUR	400,000	a	11		100.00	Europ Assistance - Companhia Portuguesa de Seguros de Assistencia, S.A.	100.00	52.99	3,400
Dedale S.A.	009	EUR	80,100	a	11		99.98	Generali Belgium S.A.	99.98	99.97	1,770
Co & Co Assurance Sprl	009	EUR	28,500	a	11		99.91	Generali Belgium S.A.	99.91	99.91	237
B&C Assurance S.A.	009	EUR	627,000	a	11		99.58	Generali Belgium S.A.	100.00	99.99	982
							0.42	Groupe Vervietois d'Assureurs S.A.			
Webbroker S.A.	009	EUR	5,160,000	a	11		100.00	Generali Belgium S.A.	100.00	99.99	860
Verzekeringskantoor Soenen N.V.	009	EUR	18,600	a	11		99.80	Generali Belgium S.A.	99.80	99.79	2,016
Groupe Vervietois d'Assureurs S.A.	009	EUR	94,240	a	11		99.95	Generali Belgium S.A.	99.95	99.94	571
Admirant Beheer B.V. (*)	050	EUR	18,000	b	10		50.00	Generali Real Estate Investments Netherlands B.V.	50.00	49.27	9
C.V. Admirant (*)	050	EUR	18,000	b	10		50.00	Generali Real Estate Investments Netherlands B.V.	50.00	49.27	21,301
Amulio Governance B.V.	050	EUR	18,000	c	9		50.00	Lion River II N.V.	50.00	49.99	9
Sigma Real Estate B.V. (*)	050	EUR	18,000	c	9		22.34	Corelli S.à.r.l.	22.34	22.23	
Nederlands Algemeen Verzekeringskantoor B.V.	050	EUR	18,151	a	11		100.00	Generali Nederland N.V.	100.00	98.54	5,118
Anac All-Finance Nederland Advies Combinatie B.V.	050	EUR	12,500	a	11		100.00	Nederlands Algemeen Verzekeringskantoor B.V.	100.00	98.54	
Anac B.V.	050	EUR	11,350	a	11		100.00	Anac All-Finance Nederland Advies Combinatie B.V.	100.00	98.54	
Stoutenburgh Adviesgroep B.V.	050	EUR	18,151	a	11		100.00	Nederlands Algemeen Verzekeringskantoor B.V.	100.00	98.54	
Société Robert Malatier Ltd	031	GBP	51,258	b	11		33.33	Generali IARD S.A.	33.33	32.95	224
Ioca Entertainment Limited (*)	031	GBP	10,000	b	11		35.00	Banca Generali S.p.A.	35.00	17.61	1,991
Generali Link Limited	040	EUR	500,000	a	11	100.00			100.00	100.00	2,000
Europ Assistance A/S	021	DKK	500,000	a	11		100.00	Europ Assistance Holding S.A.	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
Europ Assistance Magyarorszag Kft	077	HUF	24,000,000	a	11		26.00	Generali Biztosító Zrt.	100.00	99.99	100
							74.00	Europ Assistance Holding S.A.			
Famillio Befektetési és Tanácsadó Korlátolt Felelösségü Társaság	077	HUF	780,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	72
GP Consulting Pénzügyi Tanácsadó Kft.	077	HUF	11,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	676
AUTOTÁL Biztosítási Szolgáltató Kft	077	HUF	104,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	1,036
Shaza & Toptorony zrt (*)	077	HUF	84,603,426	c	11		50.00	GLL AMB Generali Bankcenter S.à.r.l.	50.00	50.00	31,154
Europ Assistance s.r.o.	275	CZK	3,867,000	a	11		74.99	Europ Assistance Holding S.A.	100.00	99.99	1,698
							25.01	Ceská Pojištovna a.s.			

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)
Nadace GCP	275	CZK	1,000,000	a	11		100.00	Ceská Pojištovna a.s.	100.00	100.00	148
VUB Generali dôchodková správcovská spolocnost', a.s. (*)	276	EUR	10,090,976	b	11		50.00	Generali Poist'ovňa, a.s.	50.00	50.00	8,640
Generali IT S.r.o.	276	EUR	165,970	a	11		100.00	Generali Versicherung AG	100.00	100.00	132
GSL Services s.r.o.	276	EUR	6,639	a	11		100.00	Generali Poist'ovňa, a.s.	100.00	100.00	7
Europ Assistance Polska Sp.zo.o.	054	PLN	3,000,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	73
FATA Asigurari S.A.	061	RON	47,032,850	a	2	100.00			100.00	100.00	4,439
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	18,013
S.C. Vignadoro S.r.l.	061	RON	3,327,931	a	11		90.68	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	8,746
							9.32	Agricola San Giorgio S.p.A.			
CPM Internacional d.o.o.	261	HRK	275,600	a	11		100.00	Sementi Dom Dotto S.p.A.	100.00	100.00	
Generali Group Partner AG	071	CHF	100,000	a	11		100.00	Generali (Schweiz) Holding AG	100.00	100.00	93
Europ Assistance Yardim ve Destek Hizmetleri Ticaret Anonim Sirketi	076	TRY	1,304,000	a	11		99.99	Europ Assistance Holding S.A.	99.99	99.98	112
Europ Assistance CEI OOO	262	RUB	10,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	800
Blutek Auto d.o.o.	289	RSD	337,474,441	a	11		100.00	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija	100.00	100.00	1,204
Europ Assistance d.o.o. za posredovanje u osiguranju	289	RSD	1,405,607	a	11		100.00	Europ Assistance Magyarorszag Kft	100.00	99.99	
Generali Realties Ltd	182	ILS	2	a	10	100.00			100.00	100.00	
Montcalm Wine Importers Ltd	069	USD	600,000	a	11		80.00	Genagricola - Generali Agricoltura S.p.A.	80.00	80.00	1,931
GLL 200 State Street L.P. (*)	069	USD	89,200,000	c	11		49.90	GLL AMB Generali 200 State Street	49.90	49.90	42,093
Pluria Productores de Seguros S.A.	006	ARS	50,000	a	11		96.00	Caja de Ahorro y Seguro S.A.	96.00	86.40	290
Europ Assistance Argentina S.A.	006	ARS	3,285,000	a	11		28.90	Caja de Seguros S.A.	84.99	55.76	112
							56.10	Ponte Alta - Consultoria e Assistência, Lda			
Europ Assistance Brasil Serviços de Assistência S.A.	011	BRL	2,975,000	c	11		100.00	EABS Serviços de Assistencia e Participaçoes S.A.	100.00	26.50	
EABS Serviços de Assistencia e Participaçoes S.A.	011	BRL	46,238,940	c	9		50.00	Ponte Alta - Consultoria e Assistência, Lda	50.00	26.50	
CEABS Serviços S.A.	011	BRL	6,000,000	c	11		50.00	EABS Serviços de Assistencia e Participaçoes S.A.	100.00	26.50	
							50.00	Europ Assistance Brasil Serviços de Assistência S.A.			
Europ Servicios S.p.A.	015	CLP	1,000,000	a	11		100.00	Europ Assistance SA	100.00	38.98	
Europ Assistance SA	015	CLP	612,287,500	a	11		25.48	Ponte Alta - Consultoria e Assistência, Lda	50.96	38.98	176
							25.48	Europ Assistance Holding S.A.			
La Nacional Compañia Inmobiliaria (Lancia) C.A.	024	USD	47,647	a	10		100.00	Generali Ecuador Compañía de Seguros S.A.	100.00	52.45	1,672
Europ Assistance (Bahamas) Ltd	160	BSD	10,000	a	11		99.99	Europ Assistance - IHS Services S.A.S.	99.99	99.98	

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)
Care Management Network Inc.	160	USD	9,000,000	a	11		100.00	Europ Assistance (Bahamas) Ltd	100.00	99.98	
Generali Pacifique NC	253	XPF	1,000,000	a	11		100.00	Generali France S.A.	100.00	98.86	2,095
Cabinet Richard KOCH	253	XPF	1,000,000	a	11		100.00	Generali France S.A.	100.00	98.86	
Europ Assistance Pacifique	253	XPF	10,000,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	63
MPI Generali Insurans Berhad (*)	106	MYR	100,000,000	b	3		49.00	Generali Asia N.V.	49.00	49.00	99,185
Future Generali India Life Insurance Company Ltd (*)	114	INR	15,074,502,660	c	3		25.50	Participatie Maatschappij Graafschap Holland N.V.	25.50	25.50	13,201
Future Generali India Insurance Company Ltd (*)	114	INR	8,098,037,050	c	3		25.51	Participatie Maatschappij Graafschap Holland N.V.	25.51	25.51	23,349
Europ Assistance India Private Ltd	114	INR	230,590,940	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	
Europ Assistance (Taiwan) Ltd	022	TWD	5,000,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	
Generali China Insurance Co. Ltd (*)	016	CNY	1,300,000,000	b	3	49.00			49.00	49.00	63,720
Europ Assistance Travel Assistance Services (Beijing) Co Ltd	016	CNY	3,850,000	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	
Guotai Asset Management Company (*)	016	CNY	110,000,000	b	8	30.00			30.00	30.00	144,775
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
Europ Assistance Worldwide Services Pte Ltd	147	SGD	1,855,602	a	11		100.00	Europ Assistance Holding S.A.	100.00	99.99	
Europ Assistance (Macau) - Serviços De Assistência Personalizados, Lda.	059	MOP	400,000	a	11		70.00	Ponte Alta - Consultoria e Assistência, Lda	70.00	37.10	
Europ Assistance IHS (Proprietary) Limited	078	ZAR	400,000	a	11		15.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	98.11	
							85.00	Europ Assistance - IHS Services S.A.S.			
Europ Assistance IHS Services Angola Limitada	133	AOA	2,250,000	a	11		90.00	Europ Assistance - IHS Services S.A.S.	90.00	89.99	
EA-IHS Services Nigeria Limited	117	NGN	10,000,000	a	11		100.00	Europ Assistance - IHS Services S.A.S.	100.00	99.99	
Assurances Maghrebia S.A.	075	TND	30,000,000	b	3	44.17			44.17	44.17	246
Assurances Maghrebia Vie S.A.	075	TND	10,000,000	b	3	22.08			22.08	22.08	1,144
Europ Assistance – IHS Services Cameroun, Société à Responsabilité Limitée Unipersonnelle	119	XAF	1,000,000	a	11		100.00	Europ Assistance - IHS Services S.A.S.	100.00	99.99	
EA-IHS Services Congo Sarl	145	XAF	10,000,000	a	11		100.00	Europ Assistance - IHS Services S.A.S.	100.00	99.99	
Europ Assistance Niger SARLU	150	XAF	1,000,000	a	11		100.00	Europ Assistance - IHS Services S.A.S.	100.00	99.99	

(1) a=non consolidated subsidiaries (IAS 27); b=associated companies (IAS 28); c=joint ventures (IAS 31)

(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 partecipation percentage.

(*) Partecipations valued at equity.

List of Countries

Country	Country Code
ANGOLA	133
ARGENTINA	006
AUSTRIA	008
BAHAMAS	160
BELGIUM	009
BRASIL	011
BRITISH VIRGIN ISLANDS	249
BULGARIA	012
CAMERUN	119
CANADA	013
CHILE	015
COLOMBIA	017
CROATIA	261
CZECH REPUBLIC	275
DENMARK	021
ECUADOR	024
EIRE	040
FRANCE	029
GERMANY	094
GREECE	032
GUATEMALA	033
GUERNSEY	201
HONG KONG	103
HUNGARY	077
INDIA	114
INDONESIA	129
ISRAEL	182
ITALY	086
JERSEY	202
LIECHTENSTEIN	090
LUXEMBOURG	092
MACAO	059
MALAYSIA	106
MALTA	105
MARTINICA	213
NETHERLANDS	050
NEW CALEDONIA	253
NIGER	150

List of Countries

Country	Country Code
NIGERIA	117
PEOPLE'S REPUBLIC OF CHINA	016
PEOPLE'S REPUBLIC OF CONGO	145
PHILIPPINES	027
POLAND	054
POLYNESIAN FRENCH	225
PORTUGAL	055
REPUBLIC OF MONTENEGRO	290
REPUBLIC OF SERBIA	289
REUNION	247
ROMANIA	061
RUSSIA	262
SINGAPORE	147
SLOVAC REPUBLIC	276
SLOVENIA	260
SOUTH AFRICA REPUBLIC	078
SPAIN	067
SWITZERLAND	071
TAIWAN	022
THAILAND	072
TUNISIA	075
TURKEY	076
U.S.A.	069
UNITED KINGDOM	031
VIETNAM	062

List of Currencies

Currency	Currency Code
Angolan Novo Kwanza	AOA
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
Colombian Peso	COP
Czech Korona	CZK
Danish Krone	DKK
Euro	EUR
British Pound	GBP
Guatemalan Quetzal	GTQ
Hong Kong Dollar	HKD
Croatian Kuna	HRK
Hungarian Forint	HUF
Indonesian Rupiah	IDR
Israeli Shekel	ILS
Indian Rupee	INR
Macaon pataca	MOP
Malaysian Ringi	MYR
Nigerian Naira	NGN
Philippine Peso	PHP
Polish Zloty	PLN
Romanian Leu	RON
Serbian Dinar	RSD
Russian Ruble	RUB
Singapore Dollar	SGD
Thai Bhat	THB
Tunisian Dinar	TND
Turkish Lira (new)	TRY
Taiwan Dollar	TWD
US Dollar	USD
Dong (Vietnam)	VND
Central African CFA Franc	XAF
French Polinesian Franc	XPF
South African Rand	ZAR

Attestation of the Consolidated Financial Statements

pursuant to art. 154-bis 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 the provisions of art. 154-*bis*, paragraph 5, of legislative decree 58 of february 24, 1998 and art. 81–*ter* of consob regulation no. 11971 of 14 may 1999 as amended

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Luigi Lubelli, 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 2016.

2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2016 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 2016:
   - 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, 15 March 2017

Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.

Luigi Lubelli
Manager in charge of preparing
the Company's financial reports and Group CFO

ASSICURAZIONI GENERALI S.p.A.

Board of Auditors' Report

Statutory Auditors' Report to the General Meeting of Assicurazioni Generali S.p.A. called to approve the Financial Statements as at 31 December 2016 pursuant to s. 153 of Legislative Decree 58/1998

Dear Shareholders,

in compliance with s. 153 of Legislative Decree no. 58 of 24 February 1998 (CFBA) and the indications contained in Consob notice no. 1025564 of 6 April 2001, as amended, and having regard to the code of conduct recommended by the National Accountants' and Bookkeepers' Council, the Board of Statutory Auditors of Assicurazioni Generali S.p.A. reports on the supervisory activities conducted during the 2016 financial year.

1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2016 *(point 10 of Consob Notice no. 1025564/01)*

The Board of Statutory Auditors (BSA) performed the activities for which it is responsible during the 2016 financial year by holding 35 meetings, with an average duration of about two hours thirty minutes.
The BSA also:

- attended the 16 meetings of the Board of Directors (BoD);
- attended the 13 meetings of the Risk and Control Committee (RCC);
- attended the 4 meetings of the Related-Party Transactions Committee (RPTC) (formerly the Related-Party Transactions Sub-Committee (RPTSC));
- attended, in the person of its Chairman or another statutory auditor, the 4 meetings of the Remuneration Committee (RemCom) and the 6 meetings of the Appointments and Remuneration Committee (ARC), set up in May 2016, with specific reference to subjects involving remuneration;
- attended, in the person of its Chairman or another statutory auditor, the 10 meetings of the Investment Committee (InvCom).
-

In addition to the above activities, in the course of its activity plan, the Board of Statutory Auditors, among other things:

- obtained a report on the proceedings of the Appointments and Corporate Governance Committee (replaced, from May 2016, by two committees, the Corporate Governance and Social and Environmental Sustainability Committee (CGS) and the Appointments and Remuneration Committee (ARC)), which met 5 times in the first 4 months of the year, until its replacement;
- held meetings with, and obtained information from the Group Audit Manager, the Group Compliance Manager, the Risk Management Manager, the Group Actuarial Manager, the Group Financial Crime Manager, the Manager in Charge of Preparation of the Company's Financial Reports, Group General Counsel and the Corporate Affairs Manager, and the managers of the Company's functions affected by the supervisory activities of the BSA at various times;
- met members of the Surveillance Body instituted pursuant to Legislative Decree no. 231/2001 for a useful exchange of information;
- pursuant to ss. 151.1 and s.151.2 of the CFBA, held meetings and exchanged information with the supervisory bodies of the main subsidiaries (Generali Italia S.p.A., Generali Investment Europe S.p.A., Banca Generali S.p.A., Generali France Assurances and Generali Deutschland Holding AG);
- in the course of the statutory dealings between the Board of Statutory Auditors and the External Auditors, held periodic meetings with the external auditors EY S.p.A., at which data and information relevant to the performance of their respective duties 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)*

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 supplied.
In this context, the BSA received information from the Managing Director and the Board of Directors about the activities performed and transactions with a significant impact on the economic, financial and assets position conducted by the Company, including through directly or indirectly controlled companies.
On the basis of the information provided, the BSA reasonably concluded 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.

The most significant events involving the Company and the Group in 2016 are also reported on in the Directors' Report and the Integrated Annual Report. They include the following events.

- On 26 January 2016, Group CEO Mario Greco announced that he was not available to serve a further term of office as Managing Director. On 9 February 2016 the Board of Directors approved the termination by mutual consent of Mario Greco's contract with the Company.
- In March 2016 IVASS (the Insurance Companies Supervision Institute), following an application for authorisation submitted by Assicurazioni Generali S.p.A., authorised the use, as from 1 January 2016, of a partial internal model for the calculation of the consolidated Group Solvency Capital Requirement and the Solvency Capital Requirements of its main Italian and German insurance companies, the French non-life companies and Czech company Ceska Pojistovna, a.s.
- On 17 March 2016, the Board of Directors co-opted Philippe Donnet, granting him executive powers and appointing him Group CEO. The Board of Directors also appointed Group CFO Alberto Minali as the Company's General Manager.
- On 22 April 2016 the Company increased the share capital to € 1,559,883,538, by way of implementation of the Long-Term Incentive Plan approved by the General Meeting on 30 April 2013.
- On 28 April 2016 the General Meeting elected the new Board of Directors, to hold office for three financial years, until the approval of the financial statements as at 31 December 2018. The Board of Directors also appointed, for the three-year period 2016-2018, Gabriele Galateri di Genola as Company Chairman, Francesco Gaetano Caltagirone and Clemente Rebecchini as Vice-Chairmen, and Philippe Donnet as Managing Director and Group CEO.
- In May 2016 Generali issued a subordinated bond amounting to a total of € 850 million, aimed at institutional investors. The issue, which concluded on 8 June 2016, is designed to refinance the subordinated debt.
- In June 2016, subsidiary Generali Finance B.V. exercised an early repayment option on two subordinated bonds, for € 1,275 million and £ 700 million.
- On 28 November 2016 the Board of Directors examined the voluntary Public Offer made by Banca Monte dei Paschi di Siena S.p.A. (BMPS) to purchase subordinated instruments issued or guaranteed by it, with the obligation for the proceeds to be reinvested in new BMPS shares. The Board of Directors approved the conversion, authorising the Group CEO to convert the Company's exposure to BMPS subordinated debt to which the offer relates to BMPS shares; however, the conversion operation not did not reach a successful conclusion, as announced by Banca Monte dei Paschi di Siena S.p.A. on 22 December 2016.
- On 12 December 2016 the Board of Directors appointed as Country Manager for Italy Marco Sesana, who maintains his position as Managing Director of Generali Italia. The Board of Directors also appointed Timothy Ryan as the new Group Chief Investment Officer (CIO), with effect from 9 January 2017.

The most significant transactions performed after the year end included the following:

- On 23 January 2017 the Company purchased the voting rights to 505 million Intesa Sanpaolo shares, namely 3.01% of the share capital, by means of a stock loan.
- On 25 January 2017 the Board of Directors resolved to terminate the contract of employment of General Manager and Group CFO Alberto Minali, with effect from 31 January 2017, with an agreement drawn up in accordance with the Group's remuneration policies. Also on 25 January 2017, the Board of Directors appointed Luigi Lubelli (previously Group Head of Corporate Finance) as Group CFO and Manager in Charge of Preparation of the Company's Financial Reports. Luigi Lubelli also became a member of the Group Management Committee (GMC). As a result of these decisions, all the first-level company functions that reported to the General Manager and Group CFO were required to report directly to the Group CEO (for further details, see paragraph 4 "*Organisational structure of the Company and the Group*").
- Also on 25 January 2017, the Board of Directors resolved to grant the Investment Committee responsibilities relating to examination of strategic operations. As from that date, therefore, the Investment Committee's name changed to "*Investment and Strategic Operations Committee*", and its composition partly changed.

- On 8 February 2017 subsidiary Generali Finance B.V. exercised the option of early repayment of the perpetual subordinated bond issued by it on 8 February 2007. Refinancing of the subordinated debt has already been completed, with the subordinated bond issue that concluded on 8 June 2016 for a total of € 850 million, aimed at institutional investors.
- On 17 February 2017 the Company purchased 510 million ordinary shares of Intesa Sanpaolo S.p.A., namely 3.04% of its share capital, and began the procedure for terminating the said stock loan. At the same time, Generali performed a transaction in collateralised derivative instruments to hedge the whole of the economic risk associated with the purchase of the said shares.

As regards the ongoing litigation relating to former company executives Giovanni Perissinotto and Raffaele Agrusti, the Board of Statutory Auditors has received periodic updates on the progress of the proceedings at meetings of the Board of Directors.

3. Related-party and intercompany transactions. Atypical and/or unusual transactions *(points 2 and 3 of Consob Notice no. 1025564/01)*

The Company has "*Related-Party Transaction Procedures*" ("*RPT Procedures*"), adopted in compliance with Consob Regulation 17221/2010, as amended, and s. 2391-*bis* of the Civil Code, which are also applicable to transactions performed by subsidiaries.
These procedures underwent a first update in December 2013 and a new update on 17 March 2016, as illustrated below.
In 2015 the Board of Statutory Auditors, as part of its supervisory and monitoring activities, requested the conduct of an in-depth study of the RPT Procedures and controls for identification and management of related-party transactions in the Generali Group. The Company therefore conducted the required analyses, which concluded in the early months of 2016, with the aid of the Group Audit Function, which in turn obtained assistance from an external legal adviser.
The external legal adviser expressed the opinion that the procedural structure complied on the whole with the applicable legislation, and was in line with the best practices found on the market. However, some suggestions were made by the legal adviser, with a view to further refinement of the procedures.
The Group Compliance Function, having examined the suggestions made by the legal adviser and the Group Audit Function, drew up a proposal for amendment of the RPT Procedures and the internal operating regulation of the RPT Sub-Committee, as it was then called. The said proposals were approved by the RPT Sub-Committee on 9 March 2016, after consulting the Board of Statutory Auditors, and then submitted to and approved by the Board of Directors on 17 March 2016.
The Group Audit Function in turn expressed an overall assessment of adequacy of the organisational structure and architecture of the main phases of related-party transaction management process, formulating some suggestions for continuous improvement of processes, and a concrete plan of management actions was agreed on the basis of the said suggestions.
In 2016, the BSA regularly monitored the actual implementation of the said management plan, receiving periodic updates from the Group Audit Function. All the measures specified in the action plan were completed by February 2017, apart from a single planned measure currently being finalised.
In the last financial year the Board of Statutory Auditors also requested the Group Audit Function to include, among the activities for the first half-year of the 2017 Plan, a specific audit of specific aspects of the concrete operation of the RPT Procedures in the parent company and its subsidiaries, including the operation of the Related-Party Transactions Committee and compliance of the preliminary activities performed by the internal functions in support of the said Committee with the Company's procedures.
This activity was added to the Audit Plan, and duly commenced; it will be monitored by the BSA in the ambit of the periodic updates planned with the Group Audit Function.
Finally, the Related-Party Transactions Committee requested an external adviser to analyse some questions relating to relations between the Related-Party Transactions Committee and the other Board Committees; this activity indicated the advisability of a refinement to the RPT Procedures and the Regulation of the Board of Directors and the Board Committees to ensure better interaction between the various Board Committees and a complete flow of information to the Related-Party Transactions Committee. The new text of the RPT Procedures, incorporating the refinements suggested by the external adviser, was approved by the Board of Directors on 15 February 2017, after obtaining a favourable opinion from the Related-Party Transactions Committee. On the same date, the Board of Directors also approved the cor-

responding amendments to the Regulation of the Board of Directors and the Board Committees.
In view of the factors set out above, the Board of Statutory Auditors concludes that the Company's RPT Procedures comply with Consob Regulation 17221/2010, as amended.

The annual Financial Report illustrates the economic and asset-related effects of the related-party transactions, and describes the most significant relationships.
No operations classificated as major transactions pursuant to the above-mentioned Procedures were submitted for the attention of the Related-Party Transactions Committee during the 2016 financial year, nor were any urgent related-party transactions performed.
With regard to intercompany transactions during the year, the supervisory activities of the BSA indicate that they were performed in accordance with the annual guidelines approved by the Board of Directors, as required by ISVAP Regulation no. 25 of 27 May 2008, and subsequently by IVASS Regulation no. 30 of 26 October 2016. The main intercompany activities, with payment at market prices or at cost, refer to operations conducted in relation to 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 also concluded that the information provided by the Board of Directors in the draft financial statements relating to intercompany and related-party transactions was adequate.
As far as we are aware, no atypical and/or unusual transactions were conducted.

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 Group's organisational structure is confirmed in its Functions, with a matrix model of Business Units and Group Head Office (GHO) Functions; the latter act as strategic policy, guidance and coordination structures for the business units.

The organisational governance is ensured by integration and coordination mechanisms between the Business Units and the Group Head Office functions, represented by:

- the Group Management Committee (GMC), namely the group of top management executives which discusses the main strategic decisions;
- the Quarterly Business Review processes, whereby local businesses establish their objectives in line with the global strategy;
- three main cross-functional committees that support the Group CEO in guiding the Group's strategic decisions: the Balance Sheet Committee, Finance Committee and Product & Underwriting Committee;
- the Functional Guidelines and Functional Councils, through which functional coordination is implemented at global level;
- a matrix system of reporting lines.

Some organisational changes in the organisational structure of Group Head Office and the Group Management Committee took place in 2016, as described in the Corporate Governance and Share Ownership Report. The main changes included the following:

- in March 2016, the Board of Directors appointed Philippe Donnet as Group CEO and Alberto Minali as General Manager and Group CFO, also approving the consequent updates to the Group's organisational structure. In particular, the Board of Directors granted all powers and responsibilities for the management of the Company and the Group to the new Group CEO. The General Manager and Group CFO was granted powers in the Strategy & Business Development, Insurance & Reinsurance, Finance Operations, Marketing and Data areas, to be exercised in accordance with the guidelines established by the Board of Directors and the Group CEO;
- in May 2016, a new position called CEO Global Business Lines & International was instituted, to which Frédéric de Courtois was appointed;
- the Group Insurance and Reinsurance Function was renamed Group Chief Insurance Office, managed by Valter Trevisani, who became a member of the Group Management Committee;
- with effect from 1 December 2017, the Board of Directors appointed as Country Manager for Italy Marco Sesana (who maintains his position as Managing Director and General Manager of Generali Italia). Marco Sesana also became a member of the Group Management Committee;

- with effect from 9 January 2017, the Board of Directors appointed Timothy Ryan as new Group Chief Investment Officer, and he also became a member of the Group Management Committee.

Further organisational changes were made during the early months of the 2017 financial year, including the following:

- at the end of January 2017, Alberto Minali left the Group as a result of the decision taken by the Board on 25 January 2017 to terminate the contract of employment of the General Manager and Group CFO. The office of General Manager specified in the Articles of Association was left vacant for the time being. As a result of those decisions, all the first-level company functions that reported to the General Manager were required to report directly to the Group CEO;
- on 25 January 2017 Luigi Lubelli was appointed Group Chief Financial Officer, and became a member of the Group Management Committee in that capacity;
- the review and reinforcement of the Group Head Office functions was completed;
- the Group Compliance Function commenced its resource strengthening programme, which is due to be completed by the end of the 2017 financial year.

The Board of Statutory Auditors, by obtaining information from the managers of the relevant company functions, monitored the adequacy of the overall organisational structure of the Company and the Group as well as the adequacy of the instructions issued by the Company to its subsidiaries pursuant to s. 114.2 of the CFBA, to rapidly obtain the information required to meet the statutory communication obligations

From examination of the reports of the supervisory bodies of the subsidiaries, and/or the information sent by them to the BSA following specific requests, no information emerged that requires inclusion 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 main characteristics of the internal control and risk management system are described in the Corporate Governance and Share Ownership Report.

The Company has an internal regulatory system applicable to the whole Group, called the Generali Internal Regulation System (GIRS). That system is structured on three levels:

- Group Policy, approved by the Board of Directors;
- Group Guidelines, approved by the Group CEO or the managers of the Control Functions;
- Group Operating Procedures, approved by the relevant functions of Group Head Office.

The company functions operate in accordance with an organisational model based on three levels of control:

- the managers of the operational areas (risk owners);
- the functions of the second level of control, in particular Group Risk Management, Group Compliance and the Group Actuarial Function;
- Group Audit.
-

The Group CEO also holds the position of director responsible for the internal control and risk management system.

The Company monitored legislative developments during the year, activated compliance checking plans and continued its ongoing reinforcement of the procedural structure, as described in the parent company's Risk Report and Financial Statements. The internal control and risk management system policies are also adopted by the main subsidiaries, having regard to the specific legislation in each country in which the Group operates, and any special features of the business. These policies are continuously updated.

As regards risk assessment, including prospective risks, in accordance with Regulation 20/2008 and the IVASS Letter to the Market of 15 April 2014, and with the "ORSA (Own Risk Solvency Assessment) Policy" approved by the Company as an integral part of the Risk Management Policy, the Group ORSA Report as at 31 December 2015 was submitted to IVASS in June 2016. The "Main Risk Self-Assessment" process, designed to identify the main risks with a view to establishing the major impacts in terms of the Group's profits, liquidity profile and capital position deriving from each scenario, was also adopted by the Risk Management Function. That process is continuously developing, and the project involving integration of operational risks into the said process was commenced (*inter alia*) in 2016.

On 7 March 2016, IVASS authorised the use of the "Partial Internal Model" for the calculation of the Solvency Capital Requirement of the Group and its main Italian

and German insurance companies, the French non-life insurance company and Czech company Ceska Pojistovna A.s. In October 2016, the Company submitted an application to the Board of Regulators to make some amendments to the said Internal Model, to take effect from 31 December 2016, and to extend the Internal Model to French life insurance company Generali Vie. By resolution dated 28 February 2017, IVASS authorised, with effect from 31 December 2016, the extension of the sphere of application of the Group Internal Model to Generali Vie, and the calculation of its Solvency Capital Requirement, and substantial amendments to the Partial Internal Model used to calculate the consolidated Group Solvency Capital Requirement and the Solvency Capital Requirements of the insurance and reinsurance companies already included in the sphere of application of the Internal Model.
The implementation of the Remediation Plan agreed with IVASS during the preliminary process regarding the said application is proceeding as planned by the Group Risk Management Function. This implementation is monitored by the Risk and Control Committee and the Board of Directors; the Board of Statutory Auditors in turn has received regular updates on the matter as a result of its attendance at meetings of the Risk and Control Committee and the Board of Directors.
The Company recently sent the Remediation Plan to IVASS, updated with some further actions, as a result of the request for additional documentation sent by the Regulator in December 2016, following the analyses conducted by the Board of Regulators during the year.
In that context of constant development and reinforcement of controls, in accordance with the applicable industry regulations, the Board of Statutory Auditors has constantly monitored the adequacy of the internal control and risk management system of the Company and its Group. In particular, the BSA:

i) took note of the favourable opinion of the adequacy of the internal control and risk management system issued by the Board of Directors after consulting the Risk and Control Committee;
ii) 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;
iii) obtained information about the development of the corresponding organisational structures and the activities performed by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions, partly by attendance at the meetings of the Risk and Control Committee and discussions with the managers concerned;
iv) examined the reports on the activities of the Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the Risk and Control Committee and the Board of Directors;
v) examined the half-yearly reports of the Group Audit Manager;
vi) examined the Audit Plan drawn up by the Group Audit Function, which further developed methodological aspects of risk-based planning, and accepted some of the BSA’s suggestions on the subject;
vii) observed that the Audit Plan approved by the Board of Directors had been complied with, and received information about the audit results;
viii) obtained information about the activities of the Surveillance Body instituted by the Company in compliance with Legislative Decree no. 231/2001, by means of specific reports and update meetings regarding the activities performed by it;
ix) obtained information from the managers of the respective company functions;
x) exchanged information with the supervisory bodies of the subsidiaries, as required by ss. 151.1 and 151.2 of the CFBA;
xi) 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 by the insurance industry and listed companies (including, on the subject of market abuse, management of privileged information, internal dealing and related-party transactions).

As regards the latter aspect, in July 2016 the Board of Directors approved the “Group Policy Control Framework” which is designed, among other things, to monitor the Group Policy implementation process at local level.

In the course of its supervisory activities relating to the internal control and risk management system, the BSA, since first taking office, has always paid particular attention to the aspects of compliance with the anti-money laundering legislation.
The BSA, in liaison with the statutory audit committees of the subsidiaries concerned, has constantly monitored the actual implementation of the action plan adopted by the Company in this respect and submitted by it to the Regulator, in relation to the issues that emerged in earlier years, which were illustrated in the reports issued pursuant to s. 153 of the CFBA for the

2014 and 2015 financial years. This plan involved a broader scope of action relating to anti-money laundering and anti-terrorism measures, including the adoption of a new Group Policy ("Group Anti-Money Laundering & Counter-Terrorism Financing (AML/CTF) Policy") and the consequent activities required for its concrete implementation in each company belonging to the Group, having regard to the different and diversified legislative situations.
When the plan had been substantially completed, the Group Compliance Officer confirmed that the procedures approved by the local companies were fully in line with the terms of the Group Anti-Money Laundering Policy, and also stated that the procedures adopted adequately monitor the risk, while taking account of some formal refinements which are still in progress. As regards Italy, which forms the subject of a specific programme of measures, the Board of Statutory Auditors of Generali Italia S.p.A. confirmed that such plan has also been substantially completed.
In 2016, the Group Compliance Function also coordinated the definition of the key controls in the process of management of insurance intermediaries designed to mitigate the risks correlated with anti-money laundering and counter-terrorism financing (having regard to the Fourth European Directive, which comes into force in 2017), and the international sanctions and related-party transactions.

Having regard to the summary document submitted to the Risk and Control Committee and the Board of Directors by the managers of the Control Functions and the IT management, the Company planned dedicated projects relating to IT subjects with a view to gradual strengthening of the related controls.
The Control Functions also found variations in some cases in the actual timing of implementation and the dates initially scheduled for completion of the action plans at the end of the audit activities. The Risk and Control Committee and the Board of Directors agreed on the importance of drawing the management's attention to the need for action plans to be completed by the scheduled dates, and informing those bodies of the reasons for any delays and rescheduling of the corresponding deadlines.
The said actions and projects will be implemented by the Director in charge of the internal control and risk management system, and regularly monitored by the Board of Statutory Auditors.

In the light of all the above information and having regard to the above-mentioned areas requiring attention, 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 as not adequate as a whole.
In any event, in view of the evolutionary nature of any internal control system, the Company has already planned specific updates for 2017, as part of the process of ongoing improvement of the efficacy of the system pursued by it.
In particular, during the current year, the Board of Directors and the Risk and Control Committee have already begun actions involving further reinforcement of the internal control system to take account of the new requirements which will become applicable pursuant to the European money-laundering, data protection, insurance distribution and Packaged Retail Investment-based Insurance Products (PRIIPS) legislation.

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 (*inter alia*) the Company's activities designed to assess their adequacy continuously.
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.
The Corporate Governance and Share Ownership Report describes the main characteristics of the model, as defined by the Manager in Charge of Preparation of the Company's Financial Reports, who is supported by the Financial Reporting Risk structure.
No significant deficiencies in the internal control system relating to the financial reporting process emerged from the report issued by the External Auditors pursuant to s. 19.3 of Legislative Decree 39/2010. That report was discussed and analysed at information exchanges between the Board of Statutory Auditors and the External Auditors.
In September 2016, consistently with the evolution of the applicable legislation, the Company decided to modify its quarterly financial reporting, as from the third quarter of 2016, by producing a more concise representation of its business, focusing on relevant information.

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.
In particular the BSA, partly by attending meetings of the Risk and Control Committee:

- monitored compliance with the investment policy guidelines resolved on, following the issue of ISVAP Regulation no. 36 of 31 January 2011, by the Board of Directors on 13 May 2011, and updated in 2012, 2013, 2014, 2015 and finally in September 2016, after IVASS Regulation no. 24 of 6 June 2016 came into force;
- checked transactions in derivative financial instruments in accordance with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly submitted periodic communications to IVASS;
- analysed the administrative procedures adopted for handling, safekeeping and accounting of financial instruments, checking the instructions issued to depositaries regarding periodic despatch of statements of account with suitable indications of any encumbrances;
- checked that the assets destined for covering the technical reserves were free of encumbrances and fully available;
- checked on correspondence with the register of assets destined to cover the technical reserves.

In the Notes to the Financial Statements, the Company supplied 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. Organisational and management model pursuant to Legislative Decree no. 231/2001

The Board of Statutory Auditors has perused and obtained information about the organisational and procedural activities conducted pursuant to Legislative Decree 231/2001, as amended, regarding the administrative liability of organisations. The main aspects connected with the organisational and procedural activities conducted by the Company pursuant to Legislative Decree 231/2001 are illustrated in the "*Corporate Governance and Share Ownership Report*".
No noteworthy facts and/or circumstances emerged from the information communicated by the Surveillance Body regarding the activities performed.

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 adheres to the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A.. This BSA has evaluated the procedures for concrete implementation of the Code in question, with reference to the principles and application criteria, and has no observations to make.
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, with the support of a leading firm of consultants.
The Board of Statutory Auditors has also checked on the correct application of the criteria and process initiated by the Board of Directors to assess the independence of directors classed as "independent"; it also established that its own independence requirements were met.
With reference to the aspects connected with evaluation process by the directors in establishing that directors meet the independence requirements, the activities commenced in 2015, following requests for analysis and action by this BSA, as illustrated in the report issued pursuant to s. 153 of the CFBA relating to the prior financial year, continued in 2016. In particular, the updated Regulation of the Board of Directors and the Board Committees, which introduced some innovations into the procedure for establishing whether directors meet the independence requirement as defined in the CFBA and the Corporate Governance Code, was approved on 15 June 2016.
In that context, bearing in mind that the Board of Directors conducts its own assessments of whether the independence requirement is met on the basis of all the information available to the Company from any source, specific supplementary declarations were defined, which were used upon the appointment of the new Board of Directors in April 2016, in order to obtain from Directors declaring themselves as independent precise, accurate information about the existence of any commercial, financial or professional relations, relations involving

self-employment, employment or other pecuniary or professional relations, which are relevant as defined in the Corporate Governance Code and the CFBA.
Specific quantitative criteria predefined to evaluate the significance of the said relations/dealings were also formalised in the Regulation of the Board of Directors and the Board Committees, in line with the best market practices and the recommendations set out in art. 3 of the Corporate Governance Code.
To provide the Board of Directors, after examination by the Corporate Governance and Social and Environmental Sustainability Committee, with the completest possible information in readiness for the independence assessments, the activities for the formulation of internal procedures and operational guidelines for the assessment process and the implementation of systematic procedures for the collection of relevant information, expressly requested by the Board of Statutory Auditors, continued in 2016.
In particular, the Corporate Affairs Function has drafted and is in the process of finalising an operating procedure designed to ensure, by means of formal processes, information flows from the various Company functions involved to the Board of Directors and the Corporate Governance and Social and Environmental Sustainability Committee. The said procedure also governs the procedures for delivery to the bodies responsible for independence assessments of relevant information already collected by the Company and the Group, even for other purposes, primarily those managed by the Group Compliance Function in the ambit of the RPT Procedures.
In addition, as requested by the BSA, the necessary amendments were also made to the Regulation of the Board of Directors and the Board Committees to enable it to attend meetings of the Corporate Governance and Social and Environmental Sustainability Committee, which performs preliminary activities in readiness for the independence assessment by the Board of Directors.

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 ISVAP Regulation no. 39 of 9 June 2011.
Finally, the BSA notes that on 6 July 2016 the Board of Directors resolved to submit for approval by the next General Meeting, pursuant to s. 114-bis of the CFBA, a special share plan in favour of the Managing Director/Group CEO.

9. External Auditors *(points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)*

The firm EY S.p.A. was appointed as External Auditors to audit the financial statements of Assicurazioni Generali S.p.A. and the consolidated financial statements of the Group; during the 2016 financial year the said External Auditors checked that the Company's accounts were properly kept and transactions properly recorded in the books of account.
On 30 March 2017 the External Auditors issued the reports required by ss. 14 and 16 of Legislative Decree 39/2010 relating to the financial statements and the consolidated financial statements of the Group as at 31 December 2016. The said reports indicate that the financial statements were drawn up clearly, and truthfully and correctly represent the assets and financial situation, profit and cash flows for the year ending on that date, in accordance with the related standards and rules.
The Manager in Charge of Preparation of the Company's Financial Reports and the Managing Director and Group CEO issued the declarations and certifications required by s. 154-*bis* of the CFBA with reference to the financial statements and the consolidated financial statements of Assicurazioni Generali S.p.A. as at 31 December 2016.
The BSA monitored, within the terms of its remit, 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 notes that the consolidated financial statements of the Assicurazioni Generali Group were drawn up in compliance with the IAS/IFRS International Accounting Standards issued by the IASB and approved by the European Union, in compliance with EU Regulation no. 1606 of 19 July 2002 and the CFBA, and Legislative Decree 209/2005 as amended. The consolidated financial statements were 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 Management Report included in the draft financial statements of the parent company illustrates the business trend, indicating current and prospective developments, and the Group's development and reorganisation process.

The Board of Statutory Auditors also declares that it was consulted, together with the External Auditors, by the Risk and Control Committee in the course of the evaluations falling within that Committee's remit, together with the Manager in Charge of Preparation of the Company's Financial Reports, regarding the correct use of the accounting standards and the uniformity of their use for the purposes of preparing the consolidated financial statements.
On 30 March 2017, EY S.p.A. issued its report pursuant to s. 19.3 of Legislative Decree 39/2010. No issues which need to be drawn to your attention emerge from that report.
The BSA also held meetings with the managers of External Auditors EY S.p.A. pursuant (*inter alia*) to s. 150.3 of the CFBA, during which useful exchanges of data and information relevant to the performance of their respective tasks took place, and no noteworthy facts or situations emerged. In that context, in the ambit of the supervision referred to in s. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also obtained information from EY S.p.A. regarding the planning of its auditing activities.
The BSA examined the further tasks/services commissioned from External Auditors EY S.p.A. and companies belonging to its network. Their fees are set out in detail in the Notes to the Financial Statements, to which the reader is referred.
Having regard to the declaration of confirmation of its independence issued by EY S.p.A. as required by s. 17.9 of Legislative Decree no. 39/2010, and the nature of the tasks commissioned from it and the companies belonging to its network by Assicurazioni Generali S.p.A. and the Group, no situations were found that prejudiced the independence of the External Auditors or any grounds for incompatibility pursuant to the applicable legislation.
During the 2016 financial year, in view of art. 5.4 of Regulation EU 537/2014, which will be applicable from the 2017 financial year, the BSA drew up a specific procedure for approval of the commissioning of non-auditing services allowed by the legislation to the External Auditors and companies belonging to its network. As requested by the BSA, on 1 January 2017 the Company adopted the specific "Guideline for the assignment of non-audit services to auditors".

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 certifications required by the applicable legislation.
In particular, the Board of Statutory Auditors expressed a favourable opinion, pursuant to s. 2386.1 of the Civil Code, of the appointment by co-opting of Philippe Donnet at the meeting of the Board of Directors held on 17 March, having examined the process followed in this respect by the Company and its Committees. On that occasion, it also issued a favourable opinion of the proposed resolution pursuant to s. 2389 of the Civil Code regarding the remuneration of the new Managing Director/Group CEO.
On the same occasion, the BSA also issued a favourable opinion of the resolution to increase the share capital for the purposes of the 2013 LTI Plan.
Again in the first few months of 2016, the BSA expressed a favourable opinion of the remuneration of the Group Audit Manager (meeting of 2015 targets and setting of 2016 targets) and the Audit Plan for 2016.
In May 2016, after the renewal of the Board of Directors for the three-year period 2016-2018 resolved on by the General Meeting on 28 April 2016, the Board of Statutory Auditors expressed a favourable opinion of the proposed remuneration of the Chairman of the Board of Directors and the proposed fee payable to members of the Board Committees. In July 2016 it also expressed a favourable opinion of the Group CEO's remuneration.
During the 2016 financial year the BSA also regularly commented on the Half-Year Reports on complaints prepared by the Group Audit Manager in accordance 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 comments by the BSA promptly to IVASS.
With reference to the first few months of 2017, at the meeting of the Board of Directors held on 25 January 2017, the Board of Statutory Auditors expressed, pursuant to s. 154-*bis*.1 of the CFBA and art. 40.2 of the Company's Articles of Association, a favourable opinion of the proposed appointment of Luigi Lubelli as new Manager in Charge of Preparation of the Company's Financial Reports.

At the meeting of the Board of Directors held on 15 February 2017, the Board of Statutory Auditors expressed a favourable opinion of the remuneration of the Group Audit Manager (meeting of 2016 targets and setting of 2017 targets) and the Audit Plan for 2017.

11. Complaints pursuant to s. 2408 of the Civil Code. Omissions, reprehensible actions or irregularities found *(points 5, 6 and 18 of Consob Notice no. 1025564/01*

The Board of Statutory Auditors received no complaints during the 2016 financial year apart from the three complaints received in the first quarter of the year, already illustrated in the Report issued pursuant to s. 153 of CFBA by this BSA on 4 April 2016, in preparation for the General Meeting held on 28 April 2016.

No complaints pursuant to s. 2408 of the Civil Code were received in the first few months of the 2017 financial year. No reprehensible actions, omissions or irregularities requiring reports to the Regulators emerged from the supervisory activities performed.

***

On the basis of all the factors set out in this Report, the Board of Statutory Auditors finds no reason to object to the approval of the financial statements of Assicurazioni Generali S.p.A. for the financial year ending on 31 December 2016, as submitted to you by the Board of Directors, and expresses a favourable opinion of the proposed dividend distribution, partly funded by the profit for the year and partly from the special reserve formed by the profits of the preceding years.

Trieste, 31 March 2017

Board of Statutory Auditors

Carolyn Dittmeier, Chair
Lorenzo Pozza
Antonia Di Bella

Independent Auditor’s Report

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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010 and with 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 consolidated financial statements

We have audited the accompanying consolidated financial statements of Generali Group which comprise the balance sheet as at December 31, 2016, 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 related explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulation issued to implement article 90 of the Legislative Decree dated 7 September 2005, n. 209.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree dated 27 January 2010, n. 39. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
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Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Generali Group as at December 31, 2016, 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.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Share Ownership with the consolidated financial statements
We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion, as required by law, on the consistency of the Management Report and of specific information of the Report on Corporate Governance and Share Ownership, as provided for by article 123-bis, paragraph 4 of Legislative Decree dated 24 February 2005, n. 58/1998, with the consolidated financial statements. The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and Share Ownership in accordance with the applicable laws and regulations. In our opinion, the Management Report and the specific information of the Report on Corporate Governance and Share Ownership are consistent with the consolidated financial statements of Generali Group as at December 31, 2016.

Trieste, 30 March 2017

EY S.p.A.
Signed by: Paolo Ratti, Partner

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

Glossary*

General definitions

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.

Equivalent terms: refer to equivalent exchange rates and equivalent consolidation scope.

Equivalent consolidation area: refers to equivalent consolidation scope.

Technical components

Gross written premiums: equal to gross written premiums of direct business and accepted by third parties.

Gross direct premiums: equal to gross premiums written of direct business.

Investment contracts: investment contracts that have the legal form of insurance contracts but as they substantially expose the insurer to significant insurance risk (such as the mortality risk or similar insurance risks cannot be classified as insurance contracts. In accordance with the definitions of FRS 4 and IAS 39 39 these contracts are recognized as financial liabilities. investment contracts that have the legal form of an insurance contract but as they substantially expose the insurer to significant insurance risk (such as the mortality risk or similar insurance risks) cannot be classified as such. In line with the definitions of FRS 4 and IAS 39 these contracts are recognized as financial liabilities.

Net cash 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.

APE, new business annual premium equivalent: it is an indicator of volumes of life segment, annual and normalized, and it is equivalent to the sum of new annual premium policies, plus a tenth of premiums in single premium policies. (calculated net of minority interests).

NBV, value of new business: it is an indicator of new value created by the new business of life segment. 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).

New Business Margin: it is a performance indicator of the new business of life segment, equal to the ratio NBV / APE

Operating return on investments: it is an indicator of both life segment and property&casualty segment, calculated as the ratio between the operating result and the average investments calculated based on the financial statement values, as described in the methodological notes.

Combined Ratio (COR): it is a technical performance indicator of property&casualty segment, calculated as the weight of the loss ratio and the acquisition and general expenses (expense ratio) on the earned premiums net of insurance.

Current accident year loss: it is a further detail of combined ratio calculated as the ratio between:
- current year incurred claims + related claims management costs net of recoveries and reinsurance; and
- earned premiums net of reinsurance.

Previous accident year loss: it is a further detail of combined ratio calculated as the ratio between: +
- previous year incurred claims + related claims management costs net of recoveries and reinsurance; and
- earned premiums net of reinsurance.

Provisions 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 for outstanding claims: it shall comprise 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.

* The alternative performance measures illustrated in the financial statements are compliant to the ESMA "Alternative Performance Measures (APM) Guidelines", effective from 3 July 2016. The Group APMs are in fact compliant and reconcilable with the applicable reporting framework. In particular the new business indicators of the life segment are connected with the embedded value, indicator of the estimated future cash flows, included in IFRS 4 "Insurance contracts".

Provisions for sums to be paid: technical reserves constituted at the end of each financial year by companies operating in life segment in order to cover the overall amounts required to meet the payment of the capitals and annuities accrued, surrenders and claims outstanding.

Mathematical provisions: is the amount that shall be set aside by the insurance company to meet its future obligations to policyholders.

Provisions arising from policies where the investment risk is borne by the policyholders and from pension funds: comprises 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.

Financial assets and liabilities

Financial asset:

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

  (i) to receive cash or another financial asset from another entity; or

  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

  (i) 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

  (ii) 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:

A financial liability is any liability that is:

(a) a contractual obligation:

  (i) to deliver cash or another financial asset to another entity; or

  (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:

  (i) 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

  (ii) 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.

Weighted average cost of debt:

The annualized cost of financial debt considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

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.

Investments – asset allocation

The Generali Group uses for the management and presentation of investments a different aggregation respect to financial statements. In particular, within total investments are included also cash and cash equivalents and specific items of financial liabilities having nature similar to investments, such as derivatives liabilities and repurchase agreements. Below are described asset classes that compose the total investments:

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. Moreover, this asset class includes also investments funds mainly exposed to investments or risks similar to direct investments presented within this asset class.

Equity investments: direct investments in quoted and unquoted equity instruments. Moreover, this asset class includes also investments funds mainly exposed to investments or risks similar to direct investments presented within this asset class, including also private equity and hedge funds.

Investments properties: direct investments in real-estates. Moreover, this asset class includes also investments funds mainly exposed to real-estate investments.

Cash and cash equivalents: the item 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.

Investments back to unit and index-linked policies: includes various types of investments backing insurance liabilities related to unit and index-linked policies.

Other investments: includes participations in non-consolidated Group companies, derivative investments and receivables form banks and customers, the latter mainly related to Group banking operations.

Alternative performance measures

The **operating result**: was obtained by reclassifying the components making up earnings before tax in each line of business on the basis of the specific characteristics of each segment, and taking account of recurring expense of the holding. All profit and loss items were considered, with the exception of net non-operating costs, i.e., results of discontinued operations, corporate restructuring costs, amortisation of portfolios acquired directly or through acquisition of control of insurance companies or companies in the holding and other activities segment (value of business acquired or VOBA) and other net non-recurring costs. In the life segment, the following are also considered as non-operating items: realised gains and losses on investments not considered in determining profits attributed to policyholders and net measurement losses that do not contribute to the formation of local technical reserves but exclusively in determining the deferred liability to policyholders for amounts not relating to policyholders and those on free assets. In the P&C segment, the following are considered as non-operating items: all realized and measurement gains and losses, including exchange-rate gains and losses. In the holding and other activities segment, the following are considered as non-operating items: realized gains and losses and non-recurring net measurement losses. The total operating result does not include non-operating holding costs such as interest expense on borrowings and costs arising from parent stock option plans and stock grants.

P&L Return on Investments

The ratio between average investments calculated at book value and the following income items:

- 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, for the net return;
- 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), foreign exchange impact and investment expenses.

Share performance indicators

Earning per share: Earning per share: equals to the ratio of Group net result and the weighted average number of ordinary shares outstanding.

Operating earning per share is the ratio between:

- total operating result net of interest on financial liabilities, taxes and third party interests (as defined in the section 3 of the methodological note), and
- the weighted average number of ordinary shares outstanding.

Operating return on equity: an indicator of return on capital in terms of the Group operating result (adjusted as described in the previous methodological note) compared to the average Group shareholders' equity. The **annualized** operating ROE is calculated as the sum of the last four quarterly operating ROE.

Other indicators

Net Operating Cash

Net Operating Cash is a view of cash generation at the Group's parent company level. The figure is the sum of: the dividends paid by Group subsidiaries, earnings from parent company reinsurance activities, expenses and interest paid, and the net balance of tax payments and recoveries.

Share based compensation

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.

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.

Solvency II

Regulatory Solvency Ratio: it is defined as the ratio between the Eligible Own Funds and 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 at 30 June 2016 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.

Economic Solvency Ratio: it is defined as the ratio between Eligible Own Funds and the Group Solvency Capital requirement, both calculated applying the internal model also to all the companies for which at present the authorization was not obtained yet.

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Since 2015, our new corporate website generali.com has had a more agile and modern layout, a significant focus on the visual approach, a broader range of content on topics of international interest and a specific focus on the most interesting news about the Group.

The website was designed to be viewed on any device and developed based on the Group's web guidelines, which also meet the international standards defined by the Web Accessibility Initiative (WAI).

Annual Integrated Report
and Consolidated Financial Statements 2016
prepared by
Group Integrated Reporting & CFO Hub

Coordination
**Group Communications
& Public Affairs**

The document is
available on
www.generali.com

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