

Annual
Integrated Report
2015



generali.com

184th year



Annual
Integrated Report
2015

Corporate Bodies as at 28 April 2016

Chairman

Gabriele Galateri di Genola

Deputy Chairman

Francesco Gaetano Caltagirone
Clemente Rebecchini

Group CEO

Managing Director

Philippe Donnet

Members of the Board of Directors

Romolo Bardin

Ornella Barra

Paolo Di Benedetto

Alberta Figari

Diva Moriani

Lorenzo Pellicoli

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)

General Manager

Alberto Minali

Secretary of the Board of Directors

Giuseppe Catalano

Company established in Trieste
in 1831 - Share Capital
€ 1,556,873,283.00 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):
assicurazionegenerali@pec.
generaligroup.com

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



Please see the section
at the end of the report
for more contacts

**Our idea
of insurance**

Insurance has been a great invention of modern times. It was more of an intellectual rather than a commercial innovation, which has strongly contributed to the development and wellbeing of the global economy and society. The insurance business is strictly connected to the major issues of the contemporary world, which have an increasingly global and complex dimension.

Telling one year of business of one of the major insurance groups worldwide can provide a useful contribution to understand the status quo, interpret its underlying trends and get into its complexity. Once again this is done through a clear and user-friendly publication, rich in both numbers and images, showing the pictures of our employees and staff members worldwide. You can see them in their daily activities against the background of the macro-trends mostly influencing our business and our clients' needs: climate change, urbanisation, demographic evolution etc..

This is the key message: an organization like ours can confidently look at the future only thanks to its people and their ability to innovate.

The rest also counts,
but this is more important.

About the report

In accordance with the approach to corporate reporting started in 2013, this year we are again presenting an **Annual Integrated Report** to give our stakeholders an overview of how we create value.

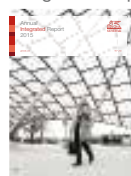
This report complies with both prevailing regulations and the principles of the **International <IR> Framework** issued by the International Integrated Reporting Council (IIRC).



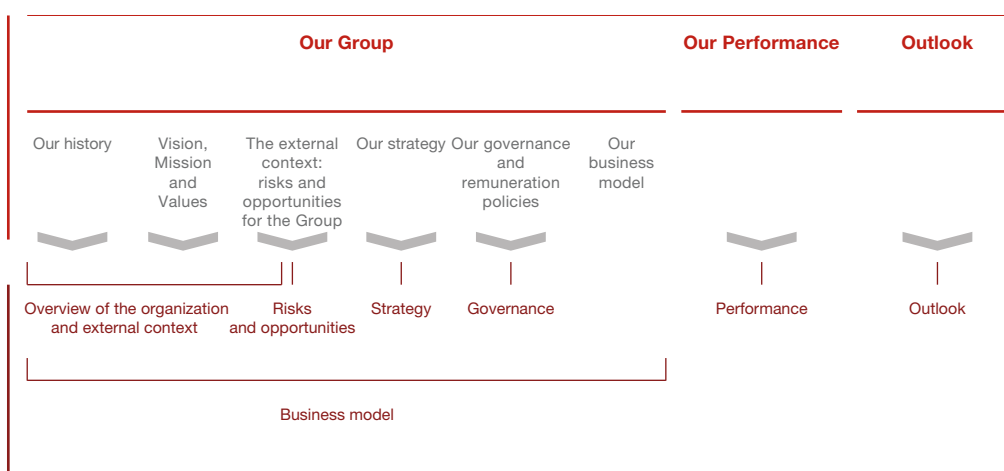
Besides following national and international developments in reporting standards through the <IR> Business Network, we are also continuing our activities as co-chair of the Insurance Network, established in 2014 in order to develop, share and communicate best practices to prepare an integrated report in the insurance sector.

The structure of the **Management Report** includes also the **Content Elements** provided for by the Framework as set out in the graph below.

Sections of Annual Integrated Report



Elements of the content of the <IR> Framework



The links among the elements above and among these elements and other Group reports will also be displayed with icons highlighting these links:



Cross-reference to the web



Cross-reference to a section of the report or to other Group reports



Focus on a business case

Please refer to the **Appendix to the Management Report** for further details on how the abovementioned Framework was applied, especially regarding the **Guiding Principles**.

Please refer to the **Glossary** at the end of the report for more information on the acronyms.

Please note that, except where clearly specified, the terms “Generali Group”, “Generali”, “we”, “us” and “our” in this document always refer to the Generali Group and/or its subsidiaries worldwide, while the terms “Assicurazioni Generali”, “Parent Company” and “Company” refer to Assicurazioni Generali S.p.A..

Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali S.p.A. is responsible for preparing this report.

The reporting process was conducted under its responsibility applying the Guiding Principles and Content Elements set out under the International <IR> Framework.

Please send any comments or opinion about the report to integratedreporting@generali.com

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**Attestation of the Consolidated
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pursuant to article 154-bis of Legislative
Decree no. 58 of 24 February 1998
and article 81-ter of Consob Regulation
no. 11971 of 14 May 1999

Glossary **110**

Letter from the Chairman and the Group CEO



2015 has been a rewarding yet also innovative year for Generali and its stakeholders. The year witnessed the beginning of a new cycle which started with the presentation of the strategic plan based on key elements which are simultaneously distinctive, simple and ambitious. We announced our intentions to focus both on cash generation and dividend growth, as well as position ourselves as a European leader in insurance retail, becoming simpler and smarter in offering products and services. We furthermore planned significant albeit selective investments in technology and data analytics. These are key elements to gain leverage in the future of our industry which is all the more dependent on long-term and interactive partnerships with clients and the ability to listen to them.

In terms of results, in line with our strategic targets, we closed 2015 with a significantly increased net profit of over 2 billion Euro and an operating profit of over 4.7 billion. The written premiums recorded a total income of over 74 billion Euro.

Thanks to these results we are able to distribute a dividend of 72 Euro cents per share to all our shareholders, increased by 12 cents (+20%) compared to the previous year.

2015 was also an important year considering the business results achieved, representing key turning points for us and for our clients, laying the foundation for further progress of the Group among the world leaders in our sector. In Italy we have now completed the integration process which began in 2013, concluding the most extensive reorganisation ever tackled in Europe in the insurance sector. We simplified the existing brands and unified the business structures across the country, creating a single technological platform for the Life and P&C portfolio, guided by the same simplicity principle which is the guiding force of our global and local initiatives. Likewise in Germany we launched a plan aligned within the Group strategy, based on a leaner organization and governance which presents a new Life business approach and a strong focus on smart insurance related to telematics, domotics and the Vitality project. In France, in 2015 we began to reap the benefits from the significant turnaround process started in 2013, with a positive set of results in the different business sectors, confirming the “Customer Centric” reorganisation originally launched.

We also strengthened our position in Central Eastern Europe, where we are now among the major insurers in the region, acting as leader in most of the countries we operate in.

Technology and the ability to be innovative became key elements in responding to the new trends of the insurance market. In this regard, we are implementing a strategy aimed at exploring new opportunities, identifying particularly dynamic companies, starting long-lasting partnerships and collaboration schemes with centres of excellence. To mention just a few, the acquisition of MyDrive, contractual agreements with Obi Worldphones and Microsoft, but also the three-year partnership with the United Nations' Abdus Salam International Centre for Theoretical Physics. This is a new approach to the regular *modus operandi* in our sector which expands business horizons and industrial prospects in an ever distinctive backdrop of macro-economic trends. The demographic, social, environmental and climate changes as well as challenges in terms of welfare, new technology and volatile and uncertain financial conditions, now represent the normal operating field for a global player such as Generali, especially after closing the process of focusing on the insurance core business in 2015.

The role of an insurance group is now even more focused on contributing to growth, development and society's welfare, pursuing the goal of sustainability in terms of business and finance from a social responsibility angle and thus looking at things with the long-term perspective, envisioning the future and well-being of the generations to come. We are now even more aware that we achieved these results thanks to the commitment and the engagement of all our employees, distributors and collaborators, our much appreciated partners, to whom we would like to express the most sincere gratitude.



Gabriele Galateri di Genola

A handwritten signature in dark ink, appearing to read 'G. Galateri di Genola', written in a cursive style.

Philippe Donnet

A handwritten signature in dark ink, appearing to read 'P. Donnet', written in a cursive style.



By 2030, in all developing regions including Asia and Africa, the majority of inhabitants will be living in urban areas



Our Group

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Group highlights

Gross written premiums
(+4.6%)

€ 74,165 mln

Business mix

P&C segment premiums

28%

Life segment premiums

72%

Operating return
on equity

14.0%

ROE (+0.8 pps)

Total Assets Under Management
(+4.2%)

€ 500 bln

Group operating result amounted
to **4,785 mln** (+6.1%)

Net profit

2.0 bln

(+21.6 pps)

Dividend per share

€ 0.72

(+20%)

Our people

over 76 thousands

Men

50.4%

Women

49.6%





Life

Strong growth in premiums, thanks to unit linked policies. New business annual premium equivalent (APE) stable. Operating result remained stable, despite the low interest rate environment.

Property&Casualty

Recovery in gross written premiums, driven by non motor segment. Strong growth in the operating result. Improving Group Net Cor thanks to the loss ratio trend.

Gross written premiums

€ 53,297 mln
(+6.2%)

Gross written premiums

€ 20,868 mln
(+0.8%)

APE

€ 5,210 mln
(-0.2%)

COR

93.1%
(-0.6 pps)

Operating result

€ 2,965 mln
(-0.4%)

Operating result

€ 1,987 mln
(+8.5%)



Our history

We have built a global insurance group in almost 200 years of history that operates in over 60 countries through more than 430 companies and more than 76 thousand employees.

Our greatest strength is our international presence; we are the market leader in Italy, we have a strong presence in Europe and we aim to selectively increase our presence in Asia and South America.



1831

The Group was established as "Assicurazioni Generali Austro - Italiche" in Trieste. Trieste was the ideal choice at the time as a commercial 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 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 and Generali became an Italian company.

1919–1945

Once the war ended, Generali returned to the growth that had been temporarily interrupted. 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 branches located in "enemy" countries and one of the most complex periods of its bicentenary history began.

1946–2010

The Group resumed its expansion during the "Italian economic boom" years. An agreement was signed with the US-based insurance company Aetna in 1966; Genagricola was founded in 1974 (which heads all agricultural activities of the Group) and Genertel, the first insurance company by phone 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 (INA and Toro) and various joint ventures (Central and Eastern Europe and Asia) which mean that Generali now has a presence in over 60 countries worldwide.

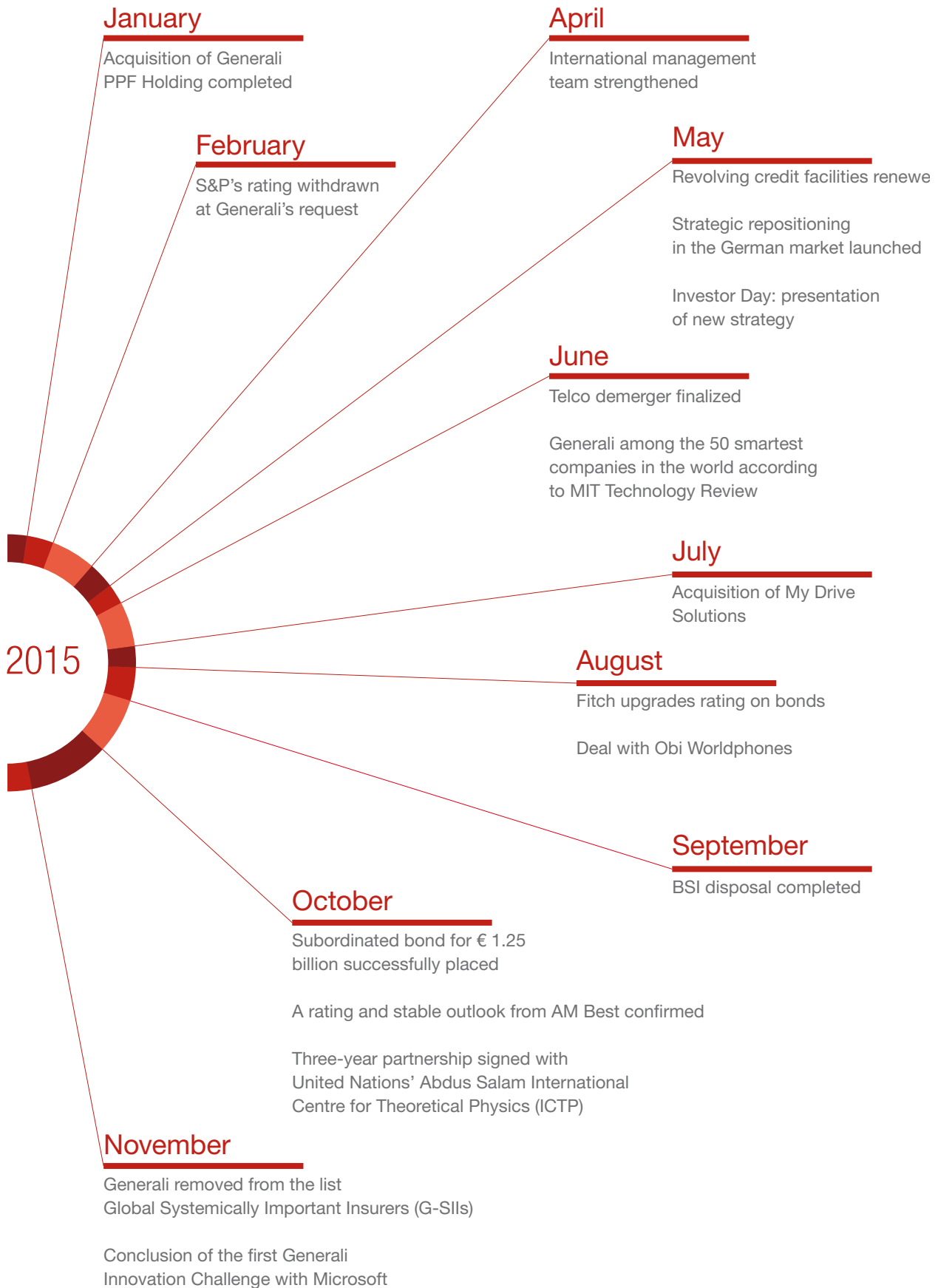
2011–2014

There have been great changes in Generali over the past few years. The appointment of Gabriele Galateri di Genola as Chairman (2011) and Mario Greco as Group CEO (2012) have heralded a new phase of development. In addition to the corporate reorganization which led to being established (comprising three brands: General for the retail market and SMEs, Alleanza for the family sector and Genertel sector for alternative channels), the acquisition of the minority interests in Generali Deutschland Holding and Generali PFF Holding have been completed. The Group also disposed of certain non-core activities, as Banca della Svizzera Italiana (BSI). Finally, the Group has initiated the European partnership with Discovery to launch Vitality.



For more information please refer to <http://www.generali.com/who-we-are/history.html>

2015 key facts



New Generali strategy launched

Generali presented its new strategic plan at the Investor Day in late May; this plan aims to set out a new business model and achieve new, challenging financial targets focused on **generating more cash and increased dividends**. The Group plans to become a leader in the European retail insurance sector with smarter & simpler products and services. The whole customer experience will also take on greater importance, from when they start to look for information to when the contracts are up for renewal. The Group intends to achieve a **net operating cash of over €7 billion cumulatively in the four years to 2018**, while total dividends will amount to over €5 billion in the same period. The current cost reduction plan will continue, with savings of €250 million per annum from 2012 for a total of €1.5 billion by 2018. A total of €1.25 billion will be invested in technology, data analytics and more flexible operating platforms.

> € 7 billion

Cumulative
Net operating
cash by 2018

> € 5 billion

total dividends
to 2018

€ 1.5 billion

in total savings
2012-2018

Focus on the insurance business

The Generali Group attained 100% ownership of Generali PPF Holding B.V. (GPH) in January by acquiring the remaining 24% of shares held by PPF Group, in accordance with the agreements signed in January 2013. With acquisition of full ownership of GPH, the holding company operating in Central Eastern Europe as one of the largest insurers on that market changed its name to Generali CEE Holding B.V.. The acquisition of the remaining shares of GPH was completed under the terms previously announced to the market, for a final price of € 1,245.5 million.

Generali announced in May a strategic business repositioning in Germany, consistently with Group strategy. The aim is to further enhance the competitive position of the Group in the German market by the end of 2018, through simpler, business-oriented governance, stronger focus on distribution strengths, a new business model in Life insurance to ensure long-term profitability, and a more modern, leaner operating platform. The repositioning will be based on the following key business strengths:

- simplified governance that is more business-focused by incorporating the most important operating entities into Generali Deutschland AG;
- multi-channel approach and customized services with Generali, AachenMünchener and CosmosDirekt.;

Acquisition
of GPH
Holding
completed

- “New Normal” model in the Life business, with high performance and low capital absorption products;
- building a smarter and simpler operating platform with improved IT architecture;
- consolidation of back office operations.

The **Telco demerger was finalized in June**, which meant that the Telecom Italia ordinary shares owned by Telco – 22.3% of the shareholders’ equity – were distributed to its shareholders (of which 4.31% to the Generali Group). These shares were then sold on the market. When the demerger took effect, the shareholders’ agreement among the Telco shareholders was terminated.

In July, Generali acquired full control of MyDrive Solutions, an English start-up founded in 2010 and leader in the use of data analytics tools to profile driving styles; the aim was to offer innovative and tailor-made products for customers with the most virtuous drivers benefitting from lower rates. In line with the new strategy announced at the most recent Investor Day, **the acquisition of MyDrive will foster the introduction of a centre of excellence in data analysis at Group level.**

The data analysis activities will be expanded to a vast array of sectors, from fraud prevention to sophisticated customer segmentation, thereby facilitating the creation of intercompany synergies and optimization of the products on offer.

Acquisition of MyDrive Solutions



At the end of August, Generali and Obi Worldphones announced a pioneering exclusive deal through which the Group will be able to exploit the mobile channel reaching up to 20 high-growth markets by 2017. Under the terms of the deal, Generali and Obi – a start-up whose co-founder is John Sculley, former CEO of Apple - will jointly develop a mobile insurance platform based on native applications that are included in the standard set-up of mobile devices; the aim is to reach a prospective customer base of more than 10 million people through the offer of highly useful services right from the home screen of Obi Worldphones. The applications will be developed on a country-specific basis and offered to clients in the markets where both Generali and Obi operate, starting with Turkey, India, Indonesia, Vietnam, the Philippines and the United Arab Emirates.

On 15 September the Generali Group completed the sale of BSI to Banco BTG Pactual.

In accordance with the agreement signed on 14 July 2014, the final price for the sale was about CHF 1,248 million, comprising about CHF 1 billion in cash and the remaining amount in BTG shares listed on the BM&FBOVESPA stock exchange of São Paulo. The sale of BSI completed Generali's strategy to focus on its core insurance business and improved its capital position, concluding the turnaround plan launched in January 2013.

The transaction improved the Group's Solvency I ratio by 8 p.p.. The sale of the bank also significantly reduced Generali's non-insurance activities.

An innovative agreement was signed on 29 October between the Generali Group and the United Nations' Abdus Salam International Centre for Theoretical Physics (ICTP) - the world's leading scientific institution in the research and transfer of knowledge to emerging and developing countries; it is based in Trieste, and operates with the support of the Italian Government, the IAEA and UNESCO. This agreement will support a three-year project for the study, analysis and prevention of seismic episodes.

The Group announced the first Generali Innovation Challenge on November 9 in association with Microsoft;

this international project involved the research and promotion of talent and startups that can respond to new business challenges in the insurance sector through innovative ideas and state-of-the-art technological solutions.

Sale of BSI
completed

Debt-optimization and strengthening financial solidity

Assicurazioni Generali renewed its revolving credit lines in May; the facilities were signed in May 2013 for a total value of € 2 billion, and may be used by the Company within a period of 3 to 5 years depending on the credit line. It will only impact the Group's financial debt if the facility is drawn down, and will allow Generali to improve financial flexibility to manage future liquidity needs in a volatile environment. The new credit facilities replaced the previous ones – both the lines that had a 2-year duration and had expired and those with a 3-year duration that were closed in advance. A group of 21 leading Italian and international lenders made offers to provide credit facilities, with total offers amounting to € 13 billion, more than 6 times the company's request. The competitive bidding process adopted by Generali allowed the Group to select 9 lenders and obtain very favourable conditions, strongly improved with respect to May 2013, both in terms of amount offered and pricing.

On 20 October Generali issued a subordinated bond for a total amount of € 1.25 billion, targeting institutional investors. The issue attracted around 400 investors for almost € 5 billion, 4 times higher than the target. The bond is intended to refinance the 2016 subordinated call dates of the Group, amounting to a total of € 1.25 billion. The issue attracted strong interest from international investors, who accounted for approximately

89% of allocated orders, confirming the credit the Group enjoys on the international markets. 49% of the bond was allocated to investors in the UK and Ireland, 11% to Italian investors, approximately 9% to French investors, 9% to German investors and 4% to Northern European investors. There was also significant interest from Asian investors. On 27 October the rating agency AM Best announced that it assigned a bbb+ rating to the subordinated bond issue.

Relations with rating agencies

At Generali's request, **Standard & Poor's (S&P's) withdrew its rating on the Group** on 13 February. Generali will therefore no longer have an S&P rating. The decision is based on a thorough review including consultation with investors and other stakeholders, which highlighted the inflexibility of S&P's criteria and its failure to take account of the significant improvement in the Group's financial solidity achieved in the last two years. Furthermore, the automatic link to the sovereign rating applied by S&P did not recognize the high level of diversification in the Group, nor the benefits of its broad geographical presence. That is why Generali decided to ask for the S&P rating to be withdrawn. In accordance with industry norms, Generali will keep its rating with three major rating agencies: Moody's, Fitch and AM Best.

€ 2 billion

in renewed revolving credit lines

€ 1.25 billion

Bond issue for institutional investors

Thanks to the improvement in the Group's capital position and operating performance, the rating agency **Fitch upgraded the rating on the Generali bonds** on 26 August. A key factor leading to the rating upgrade was the strong focus of the management on the capital strengthening and on reducing the financial leverage. The outlook was confirmed as stable.

On 23 October the rating agency **AM Best confirmed Generali's FSR (Financial Strength Rating) rating as A (Excellent)**. For the first time, AM Best assigned the same FSR rating also to the Generali Italia and Česká Pojišťovna. AM Best also confirmed the ratings of the debt instruments issued or guaranteed by Generali. The outlook was confirmed as stable. **AM Best said that the rating reflects the Group's very strong business position** in continental Europe, solid operating performance and improving capitalization.

A stronger international management team

Other events

Generali strengthened its governance in April with the arrival of two new managers to lead the Asian and Americas areas. **Jack Howell is the new Asia Regional Officer** responsible for Generali's activities in China, Hong Kong, India, Indonesia, Japan, the Philippines, Thailand, Vietnam, Malaysia and Singapore. Generali is one of the leading foreign Life insurers in China. **Antonio Cassio dos Santos joined the Group as Americas Regional Officer**. Generali is one of the leading foreign insurers in Latin America, operating in Brazil, Argentina, Colombia, Guatemala, Ecuador and Panama. The Group also operates in North America with the Generali U.S. branch. **Jaime Anchustegui has been appointed EMEA Regional Officer**, the area covering twelve markets between Europe, North Africa and the Middle East. Moreover, **Giovanni Liverani** joined the Group Management Committee (GMC), as Country Manager Germany. He also started his new role as CEO of Generali Deutschland Holding.

On 3 November the **Financial Stability Board (FSB)**, together with the International Association of Insurance Supervisors (IAIS) and the national Control Authority, **published its updated list of Global Systemically Important Insurers (G-SIIs)**, removing Generali from the list.



By 2050, 6.3 billion people
will be living in cities

Significant events after 31 December 2015

In January 2016 the rating agency Fitch has confirmed Generali's and its subsidiaries IFS (Insurer Financial Strength) rating at A-; the outlook has been confirmed stable. The rating reflects the improvement in Group's capital position, the expectations that operating performance will remain strong and that management's ongoing focus will be to preserve capital and reduce financial leverage. On the basis of Fitch's internal model (FBM), Generali's capital position remained strong at the end of 2014 and it is now very close to the "Very strong" level, thanks to the improvement in the Group's capitalization.

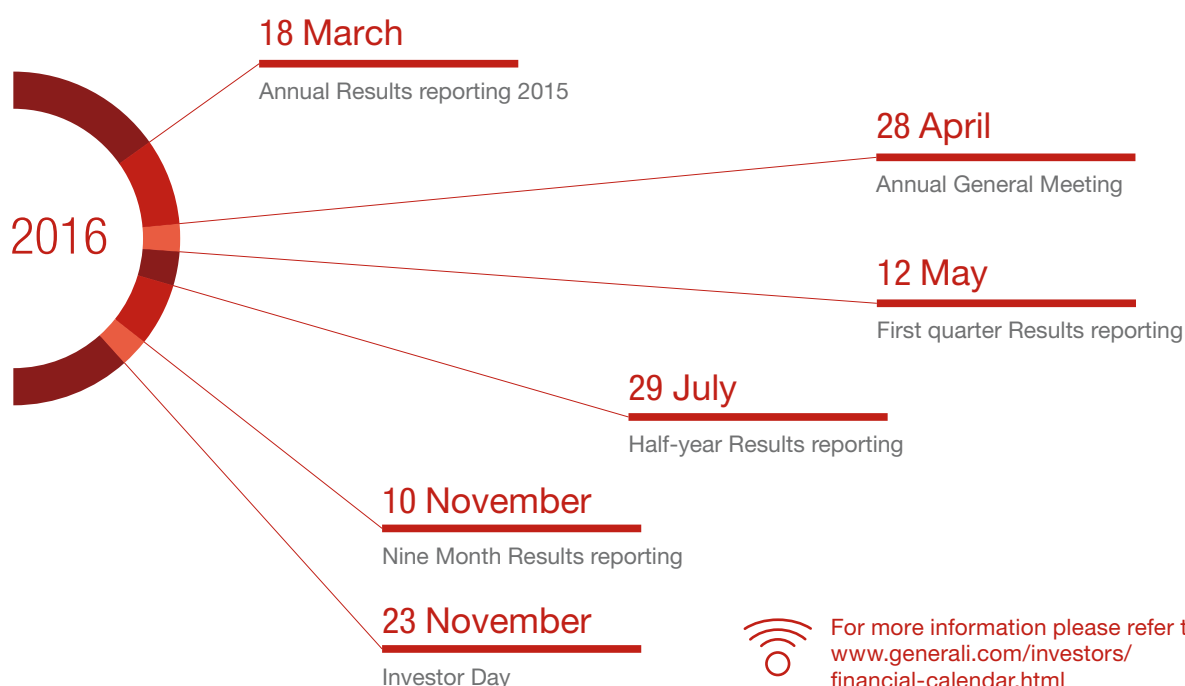
On 26th January 2016 the Group CEO, Mario Greco, has informed the Chairman of the Company, Gabriele Galateri di Genola, that he would be unwilling to serve another term as CEO of the company at the expiry of his current mandate, which is planned to coincide with the Annual General Meeting to approve the financial statements as of 31 December 2015. On 9th February the Assicurazioni Generali Board of Directors has approved the mutually agreed termination of all existing relations between the Company and Mario Greco, with immediate effect and in line with the Group's remuneration policies.

The Board of Directors has resolved to assign temporarily the powers of Group CEO to the Chairman of the Company, formerly attributed to Mario Greco, pursuant to the Group's provisions for succession plan. The Board of Directors has also resolved to task the Appointments and Corporate Governance Committee to initiate the process for the selection of candidates to the Group's provisions for succession planning.

In March IVASS, the Italian Insurance Supervision Authority, following the submission of Assicurazioni Generali S.p.A., has authorized the use, starting from 1 January 2016, of a partial internal model to calculate the Solvency Capital Requirement at Group level as well as the Solvency Capital Requirements for its main Italian and German insurance companies, for the Non-Life French companies and for Czech company Ceska Pojistovna A.s..

On 17 March 2016 the Board of Directors of Assicurazioni Generali appointed Philippe Donnet as Group CEO, conferring on him all related executive powers. The Board of Directors also appointed Alberto Minali as General Manager of the Company. Philippe Donnet and Alberto Minali will continue to hold their current positions within the Group.

2016 corporate event calendar



For more information please refer to www.generali.com/investors/financial-calendar.html

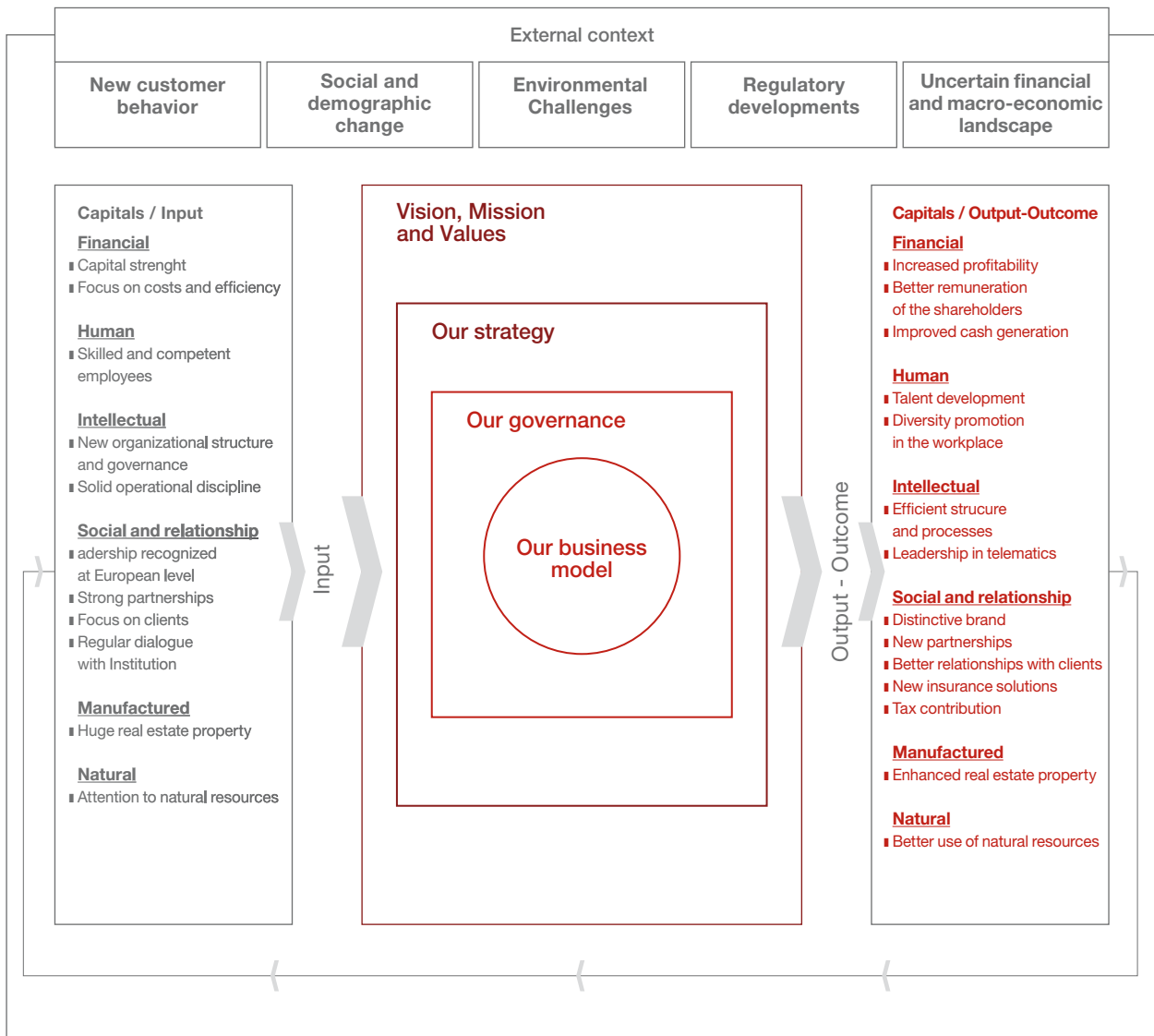
The value creation process

We operate in a complex business that can have a significant impact on our activities and our ability to create value. We are referring, for example, to the consequences of uncertain economic and financial turmoil, technology evolution or the aging global population.

However, we believe that our base is solid enough (**capital and input**) to become a group that can offer insurance solutions

(**output**) that are easily accessible, and can anticipate and meet customer needs in line with our strategy.

Our activities and output have consequences and internal and external effects (**outcome**) on the various capital values (financial, human, intellectual, social and relationship, manufactured and natural) used in our daily business.



As for capitals other than the financial one, for more information on other external and internal impacts resulting from our business please refer to the Sustainability Report 2015, Corporate governance and share ownership report 2015 and the 2015 Remuneration Report

External context: risks and opportunities for the Group



Please see the Risk Report in the Notes to the Consolidated Financial Statements for more information on the risk profile and the specific methods used to assess it

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

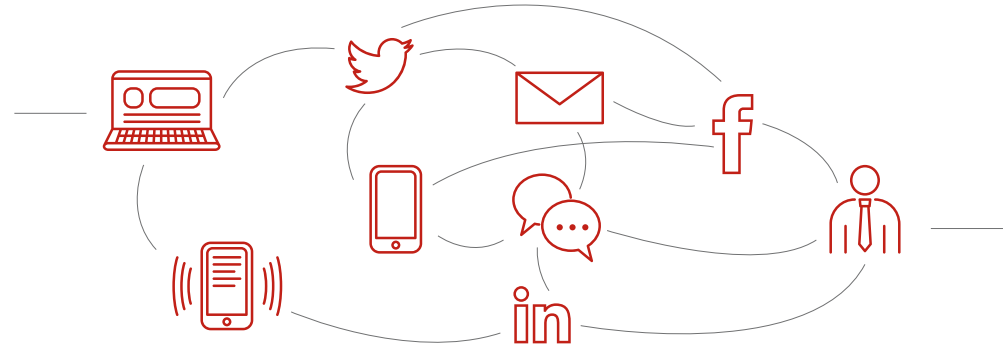
New customer needs

In an economic environment characterized by uncertainty, consumer attitudes toward insurance products and services are changing. These changes have their roots in two global trends: **digitalization**, which introduced new options for selling and using insurance solutions, and **economic uncertainty**, which has impacted spending on certain forms of retirement savings and insurance. Today's clients are increasingly attentive to quality of service and more independent in their decision-making thanks to a multitude of information sources available via the internet. They are no longer satisfied with simply consulting an agent and purchasing insurance products; they expect the same kinds of tailored services they find in other industries, as well as solutions that respond to their real life needs.

Traditionally, the customer journey was a direct path from phonebook to agent



Today the customer journey is nonlinear, characterized by multiple touchpoints



For further information please refer to Our strategy, page 41 of this report and Generali for innovation, Clients at the heart of our Group and Sales network in the Sustainability Report 2015

Strategic risk Insurance risk

We believe that technological development is crucial for providing effective and appealing insurance solutions: we are designing and implementing a digital transformation in our Group entities to provide clients with insurance solutions

and assistance whenever and wherever they want, via both traditional channels and mobile channels. Our aim is to become a leading European retail insurer by taking advantage of this digital transformation and by changing the company mind-set to a customer-centric one where insurance solutions and assistance services are provided across web, mobile and traditional channels.

Demographic and social change

Trends in **population aging** continue to influence contemporary society, driven by a greater life expectancies and falling fertility rates. These trends are only partially offset by **migration**, which tends to increase the younger strata of the population even though their average income generating power is much lower. Family structures, previously the main backbone of social and economic support, are also evolving, thus increasing the challenges at social level. The implicit risk in these phenomena is the creation of increasingly unbalanced societies, where the higher post-retirement requirements of the older population 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. Life insurance plays a fundamental role in monitoring and managing the consequences of a changing society.



Underwriting risk Emerging risk



We are aware of the growing need for solutions with a high social security content and the increased need to ensure coverage for the higher health care expenses as people age. We are also aware of the lack of knowledge and the reluctance to look for insurance solutions to adequately meet these needs, due to a lack of comprehensive and easily accessible information on products or insufficient awareness of possible future individual or family needs. We are therefore committed to strengthening dialogue with working age people, helping them 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 and to therefore ensure that future income will be enough to cover the future requirements. It is also important to focus on covering possible immediate requirements, addressing the main risks that could affect

the earning capacity of young families and describing adequate risk products. Improved dialogue allows people to be more aware of their needs and allows us to take appropriate actions.

In addition to the traditional insurance solutions, we have developed innovative solutions such as the "living age solutions", insurance products linked to lifestyle developed by General Vitality, the start-up launched in partnership with Discovery in 2014. Particular focus is placed on the development of long-term care products (LTC).



By 2050, the global percentage of over-60s will nearly double from 2015, jumping from 12% to 22%

Environmental challenges

The **climate** is changing, becoming increasingly **extreme and unpredictable**.

This is clearly reflected in the factors that can be used to estimate risk, especially for insurance protection against events that depend on the weather such as floods, drought and storms. The rise in claims tied to weather-related **catastrophic events** is characterized by higher expected losses and increased volatility, resulting in greater uncertainty in pricing the policies, also due to the higher capital absorption resulting from the events being underwritten. If these changes are not reduced, the prices required from customers to get insurance may get too high, or the risks may even become uninsurable in extreme cases.

In a scenario in which the community has to face and deal properly with climate change, P&C insurance products can play a primary role in strengthening the financial solidity of the social and economic system as a whole.



Underwriting risk Emerging risks



For more information on this topic please refer to 2015 key facts, page 19 of this document and The environment, towards a low carbon society in the Sustainability Report 2015

We are actively working towards identifying, following and quantifying environmental risks and are therefore committed to investing in research and studies in this area. We constantly monitor the main dangers 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 strategies, and link them to targeted reduction of the related risks in order to optimize price policies and guarantee the long-term sustainability of our products. One of the key ways we have to achieve the aforementioned targets is reinsurance: we manage our protections on a centralized basis in order to take advantage of economies of scale and pricing due to the size of the Group, therefore taking advantage of the business diversification and making

the most of our “purchasing power” on the international reinsurance markets. Our answer to the challenges arising from catastrophic events, included those related to climate change, is to develop innovative products, along with a high level of services in order to meet the potential demand of more and improved protection against catastrophes. Finally, we are also committed to promoting an adequate regulatory regime to reinforce the strength of the socio-economic system as a whole.



Solvency II Insurance Distribution Directive
 New General Data Protection Regulation
 Higher Loss Absorbency Requirements
 Regulation on Key Information for Investment Products
 Systemic Risk prevention rules

Increased regulatory constraints

Insurance industry regulation is extremely active at national, European and international level. In particular the sector is influenced by the following initiatives: **Solvency II**, the European project aimed at reforming and harmonizing the prudential supervision of the insurance and reinsurance business, aiming, inter alia, at defining capital requirements in order to reduce insolvency risk; the new **European Insurance Distribution Directive (IDD)**, which will introduce stricter rules on the distribution of insurance products in order to increase consumer protection, improve information transparency and reduce conflicts of interest.

At the end of the negotiations among the European institutions, a political agreement was reached on 15 December 2015 regarding the **European legislation regarding the protection of personal data** which will become compulsory for all member states in 2018 and will regard all sectors, including insurance. This regulation was needed because of continuous technological developments, especially with respect to the protection and safeguarding of personal data.

Furthermore, it is worth mentioning the **Common Framework (ComFrame) Project** launched by the **International Association of Insurance Supervisors (IAIS)** and designed as a set of international supervisory qualitative and quantitative requirements focusing on the effective group-wide supervision of all **Internationally Active Insurance Groups (IAIGs)**.

Operational risk Strategic risk

As regards the **Solvency II** regime - that has entered into force for all European Insurers since 1st January 2016 - we have implemented the new organizational requirements as well as the formal procedures for the adoption of the Internal Model to measure the capital requirements. With respect to the **European Insurance Distribution Directive**, our BORA Wind of change in the EU Insurance Distribution Legislation is progressing; this is an important international and cross-functional initiative aimed at sharing knowledge and best practices in the field of product design and distribution strategies.

As regards the new **personal data protection** requirements, we have closely followed the negotiations on this topic over the past year, proactively contributing to

the European debate. We will continue to monitor the final phase of the legislative procedure and will engage to fully apply its principles with respect to all our activities. Data use is also linked to the development of telematics in the insurance area. Together with other stakeholders, we are contributing to the work carried out at EU level which aims to tackle the different aspects related to the use of telematics and intelligent transport systems.

Also Generali will have to comply with the IAIS **ComFrame** requirements and particularly with the International Capital Standard which will be tested during 2016 and effectively applied as from 2019.



For further information please refer to Clients at the heart of our Group and With institutions: sharing and contributing of the Sustainability Report 2015

Uncertain financial and macro-economic landscape

2015 was characterized by **modest global growth**, uncertainties regarding the possibility of a Grexit, very easy monetary policies and the economic slowdown of emerging economies. In this context, rates on government bonds in advanced countries stayed low and the stock market performance therefore benefited.

Once the risk of a Greek exit from the euro was averted thanks to a last minute agreement, market attention shifted to the fragility of emerging markets. In China, fears of an economy worse than the GDP data suggested were also fuelled by a decision by the authorities to intensify depreciation of the Yuan against the dollar. However fears of a hard landing fell towards the end of the year. Other emerging countries have shown some problems, particularly Brazil, with the currency falling sharply and very poor tax metrics.

These fears about a global economic slowdown and possible crisis in the international markets prompted the Fed to postpone the first rise in the policy rate. However, the US economy has continued to show signs of recovery: the labour market has confirmed its strength, with unemployment rates down to balanced levels, and the revised GDP in the third quarter led to a 2.1% annualized increase, slightly above the potential. The Fed therefore decided to raise the benchmark rate in December.

In the Euro Area, the third quarter GDP stood at +0.3% (compared to the second quarter) due to weak exports. However, business confidence indices point to a recovery in the last three months of the year, both in manufacturing and in services. The overall inflation rate remained well below the ECB's objective. This was largely due to the effect of the drop in oil prices on the prices of manufactured goods and services and the deflationary pressures from emerging countries.

As for the **insurance industry**, we expect good trends in premiums for the P&C sector in the main countries of the Euro-zone, in line with the, albeit weak, economic recovery. The Life business will continue to be affected by the current low interest rates, in addition to a minimum recovery in disposable income. The position of banks will be crucial, who may have increasingly less interest in pushing insurance products once landing increases.



Financial risk Credit risk Strategic risk



We have placed more emphasis on the integration of the processes as to product development, strategic asset allocation, asset liability management and risk management in order to properly manage the challenging macroeconomic and financial situation, and the entry into force of the new Solvency II rules.

The economic capital requirements, Group income targets and yield

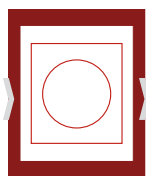
expectations of policyholders are the main factors influencing the definition of the asset allocation strategy.

The low interest rates are dealt with by ensuring greater diversification in terms of asset class and geographical exposure, and paying more attention to the coherence between assets and liabilities.



Globally, 1 in 4 adults should
get more exercise to stay healthy





Our Vision

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 true role of insurance - managing and reducing risks for people and entities.

Enhance

Generali is also committed to creating value.

People

We care deeply about the future and the lives of our clients and our people.

Lives

Ultimately, we have an impact on the quality of people's lives: wealth, safety, advice and service help people's quality of life in the long term.

Our Values

Deliver on the promise

We wish to build a trusting, long-term relationship with our employees, clients and stakeholders. Our work is all about improving the lives of our clients. We use discipline and integrity to fulfil this promise and make a positive impact in a long-term 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.

Our Mission

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

First choice

Ultimately, we have an impact on the quality of people's lives: wealth, safety, advice and service help people's quality of life in the long term.

Delivering

We guarantee that the results will be achieved, striving to provide the best performance possible.

Relevant

We know how to foretell and fulfil needs, taking opportunities. We tailor the solutions on the basis of the needs and habits of our customers, so that they will recognize the value.

Accessible

Simple, above all. Easy to find, understand and use. Always available at a competitive price.

Insurance solutions

We want to propose fully comprehensive, personalized insurance solutions in terms of protection, advice and service.

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. We feel at home in every market.

Be open

We are curious, approachable, proactive and dynamic, with open, diverse mindsets and we want to look at things from a different perspective.

Some examples about our Values in action in 2015

Deliver on the promise

The end of 2014 represented a turnaround for Generali that celebrated the achievement - one year ahead of the 2013 – 2015 plan - of ambitious targets in terms of Solvency, operating result, cash flow and cost reduction. This result was achieved through the sale of several non-core assets.

At the same time we acquired minority interests in assets critical to our business, which we now fully control, especially in Central Eastern Europe. We also reorganized the business in Italy. Also 2015 results confirm the target achievement.

Operating return on equity	ROE 14.0% (+0,8 pps)	Target 2015 Operating result on equity 13%
Solvency I	164%	Solvency I 160%
Proceeds from disposals	~ € 4 bln	Proceeds from disposals 4 bln cash generated from disposals

Value our people



Our new strategy was 100% developed internally.

Our employees were highly involved in both the development of new strategy (the Leave Your Mark initiative involved more than 300 employees) and the subsequent distribution through the Group business units.

- a team of about 40 talented young colleagues from the Group
- a steering committee of senior colleagues, Global Leadership Group (GLG) members and senior managers
- 5 months of exciting work

Live the community

As insurers, considering our high social impact, we cannot ignore the context that we operate in. We have always been committed to improving and protecting the local communities in which we operate. We continued to take a strong level of interest in the community in 2015.



Management of serious injury

We changed our approach to serious injury cases, introducing greater focus on the customer compared to the more traditional compensation-based approach. This new approach already operates in Germany, France and Austria, with already more than 250 new cases managed, and a strong focus on training and development of new professionals. It is currently being introduced to the Italian market.

Injured-centric “human touch” approach

Active Bodily Injury Management

Event



- Visit and contact with the injured person and his/her family
- Evaluation of the person’s needs



Social reintegration through an individual tailor-made program

- **Physical recovery** – access to nursing homes or rehabilitation centres
- **Rehabilitation in the working environment** – access to specific rehabilitation and training centres
- **Social rehabilitation** – psychological assistance, home-adaptation

This approach is currently being introduced to the Italian market and all the main markets where Generali operates; particular attention is paid to the training and development of new professionals (specialized settlement agents and internal case management).



Extreme events

We are aware that a timely, effective intervention can help to lift entire communities hit by extreme events.

Tornado in Dolo, Venezia (Italy)

- Task force with in-house experts for rapid assessment of damage
- Activation of the assistance structures to quickly gather the claim notifications
- Rapid intervention to repair the damage
- Preferential channel to settle claims
- Advances on claim settlement amounts
- Single victim and more than 700 claims paid within the first 2 weeks

> 700

claims paid within the first 2 weeks

Floods in South East France

- Joint crisis committee with Generali France/Europ Assistance France to manage the emergency
- Immediate activation of a hotline for customers operating 24/7
- Notices on Nice Matin for the victims to improve organization of the emergency activities
- Assignment of a special expert to the partners to assist in logistical help, regulate the flow of requests, identify the damaged goods or vehicles etc.



Connectivity is king: by 2019, smartphones will produce three-quarters of mobile data traffic

Be open

Our dynamic and proactive approach allows us to offer innovative solutions also in the field of new technologies.

Innovation is crucial to influence changes in our industry. We are implementing innovation initiatives in the following three directions:

- crowd sourcing innovation
- incubation and co-operation with start-ups
- innovation through new partnerships

As proof that we pay particular attention to technology, we are the first and only Italian company on the list of the so-called smart companies compiled by the MIT Technology Review. The Group came before companies like IBM, Microsoft and Uber, thanks to an innovative range of insurance solutions based on data analytics

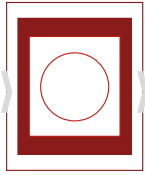


For further information please refer to Our strategy, page 41 and Generali for innovation in the Sustainability Report 2015

“ “ The insurance market is in the middle of an intense period of change. Generali decided to approach innovation on different levels, looking at global partnerships with international players like Microsoft that have complementary skills, and seeking to leverage the community of innovators, start-ups, and businesspeople outside of the Group to generate ideas, business models and technical solutions that can help respond to the new challenges.

Gian Paolo Meloncelli,
Group Strategy and Business Development Director

Our strategy



Within the scope of the Group strategy, we aim to achieve our financial and commercial goals in accordance with our vision, mission and values by pursuing the following guidelines:

Retail leader in Europe

This ambition fits our footprint and our DNA; it is based on our core strengths (for example, broad private client base, strong market position in key markets and well-organized, extensive distribution). By pursuing this goal we will also improve our ability to generate and manage cash to finance the investments needed for our transformation.

Simpler and smarter

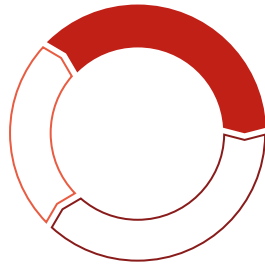
We aim at being simpler and smarter with new products for consumers that are easy to understand and use, connected, personalized and modular. We will also pursue this objective through business innovation (for example, collaborating with external suppliers) and investing in the acquisition of new capabilities such as advanced data analytics.

Fast, lean and agile

We will be more efficient in order to maintain a competitive cost position and help fund our transformation.

A high level of engagement and empowerment to spark success for the company

We are committed to engaging our people and empowering them by fostering a new mind-set and cultural shift, ensuring good leadership and talent management, encouraging the culture of simplicity. A high level of engagement and empowerment of our people will help us to accomplish our strategy.



Retail leader in Europe

Our strategy of becoming a Retail Leader requires that we:

- **successfully distinguish ourselves from competitors** by providing a superior customer experience to increase customers' loyalty, for example, providing the right products and services at the right time and through the most appropriate channels;
- **expand the skills of our distributors** moving from the traditional model of distributors as customer "gate keepers" towards a model where distributors are actively involved;
- **enhance our ability to generate cash** to fund the investments needed to become retail leaders.

Our geographic focus is still Europe, a region where we generate significant value; however, we are committed to increasing our footprint in other geographical areas and in the Corporate and Commercial business lines.

Two core Group wide initiatives are:

Development of the Transactional Net Promoter Score (T-NPS)

The Transactional Net Promoter Score system is a focused, systematic method to listen to and act on customer and distributor feedback. It allows us to improve customer satisfaction, customer value and our profits (by improving customer loyalty and cross-purchasing and up-purchasing). It also drives cultural change by creating a customer-focused mind-set throughout the organization.

T-NPS deployment is accelerating: 14 business units are currently live at year end 2015. We aim to cover the whole Group by 2017. We have already sent over 817 thousands questionnaires to customers, and got a consistently high response rate (19,4%), showing that our customers wanted to be heard. Two key benefits are emerging in business units where NPS is live:

- customer feedback plays a more prominent role in all key decisions, and
- we are learning more about what customers appreciate and what creates problems.

We are working on a number of these areas. We consequently improved communications with customers to update them on the extra services available at Generali partner garages for claims repairs (e.g., in France, agents are now trained specifically on the advantages of going to Generali partner garages so they can better advise their customers).



More than
817 thousand
surveys sent



More than
158 thousand
responses



More than
119 thousand
comments



More than
31 thousand
detractors called back

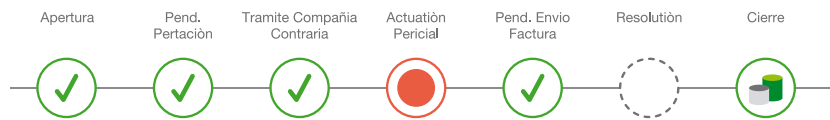


Another initiative involves the business units starting specialized training courses to enable frontline employees to further improve their relationship with the customers and therefore to improve our customer experience as a whole (for example, empathy training courses have been given in Poland for its claims handlers, with the staff being evaluated on their empathy skills during the promotional stage of the process, with cash bonuses being given for “most empathetic conversations”).

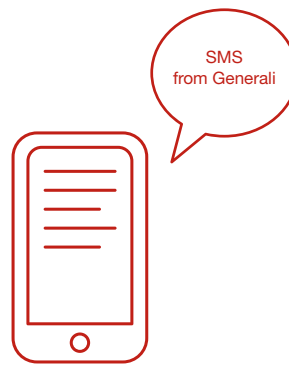
Enhance online visibility

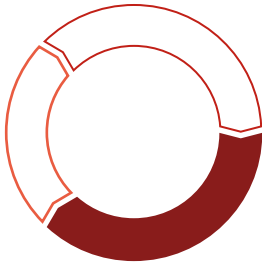
An effective online presence is a critical component of our new strategy. Research conducted in 21 countries showed that there are opportunities to enhance our online presence to improve customer service. We recently launched a new corporate website (Generali.com) and we are also extending the new set of Group standards to all our digital platforms (website, social media, etc).

Thanks to the feedback from using the T-NPS, we detected a certain level of dissatisfaction of our customers in Spain regarding claims management and the related documentation. We therefore created a user-friendly website where customers can follow the process in real time, using a checkmark-based tool which shows the status of their claims. There is also a mobile app available to use this service.



Other clients were not happy with the level of communication regarding the services provided by third parties, and since they had been organized through Generali, it was difficult to maintain direct contact with the repair staff, even for simple problems such as missed meetings or rescheduling. So, a SMS message can now be sent automatically to the customers' mobile phone after a claim is opened, so that the technician can be contacted directly, but Generali will still be able to reorganize a meeting.





“ Technical Excellence constitutes a flawless execution as the “Generali way” of delivering on the promise.

Valter Trevisani,
Head of Group Insurance and Reinsurance

Simpler and smarter

An excellent customer experience can only be obtained by being simpler and smarter. It means offering new proposals that meet customer needs, reflect their habits and go beyond providing a simple guarantee.

We identified four components over the past few months to deliver simpler and smarter solutions for Products and Services:

- **Connectivity: delivering a high level of service to clients taking advantage of the huge amount of information available.**

The Generali Group is one of the leading operators in the use of telematics and profiling of driving styles, with the aim of providing innovative and tailor-made products for customers and profitable rates for the more virtuous policyholders. The Group telematics portfolio continued to increase in 2015, and reached the milestone of approximately 920,000 policies mainly thanks to the contribution of Generali Italia and Genertel for Italy, Generali España for Spain and Generali Poistovna a.s. for Slovakia.



In this context, the acquisition and integration of MyDrive solutions has played a crucial role in enhancing our skills. MyDrive Solutions is an excellent data analysis company, based in London, and uses its skills in data science and software

engineering in addition to algorithms to analyze behaviour for pricing purposes and to provide solutions that currently include:

- usage based insurance (risk profiling, pricing, analysis of claims and fraud).
- analysis of driver behaviour for: customer loyalty proposals, ad-hoc car insurance offers, knowledge of wear and tear of the car and of its use, predictive maintenance.

- **Simplicity: making our customers' life easier, offering clear, simple solutions.**



A concrete example of this growth process was the launch in Slovakia of the innovative product called SOS Partner, the first product of this type in Central Eastern Europe. The product - which uses telematics with a panic button installed professionally onto the windshield of the client's car - allows advanced assistance to be provided to the driver and his/her entire family in case of need. This example of connected insurance allows the more serious road accidents to be detected automatically: a service request is automatically sent to the operations centre of Europ Assistance and the customer can speak directly to an operator to check the type of assistance required or get immediate access to the emergency services. At the

same time the product is used to determine the driving style of the customer and uses a "Pay How You Drive" algorithm to reward virtuous drivers through discounts when purchasing and renewing the policies.

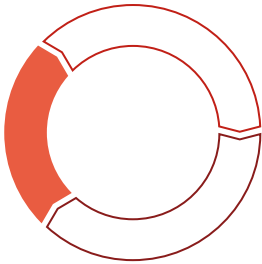
- **Flexibility: solutions tailored to customer needs, that are built around the client, allowing a tailored approach to shaping the offer, modifying it as time passes, and choosing the type of channel and payment.**

- **Proactive protection: rewards for healthy lifestyles and integration of preventive elements in the insurance solutions, creating real value for customers and providing peace of mind.**



For further information please refer to Generali for innovation in the Sustainability Report 2015

These 4 components clearly set Generali solutions apart in the insurance market, and this should help it develop its cross selling activities and the acquisition of new customers.



Fast, lean and agile

Becoming fast, lean and agile is an essential requirement in delivering a **competitive and sustainable Group expense ratio** and providing **the investment resources to become leader in the retail market**.

With an initial focus on cost efficiency (our Opex Program) we have kept the Group cost base at the same level as 2012, for equivalent savings over € 800 million in 2015.

Key achievements so far include:

- Within the scope of the **IT systems**, we have established the **Generali Software Factory** through an agreement with 2 major IT providers. This helps all major business units through the application selection, rationalization and sharing and the management of needs and licenses, helping to develop IT applications faster and at lower cost. It also enhances performance and provides the basis to support our digital transformation. In 2015 all major business units joined this project.

- **IT Infrastructure: Generali Infrastructure Solutions**, Generali's first shared service company went live in July 2014. We are now midway through the data centre consolidation process. In addition to reducing costs, the program delivers improved services such as disaster recovery capabilities and state-of-the-art data security. Major milestones have already been reached with regard to data centre consolidation and the main major migrations have been completed (e.g. migration of the French and Czech Republic mainframe to Aachen); the migration plans for the other countries have already been planned and are currently being implemented. With regard to workplace harmonization, we have also selected a new single provider of help desk services for users and a global basket of standard hardware models.

- In the **Premises & Facility Management** changes are tangible. The Paris Campus was completed in 2015 with the consolidation of 26 sites and significant, consolidations involved buildings in Prague and Milan. Common space planning standards were also defined, in order to improve the workplace quality and control costs.



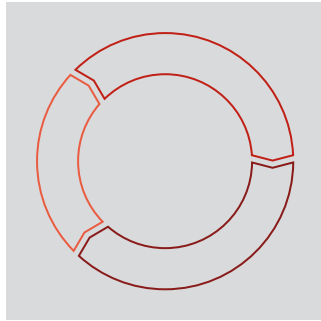
■ **Procurement** is a major contributor to cost savings and helping to harmonize/improve service levels and the quality of purchased goods across the Group. We have worked to full capacity and developed more than 525 projects involving all operating units.

■ With reference to **operations**, there were 2 cross-discipline initiatives launched in 2015 involving unit-linked and payments where we aim to provide cross-business unit services to develop and share capabilities within the Group companies. 2015 was also an intense year with respect to improving the lean processes, with more than 200 projects planned at national level, and approximately 180 internal experts trained to various levels.

These initiatives form an integral part of the transformation plans of our operating units, with specific programs delivering large benefits for each unit. Notable achievements in 2015 include the Generali Italia Integration Program, where the major steps in terms of roll-out systems and portfolio migration are completed, the operational transformation initiatives in the Central Eastern European countries, with major programs running in the Czech Republic, Hungary and Poland, and the branch network reorganization in Spain.

We intend to invest and prioritize the resources generated by these programs to become a leader in the retail market, simpler and smarter. We will support the digital transformation process (e.g., through IT support for data analytics, mobile strategy implementation, and ensuring renewal of technological support for our distributors with, inter alia, presence on social media, new CRMs and sales enablers), and new initiatives aimed at increasing both cost efficiency and access for all business units to the best skills, always with a customer driven philosophy.

Going forward we will expand the scope of these Group programs to all areas of the operating platform. This will allow us to reach total savings of **€ 1.5 billion for the 2012-2018 period**, and to **finance investments of € 1.25 billion** over the next three years.



A high level of engagement and empowerment as the key enabler of business success

76,191

Our people across the world

People are our most valuable resource, our most strategic asset. We believe that a modern and competitive multinational must first and foremost value and motivate the first ambassadors of our brand with regards to our clients and stakeholders. Our People Strategy is founded on four priorities:

- promote engagement and empowerment
- strengthen our leadership and talents
- build an agile organisation and new capabilities
- shift mindset toward customer centricity

Promote engagement and empowerment

At Generali it is fundamental to promote the engagement and empowerment of people so they can make informed decisions, demonstrate their leadership and better fulfil the needs of our clients.

Generali Global Engagement Survey: Have Your Say

In 2015 we launched the first Global Engagement Survey, in collaboration with an independent external consultant, involving leaders and managers with the aim of assessing internal levels of engagement and awareness with regard to the Group's goals and people's roles in contributing to their achievement.

The results enabled us to identify a series of global and local priorities to implement through concrete and simple initiatives, managed by each country and integrated in a structured action plan. At global level the following priorities emerged:

- develop a performance culture that is focused on the client and meritocratic
- be simpler and smarter: promote the empowerment and independence of our people through various levers (e.g. training, communication, systems of acknowledgment etc.)
- promote diversity & inclusion to facilitate innovation.

The Global Engagement Survey therefore defines the foundations for the changes that will be important for us and for the Group's future. It will take place every two years and will allow us to measure the level of engagement and empowerment with the aim of promoting a process of ongoing improvement.

> 1,000

Workshop arranged by the countries to support local plans

> 300

Local initiatives presented and launched from January 2016



>70,000
employees invited
in 42 countries



59,108
employees
took part



85%
overall level of response
+5% vs. global benchmark*

53% men
47% women



80
questions



in 29
languages



> 34,000
open comments received

engagement rate

82%

+1% vs. sector benchmark**

+6% vs. benchmark for companies involved in major changes

calculated on the average percentage of the positive answers based on the following questions

85%

are proud to work
for Generali

86%

believe in the company's
goals and objectives

85%

wholly support
the Group values

82%

would recommend
the Group as a good
place to work

69%

believe to be inspired
by the Company to make
their best in the job activities

88%

are willing to do more than
requested to contribute
to the company success

* Global benchmark: average based on the response rates obtained in all surveys carried out in the last two years at global level by the independent external consultant with whom we collaborated

** Sector benchmark: standard for the independent external consultant with whom we collaborated for finance companies headquartered in Europe

“ Empowerment is a system of actions that creates a new everyday working style discipline, based on trust and autonomy, strong ownership, personal accountability and the willingness to go the extra mile. It is the greatest strategy enabler.

Monica Possa,
Group HR & Organization Director

Our journey towards diversity & inclusion

50.4%

Men

49.6%

Women

Constructing and supporting a diversified and inclusive organisation is becoming increasingly important for developing innovative products and services, interpreting and understanding the decisions and behaviour of clients. Taking our inspiration from international best practices, our ambition is to develop a culture that celebrates different ways of thinking, particularly as a result of generational, gender and geographical differences. Our diversity & inclusion programmes seek to raise awareness and sensitivity around issues that will increasingly become the subject of debate and new expertise, in a context aided by digitalisation. For this reason we are reviewing our internal personnel management processes and launching systems and pilot projects that can make our working environment flexible in the face of different needs, for example with the introduction of smartworking.

Performance management

Feedback is crucial for the development process and a useful tool for improving people's understanding of their abilities and strengths, and their interaction with their group. We are working to create a 'culture of feedback' through a performance management system that promotes constructive dialogue between managers and their people with the goal of having a regular performance feedback system for 100% of employees by 2018.

Strengthen our leadership and talents

Training has always been a priority and involved all of the Group's employees. We are particularly keen on developing our leaders and allowing our most talented employees to emerge in a meritocratic environment in which enterprise and growth are encouraged. More specifically, the Group Academy, responsible for designing career paths and training programmes at Group level, is focused on the growth of our leaders and investing in improving their skills and expertise through a training package based on international programmes at corporate level. In order to develop our talents we have established succession plans for key roles in the Group, guaranteeing that future leaders take all of the necessary steps to reach a senior position. We believe it is possible to identify and develop talent at every level of the company, to guarantee a sustainable line of succession, through correct development and career progression. To

36.2 (+5.1%)

Average hours of training per capita

€ 61.5 mln

Training costs

this end we offer various programmes:

- **Global Leadership Programs**, global training programmes aimed at promoting strategic thought and leadership skills, providing participants with different managerial tools and accelerating the transition from manager to leader;
- **Global Graduate Program**, a Group initiative to promote cultural change, to develop Generali's international reputation as a top employer, and to guarantee the leadership continuity line with 20 young international talents. Who take part in an 18-month development path composed of 3 international/departmental job rotations and a master's in Insurance Management;
- **Technical and Managerial Education**, which includes programmes designed to support managers, middle-managers and professionals, providing short practical training programmes aimed at developing and practicing managerial and across-the-board skills. We strive to promote a common culture with regard to the insurance business, facilitating the alignment of approaches, metrics and languages, providing the necessary fundamental technical skills to make a difference in the global market.

To further support the development of our people, we have provided more opportunities for **international mobility**: employees can transfer their skills to the other Group companies and enjoy new experiences. Asia, Brazil, the countries of Central and Eastern Europe, Germany, France and the Global Business Lines are particularly active in encouraging mobility

~ 300

people involved so far in international mobility programmes in 35 different countries

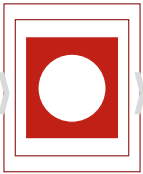
Build an agile organisation and new capabilities

We believe that to face up to modern-day challenges we must be agile and develop new skills and expertise. For this reason we have invested in departments and projects like Customer Relationship Management (CRM), data analytics and digital. In the area of human resources we are already innovating, reviewing and simplifying our processes to promote a true performance management culture, attract and retain talent, and encourage mobility at international level. We have developed a global IT platform that makes it possible to simplify processes. Currently 1,500 people are online and the platform will later be extended to the entire company population in line with international best practices.

Shift mindset toward customer centricity

Meeting the needs of our clients means listening to their feedback and using it to create an organisation that works in the most simple and smart way possible to maintain its promises. This means building a team that is ready, willing and able to work in this way. In 2015 we introduced this client-centric focus to our main human resources processes, beginning with global initiatives ranging from the definition of management goals to onboarding for new hires, the strengthening of the customer focus among leaders, and the development of talent. The projects aimed at redefining expertise, increasing awareness of the customer and aligning the recognition of performance will continue in 2016. In 2015 we began telling the stories of the **Client Heroes** on the Group portal to give perfect visibility to those that have done something special for clients, going beyond their regular role to really make a difference.

Our governance and remuneration policy



At 31 December 2015

Around 231,000 shareholders

General Meeting

Corporate body which expresses the will of all the shareholders by issuing resolutions.

20.85%

Main shareholders*

13.284% Mediobanca S.p.A. (206,810,114 shares)

3.176% Delfin S.AR.L (Gruppo Leonardo Del Vecchio) (49,452,000 shares)

2.232% Gruppo Caltagirone (34,750,000 shares)

2.157% People's Bank of China (33,581,081 shares)

* Subjects held - either directly or indirectly through third parties, trustees and subsidiaries - more than 2% of the share capital

10.23%

Other non retail investors

24.92%

Retail shareholders

40.77%

Institutional shareholders

3.23%

Non identifiable shareholders



Board of Directors



Corporate body appointed by the General Meeting through a slate voting mechanism and responsible for approving the strategy proposed by management and for supervising management activities in pursuit of the corporate objective.

Chairman

He has the power of legal representation of the Company and does not hold an operational role, as he is not assigned further powers in addition to those set forth in the Articles of Association.

Group CEO

He has the power of steering and operational management of the Company and the Group, in Italy and abroad, with the powers of ordinary administration, in line with the general planning and strategies determined by the Board of Directors, within the amount limits resolved, without prejudice to the powers assigned by law or the Articles of Association exclusively to other Company bodies or otherwise delegated by the Board of Directors.

Group Management Committee

Established with the goal of ensuring greater alignment on Group strategic priorities and a more effective, shared decision-making process on relevant topics to the Group, by means of a team approach fostering shared information and strengthening international perspectives, it represents the main support mechanism for the Group CEO's strategic decisions, such as those concerning risks and investments, the assessment of Group financial and industrial results and the steering of the main strategic programs of the Group and/or impacting on more countries.

Balance Sheet Committee

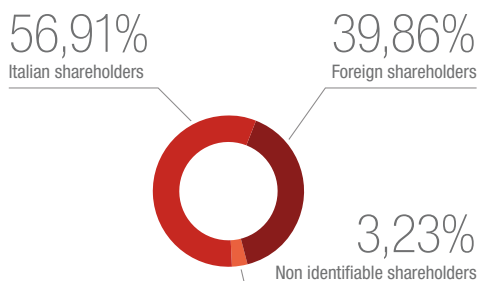
Cross-functional Committee that examines and identifies topics with material impact on the financial statements both at Group and Assicurazioni Generali S.p.A. level.

Finance Committee

Cross-functional Committee that examines and evaluate extraordinary investments and transactions.

Product & Underwriting Committee

Cross-functional Committee that supervises the profitability and risk level of new insurance business by means of a centralized process of prior approval of new products.



- 1,556,873,283 registered shares, all of which are ordinary shares, each with a nominal value of € 1.00
- € 16.92 closing price of Generali shares at 31 December 2015 (€ 15.26 lowest price at 7 July and € 19.07 maximum price at 11 March)
- € 26,342,295,948 market capitalization

Board of Statutory Auditors

Corporate body that is appointed by the General Meeting through a slate voting mechanism and has supervisory functions on the compliance with the law and the Articles of Association and on management control.

Independent Auditor

External supervisory body responsible for the regulatory audit of the Company's financial statements.

Surveillance Body

Collective body that reports to the Board of Directors and to which tasks and powers relating to the drafting, development and promotion of constant updates to the Organisation and Management Model are attributed.

Remuneration Committee

It has the task of expressing its opinion and make non-binding proposals to the Board on (inter alia) remuneration policies and the determination of the remuneration payable to the Chairman of the Board, Managing Directors, General Manager and the members of the Group Management Committee.

Risk and Control Committee

It has the task of assisting the Board in performing the obligations assigned by the Code and the regulations of the Italian Insurance Supervision Body and, therefore, in determining the guidelines of the internal control and risk management system, assessing its adequacy and actual functioning on a regular basis, identifying and managing the main corporate risks. It has also consulting, recommendation and preparatory functions on environmental and social matters involving the Company and the Group.

Sub Committee for Related Party Transactions

It has the task of expressing its opinion of related party transactions submitted for its attention by the Board or bodies holding delegated powers, in accordance with the related party transaction procedures approved by the Board.

Appointments and Corporate Governance Committee

It performs a consultative, recommendatory and preparatory role in favour of the Board when taking decisions falling within its responsibility relating to its size and composition and the maximum number of directorships or appointments as statutory auditor which can be held by Directors in other companies listed on Italian or foreign regulated markets, or in finance, banking or insurance companies or other large companies. It performs preparatory activities relating to the drafting of the succession plan for Executive Directors, members of the GMC and the GLG, and assists the BoD with decisions relating to the structure of the corporate governance rules of the Company and the Group. It also expresses an opinion on the institution of the GMC and on development and management policies relating to the GLG's resources. Finally, it expresses an opinion on the appointment of the Chairmen, executive Directors, General Managers (or top management executives who hold equivalent positions) and statutory auditors of the subsidiaries with strategic importance, and non-executive directors, if recruited from outside the Company and the Group

Investment Committee

It conducts a periodic analysis of the Group investment policies, the main operational guidelines and the corresponding results, and a prior analysis of major investment and divestment operations.

“ Corporate governance lies at the heart of a company and must be considered as a way of running a company's daily activities in the interests of all stakeholders in order to achieve sustainable results over time.

Gabriele Galateri di Genola,
Chairman

Focus on the Board of Directors at 16 March 2016

<p>Gabriele Galateri di Genola* Chairman Executive Director responsible for the internal control and risk management</p>	<p>Francesco Gaetano Caltagirone Vice-Chairman and Deputy Chairman Non executive Independent*</p>	<p>Clemente Rebecchini Vice-Chairman Non executive</p>
<p>Nationality Italian Professional background Manager In office since 8 April 2011 Board committees Chairman of the Appointments and Corporate Governance Committee Chairman of the Investment Committee</p>	<p>Nationality Italian Professional background Businessman In office since 28 April 2007, Vice-Chairman since 30 April 2010 Board committees Investment Committee Appointments and Corporate Governance Committee</p>	<p>Nationality Italian Professional background Manager In office since 11 May 2012, Vice-Chairman since 6 November 2013 Board committees Risk and Control Committee Investment Committee</p>
<p>* Interim holder of the executive powers of the Group CEO, on an urgent basis, since 9 February 2016</p>		
<p>Alberta Figari Director Non executive Independent*</p>	<p>Jean-René Fourtou Director Non executive Independent*</p>	<p>Lorenzo Pellicoli Director Non executive Independent*</p>
<p>Nationality Italian Professional background Lawyer In office since 30 April 2013 Board committees Chairwoman of the Risk and Control Committee Chairwoman of the Sub Committee for related party transactions</p>	<p>Nationality French Professional background Manager In office since 6 December 2013 Board committees Remuneration Committee</p>	<p>Nationality Italian Professional background Manager In office since 28 April 2007 Board committees Appointments and Corporate Governance Committee Remuneration Committee</p>

* As defined in the Self-Regulatory Code

Ornella Barra

Director
Non executive
Independent*

Flavio Cattaneo

Director
Non executive

Nationality

Monegasque

Professional background

Entrepreneur

In office since 30 April 2013

Board committees

Chairwoman of the
Remuneration Committee

Nationality

Italian

Professional background

Manager

In office since 5 December 2014

Sabrina Pucci

Director
Non executive
Independent*

Paola Sapienza

Director
Non executive
Independent*

Nationality

Italian

Professional background

Professor

In office since 30 April 2013

Board committees

Risk and Control Committee
Sub Committee for related
party transactions

Nationality

Italian

Professional background

Professor

In office since 30 April 2010 -
elected from the minority slate

Board committees

Risk and Control Committee
Sub Committee for related
party transactions
Investment Committee

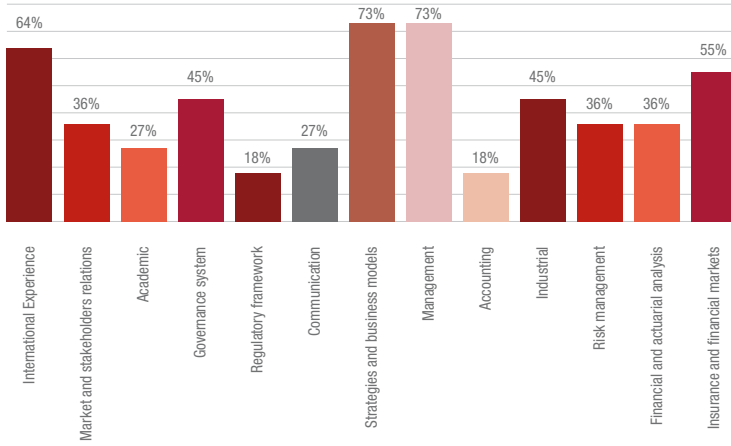
The **remuneration policy** for non-executive directors provides for payment of a fixed amount and additional compensation for those who are also members of board committees in accordance with the powers conferred to those committees and the commitment required in terms of number of meetings and preparation activities involved.

Incentive plans based on financial instruments are not involved and a variable component amounting to a total of 0.01% of the Group net result is granted, subject to a maximum total limit of € 300,000 to be equally divided among the directors.

The remuneration policy for the Group CEO, the only executive director, comprises a fixed amount, a variable amount (short and medium / long-term) and benefits in line with the remuneration package of the other executives with key responsibilities as described below.

* As defined in the Self-Regulatory Code

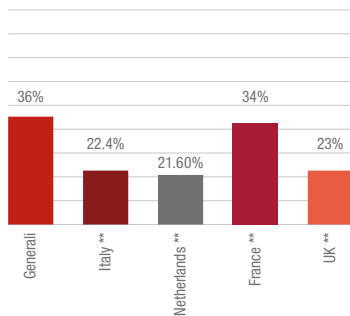
Skills



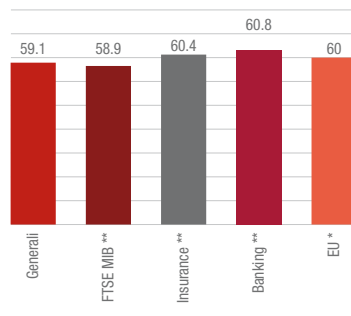
The Board is regularly informed of the main legislative and regulatory developments affecting the Company and its governing bodies, and of the events characterizing the international economic scenario, which may produce any significant impact on the Group's business.

Five days to inform of the strategy and Solvency II were organized during 2015.

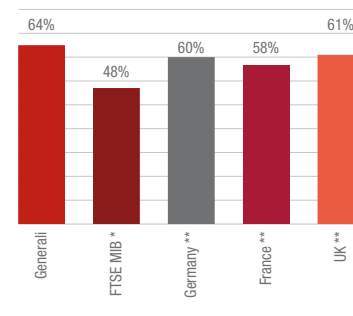
Gender diversity



Average age



Independent



** Spencer Stuart "Italia Board Index 2015"

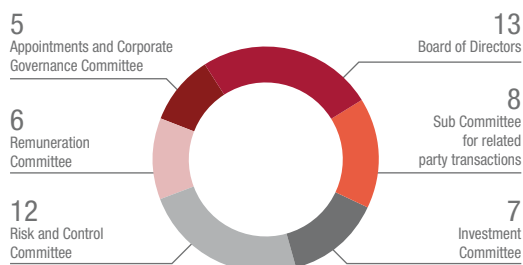
* Hay Group "Non Executive Directors in Europe 2014"

** Assonime "La Corporate Governance in Italia: Autodisciplina e remunerazioni"

* Assonime "La Corporate Governance in Italia: Autodisciplina e remunerazioni"

** Spencer Stuart "Italia Board Index 2015"

Meetings held in 2015



Percentage of the Directors' attendance at the meetings held in 2015

Board of Directors	96.45%
Remuneration Committee	94.44%
Risk and Control Committee	95.83%
Sub Committee for related party transactions	100%
Appointments and Corporate Governance Committee	93.33%
Investment Committee	92.86%



Updated and detailed information is available on www.generali.com/Governance/Board-of-Directors and www.generali.com/Governance/Remuneration



“

By 2030, the new global middle class is expected to grow by 172% compared to 2010 levels, especially in emerging economies

Focus on the Group Management Committee (GMC) at 16 March 2016

<p>Gabriele Galateri di Genola* Chairman GMC Chairman</p>	<p>Alberto Minali Group Chief Financial Officer</p>	<p>Sandro Panizza Group Chief Risk Office</p>
<p>He has the power of steering and operational management of the Company and the Group, in Italy and abroad, with the powers of ordinary administration, in line with the general planning and strategies determined by the Board of Directors, within the amount limits resolved, without prejudice to the powers assigned by law or the Articles of Association exclusively to other Company bodies or otherwise delegated by the Board of Directors.</p>	<p>His mission is to monitor the financial performance of the Group, supervising activities related to capital management, tax, planning and control, debt management, treasury, M&A, investor relations and shareholdings supervision, also managing and presenting the Group financial reports. He is also accountable as Manager in charge of the preparation of the Group's financial reports, in regards both statutory and consolidated financial statements.</p>	<p>His mission is to guarantee a world class integrated risk management system through the definition of the risk strategy including risk appetite, limits and risk mitigation, and through the identification, monitoring and reporting of risks and the management of the risk capital model.</p>
<p>* in office since 9 February 2016, when he has been temporarily assigned the powers of Mario Greco pursuant to the Group's provisions for succession planning of the Group CEO</p>		
<p>Eric Lombard Country Manager France</p>	<p>Giovanni Liverani Country Manager Germany</p>	<p>Paolo Vagnone Group Head of Global Business Lines</p>
<p>His mission is to transform Generali France into a client-obsessed organization serving the four client clusters chosen (individuals, affluent, professional & small enterprises, commercial). The way forward is to engage the teams, to free the initiatives and to give confidence to all employees.</p>	<p>His mission is to ensure business results while leading a wide strategic repositioning plan of the Group on the German market, which is currently under strong pressure in terms of competition, macroeconomic environment and regulations. The new strategy of Generali in Germany (Simpler, Smarter, For You) is based on a simpler organization, efficiency increase and significant cost reduction, competitive differentiation through product innovation and stronger focus on clients and on distribution channels. The aim is strengthening the profitability of this market and making Generali the retail market leader.</p>	<p>His mission is to combine the strength of four leading strategic units – Generali Employee Benefits, Global Corporate & Commercial, Europ Assistance and Generali Global Health – to offer corporate clients a full range of global insurance solutions fostering cross-selling initiatives and operational synergies and maximizing the value of the relationship with Top Tier Brokers.</p>

Carsten Schildknecht

Group Chief
Operating Officer

His mission is to transform and run the Generali Operating Platform to deliver operational excellence, enable client and distribution excellence; to build the needed capabilities to drive the transformation and secure the execution of all programs and initiatives.

Nikhil Srinivasan

Group Chief
Investment Officer

His mission is to maximize the financial return from investments, given the constraint represented by the insurance liabilities profile and the Group risk appetite, also by establishing the Group investment strategies for all asset classes, supervising the implementation and correct execution and coordinating the Group Investment Management activities directly and indirectly through the Asset Management Companies.

Philippe Donnet

Country Manager
Italy

His mission is to strengthen our leadership on the Italian market, building more efficient operative platforms, through integration programs, business development actions and innovation initiatives.

With respect to **remuneration**, our governance is mainly focused on **Group executives**:

- Group CEO;
- members of the Group Management Committee (GMC);
- managers and executives directly reporting to the control functions, for whom specific and/or further provisions apply, in line with the regulatory requirements relating to those parties;
- other positions directly reporting to the CEO, with significant impact on the risk and strategic profile of the Group;

In line with the strategy, which aims to increase the international integration of the Group and strengthen its role internationally, our remuneration policy principles, consistent at a global level, are stated within the organization and are in accordance with the laws and local specificities. In particular, the Group pays special attention to the governance issues concerning the members of the Global Leadership Group (GLG), representing about 200 roles who have significant organizational weight within the Group and effective impact on the results and on the process aimed at fostering the strategy.

Our Principles

Fairness and Consistency:	Alignment with corporate strategy	Competitiveness	Evaluation of merit and performance	Governance and Compliance
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Criteria

<ul style="list-style-type: none"> ■ Balanced remuneration packages based on role, responsibilities, skills and abilities demonstrated ■ Same approach across countries/regions/business and functions 	<ul style="list-style-type: none"> ■ Structured incentive systems linked to the achievement of sustainable Group results ■ Targets setting on an annual and long-term basis to maintain a sustainable level of performance in terms of results and risks taken 	<ul style="list-style-type: none"> ■ Constant monitoring of peer practice and general remuneration trends of the market ■ Competitive remuneration package in terms of levels and structure ■ Alignment with company strategy and direction 	<ul style="list-style-type: none"> ■ Variable remuneration based on performance, differentiation and selectivity ■ Strong connection between remuneration and Group results ■ Performance-based remuneration as a key driver of motivation, retention and alignment with organizational goals 	<ul style="list-style-type: none"> ■ Clear and transparent governance ■ Remuneration guidelines compliant with international and national regulatory requirements and in line with Group values ■ Dialogue with institutional investors and proxy advisors
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Fairness and Consistency

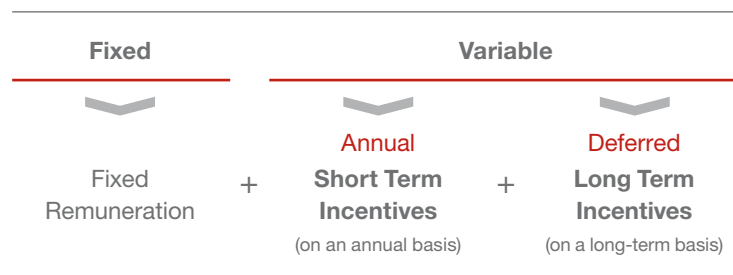
The principles of our remuneration policy are consistent throughout the organization, in accordance with the type of business and local specificities and regulations in the various Group markets.

Alignment with corporate strategy

Remuneration systems are a fundamental way of aligning managers with corporate strategy. In this sense, our incentive systems are structured so that roles are paid in accordance with the achievement of sustainable results for the Group and the targets are set - both on an annual basis and long-term - to ensure that future goals will take account of the actual results obtained over time, also with respect to the behaviour adopted to reach these targets

and their compliance with Group values so that the performance level can be sustainable and is in line with shareholder requests and regulatory requirements.

Total target remuneration



Competitiveness

The Group's intention is to give competitive total target executive remuneration packages with respect to our peers on the European financial market, with individual positioning based on the assessment of performance, potential and strategic nature of the role.

Evaluation of merit and performance

Merit is a key element of our remuneration policy. The variable remuneration of Group executives comprises short and long-term components:

- the Group Short-Term Incentive (STI) is the annual cash bonus system for the Group CEO and the members of GMC and GLG and provides for individual bonuses from 0% to 200% of the individual baseline target in accordance with:
 - Group funding, linked to the Group operating result and net profit;
 - individual balanced scorecards, based on 5 to 7 goals linked to value creation, risk adjusted profitability, process effectiveness and customer and human resources management. A qualitative “Effective leadership as role model in driving Generali as first choice for customers and employees around the globe” goal was introduced in 2014, obligatory and equal for everybody, to reinforce the leadership model and in compliance with regulatory requirements. The minimum weight ranges between 10% and 20% and is based on objective results related to human resources management, the behaviour shown and the impact on the organization itself.

- the Group Long-Term Incentive (LTI) is the long-term program for Group executives and certain selected key resources, paid in Generali shares with approval by the Shareholders’s Meeting:
 - in line with market practice and shareholder expectation, the shares are provided over a period of 6 years, subject to meeting performance conditions that are in line with the strategic targets of the Group;
 - in line with regulatory requirements, the LTI plan has no-claims bonus and claw back clauses within our risk management policies and a no-sell period of 2 years on the shares.

For internal control functions (Internal Audit, Risk Management, Compliance and Actuarial Function), specific guidelines are applied in line with regulatory requirements.

Governance and Compliance

The remuneration policy is approved by the Shareholders’ Meeting, upon proposal of the Board of Directors in association with the Remuneration Committee, and taking account of the applicable regulatory and governance requirements.

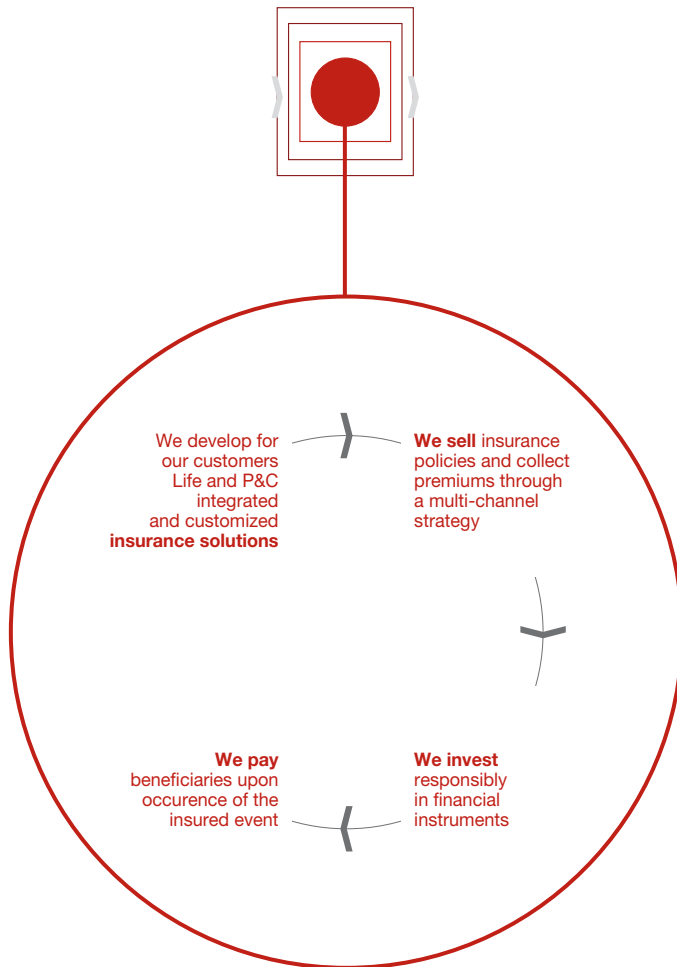
In line with our compliance culture, assessments are made at individual level to ensure the compliance of conduct with respect to the compliance, audit, code of conduct and governance processes; these assessments can trigger no-claims bonus and claw back clauses on all the incentives.

Particular attention is paid to developing a proactive and constructive dialogue on remuneration with our main investors and proxy advisors. The feedback we receive on these key topics is analysed in the Remuneration Report, that gathers all compensation-related information in a single document to increase stakeholder awareness on our remuneration policies, their implementation and disclosure.



For further information please refer to Remuneration in Governance on www.generali.com/Governance/Remuneration

Our business model



We **develop** simple, integrated, customized and competitive Life and P&C **insurance solutions** for our clients to meet their needs: our solutions include savings policies, individual and family protection policies, unit-linked policies, mass-market insurance products as MTPL insurance, household, accident and health policies as well as sophisticated products covering commercial and industrial risks and structured solutions for multinational companies.



For further information please refer to Clients at the heart of our Group and Sales network in the Sustainability Report 2015

We **distribute our products and offer our services** through a multi-channel strategy: we have therefore responded to the request of our customers to enable them to contact us in various ways. We aim to become an excellent provider of insurance solutions, available through a variety of channels and accessible in different ways thanks to new technologies: both through our global agents and financial advisors, and through brokers, bancassurance and direct channels. These channels allow clients to be more independent, since they can easily obtain information on alternative products, compare alternative options, purchase the preferred product and get a good post-sales service, thereby creating a positive customer experience.

Premiums collected from the insurance contracts are managed through specific asset – management policies in order to **ensure the payment of claims and consideration to our policyholders or their beneficiaries** in the event of death, accidents or upon occurrence of the insured event. The amounts received **are invested in financial instruments**.



To understand the different and complex needs of the corporate segment within a connected and global world, Generali offers customers and brokers a unique approach for clients and brokers and provide them with specific insurance solutions for employees, P&C products and corporate risk solutions with Europ Assistance, Generali Employee Benefits, Generali Global Corporate & Commercial, Generali Global Health. Flexibility and know-how enable Generali to shape solutions on the needs of international customers. Within a highly industrialized segment, where these customers wouldn't otherwise be properly positioned as to the retail solutions in the different countries, they are indeed offered simplified procedures in a multilingual system encompassing different juridical and fiscal system.



With regards to **investments**, for several years we have paid great attention to the issues of sustainable development: we base our investment strategies also on environmental, social and corporate governance criteria (ESG), without compromising profitability and in accordance with the principles of protection of our most important asset, our reputation.



For further information please refer to **Ethic in our investments** in Our responsibility on www.generali.com

Generali Investments Europe (GIE), our asset management company, has further focused attention on sustainable investments by creating a special team of ESG analysts and its own innovative, transparent selection process, applicable to different asset classes, which is based on:

- In-depth ESG analysis by the team
- Own database allowing the adjustment of the screening criteria to the clients' needs

- Financial analysis of the range of ESG-compliant companies to identify the best investment opportunities.



www.generali-invest.com

over € 28.6 bln

managed in socially responsible portfolios

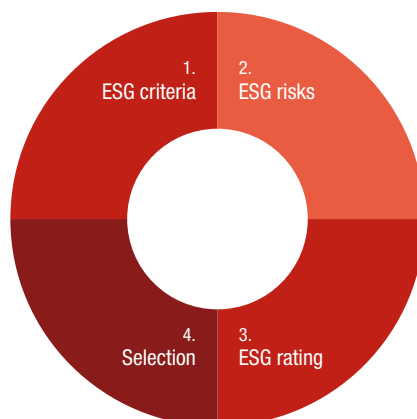
The exclusive ESG method includes 4 stages (positive screening) and is applied to corporate shares and bonds:

1. Identification of 34 ESG criteria

Corporate Governance
(Board structure and functioning)
Environment (use of natural resources, emissions)
Internal social responsibility
(employees, providers)
External social responsibility
(safety on the market, product quality, ethical issues)

4. Selection of SRI investments

Application of ESG and financial filters (benchmark)



2. Mapping ESG risks

Carbon footprint
Class action
Brand image / Reputation
Legislative pressure
Competitive advantage
Intangible capital

3. ESG analysis and rating

Selection of companies in different industries according to 7-10 criteria identified as the most relevant in terms of risk



For further information please refer to **Fostering change through responsible and social impact investing** in the Sustainability Report 2015

GIS (SICAV di GIE) **Ageing Population** was launched on 12 October. It was planned and developed as an answer to the trend of ageing population and greater longevity, combining financial return and ability to create value for the community.

The fund can also include issuers in the pharmaceutical and healthcare industry, in real estate (nursing homes), in Life and savings insurance and/or in the field of products for the elderly.

Reference markets and Group's competitive position*

ITALY

Gross written premiums

€ 25,346 mln

Life market share

15.3%

Total operating result

€ 2,102 mln

P&C market share

16.1%

Our people

17,074

Ranking

1st

Generali is a leader on the Italian insurance market with an overall share of 15.5%. The Group offers its clients – retail, SME and corporate – a complete range of insurance solutions, in both the Life and P&C segments. At distribution level, 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.

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) - is substantially over with success. The completion of the project has allowed the Group to face more effectively the challenges of the new strategic plan in Italy.

With reference to the macroeconomic scenario, the Italian economy has emerged from a long recession; GDP is expected to grow by 0.8% in 2015 supported by domestic demand, particularly thanks to household consumption, rebuilding of inventories and investments in machinery, equipment and intangible assets. Financial markets had positive performances despite the increased volatility observed in recent months, due to turmoil on the financial markets and the Volkswagen scandal. Sovereign debt was not affected, with a decline in the yield spread between Italian and German ten-year bonds. The sovereign debt securities has not been affected from that; in particular the spread BTP-BUND, that at the end of 2014 was 135 pps, declined to 97 pps.

The equity market recorded an excellent trend (Ftse Mib +12%; +0.23% at 13.12.2014).

Despite the excellent performance recorded in 2014, the Italian Life insurance market maintained positive growth rates during 2015 thanks to traditional products, though with a business mix that continues to shift toward hybrid and unit-linked due to the still low interest rates.

Conversely, the P&C market has been declining in the last three years, due to the decrease in average premiums within a still very competitive motor segment. The non-motor segment continued to witness limited growth rates due to the still weak macroeconomic recovery.

The performance of the financial segment was positive thanks to the growing demand for financial advice by customers in a context of declining returns on investments and increasing market volatility.

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

GERMANY

Gross written premiums

€ 17,755 mln

Life market share

10.4%

Total operating result

€ 792 mln

P&C market share

5.7%

Our people

12,998

Ranking

2nd



Generali in Germany is the second-largest insurance group in the German market in Life & P&C, with a market share of 5.7% in P&C and of 10.4% in Life (including the health business). It is the second insurer in the country and market leader in Life, strongly positioned in the unit linked and protection business lines, in hybrid products, corporate pension plans and in the direct channel.

In 2015 Generali in Germany continued the strategic repositioning aimed at implementing different initiatives to strengthen its competitive position and become the leader retail insurer. This aim will be achieved leveraging on the strong multi-channel position, 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. To become fast, lean and agile, the structure governance and organisation were simplified, resulting in a significant cost reduction. From an organisational perspective, three companies will be merged into one, i.e. Generali Deutschland Holding, Generali Versicherung (P&C segment) and Generali Leben (Life segment) into Generali Deutschland AG. The headquarter was moved from Cologne to Munich, where the main business units are also based. With the realignment of the different Group companies' board of directors and the implementation of a management matrix structure, Generali in Germany is consistently oriented towards a lean governance.

The product portfolio of Generali in Germany will be based on 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.

Moreover, thanks to Central, Advocard, Dialog and Badenia tailored insurance solutions for customers and more agile sales channels at country level will be ensured.

As to the whole insurance market, the Life segment is under strong pressure as regards margins, due to the extremely low interest rates and the competition with banks and investment institutions. Conversely, in the P&C market Generali in Germany is expecting a market share growth, a significant improvement in the motor line profitability - despite having already achieved a softening phase - and an excellent performance in terms of combined ratio.

Finally, in the German economic environment the GDP is growing, though within a still particularly low interest rate scenario. The German 10-year bund is broadly stable at 0.63% (0.54% as of 31 December 2014). The share market significantly increased (DAX +10%, compared to + 2.35% at year-end in 2014).

FRANCE

Gross written premiums	Market share	Ranking	Our people
€ 11,325 mln	Life 4.9%	5 th A&H	7.619
Total operating result	P&C 4.9%	7 th P&C	
€ 651 mln	A&H 6.2%	7 th Life	



After Italy and Germany, France is the third most important market in the Generali Group, contributing with 25% to the Group total premiums.

Generali France is a major player on the French market, 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 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 2015 compared to the previous year, although GDP growth has remained at low levels of approximately 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. Moreover, the yield of the French ten-year government bond OAT increased from 0.83% at the end of 2014 to 0.99%.

Livret A yields, a traditional benchmark for savings investments in France, grew to 0.75% in August. As for the equity markets, CAC, the French reference index recorded an excellent performance reaching +10% (-0.54% at 31 December 2014).

The low interest rates environment and especially its short term nature favoured the reallocation of financial assets into Life products, i.e. the savers’ favourite insurance form in France. Net written premiums in the French Life insurance sector were broadly positive and higher than the previous year. Investors particularly valued unit-linked products (approximately 20% of total premiums compared to 16% in 2014), representing an increasing share of the products placed by insurers. Conversely, the P&C market reported a modest increase of approximately 1% compared to the previous year, reflecting the mentioned weak economic environment, ongoing competition and a soft phase within the corporate business line.

CEE

CEE includes the Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia.

Gross written premiums	Total operating result	Our people
€ 3,578 mln	€ 441 mln	12,625
Life Market Share	P&C Market Share	Ranking
Cz: 27.6%	Cz: 33.9%	Cz: 1 st
Hu: 9.2%	Hu: 20.1%	Hu: 2 nd
Sk: 6.4%	Sk: 9.9%	Sk: 3 rd
Pl: 3.3%	Pl: 3.3%	Pl: 9 th



Generali CEE Holding* is one of the biggest insurers in the Central Eastern European market with an excellent track record of profitability and leading positions in most of the countries where it operates. It ranks first in the Czech Republic and Hungary, second in Serbia, third in Slovakia and among the top ten in the other countries. Five markets are contributing with more than 90% of the Group's business in Central Eastern Europe - Czech Republic, Poland, Hungary, Slovakia and Serbia/Montenegro - whereas Romania, Slovenia, Bulgaria and Croatia account for about 10% of premiums.

With reference to the financial markets, the equity sector of Czech Republic, the most relevant market in the area, remained substantially stable (+1%), while the Czech Republic ten-year government bond declined to 0.54% from 0.74% at the end of 2014.

In 2015 the CEE insurance markets benefited from momentum in economic recovery. However, the region is far from returning to the high growth rates of the pre-crisis period, especially in its most relevant markets. Overall, 2015 ended with stagnating volumes, but the differences between the markets of the region are substantial in terms of dynamics; regional Life insurance premiums decreased, driven by the negative trend recorded in Poland and the Czech Republic, while on the Non-Life side, the change in premium production was positive.

* As from January 2015 Generali obtained 100% ownership of Generali PPF Holding, having acquired the remaining 24% minority shareholding held by the PPF Group, in line with the agreements signed by the shareholders. Following this, the Company's name was changed to Generali CEE Holding.

EMEA

EMEA includes Austria, Belgium, Greece, Guernsey, Ireland, the Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai.

Gross written premiums

€ 10,922 mln

Life Market share

Es: 4.0%

Ch: 3.8%

At: 14.8%

Total operating result

€ 776 mln

P&C Market share

Es: 4.2%

Ch: 5.0%

At: 16.5%

Our people

10,558

Ranking

Es: 7th

Ch: 8th

At: 3rd



With reference to the EMEA countries, the main areas where Generali operates are the following.

Spain

Generali España is one of the main insurance groups in Spain, with a total market share of 4.0% in the Life segment and 4.2% in the P&C segment. It provides a wide range of Life and P&C policies for both private individuals and companies. The Group operates through a multi-channel distribution strategy including bank branches and a network of agents and brokers which is among the most extensive in Spain. Overall, the Group ranks 7th in the Spanish insurance market in terms of total premiums. The bancassurance agreement with Cajamar was expanded and reinforced in 2015, thereby giving Generali España exposure to the main life distribution channel, which is growing also in the P&C segment.

With reference to the insurance market, the P&C segment grew in 2015 for the first time since 2008, supported also by the first signs of recovery in the motor sector. Also the Life market recorded a slight increase, partially led by a real estate recovery.

Switzerland

Generali has been operating in Switzerland since 1987 and over the following decade its presence was consolidated by the acquisition and merger of many insurance companies. In accordance with the strategy recently presented and shared throughout the Group, Generali Switzerland focuses on the retail business and provides high quality and innovative services, through various distribution channels: agents, brokers, financial advisors and direct channels.

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 5.7%. 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.

The Life segment grew moderately despite the low interest rates. The P&C market experienced a weak growth.



Austria

Generali has been operating in Austria since 1832, the year after the Company was established in Trieste. Generali operates in the country through the insurance companies Generali Versicherung, BAWAG P.S.K. Versicherung and Europäische Reiseversicherung. The multi-channel distribution strategy involves agents, brokers, financial advisors and banks (BAWAG P.S.K. and 3Banken). The Group strategy recently presented at the last Investor Day is reflected in the confirmation of Austria 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.

Generali was the third largest insurance operator in terms of written premiums, with a market share of 14.8% in Life insurance and of 16.5% in P&C.

As for the market trend, 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, where the broker number is growing significantly; hiring financial advisors is presenting some difficulties and comparative web portals are increasing.



ASIA

ASIA includes China, Indonesia, India, Honk Kong, Vietnam, Thailand, the Philippines and Japan.

Gross written premiums

€ 2,024 mln

Life market share (China)

6.9%

Total operating result

€ 141 mln

P&C market share (China)

1.5%

Our people

4,913

Ranking (China)

4th Life
13th P&C



The Generali Group has been operating in the Far East since 1980 and is now covering China, Indonesia, the Philippines, Thailand, India and Vietnam. Two branches are located in Japan and Hong Kong, where the Asia Regional Office is also based. Generali entered the Malaysian market in December 2014 through an agreement with Multi-Purpose Capital Holdings Berhad (a wholly owned subsidiary of the Malaysian group headed by MPH Capital) to acquire 49% of the P&C insurance firm MPIB "Multi-Purpose Insurance Berhad", with the right to exercise a call option after two years on further 21% of MPIB, enabling the Group to obtain a 70% stake in the company, the maximum allowed for foreign companies in Malaysia.

The main contributor to the Group in terms of sales is China, where a joint venture with the local partner CNPC (China National Petroleum Corporation) has become one of the top foreign insurance groups on the market.

While in China, Indonesia, the Philippines and Vietnam the Group operates exclusively in the Life business (mainly savings & pensions, but also protection and unit-linked), Hong Kong, Thailand, Japan, India and Malaysia are also covering the P&C business, which overall accounts for about 8% of the total income in the Far East. The main distribution channels are banks and agencies, and the direct-channel is being developed in China and Thailand.

The Group's strategy in the region has been set out in line with its goal to substantially increase its presence in emerging markets, through the "organic" development and the growth of the existing business units, as well as through the identification of specific M&A opportunities and distribution agreements. In this regard, clear examples are the entrance into the Malaysian market and the signing of exclusive distribution agreements with Kiatnakin Bank in Thailand.

AMERICAS

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

Gross written premiums

€ 1,467 mln

Total operating result

€ 63 mln

Market shares (Argentina)

Life 6,2%

P&C 6,0%

Our people

3,498

Ranking (Argentina)

4th



The Group is a long-established player in Latin America, with Argentina as main market where Generali is ranked as the fourth operator. In 2015, the disposal of a number of companies was finalized (La Estrella and Caia ART in particular) to increase efficiency and focus on the core business. The Argentinian market is characterized by an historically high inflation rate, and a volatile financial environment. Despite the tough scenario for the insurance business, the Group has implemented best practices in its Argentinian subsidiaries, placing them at the top in terms of service quality and innovation.

The second most important country is Brazil, currently experiencing a difficult period due to the political instability and an economic slowdown. Despite that, the insurance market still holds potential for development in the coming years thanks to the Brazilian middle class.

The Group also operates in Panama, Colombia, Guatemala and Ecuador. The main distribution channel in these countries is the broker channel.



By 2023, there will be over 40 million of electric bicycles sold each year compared to 32 million in 2014.

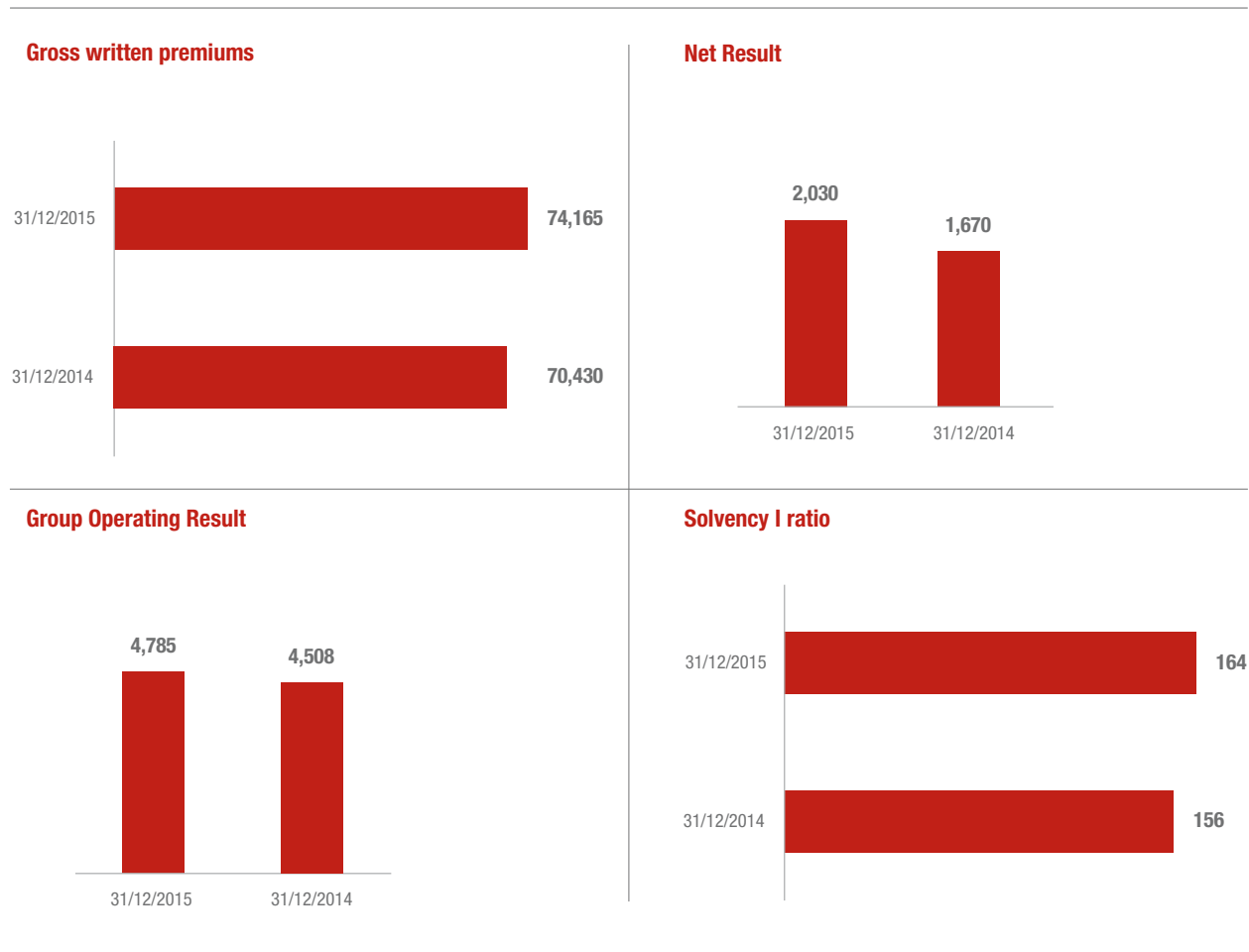
Our performance

Group performance and financial position	71
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Share performance	83



Group performance and financial position

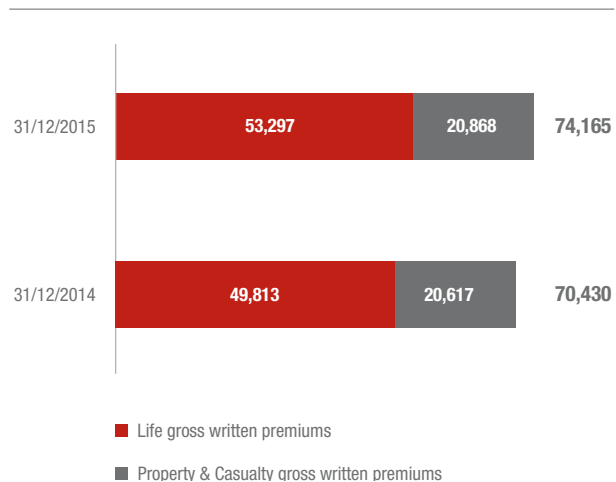
Group highlights



- Gross written premiums over € 74 billion mainly thanks to developments in the life segment
- Enhanced growth in the operating result (+6.1%) mainly due to the performance of the P&C segment
- Group result significantly increasing to € 2,030 million (+21.6%)
- Group Solvency I at 164% (156% at 31 December 2014; considering the disposal of BSI, the 2014 ratio on a pro-forma basis was 164%).

Group performance

Gross written premiums development



Following on the trend of the first nine months of the year, **total written premium** amounted to € 74,165 million (+4.6%). This growth was led by the life segment where income increased by 6.2 %; the P&C segment also showed recovery (+0.8%) despite the ongoing challenges in the macro-environment in many markets where the Group operates. Premiums written performance for the fourth quarter was positive in both segments.

Life segment written premiums stood at € 53,297 million, recording a 6.2% increase, thanks to improvements across all lines of business. In accordance with the strategy to optimize performance of the life insur-

ance business, favouring products with low capital absorption, the unit/index linked contracts are up by 8.6% and the protection contracts are up 11.8%. The savings policies were also up by 3.7%.

The main countries where the Group operates showed growth: Italy expanded (+11.5%), in addition to France (+3.8%), Germany (+3.4%) and the Central and Eastern European countries (+7.4%).

This performance led to **life net inflows** of almost € 15 billion, an increase of 15.5%.

New business in terms of Annual Premium Equivalents (APE) was substantially stable, amounting to € 5,210 million (-0.2% constant exchange rates and shares attributable to the Group); the development in the unit/index linked business (+14.6%) and risk business (+22.4%) were actually offset by the drop in the savings policies (9.8%).

The profitability of new business (margin on APE) held up well, standing at 21.0% (24.0% as at 31 December 2014) due to the adverse economic climate where interest rates fell and the strong increase in volatility recorded in the second quarter of 2015. New business value (NBV) amounted to € 1,097 million (-13%).

As noted above, **gross written premiums in the P&C segment** continued the recovery in place for the first 9 months of the year, increasing to € 20.868 million. The slight increase (+0.8%) was due to the non-motor segment which was up in most of the main territories of the Group. The motor lines were stable despite the strong competitive pressure in some of the main markets the Group operates in; growth in Germany and Eastern European countries was actually offset by the falls in the markets hardest hit by the current macro-economic climate like Italy and France.

Operating result

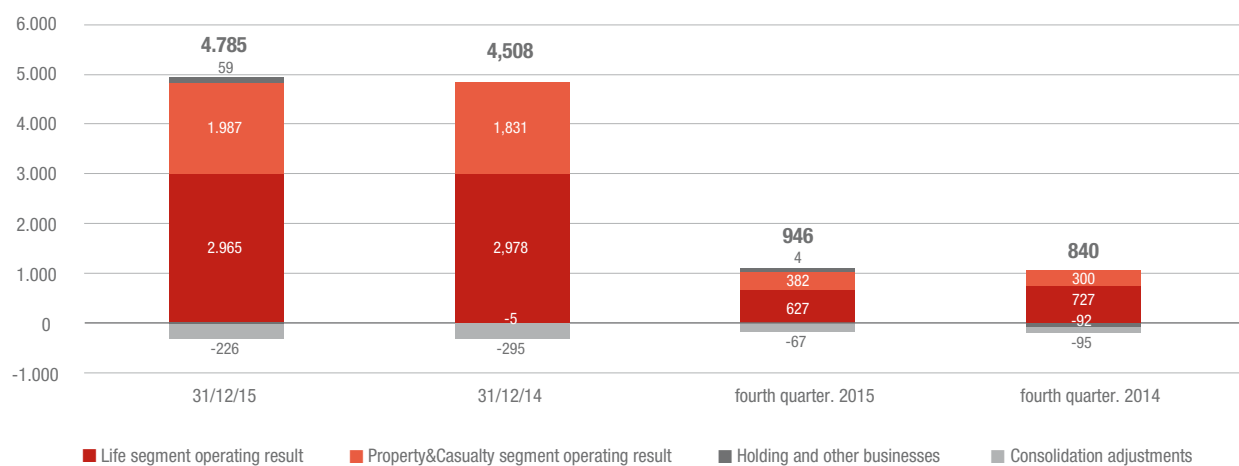
In line with the strategic targets, the **operating result for the Group** shows an increase (+6.1%), standing at € 4,785 million (€ 4,508 million at 31 December 2014).

In particular, P&C segment increasing by 8.5% in the operating result which benefitted from the improvement in the Group combined ratio thanks to the reduction in claims. The operating result from the life segment stayed solid, at € 2,965 million, despite the current difficult market conditions.

Finally, the operating result in the holding and other businesses segment improved; this segment refers to 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 the other operations that the Group considers to be ancillary to the core insurance business. The positive development of the financial segment was driven by the growth of the results in Banca Generali and China. The increase in the holding expenses was due to the higher costs incurred for both the projects to reinforce the Head Office structures - with reference in particular to the new Solvency II regime transaction and the activities related to implementation of the new Group strategy - in addition to development of the Regional Offices in charge of managing, coordinating and controlling the business in key areas in terms of growth opportunities. These costs were partially offset by revenues for brand royalties recorded starting from the last quarter of this year.

The **operating return on equity** amounted to 14%, up from 13.2% at 31 December 2014, and exceeding the strategic profitability target of 13%.



Non-operating result

The non-operating result of the Group improved to € -1,318 million (€ -1,464 million at 31 December 2014). More specifically:

- the **net impairment losses** amounted to € -503 million, sharply down from the € -813 million at 31 December 2014. This trend reflected lower impairments on equities and real estate investments; during the fourth quarter of 2015, the Btg Pactual shares, received from the agreements related to the sale of BSI, were impaired for about € 110 million, due to performance of the reference market;
- **net realized gains** decreased, standing at € 758 million (€ 874 at 31 December 2014) due to the lower real-

ized gains from government bond portfolios. In 2015, especially in the fourth quarter, there were higher net realized gains in the real estate sector;

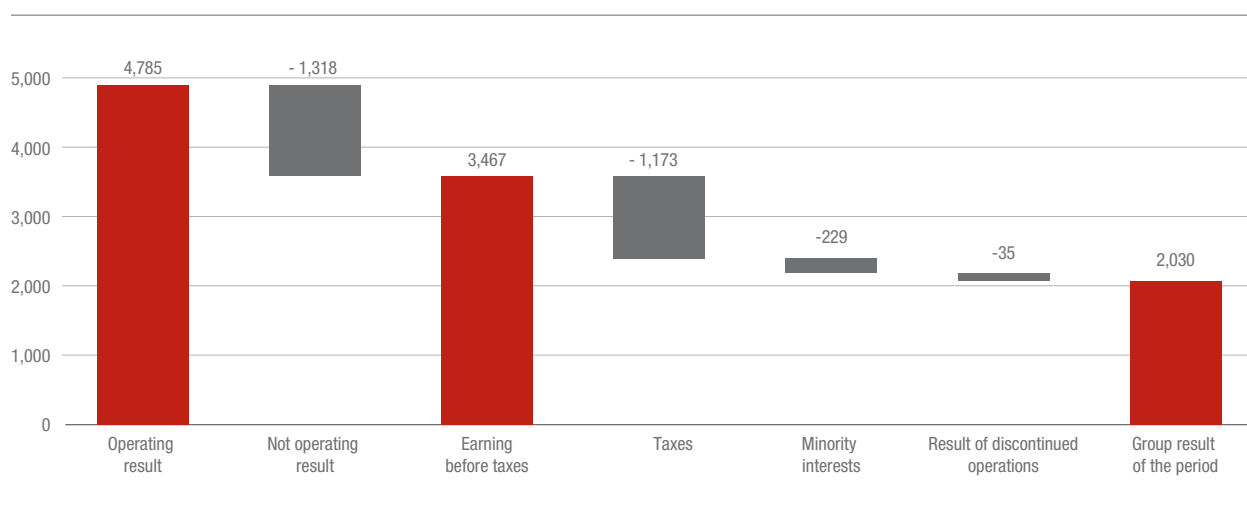
- **net non-operating income** from financial instruments at fair value through profit or loss amounted to € -96 million (€ -263 million at 31 December 2014), due to the improved performance of certain financial markets compared to the same period of the previous year;
- **other non-operating income and expenses** amounted to € -712 million (€ -441 million at 31 December 2014). This item comprised € -142 million for the amortization of the value of acquired portfolios (€ -139 at 31 December 2014), € -269 million for restructuring costs (€ -182 at 31 December 2014), in-

cluding charges of about € 100 million linked to the strategic repositioning in the German market, recorded in the first six months of 2015, and € -302 million in other non-recurring provisions (€ -120 million at 31 December 2014), that mainly includes the increased in the risk provisions for the first half of 2015;

■ **non-operating holding expenses** composed of

interest expenses on financial liabilities and holding expenses that are considered as non-operating, decreased at € -764 million (€ -819 at 31 December 2014), following the reduction of interest expenses on financial debt due to the debt optimisation measures performed by the Group during 2014.

Group result



Thanks to improvements in the operating and non-operating results noted above, **the result for the period attributable to the Group** amounted to € 2,030 million, showing a considerable increase (+21.6%) over the € 1,670 million recorded at 31 December 2014.

The tax rate was 32.6% (35% at 31 December 2014). Compared to the previous year, this rate was mainly due to the reduction in IRAP (Italian regional tax on production) and removal of the extraordinary charge for the substitute tax on the revaluation of Banca d'Italia paid in 2014.

The **result attributable to minority interests**, amounted to € 229 million, which corresponds to a minority rate of 10.1% (9.8% at 31 December 2014) was improved from € 182 million of the previous year due to the increase in results of Banca Generali and in China.

The **result from discontinued operations**, amounted to € -35 million (€ -69 million at 31/12/2014) and includes the overall effects of the disposal of BSI, completed in the third quarter of the year.

From operating result to net result

(€ million)	31/12/2015	31/12/2014	FOURTH QUARTER 2015	FOURTH QUARTER 2014
Consolidated operating result	4,785	4,508	946	840
Net earned premiums	68,507	64,322	18,789	18,029
Net insurance benefits and claims	-69,091	-67,003	-20,000	-18,224
Acquisition and administration costs	-10,724	-10,346	-2,836	-2,807
Net fee and commission income and net income from financial service activities	494	490	121	150
Operating investment result	16,615	17,837	5,167	4,010
Net operating income from financial instruments at fair value through profit or loss	3,207	4,755	2,044	1,056
Net operating income from other financial instruments	13,408	13,082	3,123	2,954
Interest income and other income	12,263	12,097	3,076	3,005
Net operating realized gains on other financial instruments and land and buildings (investment properties)	2,434	2,504	283	460
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-341	-320	4	-129
Interest expense on liabilities linked to operating activities	-411	-518	-103	-162
Other expenses from other financial instruments and land and buildings (investment properties)	-538	-681	-137	-221
Operating holding expenses	-429	-418	-71	-128
Net other operating expenses(*)	-586	-373	-224	-190
Consolidated non-operating result	-1,318	-1,464	-452	-540
Non operating investment result	159	-203	-88	-184
Net non-operating income from financial instruments at fair value through profit or loss	-96	-263	-35	-159
Net non-operating income from other financial instruments(**)	255	60	-53	-25
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	758	874	185	284
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-503	-813	-239	-310
Non-operating holding expenses	-764	-819	-211	-213
Interest expenses on financial debt	-684	-741	-171	-177
Other non-operating holding expenses	-81	-78	-40	-36
Net other non-operating expenses(***)	-712	-441	-154	-142
Earning before taxes	3,467	3,045	493	301
Income taxes(*)	-1,173	-1,124	-131	-137
Earnings after taxes	2,295	1,921	362	163
Profit or loss from discontinued operations	-35	-69	0	-61
Consolidated result of the period	2,259	1,852	362	102
Result of the period attributable to the Group	2,030	1,670	304	81
Result of the period attributable to minority interests	229	182	58	21

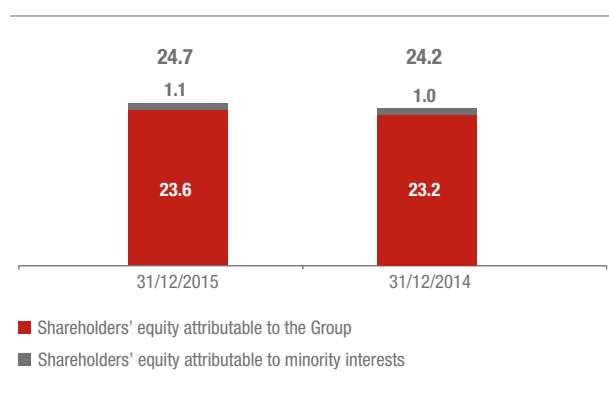
(*) At 31 December 2015 the amount is net of operating taxes for € 64 million and of non-recurring taxes shared with the policyholders in Germany for € -3 million (at 31 December 2014 respectively for € 64 million and € 27 million).

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

(***) The amount is net of the share attributable to the policyholders in Germany and Austria.

Group financial position

Shareholders' equity and Group solvency



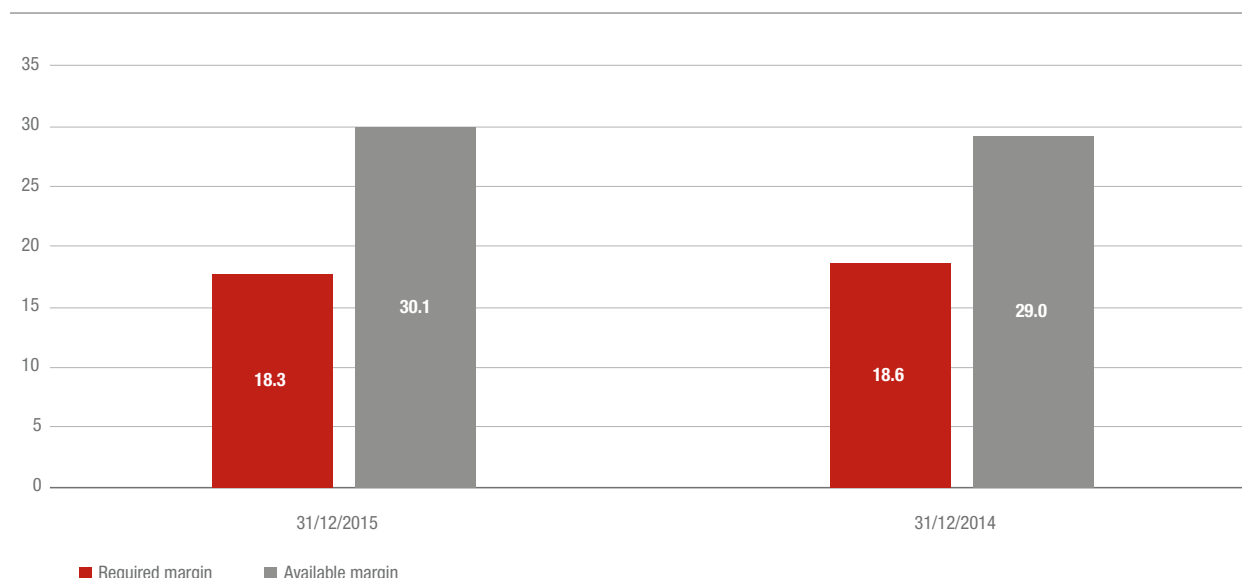
The shareholders' equity attributable to the Group amounted to € 23,565 million, +1.5% compared to € 23,204 million at 31 December 2014. The change was mainly due to:

- the result of the period attributable to the Group, which amounted to € 2,030 million at 31 December 2015;
- the dividend distribution of € -934 million, carried out in 2015;
- other unrealized gains or losses recognized through shareholders' equity in the current year amounted to € -118 million. More specifically, € -431 million of this was due to deterioration of the item unrealised gains or losses attributable to available for sale and only partially offset by the improvement in the foreign currency translation reserve of 313 million following depreciation of the Euro compared to the main currencies. Finally, the profits resulting from re-measurement of the liabilities for defined benefit plans recorded an improvement of € 162 million, due to the increase in the applicable rates used to discount those liabilities substantially offset by the reduction in the reserve for disposals groups classified as held for sale with respect to the aforementioned exit of the BSI group (equal to € 157 million at 31 December 2014).

Rollforward of Shareholders' equity

(€ million)	31/12/2015	31/12/2014
Shareholders' equity attributable to the Group at the end of the previous period	23,204	19,778
Result of the period	2,030	1,670
Dividend distributed	-934	-701
Other comprehensive income	-118	3,372
Reserve for unrealized gains and losses on available for sale financial assets	-431	3,997
Foreign currency translation differences	313	12
Net unrealized gains and losses on hedging derivatives	-14	14
Net unrealized gains and losses on defined benefit plans	162	-537
Other net unrealized gains and losses	-149	-114
Other items	-617	-915
Shareholders' equity attributable to the Group at the end of the period	23,565	23,204

Group solvency



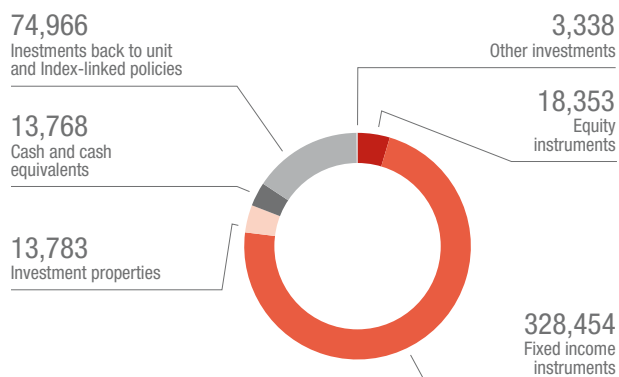
The Group solvency I ratio was 164%, up by 8 pps compared to 31 December 2014¹. This increase was mainly due to the positive economic performance and the positive impact of the sale of the BSI banking group.

In 2015, the available margin to the Group stood at € 30.1 billion (29.0 billion at 31 December 2014) while the required margin amounted to € 18.3 billion (18.6 billion at 31 December 2014).

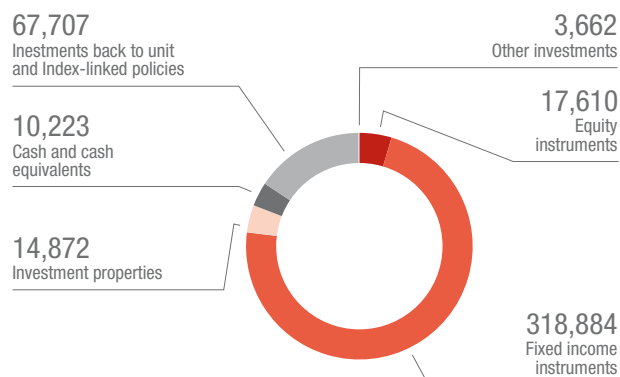
Investments

Asset allocation

Investments at 31/12/2015



Investments at 31/12/2014



¹ The ratio on a pro forma basis including the BSI sale amounted to 164 at the end of 2014.

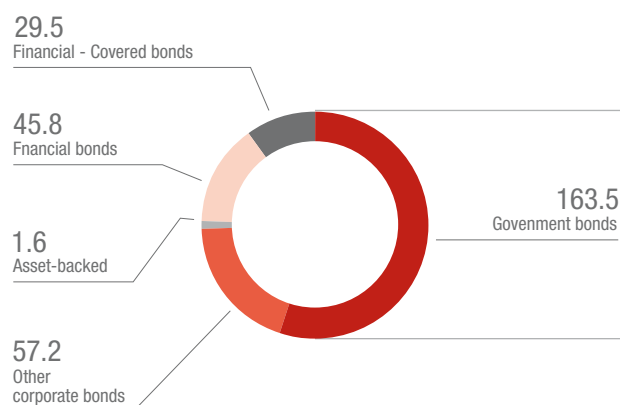
At 31 December 2015, total investments amounted to € 452,662 million, up by 4.5 % over the previous year. Group investments amounted to € 377,697 million (+3.4%) and unit/index linked investments amounted to € 74,966 million (+10.7%).

With respect to the ratio of the main investment categories, the respective exposure of the fixed income instruments was slightly down at 87.0% (87.3% at 31 December 2014). The ratio of investment properties declined, amounting to 3.6% (4.1% at 31 December 2014), while the incidence of the equity instruments and other in-

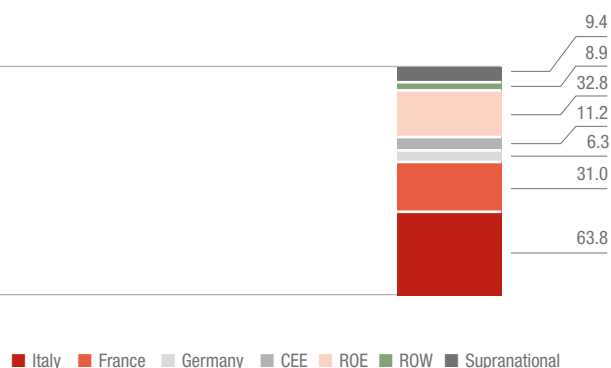
vestments was substantially stable, at 4.9% (4.8% at 31 December 2014) and 0.9% (1.0% at 31 December 2014) respectively. Other investments mainly include receivables from banks or banking customers, investments in subsidiaries, associated companies and joint ventures and derivatives. Finally, the liquidity ratio increased mainly due to the new cash flows generated by the new insurance business – which prudently have not been immediately reinvested since the market was very volatile, especially at the end of 2015 – as well as due to the cash generated by the new bond issue aimed at re-financing the subordinated bond callable in June 2016.

Fixed income securities: bond portfolio

Bond portfolio: details by sector



Government bonds: details by country of risk



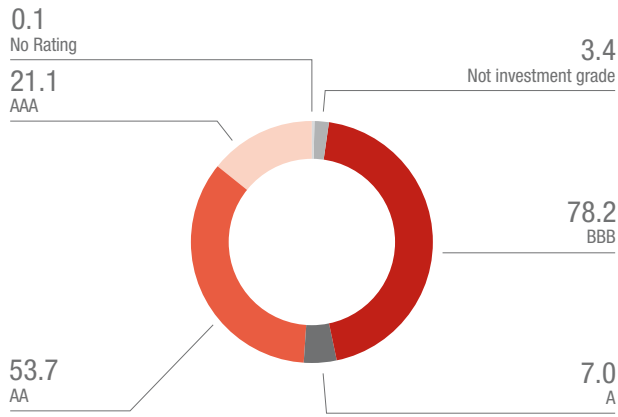
With reference to the bond portfolio, government bonds which represent 54.9% (56.8% at 31 December 2014) were down, standing at € 163,474 million (€ 165,014 million at 31 December 2014). The change during the period was due to the sales made in 2015. The exposure to each government bonds is mainly allocated to the respective countries of operation.

The corporate component increased in absolute terms to € 134,077 million (€ 125,544 million at 31 December 2014), equal to 45.1% of the bond portfolio (43.2% at 31 December 2014). The change was due to the net pur-

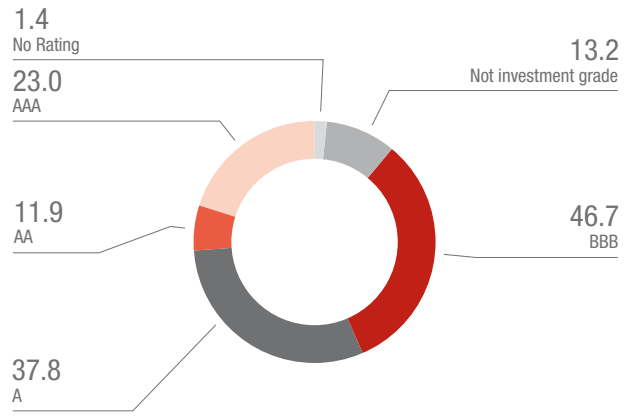
chases made during the year, only partially offset by the value deterioration resulting from the increase in the credit spread. The corporate component includes covered bonds, financial sector bonds and bonds issued by industrial companies. With reference to the new investments, those in the non-financial sector were preferred in order to increase diversification.

A breakdown by credit rating of the bond portfolio at 31 December 2015 split between corporate and government bonds follows.

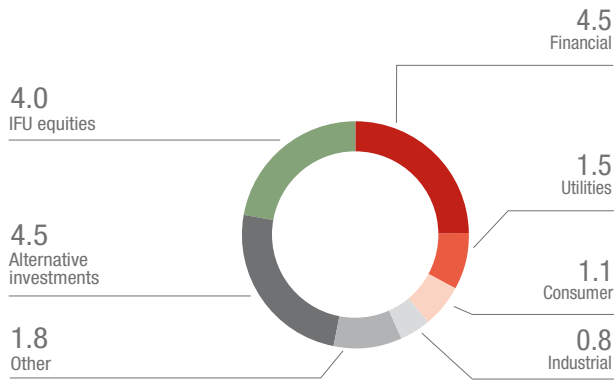
Government bonds



Corporate bonds



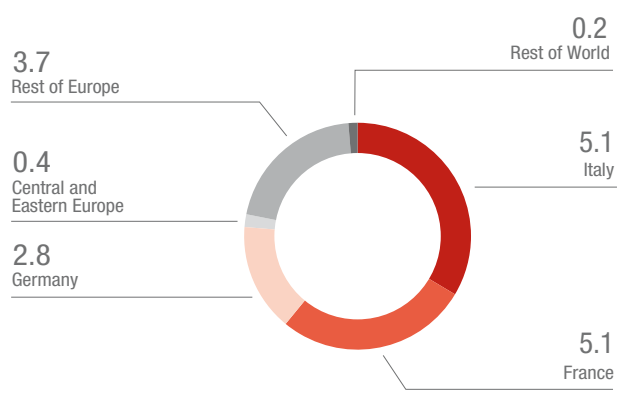
Equity securities: share portfolio



Equity securities increased in absolute terms, standing at € 18,353 million (€ 17,610 million at 31 December 2014).

The increase in the period was mainly attributable to the increase in value of investments, that benefitted from the positive trend in share prices.

Investment properties



Investment properties fell in terms of book value, amounting to € 13,783 (€ 14,872 million at 31 December 2014).

In particular, the direct investment properties of the Group, at market value, amounted to € 17,385 million (€ 17,650 million at 31 December 2014), and are almost all in Western Europe, mainly in Italy, France and Germany. The properties are mainly located in their respective countries of operation.

Investments result²

Return on investment

	31/12/2015	31/12/2014
Economic components		
Current income from fixed income instruments	10,880	10,651
Current income from equity instruments	583	639
Current income from real estate investments(*)	826	862
Net realized gains	3,212	3,106
Net impairment losses	-737	-991
Net unrealized gains	-784	228
Average stock	373,097	346,437
Ratio		
Current return(*)	3.4%	3.6%
Harvesting rate	0.5%	0.7%
P&L return	4.0%	4.4%

(*) Net of depreciation of the period

Due to the market conditions in 2015, the current return recorded a modest decline, standing at 3.4% (3.6% at 31 December 2014), while in absolute terms the current income increased, amounting to € 12,552 million (€ 12,385 million at 31 December 2014). The reduction in the ratio was 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 of the period from realized gains and losses, impairment and unrealized gains and losses recognized through profit or loss (harvesting rate) remained substantially stable at 0.5% (0.7% at 31 December 2014).

²
Please refer to the methodological notes attached to this report for details on the calculation of this indicator.

Debt and liquidity

Debt

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

■ **liabilities linked to operating activities**, defined as all the consolidated financial liabilities related to specific balance sheet items from the consolidated financial statements. This category also includes liabilities

stated by the insurance companies against investment contracts and liabilities to banks and customers of banks belonging to the Group;

■ **liabilities linked to financing activities**, including the other consolidated financial liabilities, 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)	31/12/2015	31/12/2014
Liabilities linked to operating activities	36,787	36,541
Liabilities linked to financing activities	13,117	12,253
Subordinated liabilities	9,643	8,315
Senior bonds	2,992	3,477
Other non subordinated liabilities linked to financing activities	482	460
Total	49,904	48,794

In accordance with Group strategy which requires the senior debt and subordinate debt to be rebalanced in favour of subordinate debt, and prudent advance refinancing policies, the net increase in liabilities linked to financing activities compared to 31 December 2014 is mainly due to the following transactions:

- repayment of € 500 million on a senior bond in May 2015;
- new issue of a subordinated debt for € 1,250 million in October 2015 by Assicurazioni Generali, in order to re-

finance the Group bonds with early repayment options for June 2016.

The weighted average cost of liabilities linked to financing activities at 31 December 2015 amounted to 5.65%, substantially unchanged to the 5.62% at 31 December 2014 and the 5.67% at 30 September 2015. 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)	31/12/2015	31/12/2014
Interest expense on liabilities linked to operating activities	411	518
Interest expense on liabilities linked to financing activities	684	741
Total	1,094	1,260

Details on the liabilities linked to financing activities

Details of subordinated liabilities and senior bonds

(€ million)	31/12/2015				31/12/2014			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost %(*)	Nominal value	Book value	Accrued interest expenses	Average weighted cost %(*)
Subordinated liabilities	9,681	9,643	551	6.13%	8,356	8,315	541	6.21%
Senior bonds	3,009	2,992	132	4.17%	3,508	3,477	200	4.13%
Total	12,690	12,635	n.a.	n.a.	11,864	11,792	n.a.	n.a.

* 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)	31/12/2015			31/12/2014		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	1,250		1,250	2,500	1,858	642
Senior bonds	0	500	-500	1,250	2,250	-1,000
Total	1,250	500	750	3,750	4,108	-358

Details on principal issuances

Subordinated liabilities

Main subordinated issuances

	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Call date	Maturity
Generali Finance B.V.	5.32%	752	EUR	740	16/06/2006	16/06/2016	Perp
Generali Finance B.V.	6.21%	345	GBP	467	16/06/2006	16/06/2016	Perp
Assicurazioni Generali	6.27%	350	GBP	472	16/06/2006	16/06/2026	Perp
Generali Finance B.V.	5.48%	869	EUR	710	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	6.42%	495	GBP	667	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	750	EUR	747	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	988	02/04/2014	n.a.	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	1,241	27/10/2015	27/10/2027	20/10/2047

(*) in currency million.

(**) in € million.

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 € 997 million. The remaining subordinated liabilities relate to shares issued by subsidiaries

in Austria with an amortized cost of about € 28 million.

A subordinated bond was issued in October 2015 for a total amount of € 1,250 million in order to refinance the 2016 call dates on a number of subordinated bonds issued by the Group.

Senior bonds

Main senior bonds issuances

Issuer	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,724	06/05/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,244	14/01/2014	14/01/2020

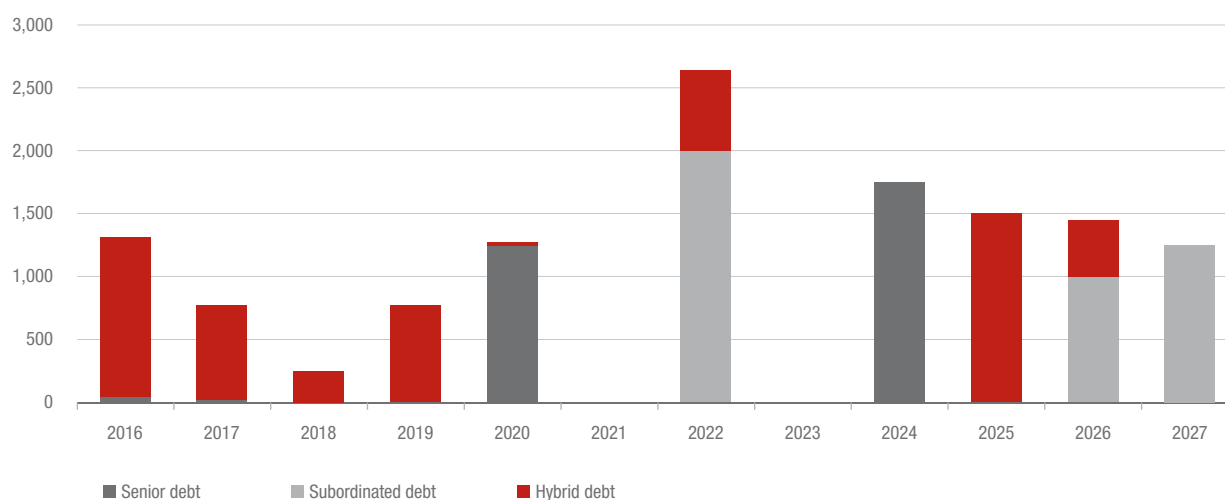
(*) in currency million.

(**) in € million.

This category also includes the other bonds, and mainly including those issued by the subsidiary Ceska Pojistovna for a nominal amount of CZK 500 million. The

corresponding amortized cost amounts to about € 24.6 million. The Group repaid € 500 million on a senior bond in May 2015.

Maturity of the financial debt



The average duration at 31 December 2015 was 6.68 years compared to 6.87 years at 31 December 2014. The change in the average duration is a direct result of

the re-financing operations and the capital optimization operation described above.

Lines of credit

As in established market practice for the sector, Assicurazioni Generali has a number of bilateral revolving credit lines, renewed in May 2015. The new lines with a total maximum amount of € 2 billion were renegotiated, with expiries being extended 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

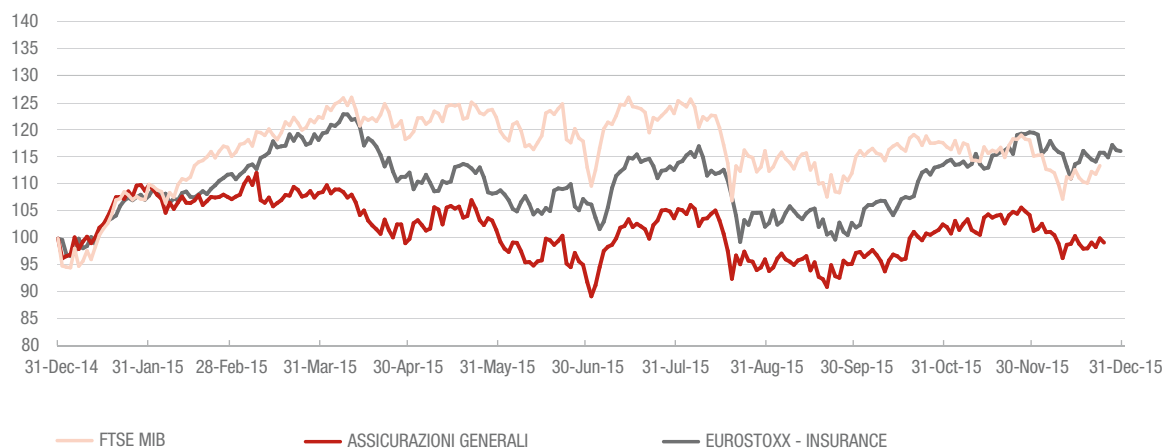
(€ million)	31/12/2015	31/12/2014
Cash at bank and short-term securities	8,792	8,340
Cash and cash equivalents	211	154
Cash and balances with central banks	41	14
Money market investment funds unit	5,527	2,158
Other	-803	-443
Cash and cash equivalents	13,768	10,223

The cash and cash equivalents increased, standing at €13,768 million mainly due to the new cash flows generated by the new insurance business – which prudently have not been immediately reinvested since the market

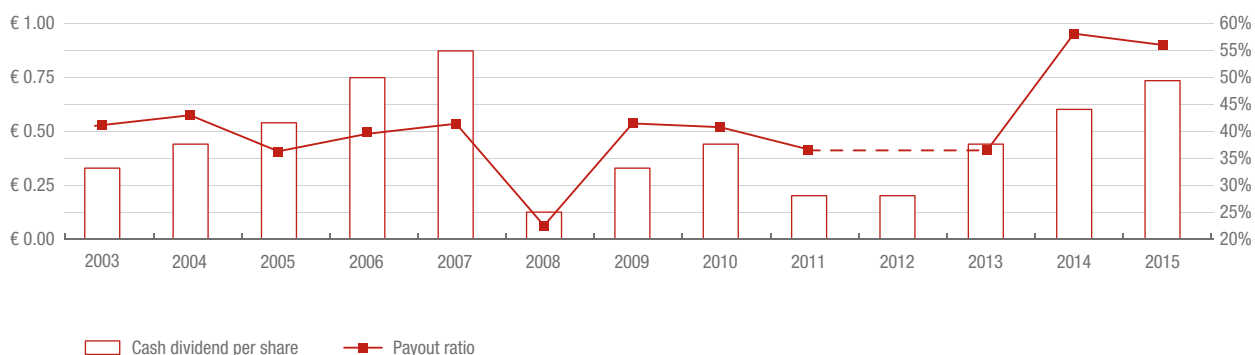
was very volatile, especially at the end of 2015 – as well as due to the cash generated by the new bond issue aimed at re-financing the subordinated bond callable in June 2016.

Share performance

Information on share trend



Dividend per share and payout ratio³



³ The payout ratio for 2012 is not shown in the graph as it is not meaningful and not in proportion to the Group's result for the period and it is impacted by the specific dividend payment policy applied by the Group.

Main indicators per share

KPIs per share

	31/12/2015	31/12/2014
Per share information		
EPS	1.30	1.07
Operating earning per share	1.64	1.52
DPS	0.72	0.60
Payout ratio	55.3%	55.9%
Total Dividend (in € million)	1,123	934
Share price information (in Euro)		
Share price	16.92	17.00
Minimum share price	15.26	14.79
Maximum share price	19.07	17.43
Average share price	17.35	16.26
Share volume information		
Weighted average number of ordinary shares outstanding	1,556,428,701	1,555,999,441
Market capitalization (in € million)	26,342	26,467
Average daily number of traded shares	7,603,419	6,204,520
Total shareholders' return (%)*	2.95	2.24

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



In the last 25 years, the net annual rate of forest loss has dropped by over a half, from 0.18% in the early 1990s to 0.08% in the 2010-15 period.

Outlook



The International Monetary Fund forecasts that GDP growth in the eurozone will be 1.6% in 2016, in line with 2015 (+1.5%). Improvements in particular are expected in the economies of Germany, France and Italy (from 0.8% to 1.3%) thanks to a solid contribution from exports, and a slowdown in the Spanish economy (from 3.1% to 2.5%). Inflation in the eurozone is rising, but will stay well below the 2% threshold. In view of this situation, the European Central Bank will maintain the accommodative monetary policy.

The US economy is also growing, emerging economies are expecting a recovery, which however will not be homogeneous throughout the countries; certain economies that slowed down in 2015, especially Brazil and Russia, should recover, even though GDP growth should stay negative. However, negative trends in China are expected to continue through 2016.

The recovery of the financial markets in the eurozone should continue through 2016, even though to a lesser extent than 2015, while financial markets in emerging countries are expected to slow down. Global growth prospects and the global economy will depend on how current geopolitical tensions play out.

With respect to the **insurance industry**, we expect premiums to perform well in the P&C sector in the main eurozone countries (Italy, Germany, France and Spain), in line with the - albeit weak - economic recovery. The life business will continue to feel the effects of the current low interest rates, along with minimum recovery in disposable income. Therefore, in terms of insurance products, policies that are less sensitive to low interest rates will be favoured. Finally, with respect to distribution, the rebalancing in the market towards unit-linked products may meet with resistance from the agency channel, while the banking channel may be less inclined to push insurance products due to the expected recovery in loans.

With reference to the reinsurance area, the catastrophic events which occurred in the world did not have a significant impact on the reinsurance industry. The continuing absence of economically relevant catastrophic events generated a continuing reduction in reinsurance costs, with a consequent reduction in profits for reinsurers. The reinsurance market therefore broadened its product range to deal with this situation. In a similar context, the Generali Group benefitted from favourable market trends, obtaining further reductions in the coverage renewal costs for 2016.

In the **life segment**, the Group will have to deal with a market scenario characterised by various external constraints, including the Solvency 2 directive, stricter IMD2 rules in terms of governance and transparency in the distribution of insurance products, and in general, financial markets characterized by continuing low interest rates. It will therefore further strengthen its focus on the Techex program initiatives, both at Group level and at the level of the single business units, aiming to strengthen the combined portfolio value by taking a simplification and innovation approach for the range of products. The Group's commitment towards technical excellence needs to be increasingly driven by developing skills and managing performance: **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 aiming at enhancing the value of the in-force portfolio through specific action and the selective development of certain business lines such as Protection and Unit-Linked products as an alternative to investments traditional funds. The development of these business lines will aim at offering a wide range of products suitable to risk and investment profiles for the benefit of both the policyholders and the Group.

Considering the pressure caused by the ongoing context of low returns, the **P&C segment** will continue to be highly important for the implementation of the Group strategy to become leader in the retail segment in Europe, thanks to the capital absorption level of the retail products allowing an efficient capital allocation.

There has been a further reduction in average premiums as a result of intense market competition, starting with the motor lines, but also expanding to the non-motor lines, individual products relating to household coverage and SMEs, along with a change in the expected development of claim frequency levels (which has tended to fall since 2011) in some countries (such as the motor lines in Italy and Spain). This competitive pressure has been accelerated by the distribution, which - spurred on by the digital transformation - will leave more space to non-traditional distribution networks or non-exclusive networks (for example aggregators), increasing portfolio volatility.

Therefore, from an industrial standpoint, volumes and profits should decrease. In order to deal with this competitive pressure, the Group has launched a series of initiatives aimed at offsetting the negative effects on profitability with counter-cyclical measures, a disciplined approach to risk-selection, enhancing the creation of value by improved customer profiling, concentrating on the most profitable areas and on longer-term relationships, or developing unique products with a modular system or a connectivity-based approach that could also imply cross-selling on the non-motor products.

Group investment policies aim towards allocating assets in such a way as to consolidate current profitability and guarantee that it is consistent with liabilities towards the policyholders.

With regard to fixed-income investments, the investment strategy is aimed at diversifying the portfolio, both in government bonds, where European core rates are at minimum levels, and in corporate bonds, including private placements and secured loans. This is in order to ensure adequate profitability for the policyholders and a satisfactory return on capital, while keeping risk under control.

Equity exposure will be kept substantially stable, with a geographical and industrial rotation towards geographical and sectorial areas that have higher growth rates than Europe.

New investments in the real estate sector will be selectively made in new geographical areas such as Asia, the UK and Eastern Europe in order to improve the overall diversification of the portfolio. The portfolio will also be managed more proactively to improve overall profitability.

Despite the difficult macroeconomic environment and highly volatile financial markets, the Group will continue to pursue all the strategic actions noted above through 2016, confirming its goal of obtaining an operating ROE of over 13%, and improving shareholder remuneration in accordance with the strategic plan introduced to the market.

Milan, 17 March 2016

The Board of Directors



Appendix to the Management Report

Note to the Management Report

The consolidated financial statements of the Generali Group as at 31 December 2015 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 2015 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 2015, the consolidated scope of the Group fell from 473 to 435 companies, of which 394 were consolidated on a line by line basis, and 41 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 measures** presented in this report can be found in the Methodological note.

As noted above, the Management Report is prepared not only in accordance with the applicable law, but also according to the **Content elements** (already described at the beginning under Information on the report) as well as to the **Guiding Principles** envisaged by the **International <IR> Framework** issued by the International Integrated Reporting Council (IIRC) in December 2013.

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.

As regards the **Guiding Principles**, the **Strategic focus and future orientation** principle is applied in the whole document.

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 information¹, 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.

¹ The term "pre-financial" is used on purpose and replaces the classic term "non-financial". The term pre-financial was used for the first time by the Danish pharmaceutical company Novo Nordisk to indicate the range of information (usually referred to as non-financial) that could influence the earning capacity of the company in the future despite being not strictly monetary at that stage.

Generali maintains **Stakeholder relationships** to understand and satisfy their needs, especially in terms of information and dialogue. The stakeholder engagement process promoted by the Group involves the following stakeholder categories, both internal and external:

- financial community: we regularly engage with investors, 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 attend sector conferences, providing them with the appropriate information. In 2015, discussions took place in the key financial centres.
- community (academia, experts and main business partners): 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. We are also interested in the experts' view and started relevant meetings in 2015. In addition, we began to interact with some business partners: induction sessions also including hints and feedback to improve services and products that they are offering us. Overall we met more than 350 people in 2015.
- legislators and Institutions: 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 such as The Geneva Association and the European Financial Services Round Table (EFR). Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.
- clients: customer satisfaction is key in running of our business. Consequently, we have developed a specific and tailored methodology to understand and identify actions to take based on customers and distributors' feedback.
- employees: our people are our most valuable resource and we fully prioritize their engagement and empowerment. We therefore launched our first Global Engagement Survey.



For further information, please refer to Annual Integrated Report 2015, page 39



For further information, please refer to Annual Integrated Report 2015, page 44

Our report has been improved in many aspects also considering our stakeholders' feedback, i.e. as to the connectivity among the different parts, becoming easier to read and with a more logical structure.

Conciseness was also improved. The diagram below shows the way from the Annual Integrated Report, drawn up in accordance with the **Materiality** principle, to the Consolidated Financial Statements, drawn up in accordance with the law.

As for **Reliability and completeness**, the Annual Integrated Report is supported by a structured information system, processing financial and pre-financial information, for 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 stated strategic objectives.



Annual Integrated Report

Additional management information

Financial statement and notes



Annual Integrated Report and Consolidated Financial Statements



In 2020, over 20 billion devices will be connected to the Internet, compared to 4.9 billion in 2015





Consolidated Financial Statements

Company

ASSICURAZIONI GENERALI S.p.A.

CONSOLIDATED STATEMENTS

Consolidated financial statements

at 31 December 2015

(Amount in € million)

BALANCE SHEET

Assets			
References:	(€ million)	31/12/2015	31/12/2014
	1 INTANGIBLE ASSETS	8,645	8,601
4	1.1 Goodwill	6,661	6,617
19	1.2 Other intangible assets	1,985	1,983
	2 TANGIBLE ASSETS	4,469	4,610
20	2.1 Land and buildings (self used)	2,844	2,797
20	2.2 Other tangible assets	1,625	1,814
14	3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	4,094	4,378
40, 41, 42, 43	4 INVESTMENTS	447,448	427,191
11	4.1 Land and buildings (investment properties)	12,112	12,628
3	4.2 Investments in subsidiaries, associated companies and joint ventures	1,369	1,284
7	4.3 Held to maturity investments	1,984	2,940
8	4.4 Loans and receivables	48,198	50,780
9	4.5 Available for sale financial assets	289,399	276,498
10	4.6 Financial assets at fair value through profit or loss	94,385	83,061
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	74,966	67,707
21	5 RECEIVABLES	11,706	12,057
	5.1 Receivables arising out of direct insurance operations	6,497	7,462
	5.2 Receivables arising out of reinsurance operations	1,060	1,143
	5.3 Other receivables	4,149	3,452
22	6 OTHER ASSETS	15,142	35,973
	6.1 Non-current assets or disposal groups classified as held for sale	0	21,304
15	6.2 Deferred acquisition costs	2,000	1,958
	6.3 Deferred tax assets	2,652	2,715
	6.4 Tax receivables	3,115	2,825
	6.5 Other assets	7,375	7,172
12	7 CASH AND CASH EQUIVALENTS	9,044	8,508
	TOTAL ASSETS	500,549	501,318

Equity and liabilities

References:	(€ million)	31/12/2015	31/12/2014
16	1 SHAREHOLDERS' EQUITY	24,708	24,185
	1.1 Shareholders' equity attributable to the Group	23,565	23,204
	1.1.1 Share capital	1,557	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	7,688	7,571
	1.1.5 (Own shares)	-6	-8
	1.1.6 Reserve for currency translation differences	74	-239
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	6,067	6,498
	1.1.8 Reserve for other unrealized gains and losses through equity	-944	-943
	1.1.9 Result of the period	2,030	1,670
	1.2 Shareholders' equity attributable to minority interests	1,143	981
	1.2.1 Share capital and reserves	748	706
	1.2.2 Reserve for unrealized gains and losses through equity	166	93
	1.2.3 Result of the period	229	182
23	2 OTHER PROVISIONS	1,807	1,751
13	3 INSURANCE PROVISIONS	404,687	386,202
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	57,793	51,674
	4 FINANCIAL LIABILITIES	49,904	48,794
17	4.1 Financial liabilities at fair value through profit or loss	20,082	18,374
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	16,793	15,886
18	4.2 Other financial liabilities	29,821	30,420
	of which subordinated liabilities	9,643	8,315
24	5 PAYABLES	8,828	9,379
	5.1 Payables arising out of direct insurance operations	3,464	3,553
	5.2 Payables arising out of reinsurance operations	511	557
	5.3 Other payables	4,853	5,270
25	6 OTHER LIABILITIES	10,614	31,007
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0	19,700
	6.2 Deferred tax liabilities	3,034	3,706
	6.3 Tax payables	1,320	1,420
	6.4 Other liabilities	6,259	6,181
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	500,549	501,318

INCOME STATEMENT

Income statement			
References:	(€ million)	31/12/2015	31/12/2014
26	1.1 Net earned premiums	68,507	64,322
	1.1.1 Gross earned premiums	70,400	66,324
	1.1.2 Earned premiums ceded	-1,894	-2,003
27	1.2 Fee and commission income and income from financial service activities	1,094	967
28	1.3 Net income from financial instruments at fair value through profit or loss	1,941	3,510
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	2,275	3,293
29	1.4 Income from subsidiaries, associated companies and joint ventures	130	191
30	1.5 Income from other financial instruments and land and buildings (investment properties)	16,219	15,991
	1.5.1 Interest income	10,075	9,919
	1.5.2 Other income	2,065	2,117
	1.5.3 Realized gains	3,873	3,761
	1.5.4 Unrealized gains and reversal of impairment losses	206	194
31	1.6 Other income	4,070	3,301
	1 TOTAL INCOME	91,961	88,282
32	2.1 Net insurance benefits and claims	-69,091	-67,003
	2.1.1 Claims paid and change in insurance provisions	-70,204	-68,280
	2.1.2 Reinsurers' share	1,113	1,276
33	2.2 Fee and commission expenses and expenses from financial service activities	-586	-470
34	2.3 Expenses from subsidiaries, associated companies and joint ventures	-16	-68
35	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,215	-3,461
	2.4.1 Interest expense	-1,103	-1,298
	2.4.2 Other expenses	-390	-421
	2.4.3 Realized losses	-686	-435
	2.4.4 Unrealized losses and impairment losses	-1,035	-1,307
36	2.5 Acquisition and administration costs	-10,856	-10,489
	2.5.1 Commissions and other acquisition costs	-8,179	-7,884
	2.5.2 Investment management expenses	-96	-103
	2.5.3 Other administration costs	-2,581	-2,502
37	2.6 Other expenses	-4,792	-3,838
	2 TOTAL EXPENSES	-88,555	-85,329
	EARNINGS BEFORE TAXES	3,407	2,953
38	3 Income taxes	-1,112	-1,033
	EARNINGS AFTER TAXES	2,295	1,921
	4 RESULT OF DISCONTINUED OPERATIONS	-35	-69
	CONSOLIDATED RESULT OF THE PERIOD	2,259	1,852
	Result of the period attributable to the Group	2,030	1,670
	Result of the period attributable to minority interests	229	182
16	EARNINGS PER SHARE		
	Basic earnings per share (€)	1.30	1.07
	From continuing operations	1.33	1.13
	Diluted earnings per share (€)	1.29	1.06
	From continuing operations	1.31	1.11



By 2020, one in five vehicles on the road will have a wireless network connection

Attestation of the Consolidated Financial Statements

**pursuant to article 154-bis of Legislative Decree no. 58
of 24 February 1998 and article 81-ter of Consob Regulation
no. 11971 of 14 May 1999**

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 Alberto Minali, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A., General Manager 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 implementationof 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 2015.
2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2015 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 2015:
 - 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, 17 March 2016

Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.



Alberto Minali
*Manager in charge of preparing
the Company's financial reports,
General Manager and Group CFO*

ASSICURAZIONI GENERALI S.p.A.





Glossary

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 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 and 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.

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;

- (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.

Investments –asset allocation

Generali Group use 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 arrangements. 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:

in addition to financial statements line item "cash and equivalents", this asset class includes also short term deposits and money-market investment funds.

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 from banks and customers, the latter mainly related to Group banking operations.

Alternative performance measures

Operating result: it 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.

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.

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

Solvency I ratio: is defined as equal to the ratio of the available margin and the required margin., calculated in accordance with S1 requirements.

Contacts

Assicurazioni Generali S.p.A.

P.zza Duca degli Abruzzi 2
34132 Trieste, Italia
Tel. + +39 040 671111

Investor & Rating Agency Relations

Tel: + 39 040 671402
Fax: + 39 040 671338
ir@Generali.com
Head: Spencer Horgan

Media Relations

Fax +39 040 671127
press@generali.com
Head: Roberto Alatri

Group Corporate Affairs

Tel. +39 040 671621
Fax. +39 040 671660
giuseppe.catalano@generali.com
Head: Giuseppe Catalano

Shareholders & Governance

Tel: +39 040 671507
Fax: +39 040 671006
governance@generali.com
Head: Michele Amendolagine

Group Social Responsibility

csr@generali.com
Responsabile: Lucia Silva



www.generali.com

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