



03/16/2017
PRESS RELEASE

GENERALI GROUP CONSOLIDATED RESULTS AT 31 DECEMBER 2016¹

EXCELLENT 2016 RESULTS, DIVIDEND PER SHARE 11.1% HIGHER

Acceleration on cost savings and improved performance in all markets driven by successful execution of strategic plan

- **Record operating result, more than €4.8bn with excellent Life (+5.5%) and P&C (+2.9%) trends, thanks to improvements in technical performance and even greater discipline on Opex costs, decreasing for the first time**
- **Operating RoE at 13.5%, reconfirmed in line with target (>13%)**
- **Market leading P&C technical profitability, improvement in CoR to 92.5% (-0.7 p.p.), reconfirmed as the best amongst peers. Further improved performance of Life profitability with NBM growing at 25.9%**
- **Gross premiums above €70bn: P&C up (+2.1%), continued disciplined approach in Life (-6.3%), confirmed by the high quality of life net inflows, above €12 bn**
- **Net profit up to €2.1 bn (+2.5%), notwithstanding lower realized gains**
- **Dividend per share of €0.80 (€0.72 FY15) an increase of 11.1%**
- **Significant increase in cash generation: Net Operating Cash at €1.9bn**
- **Solid capital position confirmed: Regulatory Solvency ratio at 177%; Economic Solvency ratio at 194%**
- **Acceleration to 2018 from 2019 of targeted €200mln net Opex cost reduction in mature markets**

The Generali Group CEO, Philippe Donnet, affirmed: "Our excellent 2016 results confirm that Generali is an industry leader in terms of profitability and performance. These results demonstrate our ability to deliver on our commitments. Operating result and cash generation are the highest ever, driven by further improvements in the performance across the whole group. In Life, the net inflows are very strong, with high margins thanks to a successful focus

¹ Changes in premiums, net premium income and APE are presented in equivalent terms (at constant exchange rates and scope of consolidation). Changes in operating results and own investments exclude entities sold from the comparative period.

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on the business mix. In P&C we improved our already best in class combined ratio. Thanks to a tighter focus on the efficiency of our operating machine, we reduced costs for the first time and we will now deliver our 2019 savings target on mature markets one year ahead of plan.

I am encouraged by Generali's progress in the last year. We are already seeing the early results of our "Simpler, Smarter, Faster" Plan, announced in November 2016. We will build further on these achievements and we have the best possible team to accelerate the execution of our current strategy. Moreover, Generali can count on a unique distribution model of more than 150 thousand dedicated agents and salespeople around the world, who ensure a closer relationship with clients based on trust, expertise and understanding. This, together with the unparalleled level of pride and passion of all Generali employees, is an incredible asset which underpins our success at all times.

We are proud of these results, but we consider them only a first step in a journey to become the best insurance company for clients, distributors, employees and investors and we look to the future with confidence, as an independent, Italian, international group.

In the light of our excellent results and the solid capital position of the Group, we have recommended a dividend of €0.80 an increase of 11.1% over the previous year".

Milan - At a meeting chaired by Gabriele Galateri di Genola, the Generali Board of Directors approved the consolidated financial statements and the Parent Company's draft financial statements for the year 2016.

EXECUTIVE SUMMARY

The Group closed the year 2016 with **excellent results** which confirms the strength of its strategy and effectiveness of its implementation. The **operating result** has reached the best performance ever, thanks to the strong performance of both Life and P&C segments, driven by further improved technical performances and even greater discipline on Opex costs, while the **net profit and dividend are the best of the last 9 years**.

In spite of a challenging macroeconomic environment and low interest rates, the actions undertaken by the Group have resulted in: excellent **operating income**, which remains above target; **technical profitability**, which steadily improved and constant diligence on cost management – for the first time decreasing almost by €70mIn – which will allow the acceleration to 2018 from 2019 of targeted €200mIn² cost reduction. The Group also produced an increase in product profitability, and confirmed its **capital strength**.

The Group's **operating result** reached **€4,830 million** (€4,785 mIn FY15), **up by 0.9%** thanks to further improvements both in Life (+5.5%), benefitting from good technical performance despite the financial market environment, and in P&C (+2.9%) due to a continued improvement of the Group's CoR.

Operating RoE, the main profitability target, stood at **13.5%** (14% FY15), meeting the strategic objective for the third consecutive year (>13%).

Thanks to improvements in the operating performance, the **net profit** rose to **€2,081 million** (+2.5%; €2,030 mIn FY15). This net profit increase has been achieved despite planned lower realized gains in line with the strategy of preserving future profitability and is a testament to

² Net reduction in nominal OpEx cost base in mature markets by 2019 as stated during the Investor Day of last November



the quality of the results.

On the production side, **gross written premiums** amounted to € **70,513 million** (-3.9%; €74,165 mln FY15). The P&C segment improved (+2.1%), confirming the trend already observed during the year, while the **Life segment** amounted to €49,730 million (-6.3%; €53,297 mln FY15), reflecting both a disciplined approach on products, aiming to optimize the return on invested capital, and the current performance of financial markets.

This disciplined approach is reflected by the excellent quality of life net inflows, surpassing **€12 bn** (-18.5%), **higher than the average of the last 5 years and the best amongst peers**. New production in terms of **APE** amounted to €4,847 million (-6.6%). With reference to the business lines, considerable improvement was recorded in protection policy products (+12.4%). At the same time, there was a decline in both unit-linked business (-11.3%), due to market volatility, and in the savings business (-9.7%), because of the unfavourable financial situation and due to the Group's planned actions to carefully recalibrate guarantees. Thanks to the effective execution of the strategic plan, the new business value (**NBV**) improved significantly to €1,256 million (+14.6%), driven by a higher **new business margin (NBM)** of 25.9% (21% FY15). This improvement in profitability is thanks to the effective recalibration of the business mix towards protection policy products and recalibration of guarantees, and helped to counteract a deterioration in the economic environment against the previous year.

In the **P&C** segment, premiums grew by 2.1% on a like for like basis to €20,783 million (€20,868 mln FY15), thanks to the growth recorded in the Motor line (+4.3%) as well as in the Non motor line (+0.5%). High technical profitability was confirmed in the P&C business, with a **combined ratio** further and constantly improving to **92.5%** (-0.7 p.p.), the best ratio amongst our peers, thanks to the decline in the loss ratio.

These results are accompanied by a **strengthened capital position** which the Group continues to hold in a sharp focus. Shareholders' equity grew 4.2% to €24.5bn, mainly benefitting from the net profit of the period that offsets the dividend distribution.

The **Regulatory Solvency Ratio** - that represents the regulatory view of the Group's capital and considers the use of the internal model solely for the companies for which IVASS approval was obtained and for the remaining companies applying the Standard Formula - after accruing the proposed dividend - amounted to 177% (171% FY15; +6 p.p.). The 2016 ratio benefits from the internal model approval used to calculate the Solvency Capital Requirement of the Life insurance portfolio in France, that in 2015 was calculated applying the Standard Formula.

The Group **Economic Solvency Ratio**, which represents the economic view of the Group's capital and is calculated by applying the internal model to the whole Group's perimeter and after accruing the proposed dividend, remains stable at 194% (202% FY15; -8 p.p.) thanks to the strong capital generation that has partially offset the negative impact of the adverse economic context and to regulatory changes for the calculation of the Volatility Adjustment³.

As a result of this, as expected, the progressive convergence of the two ratios is confirmed. Its gap decreased from 31 p.p. by the end of 2015 to 17 p.p., as the process of achieving the planned expansion of the internal model application scope progresses.

Lastly, thanks to the higher dividends received from all main markets the **Net Operating Cash has significantly increased by 13% to €1.9 bn**. We continue towards reaching the financial

³ Updated composition of EIOPA portfolio



target of a cumulative Net Operating Cash generation above €7bn by the end of 2018, and as of the end of 2016 a cumulative €3.5bn has been achieved.

DIVIDEND PER SHARE AT €0.80 (+11.1%)

The **dividend per share** to be proposed at the next Shareholders' Meeting is €0.80, up by €0.08 cents per share (+11.1%) relative to the previous year (€0.72 FY15). The payout ratio is equal to 60%, from 55.3% in 2015.

The total dividend relating to shares outstanding amounts to €1,249 million. The dividend payment date shall be from May 24, 2017 with record date on May 23, 2017 and ex-dividend date from May 22, 2017.

LIFE SEGMENT: EXCELLENT OPERATING RESULT PERFORMANCE, PREMIUMS IN LINE WITH THE DISCIPLINED PRODUCT STRATEGY AND LIFE NET INFLOWS AT EXCELLENT LEVELS

- Operating result at €3.1bn (+5.5%) thanks to the development of the technical margin
- Premiums at €49.7bn (-6.3%) due to the increasingly disciplined approach to our product offer
- Excellent levels of life net inflows above €12bn (-18.5%)
- New business value (NBV) up significantly (+14.6%) in line with the objective of creating long-term value. Significant increase in profitability with a NBM of 25.9%(+4.8 p.p.)

Life premiums amounted to €49,730 million (-6.3%; €53,297 mln FY15), following the increasingly disciplined approach pursued in all countries where the Group operates. With regard to the lines of business, the planned decline in savings products continues (-5.7%), by rebalancing inflows towards products with better risk/return characteristics. Unit-linked income (-10.9%) is still impacted by equity market volatility, but recovering compared to the first half of the year, while protection products (-2.8%) registered positive performances across all of the main areas of operations; the decline in Germany (-12.4%) derived from a very positive performance in 2015 in the health lines.

Life net inflows - the difference between the payments received and payouts made - **is confirmed at excellent levels** at €12,049 million (-18.5%; €14,920 mln FY15), above the average of the last five years and the highest amongst its peers. The decline compared to 2015 was caused by the record level of inflows achieved that year. The 2016 performance in particular reflects the decline seen in Germany, France and Italy due to a more highly selective uptake of policies for savings products, which are also subject to a significant revision to adjust



to the current low-interest rate environment. The excellent performance continues in Asia, where net inflows grew by 40.7%.

New production in terms of **APE** is equal to €4,847 million (-6.6%; €5,210 mln FY15) due to the increasingly disciplined approach to the product offer. This performance is mainly attributable to the contraction in single premium policies (-13.4%) observed in all of the main markets except Asia (+47.8%). Annual premiums are stable (-0.5%) thanks to growth in France (+10.2%) and Asia (+34.3%).

Regarding the business lines, risk business improved significantly (+12.4%), primarily thanks to production in France (+21.7%) and Asia (+72%).

Market volatility impacted the unit-linked business (-11.3%) in all the main areas of operations, while the decline in the savings business (-9.7%) is on account of an unfavourable financial situation and to the Group's actions for prudent management of the guarantees offered. Despite the reduction of APE, the new business value (**NBV**) improved significantly (+14.6%) to €1,256 million (€1,097 mln at FY15), attesting to the effectiveness of the strategic actions put into place. In the same way, thanks to the refocusing towards protection policy products business and to the effective recalibration of guarantees, the new business margin (**NBM**) recorded a considerable growth of 4.8 p.p., reaching **25.9%** (21% FY15), even though the economic environment is worse than the previous year.

The **operating result** of the segment grew to **€3,127 million** (+5.5%; €2,965 mln FY15), thanks in particular to the increase in the technical margin (+2%) which benefits from the positive development in profitability of risk lines. The financial margin (-7.7%) reflects lower net realized gains, in line with the strategy of supporting future returns on investments.

Life Segment – Operating result and NBM				
€ mln	Operating Result		NBM	
	31/12/2016	Δ	31/12/2016	Δ
Italy	1,298	+7.6%	27.2%	+1.8%
France	593	+4.5%	9.6%	+2.6%
Germany	457	+3.9%	38.8%	+15.7%
CEE countries	248	+9.2%	34.8%	+10.9%
EMEA	454	+19.8%	39%	+12.3%
Americas	47	-5.2%	- *	- *
Asia	61	-35.7%	13.5%	+0.05%
International Operations	-31	n.m.	0	0
Total	3,127	+5.5%	25.9%	+4.8%

* New business information included in Asia

P&C SEGMENT: OPERATING RESULT UP, PREMIUM INCOME GROWTH. BEST IN CLASS COMBINED RATIO

- Operating result in continued growth, at €2bn (+2.9%) thanks to a significant improvement in the technical result (+15%)
- Premiums up to €21bn (+2.1%), driven by Motor (+4.3%)
- CoR improving significantly to 92.5% (-0.7 p.p.), thanks to the declining loss ratio (-0.8 p.p.)



The performance of **P&C premiums** was positive, rising to €20,783 million (+2.1%; €20,868 FY15) confirming the recovery already observed during the year. There was a sharp rise in the Motor line (+4.3%), driven by Spain (+17.8%), CEE countries (+7.1%), Germany (+2.3%) and Argentina (+43.4%), while Italy (-5.2%) continues to be impacted by both the decrease in average premiums in a highly competitive market and the termination of some large fleet contracts. France is stable. Non motor was up as well (+0.5%), benefitting from a positive general development across the countries where the Group operates, while Italy was down by 3.6%, following the decline in SME business within a highly competitive market.

High business profitability is confirmed, with an **operating result** up to €2,044 million (+2.9%; € 1,987 mln FY15). This is attributable mainly to the excellent performance of the technical result (+15%) and also inclusive of the impact of catastrophe claims of around €295 million (€313 mln FY15), mainly deriving from the storms and flooding that took place in France and Germany in May and June, and the earthquakes that struck central Italy in August and October.

Property&Casualty segment – Operating result and CoR

€ mln	Operating result		CoR	
	31/12/2016	Δ	31/12/2016	Δ
Italy	669	-5%	89.9%	+0.9 p.p.
France	137	+6.9%	99.4%	-0.8 p.p.
Germany	428	+9.9%	90%	-2.5 p.p.
CEE countries	204	-0.4%	89.5%	-0.6 p.p.
EMEA	440	+16.6%	93.3%	-1.9 p.p.
Americas	58	n.m.	102.7%	-3.5 p.p.
Asia	1	n.m.	100.5%	+6.1 p.p.
International Operations	108	-35%	90%	+4.2 p.p.
Total	2.044	+2.9%	92.5%	-0.7 p.p.

The **combined ratio** (CoR) improved further to 92.5% (-0.7 p.p.), thanks to a declining loss ratio (-0.8 p.p.). There was a slight increase in the current year loss ratio excluding natural catastrophes (+0.4 p.p.) due to the deterioration of the Non motor line and an impact deriving from catastrophe claims of 1.5 p.p. (1.6 p.p. FY15). The contribution of prior year loss ratio is increasing (-5.7p.p.). The Group maintained its prudent reserving approach, confirmed by the stable reserving ratio of 155%.

The **CEE countries** recorded the best CoR at group level, reaching 89.5% (-0.6 p.p.) thanks to the limitation of the expense ratio (-1.3 p.p.), linked to cost reduction actions. **Italy**, the second best group ratio, remained at an excellent level, with a CoR of 89.9% (+0.9 p.p.), despite the increase in the expense ratio due to higher costs for fees, as the business mix has shifted towards Non motor products. The loss ratio improved (-0.6 p.p.) due to the positive performance of prior year loss ratio and the lower impact of catastrophe claims. The latter amounted to a total of €100 million, of which €56 million is linked to the earthquake in central Italy, with an impact of 1.9 p.p. (2.1 p.p. in 2015).

Germany improved significantly (-2.5 p.p.) thanks to the decline in current year loss ratio excluding natural catastrophes, the limitation of the expense ratio, reflecting cost efficiency improvement policies, and the lower catastrophe impact. **EMEA** improved (-1.9 p.p.) due to the decline in the loss ratio in Austria, Belgium and Spain. Technical profitability in **France** was also good (-0.8 p.p.).



HOLDING AND OTHER BUSINESSES SEGMENT

The holding and other businesses segment comprises the activities carried out by the Group's companies in the banking and asset management sectors, the costs incurred in the activity of managing, coordinating and financing the business as well as other activities the Group considers subsidiary to its core insurance business.

The operating result of the **holding and other businesses segment** amounted to €-91 million, down compared to the €59 million at 31 December 2015. This performance was mainly caused by the financial segment, particularly the lower results of Banca Generali due to lower performance fees, as well as lower realized gains on real estate within the Other Activities. The third party assets managed by the Group banks and the asset management companies amounted to €54,877 million (+23.8%; €44,323 mln FY15). **Operating holding expenses** amounted to € -459 million (€ -429 mln FY15). This increase primarily reflects the development of the Regional Offices tasked with directing, coordinating and controlling the business in key areas in terms of growth opportunities.

PROGRESS OF THE STRATEGIC PLAN “SIMPLER, SMARTER. FASTER” AND FINANCIAL TARGETS TO 2018

The Group is committed to the execution of the strategic plan presented at the Investor Day of November 2016. The results achieved in 2016 show that the plan is progressing as expected, with an acceleration on the €200 million nominal costs cut in mature markets by the end of 2019, that as a result has been moved one year ahead of plan.

	IMPROVE OPERATING PERFORMANCE			LONG TERM VALUE CREATION		
OUR STRATEGY	Optimise international footprint	Rationalise the operating machine	Enhance technical capabilities	Rebalance our portfolio	Customer & distributor innovation	Strengthen the brand
OUR INITIATIVES	Cash proceeds	Nominal mature market cost reduction	Best CoR	Avg inforce g'ee	Customer retention	Mature market brand preference
OUR COMMITMENTS	At least €1bn	€200m	Max. new traditional business guarantee 0%	-30bps Capital Light reserves % of total +6p.p.	+2p.p.	+3p.p.
ACHIEVEMENTS IN 2016	Activated all processes ✓	~€70m Reduction delivered in 2016 ✓	70bps CoR improvement ✓ NB Guarantee ⁽¹⁾ -7bps ✓	Inforce guarantee -7bps ✓ Capital light reserves +2p.p. ✓	Increase in retention ⁽²⁾ +1.2p.p. ✓	Brand preference +0.5p.p. ✓

(1) On average of new business premium. (2) Weighted average covering to 23 BUs

The Group confirms the main 2018 financial targets. Regarding the target of more than €7bn of cumulative **Net Operating Cash** by 2018, at the end of 2016 the Group has reached €3.5bn, whereas regarding the target of €5bn **cumulative dividends** by 2018, at the end of 2016 the Group has reached €2.4bn. Lastly, regarding the target of an operating RoE above 13%, at the end of 2016 the Group has reached an average level of 13.8% (RoE annualised at FY16 is equal to 13.5%), calculated over the 2015-2016 period.



OUTLOOK

Within a macroeconomic and financial context characterized by low interest rates, high uncertainty in financial markets and by a constantly evolving regulatory scenario, the Group will intensify its focus on the initiatives of the Technical Excellence (TechEx) programme and cost efficiency. In the Life sector Generali aims to enhance the value of its portfolio by taking a simplification and innovation approach for the range of product solutions. Property&Casualty segment management will therefore continue to play a key role in the implementation of the strategy of the Group, which aims to become a leader in the retail segment in Europe thanks to the degree of capital absorption of those products which allows for efficient allocation. Despite the challenging macroeconomic environment and volatility of the financial markets, in 2017 the Group expects to increase shareholder remuneration, consistent with the strategic plan presented to the market.

The implementation of Long Term Incentive Plan compensation approved by the Shareholders' Meeting in 30 April 2014

It should also be noticed that the Board of Directors exercised the power to increase, free of charge, the share capital, pursuant to article 2443 of the Italian Civil Code: said power was granted by the shareholders' meeting on 30 April 2014 in connection with the Long Term Incentive Plan approved by the shareholders on the same date pursuant to Article 114-bis of the Consolidated Finance Act. In particular, the Board of Directors resolved, among other things, to increase, free of charge, the share capital, pursuant to Articles 2443 and 2349 of the Italian Civil Code, with effect from the material assignment of shares, for a nominal amount of EUR 1,924,724,00 through the transfer to capital of a corresponding maximum amount from the extraordinary reserve, with the issue of a number of 1,924,724 ordinary shares with a par value of EUR 1.00 each, with regular dividend, to be allocated to the beneficiaries of the aforementioned plan. The completion of this capital increase should take place within 30 April 2017, subject to the issuance of necessary regulatory approvals.

The Manager in charge of preparing the company's financial reports, Luigi Lubelli, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information in this press release corresponds to the document results, books and accounting entries.

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THE GENERALI GROUP

Generali is an independent, Italian Group, with a strong international presence. Established in 1831, it is among the world's leading insurers and it is present in over 60 countries with total premium income exceeding €70 billion in 2016. With over 74,000 employees in the world, and 55 million clients, the Group has a leading position in Western Europe and an increasingly significant presence in the markets of Central and Eastern Europe and in Asia. In 2017 Generali Group was included among the most sustainable companies in the world by the Corporate Knights ranking.



NOTE TO EDITORIAL STAFF

At 7:30 a.m. the following documents will be available on www.generali.com: press release, pre-recorded video with transcription, presentation for analysts, financial statements and other financial documents.

The Analyst Call will take place at 12.00. Journalists may listen in by dialling +39 0236009868 (listen-only mode).

The Generali corporate app offers the most recent institutional information package, which has been optimized for mobile devices. The app may be downloaded free of charge from Apple and Android stores.

GLOSSARY

Please refer to the glossary provided at the end of the Integrated Annual Report and Consolidated Financial Statement.

List of annexes:

1. Group balance sheet and income statement
2. Parent Company balance sheet and income statement

1. Group's Balance Sheet and Income Statement

BALANCE SHEET

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

Equity and liabilities

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

INCOME STATEMENT

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

2. Parent company's Balance Sheet and P&L account

BALANCE SHEET

(in thousands euro)

BALANCE SHEET ASSETS

		Year 2016	Year 2015
A. SUBSCRIBED CAPITAL UNPAID			0
of which called-up capital	0		0
B. INTANGIBLE ASSETS			
1. Acquisition commissions to be amortised			
a) life business	0		
b) non-life business	0	0	
2. Other acquisition costs		0	
3. Formation and development expenses		0	
4. Goodwill		0	
5. Other intangible assets	33,197	33,197	37,320
C. INVESTMENTS			
I Land and Buildings			
1. Property used for own activities	8,796		
2. Property used by third parties	105,784		
3. Other properties	0		
4. Other realty rights	0		
5. Assets in progress and payments on account	1,696	116,276	
II Investments in affiliated companies and other shareholdings			
1. Interests in			
a) parent companies	0		
b) affiliated companies	29,383,550		
c) affiliates of parent companies	0		
d) associated companies	234,884		
e) other	20,562	29,638,995	
2. Debt securities issued by			
a) parent companies	0		
b) affiliated companies	634		
c) affiliates of parent companies	0		
d) associated companies	0		
e) other	0	634	
3. Loans to			
a) parent companies	0		
b) affiliated companies	752,000		
c) affiliates of parent companies	0		
d) associated companies	0		
e) other	0	752,000	
		30,391,629	
			33,197
			37,320

		Year 2016		Year 2015
C. INVESTMENTS (follows)				
III Other financial investments				
1. Equities				
a) quoted shares	9,021			
b) unquoted shares	12,595			
c) other interests	5,308	26,924		
2. Shares in common investment funds		504,824		
3. Debt securities and other fixed-income securities				
a) quoted	2,075,958			
b) unquoted	40,048			
c) convertible bonds	24,067	2,140,073		
4. Loans				
a) mortgage loans	0			
b) loans on policies	789			
c) other loans	3,279	4,068		
5. Participation in investment pools		0		
6. Deposits with credit institutions		126,571		
7. Other		7,549	2,810,010	
IV Deposits with ceding companies		7,680,393	40,998,308	41,170,272
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS				
I - Investments relating to contracts linked to investments funds and market instruments				
		3,456,300		
II - Investments relating to the administration of pension funds				
		0	3,456,300	3,598,803
D.bis REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS				
I NON-LIFE INSURANCE BUSINESS				
1. Provision for unearned premiums				
	94,515			
2. Provision for claims outstanding				
	423,511			
3. Provision for profit sharing and premium refunds				
	0			
4. Other technical provisions				
	0	518,026		
II - LIFE INSURANCE BUSINESS				
1. Mathematical provision				
	34,281			
2. Unearned premium provision for supplementary coverages				
	14,345			
3. Provision for claims outstanding				
	326,391			
4. Provision for profit sharing and premium refunds				
	21,179			
5. Other provisions				
	0			
6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds				
	0	396,196	914,222	892,911
			45,402,026	45,699,306

		Year 2016		Year 2015
E. RECEIVABLES				
I Receivables arising out of direct insurance operations				
1. Policyholders				
a) for premiums - current year	109,075			
b) for premiums - previous years	9,426	118,501		
2. Insurance intermediaries		4,661		
3. Current accounts with insurance companies		1,919		
4. Policyholders and third parties for recoveries		6,135	131,217	
II Receivables arising out of reinsurance operations				
1. Reinsurance companies		481,284		
2. Reinsurance intermediaries		6,433	487,717	
III - Other receivables		1,140,847	1,759,781	1,281,122
F. OTHER ASSETS				
I - Tangible assets and stocks				
1. Furniture, office equipment, internal transport vehicles	3,144			
2. Vehicles listed in public registers	1,408			
3. Equipment and appliances	0			
4. Stocks and other goods	472	5,024		
II Cash at bank and in hand				
1. Bank and postal deposits	654,976			
2. Cheques and cash in hand	89	655,065		
IV Other				
1. Deferred reinsurance items	9,549			
2. Miscellaneous assets	243,500	253,049	913,138	775,984
G. PREPAYMENTS AND ACCRUED INCOME				
1. Interests		36,791		
2. Rents		658		
3. Other prepayments and accrued income		171,789	209,238	234,375
TOTAL ASSEIS			48,284,183	47,990,788

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

	Year 2016		Year 2015
A. SHAREHOLDERS' FUNDS			
I - Subscribed capital or equivalent funds	1,559,884		
II - Share premium account	3,568,250		
III - Revaluation reserve	2,010,835		
IV - Legal reserve	311,977		
V - Statutory reserve	0		
VI - Reserve for parent company shares	0		
VII - Other reserve	6,126,220		
VIII - Profit or loss brought forward	0		
IX - Profit or loss for the financial year	1,096,261		
X - Negative reserve for own shares held	3,040	14,670,385	14,697,163
B. SUBORDINATED LIABILITIES		7,089,925	6,864,544
C. TECHNICAL PROVISIONS			
I - NON-LIFE INSURANCE BUSINESS			
1. Provision for unearned premiums	411,784		
2. Provision for claims outstanding	2,197,022		
3. Provision for profit sharing and premium refunds	0		
4. Other provisions	0		
5. Equalisation provision	198	2,609,004	
II - LIFE INSURANCE BUSINESS			
1. Mathematical provision	7,622,002		
2. Unearned premium provision for supplementary covera	28,469		
3. Provision for claims outstanding	1,141,831		
4. Provision for profit sharing and premium refunds	99,294		
5. Other provisions	18,305	8,909,901	11,518,905
D. PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS			
I Provisions relating to contracts linked to investments funds and market index	3,454,111		
II Provisions relating to the administration of pension funds	0	3,454,111	3,595,160
		36,733,326	36,574,677

	Year 2016		Year 2015
E. PROVISIONS FOR OTHER RISKS AND CHARGES			
1. Provision for pensions and similar obligations	0		
2. Provisions for taxation	84,962		
3. Other provisions	28,336	113,298	106,693
F. DEPOSITS RECEIVED FROM REINSURERS		307,642	295,046
G. PAYABLES			
I - Payables arising out of direct insurance operations			
1. Insurance intermediaries	8,194		
2. Current accounts with insurance companies	3,451		
3. Premium deposits and premiums due to policyholders	7,709		
4. Guarantee funds in favour of policyholders	0	19,354	
II Payables arising out of reinsurance operations			
1. Reinsurance companies	192,253		
2. Reinsurance intermediaries	37,599	229,852	
III - Bond issues		3,255,539	
IV - Amounts owed to credit institutions		838,962	
V - Loans guaranteed by mortgages		0	
VI - Other financial liabilities		3,593,359	
VII - Provisions for severance pay		5,229	
VIII - Other Payables			
1. Premium taxes	3,869		
2. Other tax liabilities	36,612		
3. Social security	4,693		
4. Sundry creditors	2,223,967	2,269,141	
IX - Other liabilities			
1. Deferred reinsurance items	6,162		
2. Commissions for premiums in course of collection	14,141		
3. Miscellaneous liabilities	514,609	534,913	10,746,349
		47,900,615	47,602,903

	Year 2016		Year 2015
H. ACCRUALS AND DEFERRED INCOME			
1. Interests	275,358		
2. Rents	1,958		
3. Other accruals and deferred income	106,252	383,569	387,885
TO TAL LIABILITIES AND SHAREHOLDERS' FUNDS		48,284,183	47,990,788

PROFIT AND LOSS ACCOUNT

(in thousands euro)

PROFIT AND LOSS ACCOUNT

		Year 2016	Year 2015
I TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS			
1. EARNED PREMIUMS, NET OF REINSURANCE:			
a) Gross premiums written	1,660,093		
b) (-) Outward reinsurance premiums	492,109		
c) Change in the gross provision for unearned premiums	61,747		
d) Change in the provision for unearned premiums, reinsurers' share	10,582	1,116,819	919,449
2. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT (ITEM III. 6)		123,006	61,192
3. OTHER TECHNICAL INCOME, NET OF REINSURANCE		1,280	609
4. CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE			
a) Claims paid			
aa) Gross amount	897,466		
bb) (-) Reinsurers' share	194,413	703,053	
b) Recoveries net of reinsurance			
aa) Gross amount	3,493		
bb) (-) Reinsurers' share	1,186	2,307	
c) Change in the provision for claims outstanding			
aa) Gross amount	32,329		
bb) (-) Reinsurers' share	30,502	62,831	
5. CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE		0	0
6. PREMIUM REFUNDS AND PROFIT SHARING, NET OF REINSURANCE		28	108
7. OPERATING EXPENSES			
a) Acquisition commissions	225,667		
b) Other acquisition costs	26,677		
c) Change in commissions and other acquisition costs to be amortised	0		
d) Collecting commissions	600		
e) Other administrative expenses	52,552		
f) (-) Reinsurance commissions and profit sharing	57,423	248,073	187,017
8. OTHER TECHNICAL CHARGES, NET OF REINSURANCE		10,896	14,231
9. CHANGE IN THE EQUALISATION PROVISION		90	40
10. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS		218,440	198,995

II TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS		Year 2016	Year 2015
1. PREMIUMS WRITTEN, NET OF REINSURANCE			
a) Gross premiums written	2,007,507		
b) (-) Outward reinsurance premiums	371,896	1,635,611	1,353,621
2. INVESTMENT INCOME:			
a) From participating interests	959,806		
(of which, income from Group companies)	956,621		
b) From other investments			
aa) income from land and buildings	0		
bb) from other investments	377,512	377,512	
(of which, income from Group companies)	255,917		
c) Value re-adjustments on investment	8,834		
d) Gains on the realisation of investments	11,290		
(of which, income from Group companies)	0	1,357,442	1,393,862
3. INCOME AND UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND ON INVESTMENT RELATING TO THE ADMINISTRATION OF PENSION FUNDS		52,097	22,310
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE		23,651	26,795
5. CLAIMS INCURRED, NET OF REINSURANCE			
a) Claims paid			
aa) gross amount	1,990,944		
bb) (-) reinsurers' share	264,644	1,726,301	
b) Change in the provision for claims outstanding			
aa) gross amount	86,171		
bb) (-) reinsurers' share	20,052	66,119	
		1,792,419	1,803,066
6. CHANGE IN THE PROVISION FOR POLICY LIABILITIES AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			
a) Provisions for policy liabilities			
aa) gross amount	-67,287		
bb) (-) reinsurers' share	3,937	-71,224	
b) Change in the provision for claims outstanding			
aa) gross amount	-287		
bb) (-) reinsurers' share	2,861	-3,148	
c) Other provisions			
aa) gross amount	-530		
bb) (-) reinsurers' share	0	-530	
d) Provisions for policies where the investment risk is borne by the shareholders and relating to the administration of pension funds			
aa) gross amount	-136,597		
bb) (-) reinsurers' share	0	-136,597	
		-211,500	-384,553

	Year 2016	Year 2015
7. PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE	66,744	48,777
8. OPERATING EXPENSES		
a) Acquisition commissions	278,275	
b) Other acquisition costs	13,897	
c) Change in commissions and other acquisition costs to be amortised	0	
d) Collecting commissions	0	
e) Other administrative expenses	31,982	
f) (-) Reinsurance commissions and profit sharing	69,276	
	254,879	210,227
9. INVESTMENT CHARGES		
a) Investment administration charges, including interest	92,789	
b) Value adjustments on investments	10,941	
c) Losses on the realisation of investments	327	
	104,057	152,546
10. EXPENSES AND UNREALISED LOSSES ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS WHO BEAR THE INVESTMENT RISK AND ON INVESTMENT RELATING TO THE ADMINISTRATION OF PENSION FUNDS	10,171	17,324
11. OTHER TECHNICAL CHARGES, NET OF REINSURANCE	8,362	4,248
12. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)	682,393	655,887
13. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item III.2)	361,275	289,066
III NON TECHNICAL ACCOUNT		
1. BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (Item I.10)	218,440	198,995
2. BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item I.13)	361,275	289,066
3. NON-LIFE INVESTMENT INCOME		
a) From participating interests	897,629	
(of which, income from Group companies)	896,431	
b) From other investments		
aa) income from land and buildings	4,983	
bb) from other investments	81,707	86,690
(of which, income from Group companies)	24,157	
c) Value re-adjustments on investment	19,747	
d) Gains on the realisation of investments	14,099	
(of which, income from Group companies)	1,999	
	1,018,165	722,476

	Year 2016	Year 2015
4. (+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (item il. 2)	682,393	655,887
5. INVESTMENT CHARGES FOR NON-LIFE BUSINESS		
a) Investment administration charges, including interest	62,709	
b) Value adjustments on investments	77,020	
c) Losses on realisation of investments	63,015	
6. (-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (item I. 2)	123,006	61,192
7. OTHER INCOME	491,556	398,464
8. OTHER CHARGES	1,574,803	1,455,546
9. RESULT FROM ORDINARY ACTIVITY	871,276	453,141
10. EXTRAORDINARY INCOME	79,590	373,027
11. EXTRAORDINARY CHARGES	44,817	36,746
12. EXTRAORDINARY PROFIT OR LOSS	34,773	336,281
13. RESULT BEFORE TAXATION	906,049	789,422
14. INCOME TAXES	-190,212	-142,047
15. PROFIT (LOSS) FOR THE YEAR	1,096,261	931,469