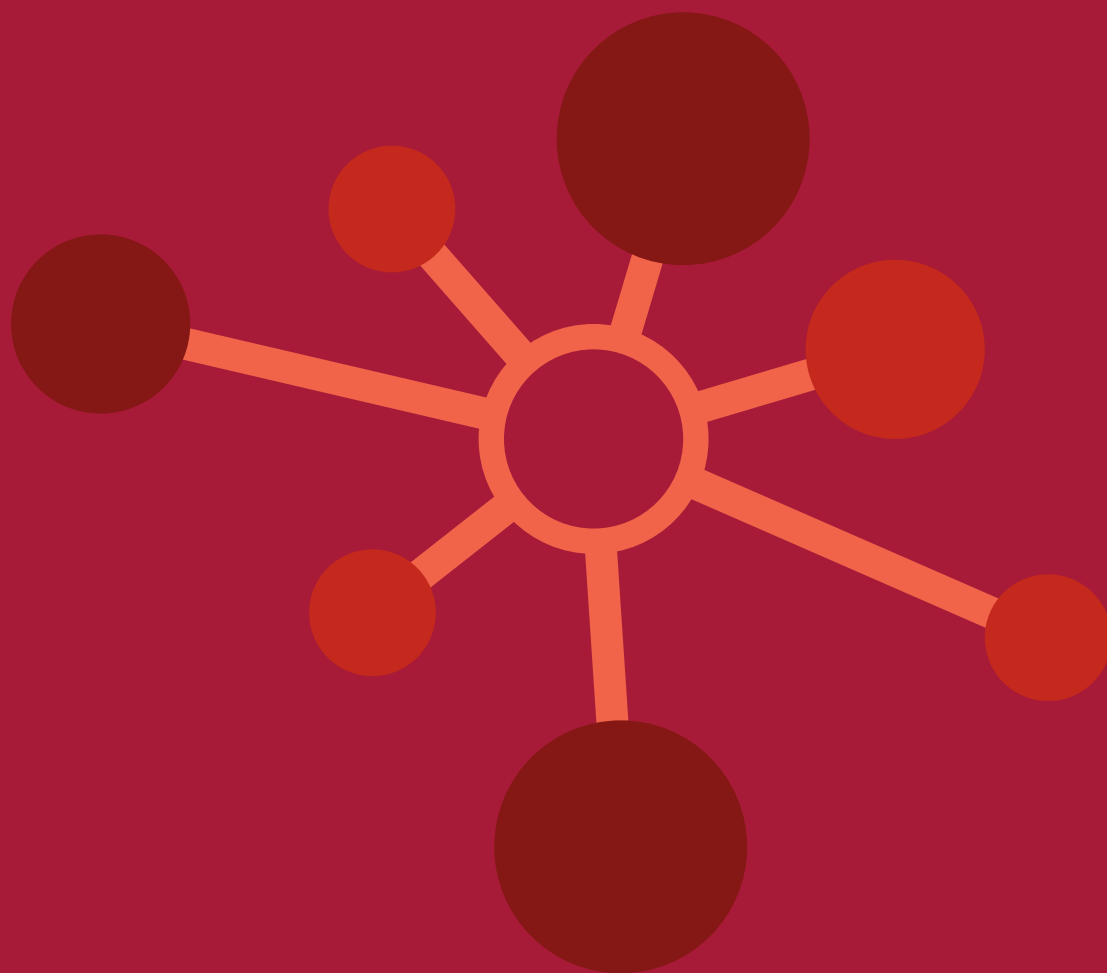


Management Report and Parent Company Financial Statements Proposal 2017



Management Report and
Parent Company
Financial Statements 2017

Corporate bodies

as at 14 March 2018

Chairman

Gabriele Galateri di Genola

Vice Chairman

Francesco Gaetano Caltagirone

Clemente Rebecchini

Managing Director and Group CEO

Philippe Donnet

Board members

Romolo Bardin

Ornella Barra

Paolo Di Benedetto

Alberta Figari

Diva Moriani

Lorenzo Pelliccioli

Roberto Perotti

Sabrina Pucci

Paola Sapienza

Board of Statutory Auditors

Carolyn Dittmeier (Chairwoman)

Antonia Di Bella

Lorenzo Pozza

Francesco Di Carlo (Substitute auditor)

Silvia Olivotto (Substitute auditor)

Board secretary

Giuseppe Catalano

Company established in Trieste in 1831
Share capital € 1,561,808,262 fully paid-up
Registered office in Trieste, piazza Duca degli Abruzzi, 2
Tax code and Company Register no. 00079760328
Company entered on the Register of Italian insurance and reinsurance companies under no.1.00003 Parent Company of the Generali Group, entered on the Register of insurance groups under no. 026
Certified email (Pec): assicurazionigenerali@pec.generaligroup.com

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



Contacts available at the end of the document

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persuant to the provision of the article 154-bis of Legislative Decree 58 February, 1998 and Consob regulations 11971 of May 14,1999

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The **integrated overview** of our reports

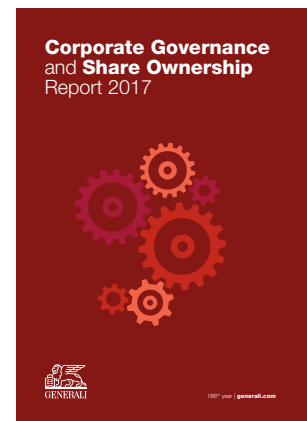
We report the story of our Group in an increasingly innovative and integrated manner: the story of how we create value is found within the **Annual Integrated Report** which is our **core report**¹ centred on key financial and non-financial information while - by means of other reports and channels



Annual Integrated Report
This report provides a concise and integrated view of the financial and non-financial performance of the Group, even in response to legislative decree 254/2016.



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



Corporate Governance and Share Ownership Report
This report illustrates the corporate governance system of Assicurazioni Generali and its ownership structure.

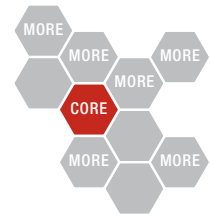
About **Management Report and Parent Company Financial Statements**

This **Report** provides an overview of the Assicurazioni Generali S.p.A.'s value creation process, reporting current and outlook financial and non-financial information and highlighting the connections between the environment in which we carry on our business, our strategy and our corporate governance structure.

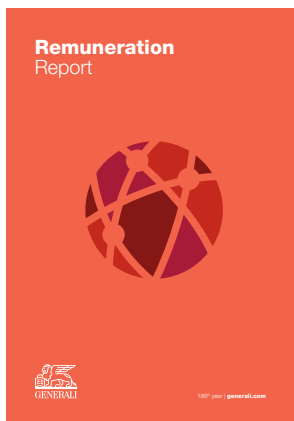
This report has been prepared in accordance with the provisions of Legislative Decree 209/2005, CONSOB communications, and other regulatory provisions.

Pursuant to Legislative Decree no. 254/2016, article 6, paragraph 1, the Company is not subject to the obligation of preparing an Individual Statement of a Non-Financial Nature, under article 3 of the Decree itself, since the Company is included in the Consolidated Statement of a Non-Financial Nature, prepared by the Generali Group pursuant to article 4.

¹ **Core&More**: new corporate reporting approach developed by Accountancy Europe which provides for a core report, that contains a summary of all key information required to evaluate and understand the company, and more reports including more detailed information. www.accountancyeurope.eu for more in-depth information



of communication (**our more reports**¹) we present more detailed and supplementary information, some of which targets a specialized audience. The information of the Annual Integrated Report is therefore connected to the in-depth information, thus enhancing the integrated thinking.



Remuneration Report

This report provides specific information about the remuneration policy adopted by the Group and its implementation.



Management Report and Parent Company Financial Statements

This report provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.



generali.com

for further information about the Group.



The **Report** starts with a foreword, that contains a summary of economics, managerial and governance characteristics of our Group and Assicurazioni Generali S.p.A., with reference to 2017.

Follow the **Management Report** which presents an analysis of the Company's situation, the trend and results overall, as well as a description of the principal risks and uncertainties to which the Company is exposed, and the **Notes, part of the Parent Company Financial Statements** that provides the explanatory and supplementary information to synthetic and quantitative data contained in the balance sheet and profit or loss.

At the end of the Report the part concerning **Tables** and the **Appendices to the Notes** in accordance with current requirements.



Letter from the **Chairman** and the **Group CEO**



Generali closed another year with excellent results and strengthened its positions as one of the most important players in the insurance industry. These results demonstrate that the Group is increasingly solid, efficient and innovative, and that it is able to effectively handle the challenges distinguishing our industry and that are becoming deeply intertwined with the global and interdependent changes in the society.

The gradual change in the demographic structure, the climate change, the technology that is more and more widespread and sophisticated, and the new events - at times unsettling - taking place in international politics are just a few elements of the environment in which an operator like Generali has the mission to manage risk. On the other hand, the needs of customers and the possibility they have to choose from diversified and increasingly personalised solutions are growing each day and opening doors to business opportunities unheard of until now.

In economic, industrial and capital terms, the Group presented an operating result once again marked by growth and the best profit of the last three years, increasingly higher quality and premium income and a strengthened capital position. All this confirms the soundness of the strategy launched two years ago and that will be completed in 2018 before starting a new three-year period that - and of this we are sure - will be just as satisfactory.

We carried ambitious projects forward in 2017. We implemented the new asset management strategy to develop and perfect an area that is becoming more and more integrated with the insurance area, with the objective of enriching our expertise and of offering tailor-made solutions to companies and the retail customers in order to reach € 500 billion by 2020.

We continued with the reorganisation of Generali Deutschland in Germany and entered a new stage focussed on strengthening its operating performance and on increasing the value creation over the long term. During the year, the Group continued its geographical optimisation plan that sets out to boost our presence in the most interesting markets and to free at least € 1 billion in resources from the less profitable ones.

2017 was also the year in which we started up *The Human Safety Net*, one of the most ambitious social projects of our almost 200 years of history. It is an initiative that has global reach, and its target is to connect and activate millions of people around the world to involve them in projects that make an enormous impact on the chosen local communities thanks to the contribution of our Group's employees. In this way we started initiatives dedicated to equal opportunities for those children who grow up in poverty, to the entrepreneurial potential of refugees and to the prevention and treatment of neonatal asphyxia.

We located the offices of *The Human Safety Net* in St Mark's Square in Venice, in Palazzo delle Procuratie Vecchie, which will be restored with a visionary project of extraordinary historic restoration.

We then further innovated our way of reporting thanks to an important stage along our accountability path: in the Annual Integrated Report and Consolidated Financial Statements 2017 we are publishing the Consolidated Non-Financial Statement for the first time to provide an integrated understanding of all our activities. In 2017, we also renewed our Charter of Sustainability Commitments that defines what it means to do business in a responsible manner. It singles out a precise category of priorities resulting from the ongoing dialogue we have with our stakeholders, and it commits us to the constant monitoring of progress made in this area.

The *Assicurazioni Generali* brand is old, full of history and prestige. In recent years, the Group has turned into a modern multinational with a vocation for customer centricity, and has been able to combine its heritage with technology in order to find increasingly innovative solutions. However, there is another vocation that distinguishes us: that for the human factor, for talent and for our people, whether they are employees, agents or collaborators. Without them, it would have been impossible to build the group that we have become and to attain the results we achieved in 2017. A special thanks goes to them this year as well.

Gabriele Galateri di Genola

Philippe Donnet





We, **Generali**





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Company highlights

Net profit

+28.1%

€ 1,404 mln



Total dividend proposed

+6.5%

€ 1,330 mln



Dividend for share proposed

+6.3%

€ 0.85

Total gross premiums

-8.1%

€ 3,369 mln

Life gross premiums

-14.9%

€ 1,708 mln



Non Life gross premiums

+0.1%

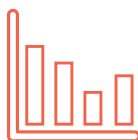
€ 1,661 mln



Non Life Combined ratio

+2.3%

91.9%



Employee

-0.3%

2,003



-2.6%

1,091 Total staff in Italy

+2.5%

912 Foreign branches staff

Shareholders' fund

+1.1%

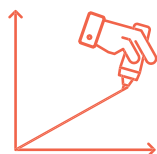
€ 14,825 mln



Total assets

+0.0%

€ 48,255 mln



Shareholdings in Group Companies

+0.3%

€ 29,732 mln

Net technical provisions

-9.8%

€ 12,677 mln



Life net technical provisions

-6.1%

€ 11,237 mln

Non life net technical provisions

-31.1%

€ 1,440 mln

Debt

+0.8%

€ 14,055 mln



Our history

1831

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in over 60 countries through more than 400 companies and over 71 thousand employees.

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

1832-1914

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



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



1915-1918

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

1919-1945

Generali returned to the growth that had been temporarily interrupted during World War I. In line with what was going on in Italy in those years when public construction activities and agriculture were strongly boosted through the policies adopted by the government, **Generali made significant investments in agriculture and real estate** starting from 1933. With the outbreak of World War II, the Group lost contact with its subsidiaries located in 'enemy' countries: one of the most complex periods of its bicentenary history began.

1946-2010

After World War II, Trieste's future appeared uncertain: in 1947, Generali transferred its registered office to Rome to formalize its position as an Italian company. The Group resumed its expansion during the Italian economic boom years. An agreement was signed with the US-based Aetna in 1966, and in 1974 **Genagricola** was founded, which heads all agricultural activities of the Group. Generali transferred its registered office from Rome back to Trieste in 1990. **Genertel**, the first direct insurance company in Italy, was established in 1994. The Group took control of the **AMB group** in 1997 to promote growth in the German market. **Banca Generali** was established in 1998 in order to concentrate all asset management activities and services under one umbrella. There were some acquisitions in the first decade of the new millennium, e.g. INA and Toro, and joint ventures were launched in Central and Eastern Europe and Asia.

2011-2016

Recent years have driven a new phase of change, with a **new top management** and a **corporate reorganization**. The Group presented the **update of its strategic plan** at the Investor Day in November 2016, which aims to set out a new business model and confirm the achievement of the already announced targets by 2018.



Group strategy, p. 30



2017 key facts



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

January

On 25 January, the Board of Directors of Assicurazioni Generali terminated its employment contract with Alberto Minali and appointed **Luigi Lubelli** as **Group CFO**, who also joined the Group Management Committee. It also decided that the Investments Committee would expand its responsibilities to strategically relevant operations, so its name was changed to the **Investments and Strategic Operations Committee**.

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

On 23 January, Assicurazioni Generali communicated that it had acquired voting rights on 505 million shares of **Intesa Sanpaolo S.p.A.**, equal to 3.01% of the share capital, through a securities lending transaction.

February

Generali Finance B.V. exercised the early redemption option on the perpetual subordinated bond on 8 February for an amount totalling € 869 million. This debt had already been refinanced through the subordinated bond, concluded on 8 June 2016, for an overall amount of € 850 million, targeting institutional investors.

March

On 15 March, the Board of Directors of Assicurazioni Generali approved the appointment of **Aldo Mazzocco** as the new CEO and General Manager of Generali Real Estate; he became a member of the Board of Directors of Generali Real Estate in June.

The new **Charter of Sustainability Commitments of the Group** was approved by the Board of Directors of Assicurazioni Generali. This document outlines the position of Generali with respect to sustainability as well as its commitments to stakeholders.



www.generali.com/our-responsibilities/responsible-business/charter_sustainability_commitments

April

On 20 April, Assicurazioni Generali completed the **share capital increase** in execution of the Long Term Incentive Plan approved by the Shareholders' Meeting of the Company on 30 April 2014. The share capital of Assicurazioni Generali, fully subscribed and paid up, is subdivided into 1,561,808,262 ordinary shares of € 1 each (par value).

On 26 April - and following Fitch's recent downgrade of Italy's sovereign rating to 'BBB' from 'BBB+', with Stable Outlook - the agency announced that it has **affirmed Generali's** and its subsidiaries' **IFS ratings** at A-. The Outlooks are Stable. Fitch explained that the ratings are two notches higher than Italy's sovereign rating (BBB/Stable), "in recognition of Generali's resilient capital position and strong geographical diversification (with around 60% of operating result from outside Italy), including significant operations in France and Germany with strong market positions".

On 27 April, the ordinary and extraordinary Shareholders' Meeting of Assicurazioni Generali appointed the **Board of Statutory Auditors** for the three-year period 2017-2019, electing Carolyn Dittmeier (Chairwoman), Lorenzo Pozza and Antonia Di Bella as auditors and Francesco Di Carlo and Silvia Olivotto as substitute auditors. The members of the Board of Statutory Auditors declared that they met the conditions of professionalism, respectability and independence.



[Our governance, p. 34](#)

May

The **new strategy for the Asset Management division** was announced on 11 May. The objective is to address the needs of insurance companies and individuals in a low interest rate environment and supporting Generali's shift towards a greater contribution from fee-based business. The new Asset Management strategy is based on two pillars: broadening the investment capabilities and offering bespoke investment solutions to European companies and savings products to individual clients. This division will broaden investment capabilities and enlarge product offering to reach € 500 billion of assets under management by 2020.



[Group strategy, p. 30](#)

On 30 May, Assicurazioni Generali **sold 510 million ordinary shares of Intesa Sanpaolo S.p.A.**, amounting to 3.04% of the share capital, and which had been acquired in January. At the same time, Generali ended the collateralized derivative transaction, settled on 17 February, in order to fully hedge the economic risk related to the acquisition of these shares. The Generali Group maintains a marginal exposure to Intesa Sanpaolo shares as an ordinary financial investment.

June

Effective as of 1 June, Jean-Laurent Granier joined the Generali Group as Country Manager and Président Directeur Général (PDG) of Generali France. **He also joined the Group Management Committee**. Eric Lombard resigned from the Group.



July

Generali returned to the Insurance Linked Securities (ILS) market with a € 200 million catastrophe bond on floods and windstorms in Europe and earthquakes in Italy, through a reinsurance agreement with Lion II Re DAC, an Irish special purpose company, providing per occurrence cover in respect to any mentioned events which occur to the Generali Group over a four-year period. The Lion II Re transaction transfers part of these risk to the bond investors allowing for a more optimized protection for the Group against catastrophes.

On 19 July, an agreement was signed for the transfer of the shareholding in the Colombian companies², equivalent to 91.3% of Generali Seguros and to 93.3% of Generali Vida. The operation is subject to approval from the competent authorities. The sale of the shareholding in the Guatemala subsidiary² was also completed.

August

On 1 August, the Board of Directors of Assicurazioni Generali appointed **Nora Gürtler as Head of Group Audit** as from 1 October.

On 7 August, an agreement for the sale of its **assets in Panama²** was **undersigned**. The operation is subject to approval from the competent authorities.

September

On 13 September, an agreement for the **transfer of the entire shareholding in Generali Nederland N.V.²** was undersigned with an initial compensation of € 143 million, subject to adjustment on the closing date of the operation as well as approval, inter alia, from the competent authorities. The operation was completed in February 2018.

On 28 September, the subsequent phase of **industrial transformation of Generali Deutschland** was initiated in order to strengthen operational performance and increase value creation in the long term.

October

On 18 October, the Board of Directors of Assicurazioni Generali deliberated in favour of the entry - within the **Group Management Committee - of Isabelle Conner, Group Chief Marketing & Customer Officer, and of Monica Alessandra Possa, Group Chief HR & Organization Officer**; it also deliberated in favour of the mutually agreed resignation of **Valter Trevisani, Group Chief Insurance Officer**.

The **Human Safety Net**, a new Group initiative for the community, was launched.



Annual Integrated Report and Consolidated Financial Statements 2017, Vision, Mission, Values, p. 21

November

In Paris, the **Argus de l'Assurance digitale award** within the "Best mobile strategy" category was received for the Mobile Hub product, a mobile app launched internationally and known in France as Mon Generali. The award, assigned by one of the most prestigious specialized magazines, L'Argus de l'Assurance, is in recognition of the Group's commitment to realize its strategic plan with an increasingly digital and innovative approach which will render Generali simpler, smarter, faster.

December

On 18 December, an agreement for the **transfer of the entire shareholding in Generali PanEurope²** was undersigned with an initial compensation of € 230 million, subject to adjustment on the closing date of the operation. The operation is subordinate, inter alia, to approval from the competent authorities and its completion is expected within the first half of 2018.

An agreement for the transfer of the **run off P&C portfolio of the British subsidiary** was signed on 19 December.

The Board of Directors approved the creation of a new position, the **Group Chief Operations & Insurance Officer**, effective as of 1 January 2018. The responsibility for this function - which integrates the activities of the Operations division with those of the Insurance Officer, in addition to directly reporting to the Group CEO - has been entrusted to **Jaime Anchustegui Melgarejo**, previously manager of the EMEA division; he will therefore become a member of the Group Management Committee.

² The operation is part of the Group's strategy to optimize its geographic presence as well as improve operational efficiency and the allocation of capital.



Group strategy, p. 30



Significant events after 31 December 2017 and 2018 corporate event calendar

February

Generali completed the sale of its entire shareholdings in Generali Nederland N.V. (and its subsidiaries).

The Net Promoter Program of Generali was recognized as the world's best by Medallia during the Experience Europe 2017 event held in London.



How we create sustainable value: our business model, p. 18

Generali approved the strategy on climate change.



Our rules for running business with integrity, p. 23

March

14 March 2018: Board of Directors approving the Annual Integrated Report and Consolidated Financial Statements*, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report as at 31 December 2017 and the Remuneration Report

* The Annual Integrated Report includes the Consolidated Non-Financial Statement.



Annual Integrated Report and Consolidated Financial Statements 2017, Consolidated Non-Financial Statement, p. 120

15 March 2018: Publication of the results as at 31 December 2017

April

19 April 2018: Shareholders' Meeting Approval of the Parent Company Financial Statements as at 31 December 2017 and the Remuneration policy as well as the other agenda items

May

3 May 2018: Board of Directors approving the Interim financial information as at 31 March 2018

4 May 2018: Publication of the results as at 31 March 2018

23 May 2018: Dividend pay-out on the share of Assicurazioni Generali



July

31 July 2018:
Board of Directors
approving the
Consolidated financial
half-yearly report
as at 30 June 2018

August

1 August 2018:
Publication of the results
as at 30 June 2018

November

7 November 2018:
Board of Directors
approving the Interim
financial information
as at 30 September 2018

8 November 2018:
Publication of the results
as at 30 September 2018

21 November 2018:
Investor Day



How we create **sustainable value**: our **business model**

External context





Glossary available at the end of the Annual Integrated Report and Consolidated Financial Statements 2017

Financial capital

13.4% RoE (+0.0 pps)
€ 1,330 mln proposed total dividends (+6.5%)



Annual Integrated Report and Consolidated Financial Statements 2017, Our performance, p. 41

Human capital

We are committed to valuing and developing our people in order to be ready to more effectively meet future challenges. We listen to them as to understand how we can improve and meet their needs.

Global Engagement Survey 2017

86% response rate (+1 pps vs 2015)
80% engagement rate (-2 pps vs 2015)



Group strategy, p. 30

Natural capital

We are committed to contributing to the transition towards a more sustainable economy and society, even by managing our direct impact.

t 112,782 CO₂e total emissions (-9.5% vs base year 2013)



Our rules for running business with integrity, p. 23

Total emissions refer to 44% of the total Group employees in the following countries: Austria, France, Germany, Italy, Czech Republic, Spain and Switzerland.

Output

Impact

Social and relationship capital

We continue to implement our **Net Promoter System Program** - recently awarded by Medallia as one of the most successful global programs - and listen to our customers and distributors while responding to their feedback and allowing ourselves to improve their satisfaction and loyalty.

Customer T-NPS, active in 54 business units and with a coverage of approximately 90% of our customer base

167 thousand unsatisfied clients were re-contacted

+350 quick wins were implemented

+250 structural improvements

Distributor R-NPS, active in 31 sales channels in 20 business units

147 improvements were implemented

Global Agent Excellence Contest launched in 23 business units to improve digital adoption and further empower our agents.

Connected Agent and Mobile Hub, initiatives which aim to respectively equip our agents with tools to interact with customers through digital channels and our customers with a platform for managing their policies through their cell phones in an easier and more independent manner. The agents have already been provided with tools in Spain, Argentina, Austria, Switzerland and Indonesia; the platform was launched in France and Switzerland and is being launched in Italy and Spain.

We support the most vulnerable people through **The Human Safety Net (THSN)**, a global initiative which tackles three important socio-demographic issues.



Annual Integrated Report and Consolidated Financial Statements 2017, Vision, Mission, Values, p. 21

Manufactured capital

approximately € 26 billion in real estate assets composed of both historical properties as well as recent ones, and managed by Generali Real Estate (GRE) for the purposes of creating eco-sustainable value. Within the realm of the European project, Green Building Workshop, GRE developed the Green Building Guidelines (GBG) which aim to improve the environmental performance of the real estate assets of the Group by bringing them to elevated standards in order to mitigate the future obsolescence of properties and to ensure that - along the entire real estate value chain - all affected parties (manufacturers, administrators, tenants) understand and respect effective sustainability rules. An increasing number of buildings is therefore certified according to HQE, DGNB, LEED and/or BREEAM standards.

Intellectual capital

We have strong technical know-how which allows us to offer insurance solutions that are high in quality as well as innovative and digital so as to meet the needs of our clients and simplify our processes.



Group strategy, p. 30

Business model of Assicurazioni Generali S.p.A.



Management of Investments

The parent company provides the strategic direction, management and coordination and control of all its affiliated and investments

The parent company coordinates and manages all activities aimed at capital optimization, via the balance between the strengthening of capital, profits and cash flow. The efficiency of the capital structure is also guaranteed through the optimization of financial debt

Management of capital structure



Direction and coordination activities

The parent company sets guidelines to improve efficiency in operational management

The insurance and reinsurance business of the parent company is conducted through both the Head Office and foreign branches

Insurance and reinsurance activity

Vision, Mission, Values

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

Actively

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

Protect

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

Enhance

Generali is also committed to creating value.

People

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

Lives

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

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

First choice

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

Delivering

We ensure achievement striving for the highest performance.

Relevant

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

Accessible

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

Insurance solutions

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



Our Values

Deliver on the promise

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

Value our people

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

Live the community

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

Be open

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

Our rules for running business with integrity

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

We operate in a sustainable manner in all our operations and support the community in addition to our daily activities. These are the two pillars on which our vision of sustainability is based. This vision is outlined in the Charter of Sustainability Commitments approved by the Board of Directors of Assicurazioni Generali in 2017 which renews the commitment of the Group with respect to its stakeholders and the society in general.



We have a collection of **Group policies and guidelines** published within the website of the Group which support our operations in a sustainable and responsible manner.



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

The **Code of Conduct** defines the basic behavioral principles which all the personnel of the Group is required to comply with: these principles are outlined in specific guidelines that refer, for example, to the promotion of diversity and inclusion as well as the management of conflicts of interest, personal data protection and corruption prevention.

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

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

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

We also have a structured **internal Group regulatory system**, regulated by the Generali Internal Regulation System Policy (GIRS).



*Corporate Governance and Share
Ownership Report 2017, p 45*

Risks and opportunities of the external context

The capacity of the Group to create value can be significantly influenced by certain factors in the short, medium and long term which then determine risks and opportunities.

Uncertain financial and macro-economic landscape

During the course of 2017, the **global economy** grew at a rate that was greater than expected due to the dynamic nature of domestic demand in developed economies. The Eurozone grew not only as a result of dynamic consumption but also as a result of increased investment. Within Eastern European countries, the positive economic trend continued, driven by consumption and a growing labour market, including salary increases which sustained inflation.

Within Europe, significant events include the victory of Macron within the French presidential elections, the advance elections in the UK as well as the advance elections in Catalonia. On the global level, on the other hand, the year was characterized by significant political uncertainties (Russiagate, tensions with North Korea) which influenced the confidence levels of operators within financial markets. Within the USA, GDP growth compared to the previous year was 2.2% and the labour market continued to gain strength, with an unemployment rate that fell in November to 4.1%, the lowest level in the last 17 years. Significant uncertainty developed in relation to the abolition of Obamacare and tax reform; the primary point of the latter was the decrease in fiscal load for companies. Inflation remained, in any case, low despite increases in both the USA and Europe. Growth in Asia, in particular China, continued at significant levels.

With regard to the **insurance sector** in Italy, Germany, France and Spain (in a persistent environment of low interest rates and stringent capital requirements), the Life business was characterized by the sale of unit-linked policies, which however failed to offset the decrease in traditional products. P&C business continued to grow throughout Europe: in Italy the slight increase in the P&C business was mainly attributable to the health insurance business; in France, Germany and Spain the result was also positively affected by the motor business

Regulatory evolution

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

- **European directive Solvency II**, the European insurance market supervisory framework which includes three pillars: capital measurements, governance and risk management systems and reporting
- **Common Framework of the International Association of Insurance Supervisors (IAIS)** on the development of standard qualitative and quantitative capital requirements based on risk for insurance groups operating globally
- **European directive on insurance distribution and regulations on investment product** disclosure and transparency guaranteeing an increasingly high level of consumer protection
- European regulation on **personal data protection**
- European directive on **non-financial information**, transposed into the Leg. Decree 254/2016
- Issue of the IVASS order no. 68 of 24 February 2018, amendments and additions to ISVAP Regulation No. 22 of 4 April 2008 amendments and additions to ISVAP Regulation No. 22 of 4 April 2008.



Risk Report
for a detailed description on the risk profile and the main risks,
p. 73 of the Management Report 2017

Identified risk

Our risk management



The constraints imposed by the calculation of the capital requirement according to the Solvency II regulations, market expectations, the Group's profitability targets and the expectations of policyholders' returns are the main factors influencing the formulation of the **investment allocation strategy**. The regulatory system and the continued low interest environment - despite overall positive global growth - render it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. Geographical diversification and selective focus on alternative investments and real assets (real estate assets and/or infrastructural assets, both direct and indirect) are important factors in investment activities which aim to contain portfolio risks and sustain current profitability. The creation of a multi-boutique insurance asset manager platform is part of the strategy to enhance the investment capacity in these market sectors.

Identified risk

Our risk management



We run our business in compliance with the law, internal regulations and codes and professional ethics, and we closely monitor the evolution of the regulatory environment, dialoguing with legislators and institutions. We regularly evaluate our exposure to the risk of non-compliance and assume prompt measures to adequately manage it.

We continue to apply the requirements of **Solvency II** and are engaged in the various tests carried out by the **International Association of Insurance Supervisors (IAIS)** in order to determine the final architecture and calibrations of the supervisory requirements.

In accordance with our customer focus strategy, we have implemented the transparency requirements for investment products required by EU legislation by putting the best practices of the Group into common use. We are working to be ready to apply the new regulatory requirements on insurance distribution and personal data processing.

Finally, we monitor regulatory developments pertaining to non-financial information; the first reporting on this topic was implemented within the Annual Integrated Report and Consolidated Financial Statements 2017.

Lastly, we monitor developments in national accounting standards and in sectorial legislation.



Annual Integrated Report and Consolidated Financial Statements 2017,
Consolidated Non-Financial Statement, p. 120

Technological evolution

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

The unprecedented availability of customer data, combined with the **technological capabilities** of processing data quickly and efficiently in terms of costs, allows the insurance business to create customized prices and identify potential fraud (such as the development of programs for the prevention of losses) as well as develop new products and re-design operational processes. On the other hand, it creates potential challenges deriving from the management of personal data and the automation of decisive processes in addition to new challenges within the traditional risk management insurance model.

At the same time, elevated technological growth implies an exponential evolution in **cyber** threats, both in terms of volume as well as typology (i.e. targeted attacks which aim to steal information or block operational processes). Adequate management of cyber risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data which are frequently sensitive. This issue is also increasingly relevant for regulators which are requesting the introduction of specific safety measures as well as reporting processes in the case of violation of the data (Regulation on personal data protection).

Finally, technology as an enabling element of the processes may also impair business continuity, representing a potential threat (malfunction of equipment and systems, etc.) if appropriate measures are not applied.

New customer needs

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

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

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



Risk Report
for a detailed description on the risk profile and the main risks,
p. 73 of the Management Report 2017

Identified risk

Our risk management



We have implemented a **cloud analytical platform** (with EU server) for the management and analysis of data derived from our business units. Each of these has a dedicated and exclusive area available to them where the data are initially uploaded and processed in an absolutely anonymous manner; at the end of the process, the results/models which are attained are made available to the requesting operational units. The platform takes advantage of the currently most innovative technologies which were also essential to define a series of applications available to all business units, thereby ensuring superior user experience so as to increasingly meet customer requests for greater digital interaction. This development is based on a hybrid architecture that offers the latest mobile technology.

In order to protect ourselves from new threats we are continuing to enhance our ability to prevent, detect and respond to potential cyber attacks while implementing the most **innovative security solutions** and continuously improving our response processes. In particular, we acquire and analyse threat intelligence from multiple external and internal sources so as to increase our prevention capacity while adopting the best market solutions to detect and prevent potential attacks. We have also strengthened the Group's security governance model, defined a policy and implemented effective awareness campaigns for our employees in relation to the management of security risks.

To protect our trustworthiness, reputation and survival from threats of natural, human and technological origin, we have also implemented a **Business Management Continuity process** that identifies critical processes and operational risks that may interrupt business operations, as well as risk mitigation measures and solutions to recover and resume vital business processes as soon as possible and with limited financial impact.

Identified risk

Our risk management



We aim to become the **first choice of clients and distributors**. We aim to offer insurance solutions and services that are simple, tailored and even more innovative to meet their needs, also digital ones, and to improve their customer experience. The digital transformation taking place in our business units allows us to increase the efficiency of our distribution network across the world: our aim, in fact, is for the interaction with customers to be increasingly based on a consulting approach, i.e. based on an understanding of the needs of individual customers and on the offer of a personalized solution.

Environmental challenges

Global warming caused by the emission of greenhouse gases has resulted in an increase in the volatility of climate events, particularly extreme conditions such as hurricanes, floods, heat waves and droughts.

In addition to an increase in physical risks, there is also growing awareness at the political level, even international, in relation to these issues. This has strategic and regulatory repercussions on activities affected by climate risk, particularly in Europe. For example, there is the emergence of new financial risks (creation of stranded assets) as well as risks connected to the transition to a low-carbon economy due to unknown factors generated by the use of new technologies and business models with reduced emissions.

These factors are increasingly affecting the economic and social system, including the insurance sector, which is thus facing new risks and opportunities.

Opportunities arise from a new or increased demand for coverage which needs to be met with innovative products. For this to be sustainable, however, appropriate countermeasures must be prepared at the same time. These are necessary in order to avoid increased damages and greater volatility which would negatively affect the price dynamics of the policies, also due to the greater absorption of capital deriving from underwritten business. If they are not present, access to insurance would be excessively costly or, in extreme cases, the offer would not be feasible.



Glossary available at the end of Annual Integrated Report and Consolidated Financial Statements 2017

Demographic and social change

Modern communities are affected by distinct demographic and social phenomena with a strong impact on their socio-economic balances.

In Europe, the continual process of **population aging**, driven by an increase in life expectancy and a decrease in birth rates, is only partially counterbalanced by **international immigration**. The non-European area is affected by similar phenomena, albeit of a distinct nature with respect to local socio-political characteristics.

Younger age groups are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system.

The result is increasingly unbalanced communities where higher post-retirement pension and healthcare requirements are no longer properly financed and covered by the public system, in addition, the limited economic and financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.



Risk Report
for a detailed description on the risk profile and the main risks,
p. 73 of the Management Report 2017

Identified risk

Our risk management

Underwriting risk

Emerging risks

Operational risk

We constantly monitor the main perils and territories where we are exposed, using actuarial models to estimate the damage that could result from natural phenomena and thereby optimizing our underwriting strategy. **Re-insurance** plays a fundamental role: we manage our protections on a centralized basis in order to take advantage of economies of scale and pricing thanks to the size of the Group, with the aim of leveraging on business diversification. In accordance with our commitments to favour the transition to a low-carbon society and the global targets established at the COP21 conference, we continue to monitor and **reduce our direct impact** through a responsible management of key activities; we also incentivise the adoption of environmentally sustainable behaviour within our spheres of influence through our **insurance solutions** as well as our **investments** in order to reduce indirect impact of our activities. We develop and distribute increasingly innovative products along with a high level of services in order to meet the potential request for more and improved protection against catastrophes, in addition to products that reward virtuous and environmentally sustainable decisions and behaviour. Also in partnership with other public and private stakeholders, we work to support initiatives that help to expand access to insurance products, for example through more favourable taxation for catastrophic coverage, which would decrease the impact of reconstruction on the public sector, as well as initiatives aimed at preventing and mitigating environmental risks. We invest responsibly, excluding from our investment universe those companies that cause serious harm to the environment. We support research and studies on environmental risks.

We adopt **sustainability criteria for the underwriting of new insurance policies** that are in line with the best and universally recognized sustainability standards, even through the use of specific third-party tools while analysing in detail and potentially excluding business opportunities that are not consistent with principles of environmental, social and governance sustainability.

In particular, we utilize internal and external monitoring processes of environmental emissions associated with the activities in our investment and insurance portfolios. As a result, we are capable of monitoring, on the one hand, any business and environmental risks associated with greenhouse gas emissions and, on the other hand, we can design and develop new solutions that simultaneously offer a competitive advantage to our Group as well as an incentive for policyholders for the transition to a business model with reduced emissions.

Identified risk

Our risk management

Underwriting risk

Emerging risks

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. We develop and offer **flexible and modular solutions with elevated social security and welfare content** for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We undertake to strengthen dialogue with individuals during their entire period of interaction with our companies.

We provide customers with complete and easily accessible information on products and services while helping them to understand the primary risks that may affect their income capacity and aiding them in accurately assessing their capacity to save as well as identifying their current and future needs.

We believe that insurance coverage is the most appropriate tool to forecast and meet potential needs of both younger and older individuals with the required advance notice; we therefore formulate and present offers even in the case of market contexts with little knowledge and low individual propensity for insurance solutions.

Group strategy

2015
SIMPLER AND SMARTER

Increasingly challenging
external context

Accelerate



Improve operating performance³

Optimise international footprint

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

At least € 1 bln cash proceeds from disposals

Rationalize the operating machine

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

€ 200 mln net reduction in nominal OpEx cost base in mature markets

Enhance technical capabilities

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

Best combined ratio further improvement in outperformance vs peers

Guarantees maximum 0% on new retail business

Our people

³ The achievement of the targets reported in this chapter is expected by 2018, with the exception of the Asset Management target that is expected by 2020. The target about the € 200 net reduction in nominal Opex cost base in mature markets has been achieved a year in advance, in 2017.

2016-2018 SIMPLER, SMARTER. FASTER

> € 7 bln cumulative net operating cash 2015-2018
> € 5 bln cumulative dividends 2015-2018
> 13 % Operating ROE on average 2015-2018

to excellence



Long-term value creation³

Rebalance the insurance portfolio

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

We aim through the new Asset Management strategy to enhance investment capabilities and offer bespoke investment solutions to European companies and individual savings products.

~30 bp reduction in average portfolio guarantee to 1.5%

+6 pps on the total capital-light reserves

+150 mln Group net profit from Asset Management

Customer and distribution innovation

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

+ 2 pps increase in retention

Strengthen the brand

We aim to become the first choice for consumers.

We are focusing on strengthening brand preference in four areas: provide a delighting experience to our customers and distributors; shift to digital marketing channels (web, mobile and social); provide content on how to live a healthier, safer life; enhance the look & feel of our brand, to make it more straightforward, dynamic and likeable.

+ 3% brand preference in mature markets

Our people always at the heart of the strategy

As to ensure the attainment of the business strategy, respecting our values, we have developed the **Generali People Strategy** that is based on four priorities:

71,327 employees (-3.3%)

49.8% (+0.4 pps)
50.2% (-0.4 pps)



we measure and promote engagement

In June 2017, we carried out the second edition of the **Global Engagement Survey**, a managerial tool for continuous improvement.



62.711 employees
45 countries

175 companies
33.571 open comments received



The engagement rate is calculated on the basis of the average percentage of collected favourable responses by means of the following questions:

I strongly believe in the goals and objectives of my Company.

78% favourable responses

I am proud to work for the Generali Group.

83% favourable responses

I am willing to work beyond what is required to help my Company succeed.

87% favourable responses

I fully support the Values for which the Generali Group stands.

83% favourable responses

I would recommend the Generali Group as a place to work.

79% favourable responses

My Company inspires me to do my best work.

68% favourable responses

We want to accelerate the process of generating excellence by leveraging our strengths and rapidly acting upon improvement opportunities. We therefore commit ourselves to focusing our action plans on four global priorities in addition to local ones:

- foster strategy cascading and communication
- keep investing in performance management and meritocracy
- accelerate on effectiveness and velocity
- further enhance a diverse and inclusive culture.

More than 390 local actions were identified, initiated and communicated as of January 2018.

we create and promote a new global managerial system

We have developed the **Managerial Acceleration Program (MAP)** in order to strengthen the sense of responsibility and engagement in changing the corporate culture of the Group. By means of internal focus groups sessions, inputs were collected in order to identify the eight key managerial skills to empower our people: the **Generali Empowerment Manifesto (GEM)**.

8,900 managers responsible for people trained by internal trainers by 2019

GENERALI EMPOWERMENT MANIFESTO

A Generali Manager...

- EMPOWERS TEAM THROUGH DELEGATION AND TRUST.
- LIVES AND FOSTERS THE COMPANY VALUES EVERYDAY.
- TAKES SMART DECISIONS AND SIMPLIFIES COMPLEXITY.
- DRIVES TEAM TO EXCELLENCE EMBEDDING INNOVATION.
- SHARES AND SEEKS FEEDBACK TO SUPPORT DEVELOPMENT.
- SETS STRETCH GOALS AND RECOGNIZES PERFORMANCE.
- COMMUNICATES AND LISTENS TO ENGAGE.
- ACTS "OUTSIDE THE SILO", OPTIMIZING DIVERSITY AND INCLUSION.

- we boost a performance culture

By means of the **Group Performance Management** we promote engagement and a sense of responsibility for all our people so that they can contribute towards the attainment of our business strategy and strengthen transparency and meritocracy. The process was launched globally in 2016 with the implementation of numerous initiatives coordinated by the Group and managed locally, including classroom courses, e-learning modules and workshops for managers and collaborators.

86% Group employees involved in performance management activities in 2017⁴ (+25 pps)

The dialogue on performance will be expanded to the whole Group by the end of 2018.



Corporate Governance and Share Ownership Report 2017, p. 72 for additional information on the diversity of administration, management and control bodies

- we improve diversity and inclusion (D&I)

We are committed to promoting a culture of inclusion which ascribes value to individuals and diversity of all types, particularly with regard to cultural, gender, generational and disability diversity.

In 2017, we have set a Group **D&I Council** that is led by a business sponsor of the Group Management Committee in the person of Frédéric de Courtois and has the task of establishing objectives and actions for promoting diversity and supporting these in local situations.

We are focused on **training modules** within managerial training programs as well as different **programs and events** which aim to analyse the issue in depth. A few examples:

- Be bold for women, for a group of international talents who have analysed in depth the theme of unconscious prejudices, particularly those which are gender-related, and have identified practical solutions for the elimination of barriers to gender balance and greater capacity of managers for inclusion
- Inspiring Leaders on Diversity and Inclusion, for 100 people and with top testimonials
- Our differences, our strengths, with a report on unconscious prejudices and their impact on decision-making processes.



- we provide **succession plans for all key positions and career paths** that facilitate professional growth with the aim of fostering internal growth in key positions
- we **develop leadership skills** at various levels in the organization through international training programs with the best Business Schools
- we **identify and develop talents at the local and Group level** with specific internal and external assessment programs
- we **attract, select and retain the best people** through internal mobility and training programs



- we **align the Group organization with the business evolution**, with a clear model that is based on shared rules, local empowerment and integration mechanism
- we **identify and invest in new key capabilities**, in particular those related to insurance sector through the Group Academy and qualified, internal trainers

88.7% (-2.4 pps)
trained people

33.2 average hours (-10.9%)
of training per capita

€ 54.7 mln (-10.8%)
training costs

- we support smart working and, in general, we develop a new approach to working that empowers us by increasing our flexibility, autonomy and responsibility
- we simplify our HR processes with a cutting-edge platform



- we focus on **customer needs**, through the implementation of a Group NPS program
- we value our 'Client Heroes', through recognition processes



www.generali.com/our-responsibilities/investing-in-our-people e www.generali.com/it/work-with-us for more information on our people

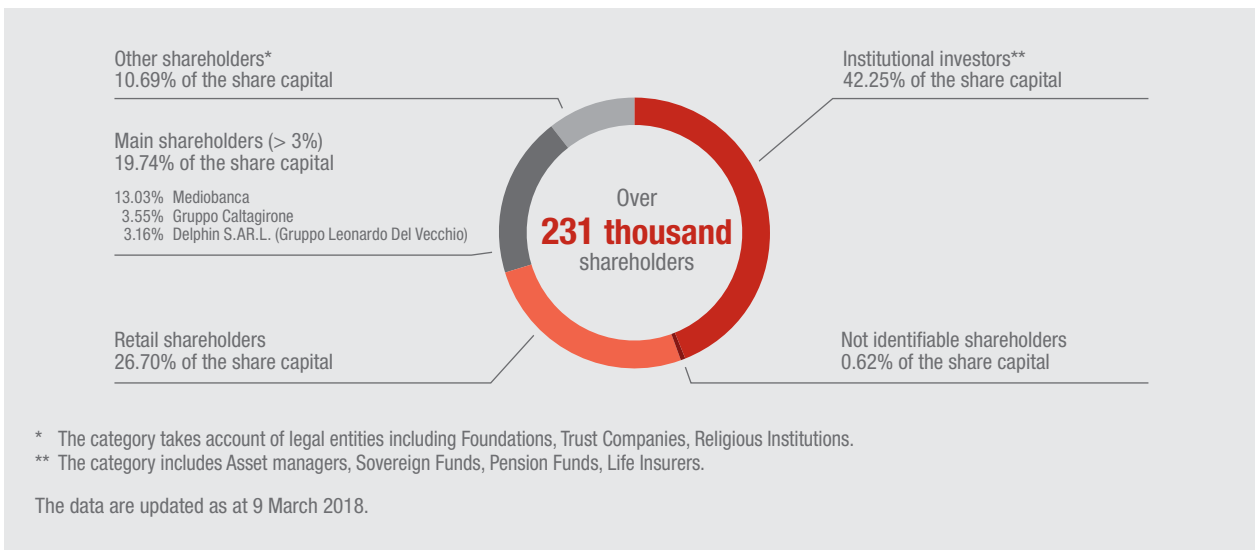
As part of the **operational risk management**, the annual assessment of the categories that can impact on our people* was conducted. The results did not show significant critical issues. The Generali People Strategy implementation at Group level supports us in both mitigating any operational risks and managing other objectives, such as those related to the management of internal engagement and the empowerment of our resources, as well as to the management of internal talents and their skills.

⁴ The data exclusively refers to Group companies, equal to 60,140 employees (84.3% of the total), within the scope of the Group Performance Management process.

⁵ Basel III - category 3: Employment practices and workplace safety: losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events.

Our **governance** and **remuneration policy**

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



There is no stock ownership system for employees and there are no shareholder agreements on shares. It should, however, be noted that the Company facilitates participation in Shareholders' meetings for beneficiaries of long term incentive (LTI) plans - which are based on Generali shares - by providing them with a designated representative.



Share performance, p. 69
for further information on the share

The Company maintains continuing relations with all external stakeholders: institutional investors, proxy advisors and retail shareholders. This intense relationship activity is also substantiated in a specific cycle of meetings with institutional investors and proxy agencies, focusing on issues of corporate governance, remuneration and sustainability which are relevant to the financial community. A constructive dialogue also occurs during the course of the annual **Shareholders' Meeting** which serves as one of the primary opportunities for communication between shareholders and top management of the Company. Overall participation in the 2017 Shareholders' Meeting grew both in terms of representation of share capital and in terms of the presence of institutional investors.

Share capital represented in the Shareholders' Meeting

52.34% in 2017

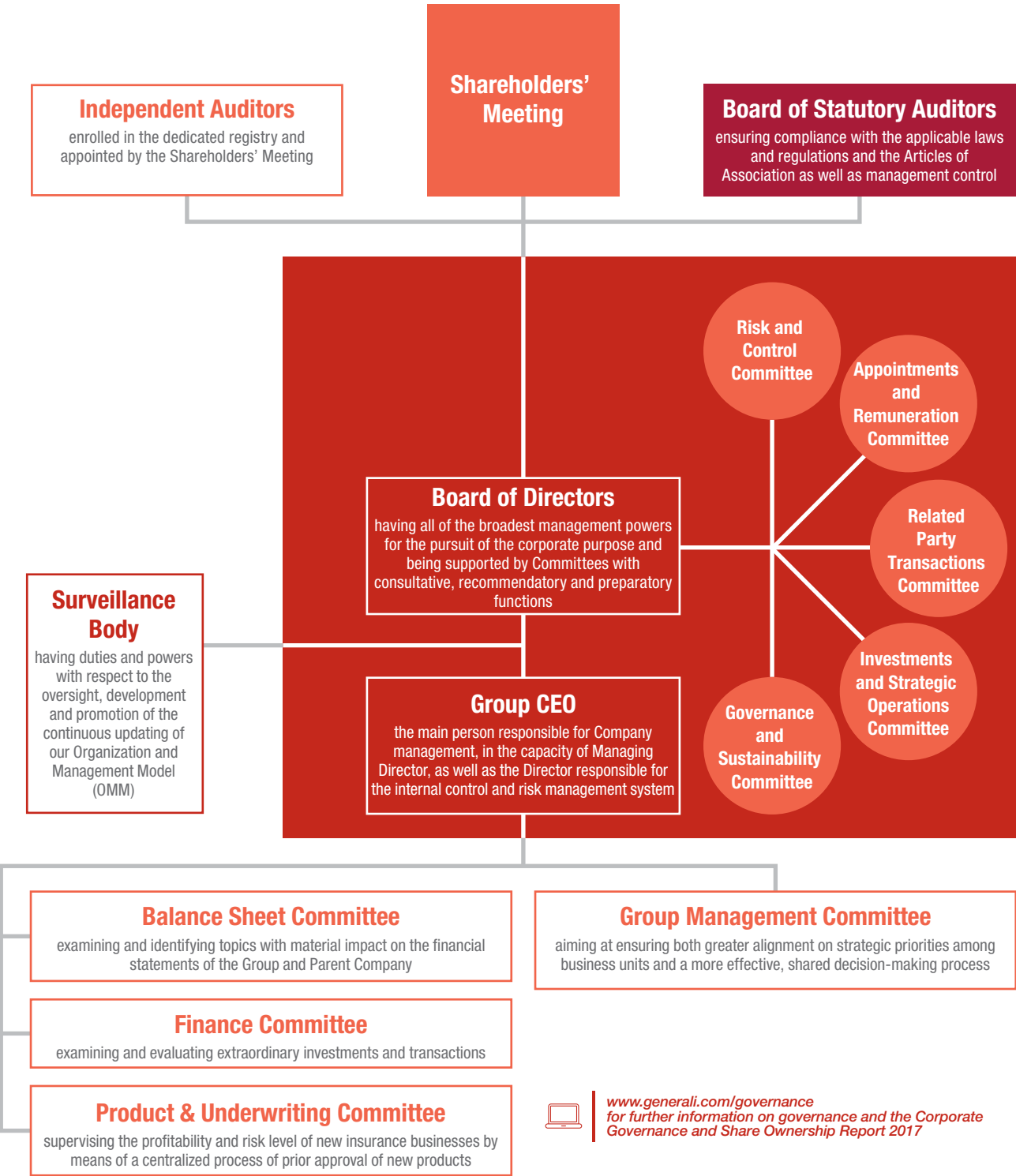
46.87% in 2016

Share capital represented by institutional investors in the Shareholders' Meeting

26.18% in 2017

21.02% in 2016

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



www.generali.com/governance
for further information on governance and the Corporate Governance and Share Ownership Report 2017

Focus on the Board of Directors in office until the 2019 annual Shareholders' Meeting



Gabriele Galateri di Genola

Chairman

Francesco Gaetano Caltagirone

Deputy Vice-Chairman

Clemente Rebecchini

Vice-Chairman

Philippe Donnet

Group CEO

Romolo Bardin

Director

Ornella Barra

Director

Age	70	74	53	57	39	64
Nationality	Italian	Italian	Italian	French	Italian	Monegasque
Professional Background	manager	entrepreneur	manager	manager	manager	entrepreneur
In office since	8 April 2011	28 April 2007 Vice-Chairman since 30 April 2010	11 May 2012 Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	30 April 2013
Board Committee	■ P ■	■ ■	■ ■	▲ ■ P	■ ■	■ P
Independent*					✓	✓
Executive				✓		

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

58 average age

38% female director

61% independence level

1 executive director

3 induction days on corporate administrative liability, market abuse, management of inside information and reporting of non-financial information

96% average participation in Board meetings

14 Board meetings

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



Carolyn Dittmeier

Chairwoman

Antonia Di Bella

Auditor

Lorenzo Pozza

Auditor

Silvia Olivotto

Substitute auditor

Francesco Di Carlo

Substitute auditor

Age	61	52	51	67	48
Nationality	Italian and American	Italian	Italian	Italian	Italian
In office since	30 April 2014	30 April 2014	30 April 2014	30 April 2014	30 April 2014

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



Paolo Di Benedetto	Alberta Figari	Diva Moriani	Lorenzo Pelliccioli	Roberto Perotti	Sabrina Pucci	Paola Sapienza
Director	Director	Director	Director	Director	Director	Director
70	53	49	66	56	50	52
Italian lawyer	Italian lawyer	Italian manager	Italian manager	Italian professor	Italian professor	Italian professor
28 April 2016	30 April 2013	28 April 2016	28 April 2007	28 April 2016 elected from the minority slate	30 April 2013	30 April 2010 elected from the minority slate
■ P ■	■ P ■	■ ■	■ ■	■ ■	■ ■	■ ■
✓	✓	✓		✓	✓	✓

Skills and expertise

62% international experience in foreign business, professional or academic environments	62% manager	23% entrepreneur skills	38% academic skills
62% regulation framework and regulatory requirements	77% financial and accounting skills	77% insurance experience	62% industrial experience
			54% large cap companies

56 average age	60% female auditor	3 induction days on corporate administrative liability, market abuse, management of inside information and reporting of non-financial information
100% average participation in Board meetings	24 meetings of the Board of Statutory Auditors	

The remuneration policy

Our remuneration policy is designed to attract, motivate and retain the people who - due to their technical and managerial skills and their different profiles in terms of origin, gender and experience - are key to the success of the Group, as reflected in our values.

Our remuneration policy reflects and supports both our strategy and values: to be a global insurance Group aiming at creating value and sustainable results, while valuing our people and maintaining commitments to all stakeholders.

The following principles lie at the heart of our remuneration policy and consequent actions::



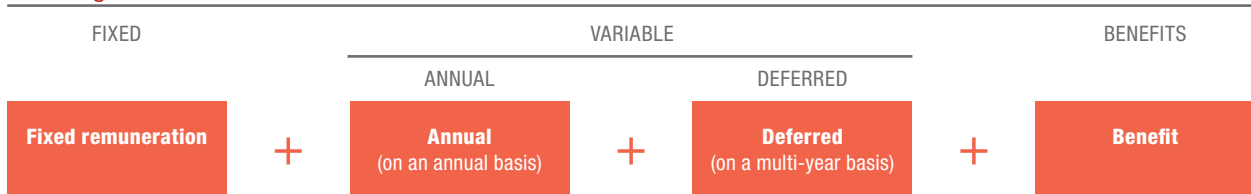
The **remuneration policy for non-executive directors** establishes that remuneration consists of a fixed component as well as an attendance fee for each Board of Directors meeting in which they participate, in addition to the reimbursement of expenses incurred for participation in such meetings.

Directors who are also members of the board committees are paid remuneration in addition to the amounts already received as members of the Board of Directors (with the exception of those who are also executives of the Generali Group), in accordance with the powers conferred to those committees and the commitment required in terms of number of meetings and preparation activities involved. This remuneration is established by the Board of Directors.

In line with the best international market practices, there is no variable remuneration

The **Managing Director/Group CEO**, the unique executive director, the **members of the Group Management Committee (GMC)** and the **other executives with key responsibilities** receive a **remuneration package** consisting of a fixed component, a variable component with no-claims bonus and claw back mechanisms, and benefits..

Total target remuneration⁶

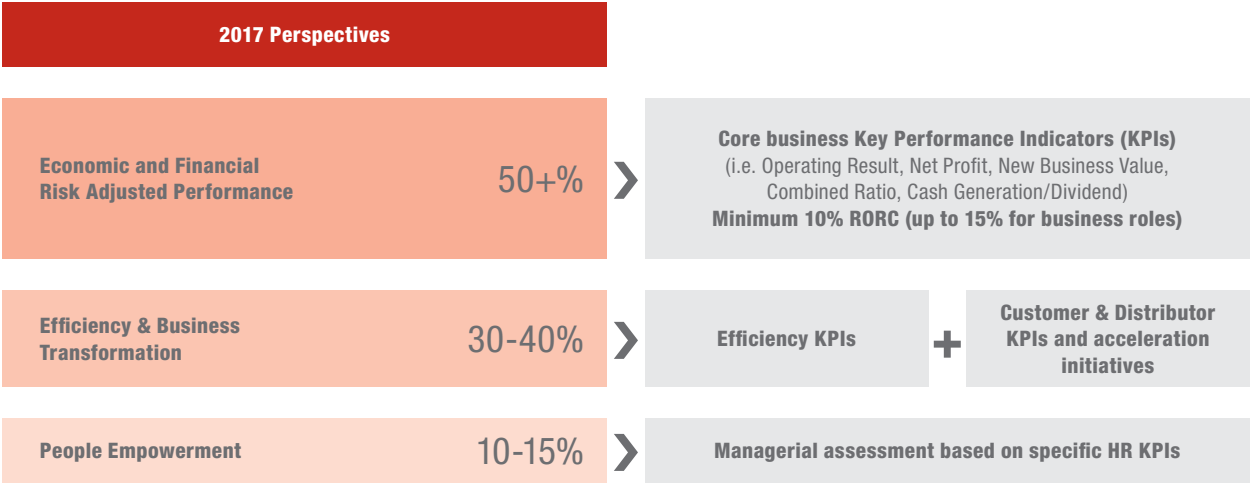


The fixed component remunerates the role held and responsibilities assigned, also considering the experience and skills required, as well as the quality of the contribution made in terms of achieving business results.

⁶ Remuneration package for all those described, with the exception of the executives with key responsibilities in control functions to whom specific remuneration policy and rules are applied.

The short-term variable remuneration consists of an annual bonus system based on which a cash bonus of between 0% and 200% of the individual target baseline may be accrued depending on:

- the Group funding, connected with results achieved in terms of the Group Operating Result and Adjusted Net Profit and the surpassing of a minimum Economic Solvency Ratio¹¹ level
- the achievement of the objectives defined in the individual balanced scorecards, which establish from 5 to 7 objectives at Group, Region, country, business/function and individual level - as appropriate - based on the following perspectives:



The long-term variable remuneration is based on a long-term plan based on Assicurazioni Generali shares (upon approval by the Shareholders' Meeting). The maximum potential bonus to be disbursed in shares amounts to 175% of the gross fixed remuneration of the participation (this percentage is 250% for the Managing Director/Group CEO). Here the features of the plan are:

- it is paid out over a period of 6 years and is linked with specific Group performance targets (Return on Equity and relative Total Shareholder Return) and the surpassing of a minimum Economic Solvency Ratio⁷ level
- it is based on a three-year performance period and additional sale-restriction periods (i.e. minimum holding) on granted shares up to two years.

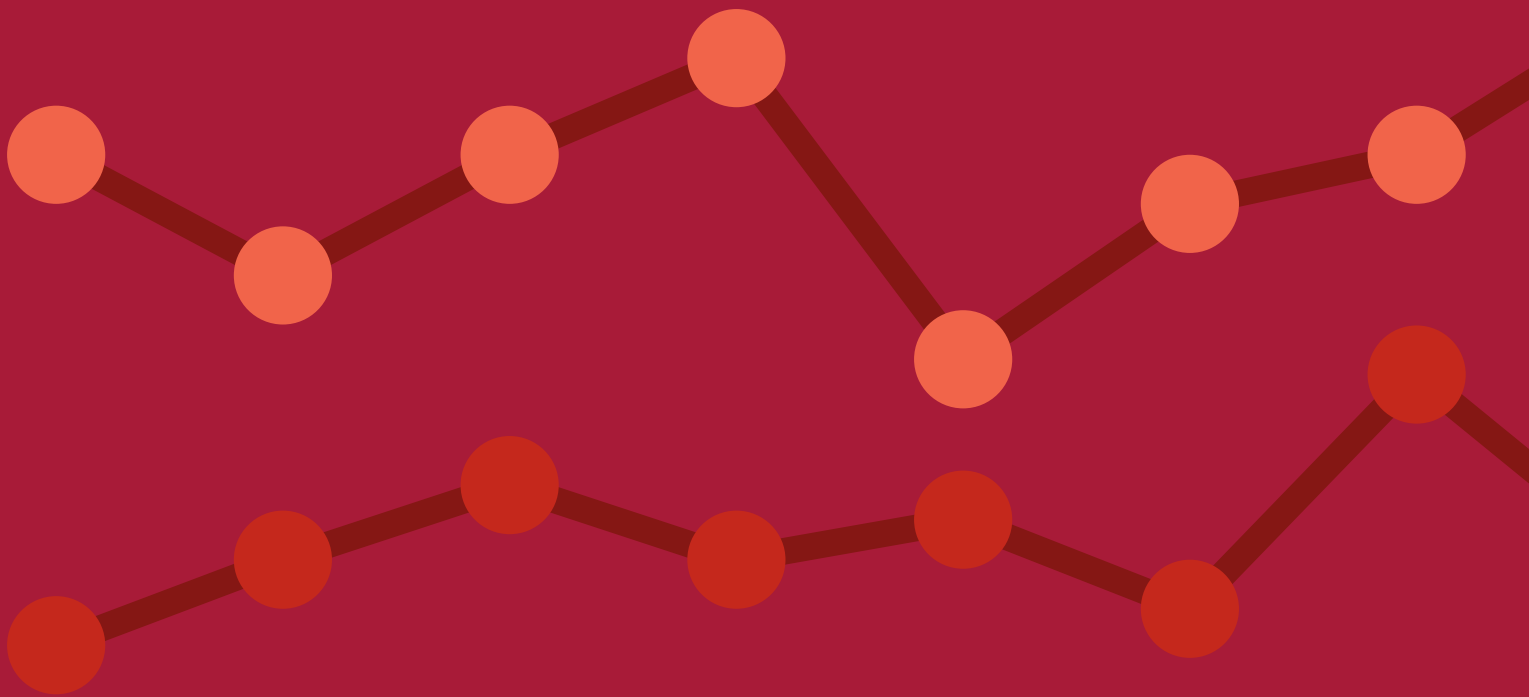
Benefits consist of a supplementary pension and healthcare assistance for employees and their families, in addition to a company car and further benefits, including some linked to domestic or international travel (e.g. accommodation expenses, travel and education for children), in line with market practices.

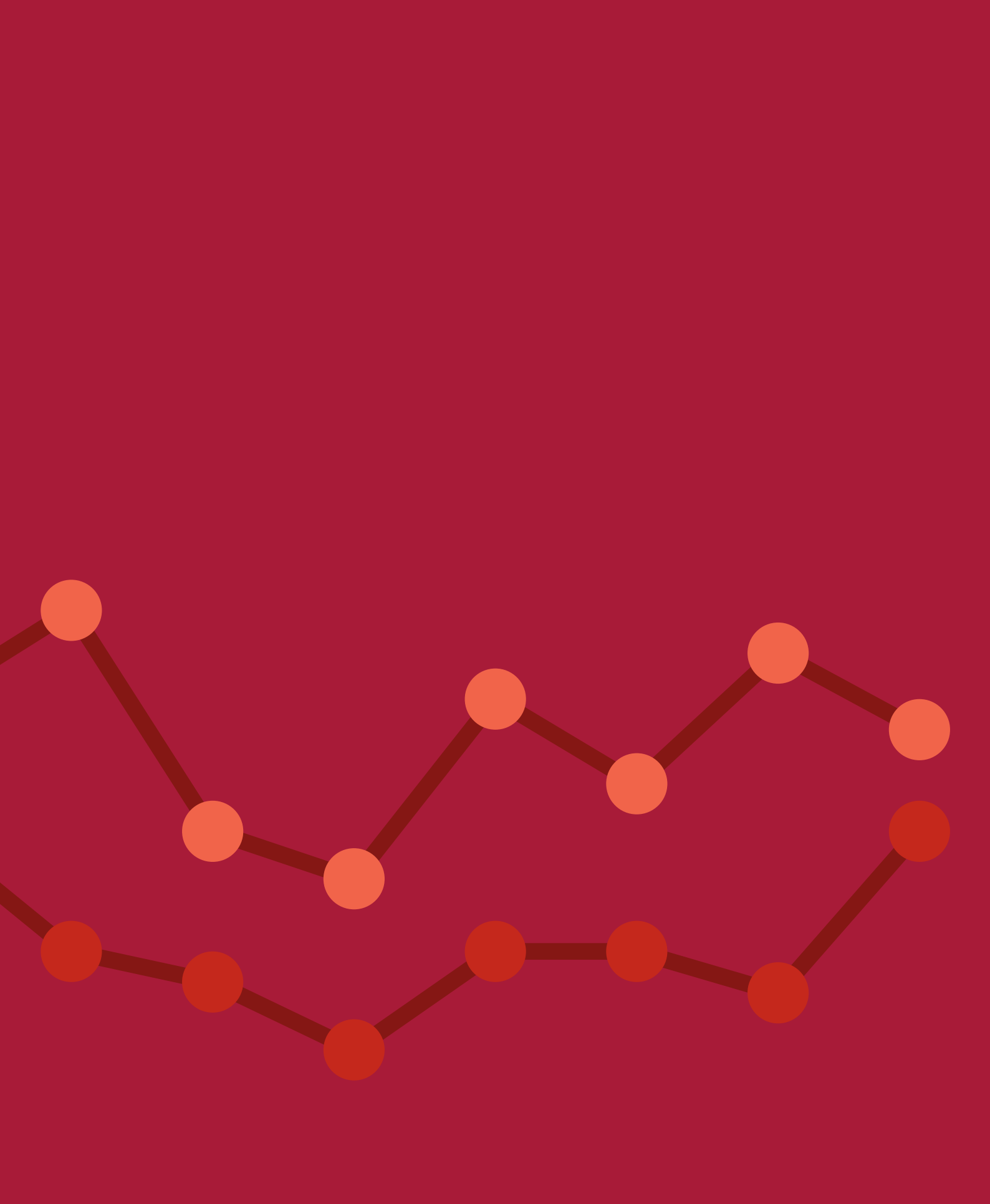
 www.generali.com/governance/remuneration for further information on remuneration policy and the Remuneration Report, including also information about remuneration

 Additional information in the Notes of the Annual Integrated Report and Consolidated Financial Statements 2017 for further information on pension benefits of the Group employees

7 Regulatory Solvency Ratio as from 2018.

Management Report





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Part A – Result of operations

Foreword

This report was prepared in accordance with the provisions of Legislative Decree 209/2005, Consob communications and other regulatory provisions. This report has been reviewed for consistency with the financial statements and compliance with the law rules by the auditing firm EY S.p.A., appointed for reviewing the period from 2012-2020. This report contains a reference to Italian direct business. The portfolio of Italian direct business includes Italian insurance contracts underwritten by the Company in Italy as well as those underwritten by branches in other European Union (EU) member states, in accordance with Legislative Decree 209/2005.

Information on operations contained in the following Part A) and referring to the technical results are net of outwards reinsurance, unless otherwise indicated.

For a better recording of the items related to the hedging derivative agreements, the related financial income/charges have been classified consistently with the financial charges accrued on the financial liabilities subject to hedging. For a better equity classification, we have provided a net exposure of accruals and deferrals on derivatives on the basis of each position, unlike the previous periods where the exposure distinguished between income and cost items. The same classification was also adopted accordingly for the balances of the previous financial statements. The changes made did not have any effect on the overall financial results.

The data in this Management Report is expressed in thousand euro, unless otherwise indicated.

Significant operations

- As regards Intesa Sanpaolo:
 - On 23 January 2017, the voting rights were acquired on 505 million shares of Intesa Sanpaolo S.p.A., equal to 3.01% of the share capital, through a securities lending transaction;
 - On 17 February 2017, 510 million ordinary shares of Intesa Sanpaolo were acquired for 3.04% of the share capital, and at the same time the procedure to end the securities lending transaction was launched. To protect from the economic risk connected to the acquisition of those shares, a hedging transaction was carried out using collateralised derivatives;
 - On 30 May 2017, the shares of Intesa Sanpaolo that were previously acquired (510 million representing 3.04% of the share capital) were sold, ending at the same time the transaction on collateralised derivatives that was carried out in order to fully hedge the financial risk related to the purchase of said shares.
- On 25 January 2017, the Board of Directors decided to suspend the collaboration relationship with the General Manager and Group CFO Alberto Minali and, after obtaining the favourable opinion of the Board of Statutory Auditors, appointed Luigi Lubelli as the new Group's CFO and new Corporate Officer. All first-level corporate functions that reported to the General Manager now report directly to the Group CEO Philippe Donnet.
- On 20 April 2017, Assicurazioni Generali S.p.A. completed the share capital increase to 1,561,808,262 euro, in execution of the Long Term Incentive Plan adopted by the Shareholders' Meeting of the Company on 30 April 2014.
- In the month of June, Assicurazioni Generali S.p.A. executed a reinsurance agreement with Lion II Re DAC, an Irish special purpose company, in order to cover catastrophic losses caused by storms and floods in Europe and by earthquakes in Italy. Lion II Re DAC issued a tranche of debt securities for 200 million euro in order to fund the commitments undertaken pursuant to the reinsurance agreement, thus transferring part of the risk to the bond investors.
- In July, the Generali Group underwrote an agreement for the disposal of its shareholding in the Colombian companies, i.e. 91.3% of Generali Colombia Seguros Generales S.A. and 93.3% of Generali Colombia Vida - Compañía de Seguros S.A.. The direct shareholding interest held by Assicurazioni Generali S.p.A. in the two companies is equal respectively to 88.247% and 11.562%. The operation, subject to the approval of the competent authorities, will be concluded in 2018.
- Also in the month of July, Assicurazioni Generali S.p.A. has finalised the transfer of its subsidiary Aseguradora General S.A., in which it held 51% of the share capital, for US \$ 25 million. The transaction generated 20 million in capital gain.
- In August, Assicurazioni Generali S.p.A. executed an agreement for the transfer of the assets and liabilities of the Panama branch, including the insurance portfolio, for US \$ 172 million. This operation, subject to the approval of the competent authorities, is expected to be completed in 2018.
- In September, the Generali Group executed an agreement for the transfer of its shareholding interest in Generali Nederland and its subsidiaries; within the scope of this transaction, Assicurazioni

Generali S.p.A. will terminate its reinsurance support to the insurance subsidiaries of Generali Nederland, with the consequent withdrawal by the Dutch life company of the reinsured portfolio.

- Also in September, Assicurazioni Generali S.p.A. acquired the residual stake of its interest in Generali Finance B.V. from its subsidiary Generali Italia S.p.A. in the amount of 199 million. This purchase was carried out in preparation for the merger by incorporation, which took place in 2018.
- In December, the Generali Group executed an agreement for the transfer of its entire interest in Generali PanEurope, a company present in the Irish market, directly held for 69.518% by Assicurazioni Generali S.p.A.. Following this operation, Generali will receive an initial payment of 230 million euro (plus all interest accrued as at the closing date of the operation) and a possible deferred payment up to a maximum of 10 million euro, 12 months after the closing of this operation. The amount of the payment will be subject to an adjustment as at the closing of the operation. Furthermore, Generali will receive about 56 million euro as a repayment of some intra-

group loans; therefore, the total amount to be paid to Generali at the closing of this operation will be about 286 million.

- Also in December, Assicurazioni Generali S.p.A. executed two agreements for the transfer, in reinsurance, of the portfolio in run-off of the London and New York branches, in preparation for the future legal transfer of the London portfolio, subject to the approval of the competent authorities. The reinsurance transfer has determined the recognition, under the balance sheet assets, of the technical provisions sold for 309 million. In addition, the reinsurance transfer generated a gross capital gain for the Company of 196 million, recognised under the extraordinary items since the reinsurance agreement does not qualify as a protection, but as an integral part of the transaction.
- Also in December, Assicurazioni Generali S.p.A. executed an agreement for the gradual transfer of the P&C insurance portfolio of the Japanese branch. The transfer of the insurance portfolio will be concluded in 2019. The net technical provisions recognised in the financial statements amounted to 29 million.

Overall economic performance

Net profit

+308,199 thousand

1,404,409 thousand

Net profit for the period amounted to 1,404,459 thousand, an increase of 1,096,261 thousand versus the previous year. The increase is characterized by:

Profit from ordinary operations

+200,715 thousand

1,071,991 thousand

— Un incremento del risultato dell'attività ordinaria per 200.715 migliaia su cui influiscono:

- an increase in ordinary financial operations, net of technical interest attributed to the net life underwriting balance, of 280,469 thousand. This increase is primarily due to greater dividends coming from the subsidiaries, and, to a lesser extent, to higher net earned profits;

Profit from extraordinary operations

+176,205 thousand

210,977 thousand

- an increase in the net underwriting result of 41,306 thousand. This increase refers to the life insurance business (+51,444 thousand) whereas the P&C insurance business declined (-10,139 thousand);

- an increase in ordinary net costs of 121,059 thousand. This trend was affected, for the most part, by the negative exchange differences recorded in the current year.

Income taxes

-68,721 thousand

121,491 thousand

— A growth in the results from extraordinary operations, for 176,205 thousand, is attributable to the earned profits deriving from the transfer of the P&C portfolios in run-off of the London and New York branches.

— Lower tax income of 68,721 thousand, referring primarily to the decline in income from the relevant IRES.

(in thousand euro)	2017	2016
Net premiums	2,516,534	2,803,595
Change in technical provisions (a)	657,652	160,245
Claims, maturities and surrenders	-2,852,559	-2,622,769
Operating costs	-466,502	-502,952
Other technical income and charges	-454	5,671
Technical interests of the life segment	384,326	353,900
Net underwriting balance	238,997	197,690
Income allocated to technical accounts	432,058	394,293
Net technical result	671,053	591,983
Financial result (b)	2,450,022	2,139,127
minus income allocated to technical accounts	-816,384	-748,193
Other ordinary income and charges	-1,232,701	-1,111,641
Profit from ordinary operations	1,071,991	871,276
Profits and losses on the realisation of other durable invest.	8,099	54,695
Other extraordinary income and charges	202,878	-19,922
Result before taxation	1,282,969	906,049
Income tax	121,491	190,212
Profit for the year	1,404,459	1,096,261

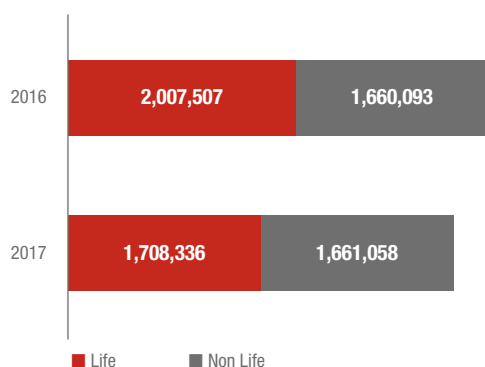
(a) Including mathematical provisions

(b) Including net income on investments, net income on realisation, value adjustments and net profits on internal fund investments.

%	2017	2016
Total expense ratio	18.6	16.2
Combined ratio	91.9	89.6

Gross premiums collection

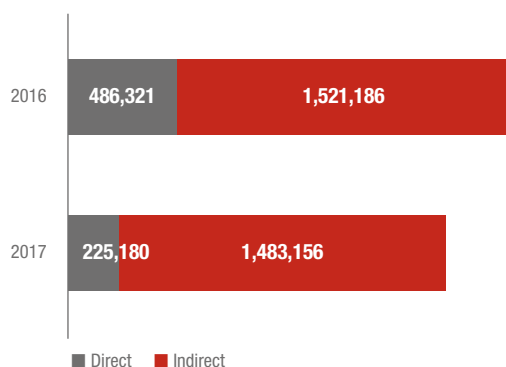
Total premiums



Gross written premiums amounted to 3,369,394 thousand, a decline from the 3,667,601 thousand of 2016. In detail, the premium income from the life segment amounted to 1,708,336 thousand (2,007,507 thousand in the previous year) while from the non-life segment was 1,661,058 thousand (1,660,093 thousand in the previous year).

As regards the insurance business carried out by way of free provision of services, in the European Union a total of 5,677 thousand was collected in premiums.

Life premiums



The gross premium collection from the life segment amounted to a total of 1,708,336 thousand (2,007,507 thousand in the previous year).

The premiums from indirect business were underwritten by the Parent Company Reinsurance unit for 448,403 thousand (483,810 thousand in the previous year) and the Generali Employee Benefits unit for 1,034,002 thousand (1,036,200 thousand in the previous year).

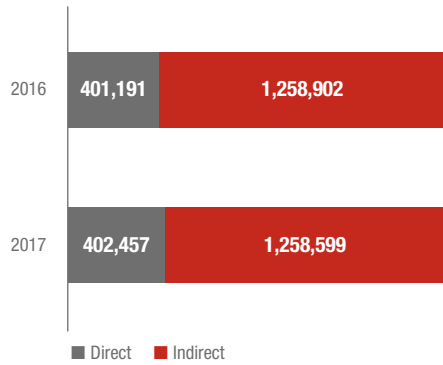
The foreign branches of the Company contributed with 751 thousand (1,176 thousand in the previous year).

The lower number of gross premiums accepted directly by the Parent Company was significantly affected by an automatic contraction of the volumes of the reinsurance in run-off treaties executed with the subsidiary Alleanza Assicurazioni S.p.A. (-35,759 thousand).

With reference to the premiums from the direct business, slightly more than 40% of the premiums collected in 2017 is concentrated in the London branch (95,245 thousand compared with 94,722 thousand of the previous year) under the collective policies covering death and permanent disability of the Employee Benefits segment. The other external branches, active in the direct business of the life segment, are: Hong Kong (29,285 thousand), Panama (39,304 thousand) and Dubai (50,290 thousand), to which the direct portfolio of the Head Office should be added (11,056 thousand).

The decline in the gross premium collection from direct business of 261,141 thousand (from 486,321 thousand to 225,180 thousand) resulted almost completely from the decreased gross written premiums by the Hong Kong branch of 258,795 thousand (from 288,080 thousand to 29,285 thousand) due to a shift in the new production of High Net Worth individual policies, from the main office to the local Company of the Group, Generali Life (Hong Kong) Limited.

Non-Life premiums



The gross premium collection of the P&C segment amounted to a total of 1,661,058 thousand (1,660,093 thousand in the previous year).

The collection from indirect business comes primarily from the reinsurance that is directly accepted by the Parent Company (521,804 thousand versus 532,048 thousand of the previous year) and from the London branch, particularly within the Global Corporate & Commercial segment (434,524 thousand compared with 438,196 thousand of the previous year).

To be added also are the premiums accepted in re-insurance by the Generali Employee Benefits unit (198,623 thousand versus 189,892 thousand of the

previous year) and by the Hong Kong branch (98,391 thousand versus 92,232 thousand in the previous year), in particular within the Global Corporate & Commercial segment.

The other foreign branches of the Company and the Head Office portfolio contributed with 5,256 thousand (6,535 thousand in the previous year).

The collection of premiums from direct business was provided by the various foreign branches of the Company, to which the Head Office's direct portfolio should be added. The foreign branches that affect for the most part the total collection are the London branch (131,608 thousand versus 117,407 thousand of the previous year) and the New York branch (95,290 thousand compared with 92,761 thousand of the previous year), in particular within the Global Corporate & Commercial segment.

The other branches reported a total premium collection of 175,560 thousand compared with 191,023 thousand of the previous year, broken down as follows: Hong Kong for 64,443 thousand (65,626 thousand in 2016), Panama for 49,370 thousand (60,120 in 2016), Head Office's direct portfolio for 43,996 (41,431 in 2016) and Tokyo for 17,750 thousand (23,846 thousand in 2016). The most significant decline concerned the Panama and the Japanese branches, currently being divested.

Life net underwriting result

Technical result

(in thousand euro)	2017	2016
Net premiums	1,344,757	1,635,611
Change in technical provisions (a)	658,729	211,500
Claims, maturities and surrenders	-2,028,999	-1,859,163
Operating costs	-213,774	-254,879
Other technical income and charges	8,662	15,288
Technical interests of the life segment	384,326	353,900
Net underwriting balance	153,701	102,257
Allocated investment transferred to technical accounts	294,429	270,956
Profit for the year	448,130	373,213

(a) Including mathematical provisions

%	2017	2016
Total expense ratio	15.9	15.6
Acquisition costs / net premium	13.0	13.6
Administration costs / net premiums	2.9	2.0

Net technical result amounted to 448,130 thousand, significantly up compared with the previous year (373,213 thousand). The result consists of the net underwriting result, up by 51,444 thousand, and of the allocated income transferred to the technical account, also up by 23,473 thousand.

The increase in the net underwriting result was driven, in particular, by the improved profitability of the reinsurance

accepted directly by the Parent Company. The growth in income assigned to the technical account reflects the increase in net investment income within the life business.

Following are further details on the net underwriting results.

Net underwriting balance by branch

(in thousand euro)	2017	2016
Reinsurance accepted directly by the Parent Company	89,918	42,373
Generali Employee Benefit	25,767	23,360
United Kingdom	27,793	22,310
Other branches	10,223	14,214
Total	153,701	102,257

As shown above, more than 90% of the net underwriting results of the Company are generated by the following units:

- Reinsurance accepted directly by the Parent Company;
- United Kingdom;
- Generali Employee Benefits

The remaining portion is generated by the branches of Hong Kong, Panama and Dubai, to which the Head Office's direct portfolio must be added.

As regards the reinsurance accepted directly by the Parent Company, the result shows an improvement from 42,373 thousand in the previous year to 89,918 thousand, against a decline in the gross premium collection of 35,406 thousand (from 483,810 thousand to 448,403 thousand). The reinsurance acceptances that have determined, for the most part, the improved results, refer to the subsidiaries Generali Levensverzekering Maatschappij N.V. and Alleanza Assicurazioni S.p.A.

With reference to the reinsurance accepted by the subsidiary Generali Levensverzekering Maatschappij N.V., the results improved by 38,647 thousand (from -36,118 thousand to 2,529 thousand) due primarily to a decline in the interest rate risk provision, deriving both from an increase in specific financial returns and a streamlining of the calculation method applied to the technical provisions of the Dutch Company, in addition to fewer profit-sharing distributions being recognised.

As regards the reinsurance acceptance by Alleanza Assicurazioni S.p.A., the results showed an improvement from 80,680 thousand in the previous period to 89,495 thousand. This improvement is due to the positive effect deriving from the release of almost all the interest rate risk provisions, which more than offset the automatic decrease associated with the fact that the reinsurance treaties in question are in run-offs. The decrease in the premiums accepted by Alleanza Assicurazioni S.p.A. has determined, for the most part, the decrease in the overall collection of reinsurance accepted directly by the Parent Company.

Also in reference with the reinsurance directly accepted by the Parent Company, to be noted is the decisive re-

covery in financial profitability reflected in the technical interests of the reinsurance treaties with the subsidiary Generali PanEurope dac, within the segment III (agreements with the risk borne by the policyholders) for 40,810 thousand. This increase affects the improved technical interest of the entire life segment of the Company, with neutral impact on life net underwriting balance.

As regards the London branch, the life segment is represented by the following portfolios of direct insurance: employee benefits, individual income and unit linked. The overall net underwriting result is up by 5,484 thousand (from 22,310 thousand to 27,793 thousand) due, in particular to the greater mortality profit in the individual annuities line in run-off (from 5,089 thousand to 14,707 thousand). The employee benefits segment showed a decline from 17,221 thousand to 13,087 thousand due to better results transferred to the captive companies of the insured customers.

As regards the Generali Employee Benefits units, the reinsurance contribution from both the Companies of the Group and outside the Group, shows an underwriting result of 25,767 thousand (23,360 thousand in the previous year) against a slight decline in the gross premium collection of 2,198 thousand (from 1,036,200 thousand to 1,034,002 thousand).

An improvement of the method for attributing indirect costs was applied to the portfolios of the Generali Employee Benefits and of the reinsurance directly accepted by the Parent Company. This significantly affected the greater impact in the current year of administrative expenses on the Company's net premiums.

As regards the other branches of the Company, the net underwriting result showed a decline by 3,991 thousand (from 14,214 thousand to 10,223 thousand). This performance was negatively affected by the Hong Kong (-5,842 thousand) and Dubai (-4,773 thousand) branches, both characterised by a decrease in premium collection. Conversely, both the Panama branch and the Head Office's direct portfolio recorded a positive performance (+2,776 thousand and + 3,886 thousand respectively).

Non Life net underwriting result

Technical result

(in thousand euro)	2017	2016
Net premiums	1,171,777	1,167,984
Change in technical provisions	-1,077	-51,255
Claims, maturities and surrenders	-823,560	-763,606
Operating costs	-252,728	-248,073
Other technical income and charges	-9,117	-9,617
Net underwriting balance	85,295	95,433
Allocated income transferred to technical accounts	137,629	123,337
Net technical result	222,924	218,770

%	2017	2016
Loss ratio	70.3	68.4
Total expense ratio	21.6	21.2
Acquisition costs / net premium	17.2	16.7
Administration costs / net premiums	4.4	4.5
Combined ratio	91.9	89.6

Net technical result amounted to 222,924 thousand, up compared with the previous year (218,770 thousand). The result is comprised of the net underwriting result, down by 10,139 thousand, and of the allocated income transferred to the technical account, up by 14,292 thousand.

The lower balance of the net underwriting result was significantly affected by higher catastrophic claims which have characterised, in particular, the Global Corporate &

Commercial segment of the London branch. These effects are, for the most part, offset by the positive performance of the reinsurance directly accepted by the Parent Company. The growth in income assigned to the technical account reflects the increase in net investment income within the Non life business.

Following are further details on the net underwriting results.

Net underwriting balance by branch

(in thousand euro)	2017	2016
Reinsurance accepted directly by the Parent Company	171,451	59,725
Generali Employee Benefit	6,761	-2,451
United Kingdom	-100,355	11,660
Other branches	7,438	26,499
Total	85,295	95,433

The previous table shows separately the underwriting results from the reinsurance accepted directly by the Parent Company, of the Generali Employees Benefits and of the London branch which for premium collection and technical commitments, represent the most significant items in the technical underwriting of the P&C insurance business of the Company. The item "Other" includes the underwriting results from the Hong Kong, Tokyo, Dubai, New York and Panama branches as well as the Head Office's portfolio.

The reinsurance directly accepted by the Parent Company, primarily from other companies of the Group, contributed to the total underwriting result of the P&C segment of the Company, with 171,451 thousand, a significant increase compared with the previous period (59,725 thousand). The growth is affected, in particular, by a net improvement in the P&C claims for 87,842 thousand (from 203,807 thousand to 115,965 thousand) and a growth in premiums earned for 30,218 thousand (from 296,717 thousand to 326,935 thousand).

The significant improvement in claims is characterised by the absence of any significant impacts from catastrophic Man Made and Nat Cat events, unlike the previous period which was affected by a great amount of claims from the fire and other damages to assets segments.

As regards the premiums earned, to be noted are an increase (from 296,717 thousand to 326,935 thousand).

The combined effect of the above performances, in claims and premiums, determines a loss ratio of 35.5% versus 68.7% in the previous year.

The ratio of administration costs to net premiums increased from 8.1% of the previous year to 9.9%. This

increase was the result of a different method used to attribute indirect costs to the administrative expenses, applied starting from the current year.

Overall, the combined ratio of the reinsurance directly accepted by the Parent Company stood at 45.3% versus the 76.8% of the previous year.

As regards the London branch, the underwriting result was subject to a significant decline by 112,015 thousand (from 11,660 thousand to -100,355 thousand of the previous year) with a gross premium collection up from 555,603 thousand to 566,132 and a net collection, also increased, amounting to 467,045 thousand (461,510 thousand in the previous year).

The lower result was affected by the Global Corporate & Commercial segment, including the reinsurance acceptances by other companies of the Group, which was particularly affected by claims related to catastrophic events occurring in the course of 2017, with a result standing at -97,870 thousand (-13,490 thousand in the previous year). Gross premium collection developed by the segment stood at 468,818 thousand, a decline compared with 494,130 thousand of the previous year. A major part of the decline in the premium collection comes from the appreciation of the English pound versus the Euro in 2017.

The Generali Global Health segment records negative results of 2,485 thousand (positive for 150 thousand of the previous year) with a gross collection of 97,250, a significant growth versus the previous year (61,404 thousand).

The portfolio in run-off segment recorded a null result in the current year, because the economic effect of transfer in reinsurance has been reclassified as extraordinary operations.

In the previous year, the result benefited from the release of IBNR reserves and it was positive with 25,000 thousand. As already specified above, this portfolio was reinsured during the year to a third-party company outside of the Group.

In general terms, the claims/premiums ratio of the London branch stood at 92.4% compared with 69.1% of the previous year. The ratio of administration costs to net premiums was 28.9% compared to 27.5% in the prior year.

Higher acquisition expenses have impacted the new production in both Global Corporate & Commercial and Generali Global Health segments. In addition, this increase affects significantly the greater impact of acquisition costs versus the premiums of the entire P&C business of the Company.

The net combined ratio stood at 121.3% compared with 96.7% of the previous year.

With reference to the Generali Employee Benefits unit, the reinsurance contribution from both the companies of the Group and outside of the group, in the health and occupational accidents segments, showed an underwriting result increasing from -2,451 thousand in the

previous year to 6,761 thousand. Gross of the reinsurance retrocessions, the premium income amounted to 198,623 thousand, compared with 189,892 thousand of the previous year.

The claims pertaining to the year decreased from 117,997 thousand to 111,515 thousand, thus positively affecting the claims/premiums from 84.4% of the previous year to 78.5%. Operating expenses decreased in general by 463 thousand, with an impact on net premiums standing at 16.5 compared with 17.3%.

Overall, the combined ratio of the GEB unit stood at 95% versus the 101.7% of the previous year.

As regards the other branches of the Company, the underwriting result was down by 19,061 thousand (from 26,499 thousand to 7,438 thousand); a decrease that has involved all the branches of the Company under the item "Other" of the previous table. The decreases with the most significant impact are to be attributed to the Hong Kong branch and the Head Office portfolio (for a total of 12,025 thousand), in the Global Corporate & Commercial segment in particular, as well as the Panama and Tokyo branches being divested (a total of 3,834 thousand).

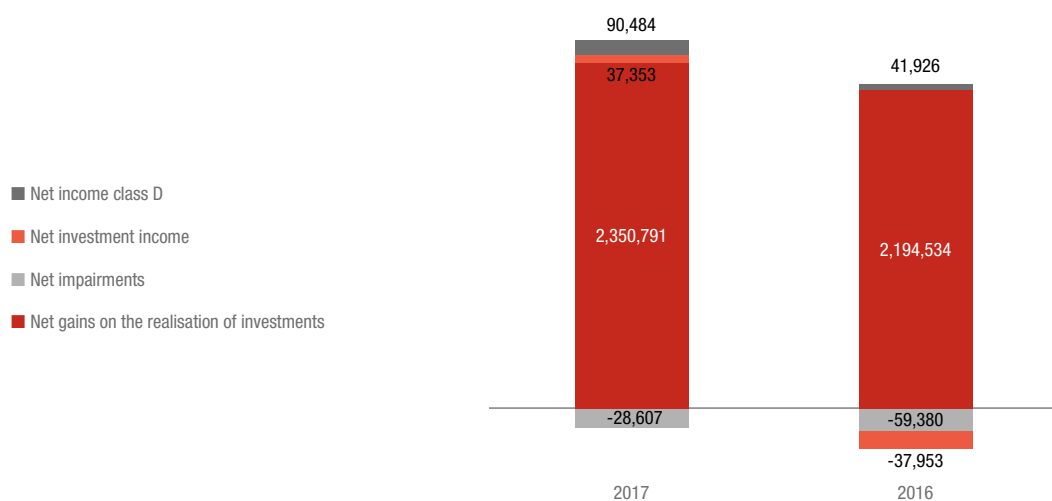
Financial result

Ordinary financial result includes mainly the income from shares and other investments, net of related expenses, as well as net realized and unrealized gains and losses.

The results of the ordinary financial operations amount to 2,450,022 thousand for the year and 2,139,127 thousand

in the prior year. Investment return allocated to the technical accounts amounts to 816,332 thousand for the year and 748,193 thousand in the prior year.

The following table and comments show the changes in each item.



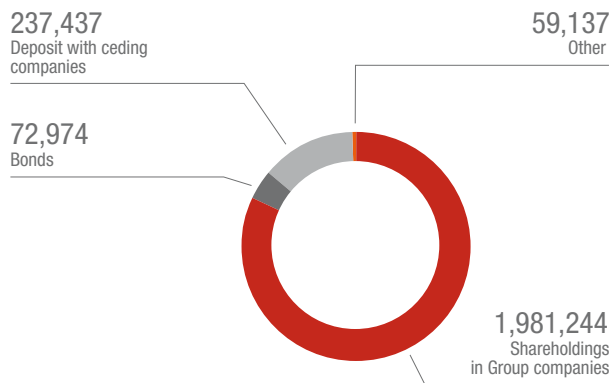
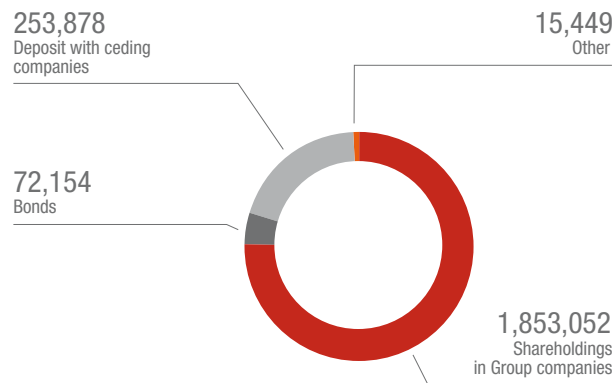
The class D net income amounted to 90,484 thousand, up from 41,926 thousand of the previous year. This year is benefiting mainly from greater interest on reinsurance deposits, which amounted to 67,031 thousand compared to 26,238 thousand in the previous year, and especially interest related to reinsurance deposits concerning the subsidiary Generali PanEurope dac. The positive results were affected by greater latent net capital gains amounting to 18,598 thousand versus 14,491 thousand in the previous year.

Investment adjustments, net of the gains and losses for the year, amounted to 28,607 thousand compared with 59,380 thousand in 2016. The change derives primarily from lower value adjustments in the equity segment compared with the previous year (changes amounting to 54,190 thousand) which was affected by value adjustments applied to the equity investment in Lion River I (26,869 thousand), Fata Asigurari (8,874 thousand) and Generali Shared Service Scarl (7,316 thousand). This positive change was partially offset by larger adjustments of the derivative financial instruments (a change of 22,271 thousand) of which 18,860 thousand concern the value adjustment applied to the coverage of loss ratio

on 12 Group companies (insurance linked security Horse) classified in this category because the risk subjected to the coverage is not in the insurance portfolio of Assicurazioni Generali S.p.A..

Net realized gains were positive for 37,353 thousand; in the previous year they were negative for 37,953 thousand. In this period, net realised gains, deriving primarily from the sale of the equity stake in the subsidiary Guatemala Aseguradora General S.A. for 19,610 thousand and from the sale of bonds for 12,653 thousand, were recorded. The previous year was negatively affected by a net realized loss deriving from the closure of certain derivative financial instrument positions (53,693 thousand), partially offset by realized gains from the disposal of mutual fund units (8,817 thousand) and securities and other investments (4,421 million).

Details of the net income from investments, totalling 2,350,791 thousand (2,194,534 thousand in the previous year), are provided below.

Net investment income 2017**Net investment income 2016**

The dividends received from the companies of the Group totalled 1,981,244 thousand, an increase of 128,192 thousand compared with the previous year (1,853,052 thousand). The main income from equity investments is the dividend received from Generali Italia, totalling 1,000,000 thousand (up by 100,000 thousand versus the previous year).

Net interest on reinsurance deposits amounted to 237,437 thousand, decreasing compared with the previous year (253,878 thousand). The decrease is to be attributed primarily to the acceptance of reinsurance in run-off by the subsidiary Alleanza Assicurazioni S.p.A. (negative change of 20,325 thousand).

Income from bonds is equal to 72,974 thousand (72,154 thousand in the previous year), of which 32,555 thou-

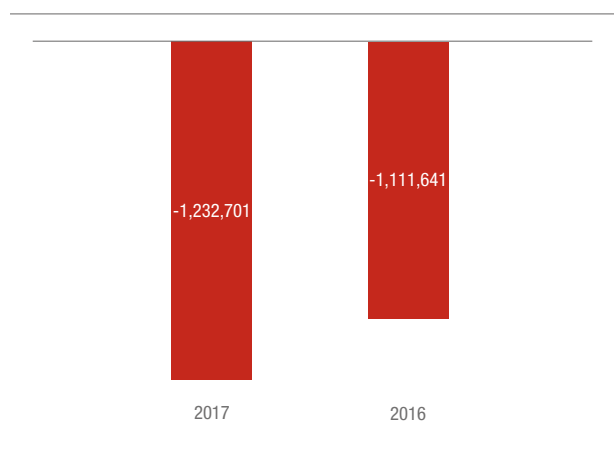
sand deriving from government bonds (35,782 thousand in 2016) and 40,419 thousand deriving from corporate bonds (36,418 thousand in 2016).

Other income net of other charges went from 15,449 thousand of previous year to 59,137 thousand primarily due to greater interest on loans with the companies of the Group (a change of 45,465 thousand) and in particular attributable to the subordinated loan issued by Generali Italia S.p.A. (1,187,500 thousand) and purchased from Generali Finance B.V., that held previously, during the 2017.

Ordinary return on investments¹, determined on the basis of the average rate of return, stands at 5.8% (5.3% in 2016).

¹ The average rate of return on investments is the ratio of income for the period to half the sum of investments at book value at 31/12/2017 and 31/12/2016.

Other ordinary income and charges



Other ordinary income and charges show a negative balance of 1,232,701 thousand, 121,060 thousand higher than the 1,111,641 thousand in the previous year.

The following table shows details of the components of other ordinary income and charges:

(in thousand euro)	2017	2016
Interest expenses on financial debt	-714,768	-705,696
Allocation to non technical provisions	10,878	-6,605
Holding expenses	-351,705	-352,176
Amortisation of intangible assets	-20,198	-20,262
Other	-156,907	-26,903
Total	-1,232,701	-1,111,641

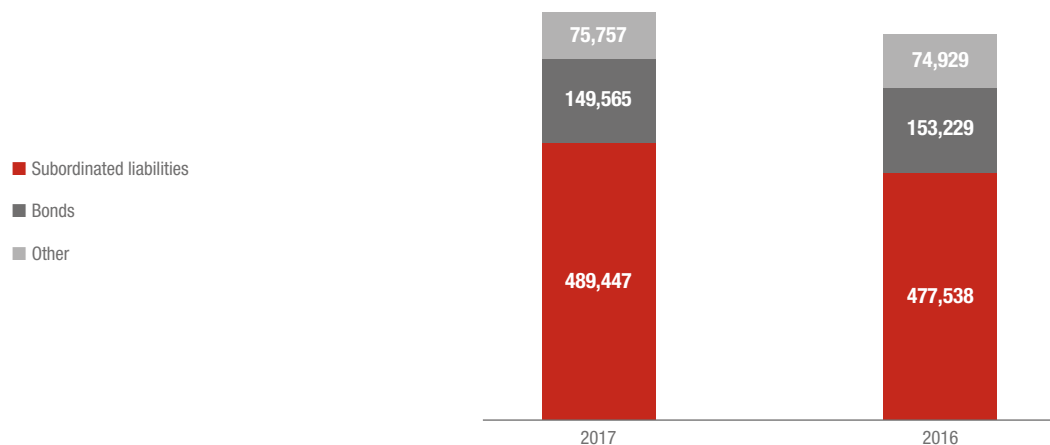
Net income from the use of non-technical provisions amounted to 10,878 thousand. In detail, the total income amounted to 62,688 thousand primarily due from the release of the tax provision mainly related to favourable result of the assessments carried out on the Company for the tax periods 2010, 2011 and 2012. This income is partially offset by the expenses of 51,810 thousand mainly due to a provisions related the close pension fund of the London Branch employees.

The expense borne by the Company for the direction and coordination of the companies belonging to the Group,

net of the income from brand royalties, amounted to 351,705 thousand, a slight decrease versus the same figure of the previous year (352,176 thousand).

The item "Other" showed a net expense up by 130,005 thousand, report negative exchange rate differences for 111,164 thousand (positive for 10,709 thousand in 2016) therefore showing a negative change of 121,872 thousand. This impact primarily linked to the net exposure in Chinese Renminbi, Swiss Francs and Brazilian Reals which, during the period, were depreciated against the Euro respectively by 6.7%, 9.2% and 16%.

Interest expenses on financial debt



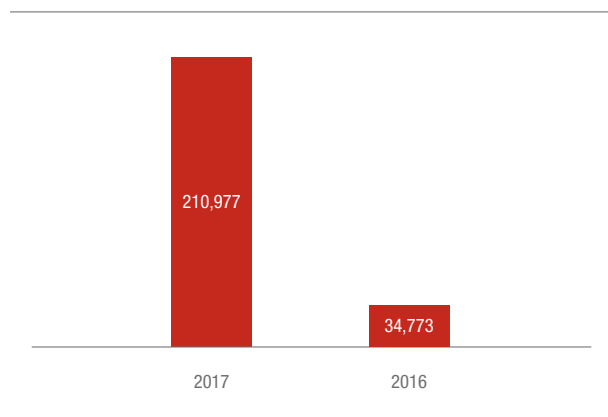
Interest expense on the financial debt of the Company amounted to a total of 714,768 thousand, an increase from 705,696 thousand in 2016.

The increase refers to the interest on subordinated liabilities (from 477,538 thousand in the previous year to 489,447 thousand) and is primarily due to the issuing of a subordinated liability amounting to 850,000 thousand carried out in June 2016, partially offset by the repayment of a subordinated loan of 468,082 thousand carried out in the same month.

As a partial offset, a slight decrease of the interest on a debenture loan was recorded (from 153,229 thousand in 2016 to 149,565 thousand) due to a partial repayment of the capital share of the loan to fund the tax recognition of goodwill relating to Alleanza Assicurazioni S.p.A..

Interests from other loans are substantially in line with the figures of the previous year.

Extraordinary operations



The results from extraordinary operations are positive, at 210,977 thousand (34,773 thousand in the previous year).

Income taxese

Income taxes for the year show an overall income of 121,491 thousand (190,212 thousand in the previous year). The decrease is primarily due to IRES tax income which was down from 217,729 thousand in the previous year to 161,760 thousand for the year in question, following the increase of profit for the year net of dividends received from the companies of the Group.

More specifically, the income for the current IRES decreased to 195,482 thousand (from 204,969 in the pre-

The balance of the current financial year is primarily affected by the earned profits deriving from the sale of the non life insurance portfolio in run-off of the London and New York branches for 195,625 thousand and a lower tax related to previous years for 19,228 thousand.

Expenses referring to incentive plans for exiting personnel contributed to this result by 16,813 thousand (16,991 thousand in 2016), partially offset by net contingent assets amounting to 6,747 thousand (expense of 1,343 thousand in 2016) referring primarily to the change of the pro-rata VAT of 2016, and realized gains deriving from the sale of long term investments for 7,208 thousand (54,695 thousand in 2016, of which 37,955 thousand deriving from the liquidation of the stake in Telco AG S.r.l.).

vious year) whereas deferred IRES taxes involved an expense of 33,722 thousand (compared with an income of 12,760 thousand in the previous year).

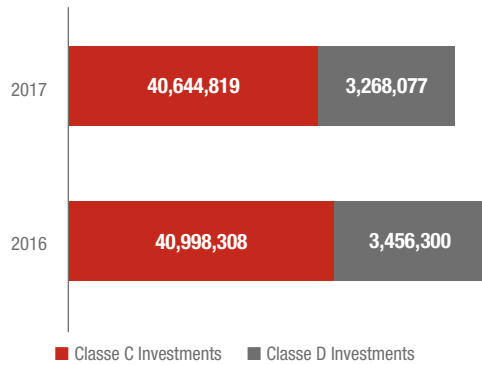
Taxes also include an IRAP tax charge of 5,470 thousand (3,298 thousand in the previous year), a charge for taxes due in Italy on the income of some Group Companies overseas (Controlled Foreign Companies – CFC) of 10,636 thousand (14,774 thousand last year) and lastly a charge for taxes paid abroad amounting to 24,163 thousand (9,445 thousand in the previous year) of which 19,774 thousand referable to the foreign branches.

Asset and financial management

(in thousand euro)		2017	2016
Intangible assets		30,127	33,197
Investments		40,644,819	40,998,308
Class D investments		3,268,077	3,456,300
Reinsurers' share of technical provisions	Non-life	857,954	518,026
	Life	420,541	396,196
Total		1,278,495	914,222
Debtors		1,849,551	1,759,780
Other assets		1,002,012	913,138
Accrued income and deferred charges		181,913	158,106
TOTAL ASSETS		48,254,995	48,233,051
Provisions for other risks and charges		102,420	113,298
Deposits received from reinsurers		331,210	307,642
Creditors and other liabilities		11,684,798	10,746,349
Accrued expenses and deferred income		304,109	332,436
Technical provisions non life		2,297,906	2,609,004
Technical provisions life	class C	8,391,312	8,909,901
	class D	3,265,804	3,454,111
Total		13,955,022	14,973,016
Subordinated liabilities		7,051,952	7,089,925
Shareholders' funds			
Subscribed share capital or equivalent fund		1,561,808	1,559,883
Reserves		11,859,216	12,014,240
Profit for the year (a)		1,404,459	1,096,261
Total		14,825,483	14,670,385
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		48,254,995	48,233,051

The following paragraphs provide a discussion of the composition and the variations compared to the previous year of the following components of the balance sheet: Investments, Net technical provisions, Debt and Shareholders' funds.

Investments



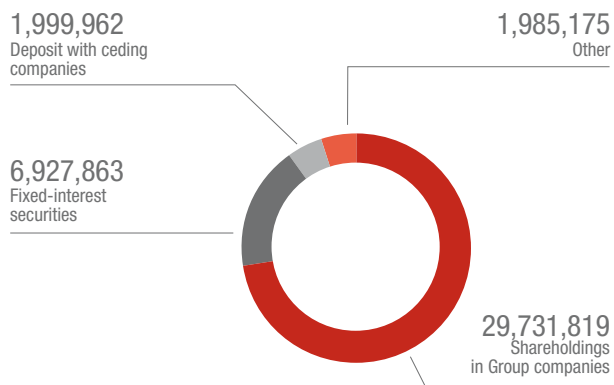
Total investments amounted to 43,912,896 thousand, compared to 44,454,608 thousand of the previous year.

Class C investments, i.e. the investments of the Company excluding those benefiting the life-insurance policyholders who bear the risk, show a decrease from 40,998,308 thousand to 40,664,819 thousand.

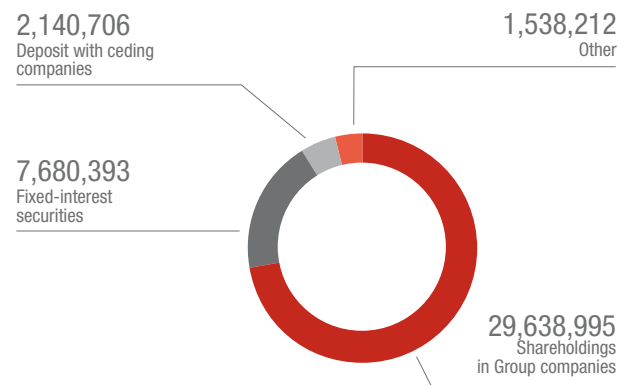
Class D investments, i.e. the investments of the Company benefiting the life-insurance policyholders who bear the risk, showed a decrease from 3,456,300 thousand to 3,268,077 thousand.

Following are the changes, with comments, from the previous year in the components of the class C and D investments.

Class C Investments 2017



Class C Investments 2016



Shareholdings in Group companies increased from 29,638,995 thousand to 29,731,819 thousand. This change is primarily to be attributed to:

- increase in the value of the shareholding interest in the subsidiary Generali Finance B.V. following the purchase of shares from Generali Italia (changes of 199,251 thousand);
- increase in the value of the shareholding interest in Generali Vietnam Life Insurance (+38,537 thousand) and in Generali Vitality GmbH (+10,800 thousand), primarily for increases in the share capital;
- reduction in the value of equity interest in GLL GmbH

& Co. Retail KG i.L. (-30,865 thousand), in Lion River I N.V. (-9,136 thousand) following primarily the share capital repayment and sale of the interest in Aseguradora General S.A. (-1,169 thousand);

- reduction due to the counter-measurement in euro of the equity investment in the currency for 120,485 thousand.

Reinsurance deposits decreased from 7,680,393 thousand to 6,927,863 thousand. Within the life line, reinsurance deposits decreased from 7,275,871 thousand to 6,863,078 thousand, due primarily to the ongoing con-

traction of the portfolio in run-off accepted by the subsidiary Alleanza Assicurazioni S.p.A. As regards the P&C segment, the reinsurance deposits amounted to 64,785 thousand (404,522 thousand in the previous year). Most of the decrease is due to the cancellation of the reinsurance treaty with the subsidiary Generali IARD by the London branch within the Global Corporate & Commercial segment.

The increase in the item "Other" of 446,963 thousand (from 1,538,213 thousand of the previous year to 1,985,176 thousand) derives primarily from new loans issued to the companies of the Group and, more specifically, with Generali Italia (1,187,500 thousand), Generali Schweiz Holding AG (57,500 thousand), Europ Assistance Holding S.A. (24,983 thousand), Generali PanEurope dac (15,000 thousand) and Generali Vitality GmbH (7,000 thousand). In the first half of 2017, the loan with Generali Finance B.V.

was fully repaid (381,100 thousand). The increase in this item was partially offset by fewer units of mutual funds for 464,510 thousand (referring almost entirely to the sale of units of the Generali Money Market fund).

Bond investments amounted to 1,999,962 thousand, down from the previous year (2,140,706 thousand). This decrease can be attributed for 119,285 to lower investments in government bonds and for 20,826 thousand to investments in corporate bonds.

Class D investments declined from 3,456,300 thousand to 3,268,077 thousand, primarily as a result of the reduction in reinsurance deposits received from the subsidiary Generali PanEurope. This reduction derives from the increase in surrenders seen this year for that reinsurance treaty.

Net technical Provisions

(in thousand euro)	Amount		Change (%)	Incidence %	
	2017	2016		2017	2016
Technical provision of life business	11,236,576	11,967,816	-6.1	88.7	85.1
Mathematical provision	6,989,987	7,587,722	-7.9	54.8	53.7
Provision for claims outstanding	889,635	815,440	9.1	7.0	5.8
Provisions relating to contracts linked to investments funds and market index and relating to the administration of pension funds	3,265,804	3,454,111	-5.5	25.8	24.6
Other provisions	91,150	110,543	-0.6	1.1	1.0
Technical provision of non life business	1,439,951	2,090,978	-31.1	11.3	14.9
Provision for unearned premiums	256,277	317,268	-19.2	2.0	2.3
Provision for claims outstanding	1,183,360	1,773,512	-33.3	9.3	12.6
Other provisions	314	198	58.7	0	0
Total life and non life business	12,676,527	14,058,794	-9.8	100.0	100.0

As regards the Technical provisions of the Life business, the decrease in mathematical provisions (from 7,587,721 thousand to 6,989,987 thousand) is primarily due to:

- the reduction in reserves accepted for reinsurance by the Parent Company (473,605 thousand), affected primarily by the natural decrease of the portfolio in run-off by the subsidiary Alleanza Assicurazioni S.p.A.;
- decrease in reserves at the London branch for 74,788 thousand due to the favourable performance of the exchange rate of the pound against the Euro and to the concentration of mathematical provisions

into the reserve for amounts to be paid in the following year;

- reduction in the reserves of the GEB unit for 33,084 thousand, for the most part concentrated from the mathematical provision to the reserve with the amounts to be paid in the following year.

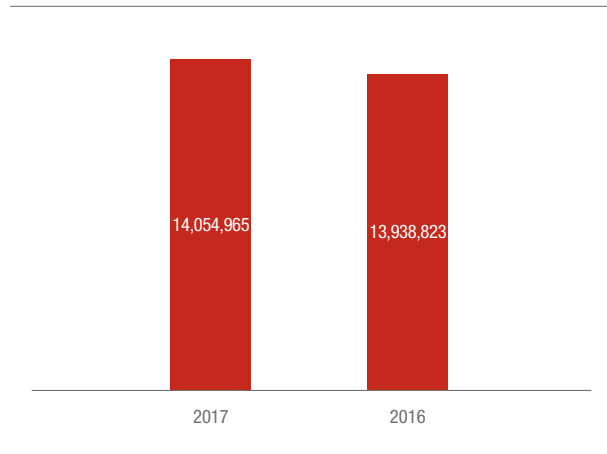
The provisions for claims outstanding increased from 815,440 thousand to 889,635 thousand. The main increases derived from the above concentrations from the mathematical provisions of the GEB unit (+27,226 thousand) and the London branch (+36,390 thousand).

As regards the Other technical provisions, the reduction of 19,393 thousand was mainly affected by the profit-sharing reserves and the supplementary insurances of the GEB unit.

The reduction in technical provisions tied to the management of pension funds (from 3,454,111 thousand to 3,265,804 thousand) derives, in particular, from the increase in surrenders inherent in the reinsurance acceptances by the subsidiary Generali PanEurope.

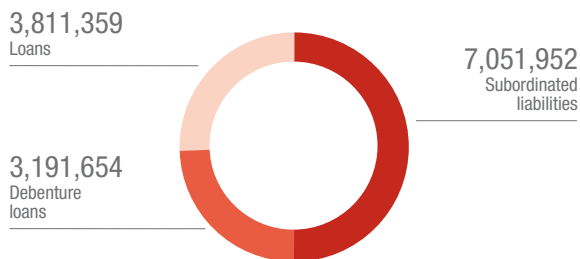
P&C technical provisions decreased from 2,090,978 thousand to 1,439,951 thousand. The decrease was affected by both the provision for unearned premiums (from 317,268 thousand to 256,277 thousand) and the provision for claims outstanding (from 1,773,512 thousand to 1,183,360 thousand), due mainly to said reinsurance of the portfolio in run-off to a third-party company outside of the Group and to the termination of a reinsurance treaty with the subsidiary Generali IARD by the London branch.

Debt management

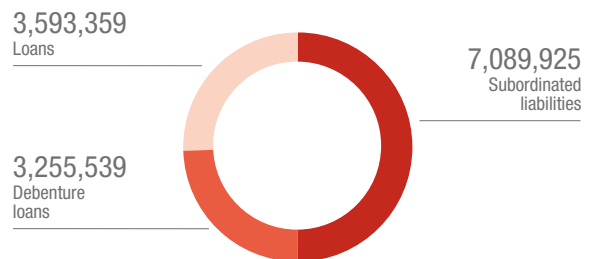


The total debt of the Company increased by 116,142 thousand, from 13,938,823 thousand to 14,054,965 thousand.

Debt 2017



Debt 2016



In reference with subordinated liabilities, the decrease of 37,973 thousand is to be attributed to the counter value in Euro of the loans in pounds.

The liabilities showed an increase of 218,000 thousand against new issuing in favour of the subsidiaries Partic-

ipatie Maatschappij Graafschap Holland N.V. for a total amount of 200,000 thousand and Redoze Holding N.V. for 18,000 thousand, that took place in the first half of Debenture loans decreased by the annual payment of 63,885 thousand of the loan to fund the tax recognition of goodwill relating to Alleanza Assicurazioni S.p.A.

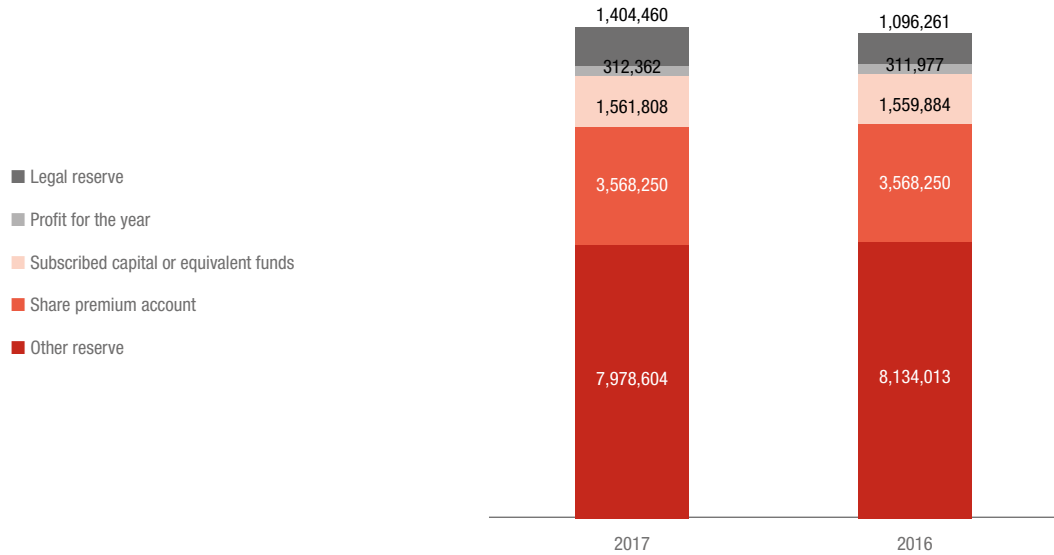
Subordinated liabilities

Nominal interest rate	Nominal value	Currency	Book value	Issue date	Call	Expiration date
6.27%	350.0	GBP	394.3	16/06/2006	16/06/2026	PERP
6.42%	495.0	GBP	557.7	08/02/2007	08/02/2022	PERP
7.90%	100.0	EUR	100.0	19/12/2008	19/12/2018	PERP
7.68%	150.0	EUR	150.0	19/11/2008	19/11/2018	PERP
7.24%	350.0	EUR	350.0	04/03/2009	04/03/2019	PERP
8.50%	350.0	EUR	350.0	06/03/2009	06/03/2019	PERP
9.00%	50.0	EUR	50.0	15/07/2009	15/07/2019	PERP
10.13%	750.0	EUR	750.0	10/07/2012	10/07/2022	10/07/2042
7.75%	1,250.0	EUR	1,250.0	12/12/2012	12/12/2022	12/12/2042
4.13%	1,000.0	EUR	1,000.0	04/05/2014	n.d	04/05/2026
5.50%	1,250.0	EUR	1,250.0	27/10/2015	27/10/2027	27/10/2047
5.00%	850.0	EUR	850.0	08/06/2016	08/06/2028	08/06/2048

Debenture loans

Nominal interest rate	Nominal value	Currency	Book value	Issue value	Expiration date
5.13%	1,750.0	EUR	1,750.0	16/09/2009	16/09/2024
EURIBOR 12M + 220 bps	560.0	EUR	191.7	12/05/2010	14/12/2020
2.87%	1,250.0	EUR	1,250.0	14/01/2014	14/01/2020

Shareholders' Fund



Shareholders' Fund amounted to 14,825,483 thousand, compared with 14,670,385 thousand in the previous year.

The subscribed share capital rose by 1,925 thousand following the assignment of Generali shares in favour of Group management on 15 March 2017, in implementation of the Long Term Incentive Plan 2014. The legal reserve rose by 385 thousand in order to reach the minimum level required by law.

The decrease in other reserves of 155,410 thousand (from 8,134,014 thousand to 7,978,604 thousand) reflects the withdrawals carried out to pay the dividend last year (153,485 thousand) and for the above-mentioned share capital increase (1,925 thousand).

Please note that the portfolio includes 107,256 own shares with a nominal value of 1 euro each.

Other informations

Following is the additional information requested in compliance with the provisions under ISVAP Regulations (now IVASS) no. 22 of 4 April 2008, modified and supplemented by the IVASS provision no. 53 of 6 December 2016, Annex 6.

Personnel organisation and social and environmental commitment

Social responsibility is an integral part of our strategy: being leaders implies looking to long term prospects, listening to the stakeholders and committing to concrete areas of intervention through projects and activities capable of mobilizing resources, the know-how, and the relationships which a Group like Generali fosters.

Our policy, named Generali People Strategy, is founded on four priorities:

- promoting engagement and empowerment;
- strengthening the skills of our leaders and talents;
- building a lean organisation and developing new skills;
- promoting a culture focused on the customer.

We believe that it is fundamental **to promote the engagement and empowerment of people** so that they can make sound decisions, demonstrate leadership and meet the customers' needs.

Our **employees** are the most valuable resources, our most strategic asset.

As at 31 December 2017, the Company employs a workforce of 2,003 units (2,010 units as at 31 December 2016), including a total of 912 staff employed in the foreign branches (890 as at 31 December 2016).

Training has always been a key priority that has involved all our employees.

With the objective of fostering the growth of leaders and talents and investing in the improvement of their skills and expertise, in 2017 a training programme, namely Global Leadership Programs, has been redeveloped at the Group Level, with the purpose of enhancing strategic thinking and leadership capacities, providing management tools and

accelerating the shift from manager to leader. In the year in question, some initiatives such as Empower to Lead, reserved to the GLG (Generali Leadership Group) and Take Off, reserved to the Group Talent managers, were carried out.

In the year in question, the training programme Managerial Acceleration Program was launched for the purpose of promoting a Generali management model, shared and uniform, providing all current and future Managers of Assicurazioni Generali and the Group, with the mindset, the skills and tools necessary to effectively manage people, projects and budgets.



Managerial Acceleration Program is a training programme that aims at fostering the development of a managerial culture centred on empowerment and engagement that would allow all managers of the Group to effectively manage persons and organisations by sharing common approaches, skills, processes and instruments.

To increase and update management, transversal and technical skills of the entire corporate population, training classes geared to achieve technical excellence (Generali Advanced Technical Excellence) were confirmed and updated. Training classes on managerial soft-skills, offered to all organisational levels and involving all functions, were added to this initiative; the Tam Tam Talks, which by proposing multiple view points and multidisciplinary experiences on the realities of the present, pursue the objective of increasing the collective capacity of understanding future contexts characterised by volatility, uncertainty, complexity and ambiguity.

2,003

employees

3,311

man-days
training

As a major component of the People Strategy of the Group, there have been several Diversity & Inclusion initiatives in 2017. First of all, the Group governance was defined with the establishment of the Group D&I Council, a body responsible for setting out objectives and activities for the promotion of the D&I, at Group level, and in the local contexts. In addition the Group D&I Specialist Network, an HR International network supporting the D&I Council in the analysis and set up of objectives as well as in the implementation of inclusive activities, was strengthened. To maximise the value of diversity, teamwork and sense of belonging, the Managerial Acceleration Program includes an entire ad hoc training module that reaches 8,900 managers at the group level.

In support of the implementation of a strong system for performance evaluation of the employees of Assicurazioni Generali and of the whole Group, in 2017 the training on the Performance Management process continued.

In 2017, the Global Graduate Program, an initiative that started in 2015 to promote cultural change, to develop Generali's international reputation as a leading employer and to guarantee the leadership continuity line with the hiring of 20 young talented university graduates, was completed.

Moreover, the offer of training and update programmes for the development of language skills continues, along with other initiatives supporting the specialized knowledge of professional skills such as the Internal Audit Programme, specialised training on Big Data and Machine Learning, as well as on the security of Web Applications.

As regards mandatory training, the classes for a better understanding of security measures to be adopted for the processing of personal information (Legislative Decree 196/2003) and for the control of aspects related to occupational health and safety (Legislative Decree 81/2008), continued. On a regular basis, classes intended to foster the dissemination and operating application of the "Organisational, management and control model", as required by Legislative Decree 231/2001, also

continued.

With respect to training on laws and regulations, employees were required to participate in specific e-learning classes regarding the processing of inside information (in compliance with the provisions set forth in the Group policy), while particular attention was dedicated to training and awareness-raising, through specific initiatives, on matters dealt with in the Code of Conduct.

We remunerate our employees based on the National Collective Labour Agreement of the sector and on the Supplementary Company Contract.

In 2017, the average gross salary of administrative personnel amounted to 106,052 euro, down from 109,704 euro in 2016. The average cost amounted to 152,002 euro (156,881 euro in 2016).

We also offer additional benefits including supplementary pension plans, death or permanent disability insurance, long term care insurance, discounted insurance coverage extendible also to family members and a company welfare plan. To reconcile work, personal and family commitments, our employees can also benefit from flexible hours, part-time work, unpaid leave of absence and child day-care.

The employees are guaranteed, inter alia, a working environment that is discrimination- and harassment-free, as well as working conditions compliant with the current regulations in terms of health and safety in the workplace, with particular attention given to pregnant women, mothers and disabled employees. We organize meetings with experts and seminars to sensitize the employees in areas such as health and mental welfare in order to avoid work related stress.

Within the **environmental area**, we have been managing for many years our environmental impact in compliance with a commitment that has become even stronger after the success of the Paris agreement endorsed in 2015 by the Conference of the Parties to the

€ 106,052
gross average remuneration

€ 152,002
Average cost

Convention on Climate Change (COP21). We plan to play an active role in order to support the transition toward a more sustainable economy and society. We will continue to monitor and reduce our direct impact and to foster the adoption of eco-sustainable behaviours through our insurance solutions and our investments, through dialogue and cooperation with Governments and Associations, consistent with the content of our Group Policy on Environment and Climate.

Our commitment to contribute to the transition toward an economy and a society that are more sustainable, is a component of our strategy definition that is focusing particularly on insurance and investment activities. As regards investments, Generali, in the capacity of asset owner (general account investment), will increase its exposure toward green activities, divesting progressively from companies tied to coal. As regards underwriting, the offer of products with a particular environmental value will increase, while maintaining a minimum exposure to the coal sector. In the countries where the economy and employment significantly depend on the coal sector, Generali will involve, through an on-going dialogue, issuers, customers and other stakeholders. As regards impacts that have been directly attributed to the exercise of our activities for years, we are committed to reducing our energy, water and paper consumption and making waste management more efficient as well as improving corporate mobility. For instance, we often intervene in our real estate assets, according to eco-efficiency criteria, using state of the art equipment and technologies. We give priority to the use of eco-sustainable resources, such as power provided by renewable energy sources, as well as the use of certified paper. All the electric power provided to our offices is certified with the guarantee of the renewable origins of the sources.

We are committed to reduce travelling and to enhance further the tools used for remote communication, by setting up video conference rooms, and the availability of dedicated

tools for individual workstations. Our vehicle policy provides for maximum limits in order to cut carbon dioxide emissions from the company's vehicles and our travel policy prefers the use of public transportation or car-pooling. All our initiatives are focused on minimizing **our greenhouse gas emissions** and reaching our objective of a **further 20% reduction by 2020**.



In order to increase the credibility of our reporting and the results obtained, starting in 2011 we have applied for and obtained from RINA (Organismo di Certificazione RINA Services S.p.A.) a certification according to ISO 14064-1 about the direct emissions deriving from the combustion of fossil fuels purchased for heating, for the production of electrical and thermal energy, for the supply of the corporate fleet (Scope 1), and about the Indirect emissions deriving from energy consumption (Scope 2).

Furthermore, with reference to the statement about non-financial information of the Generali Group, the 2017 data related to total greenhouse gas emissions of the Group and the purchased renewable energy must also obtain a certification from a third-party entity. Consistent with the commitments undertaken by joining some important international initiatives (Paris Pledge for Action, The Geneva Association - Climate Risk Statement, European Financial Services Round Table), we are actively participating in round tables and national and international events on green finance, among which is the Italian National Dialogue on Sustainable Development promoted by UNEP and the Ministry for the Environment. We have organised relevant institutional events, including the presentation in Italy of the Interim Report of High-Level Expert Group (European Commission) on sustainable finance.



These and other social and environmental aspects are discussed in the section dedicated to Sustainability of the website www.generali.com.

Outward reinsurance

As regards outward reinsurance, the reinsurance cessions are structured on the basis of a detailed risk analysis which allows for the definition, for each class of business, of the type of structure, the retention level and the reinsurance capacity necessary to mitigate the exposure to risks and events, the latter intended as arising from the accumulation of a number of insurance contracts in the portfolio.

Contractual reinsurance provides the transfer of risk for a large part of the portfolio, while optional reinsurance provides an additional instrument for mitigating the remaining exposures. Contractual reinsurance is preferred in risk management and for this reason it is adjusted annually to reflect any developments or new requirements of the portfolio thereby limiting the optional reinsurance to a small number of cases.

The most important classes of business are protected by the excess of loss reinsurance, which allows specifically defining the retention for each class of business and thus reducing the volatility of results, whilst retaining higher expected margins.

The above-mentioned principles have been confirmed by the Board of Directors on 21 February 2018, which has also approved the structures in place during the year, established in accordance with the reinsurance business model requiring the ceding of the treaties of fully-owned subsidiaries to the Parent Company, which in turn purchases suitable protection on behalf of the entire Group, benefiting from the advantages deriving from the amplitude of its portfolio and economies of scale.

Claims settlement velocity of the direct Italian portfolio

The following is a prospect of the claim settlement velocity broken down by individual line of business, and current and previous origin year.

	Claim settlement velocity %	
	Current origin year	Previous year
Motor TPL	77.8	31.8
Motor material damage	84.5	77.8
Accident	21.7	40.0
Health	93.6	54.5
Fire	31.8	56.4
Property other than fire	37.1	60.3
General Liability	22.4	36.7
Marine, aviation and transport ^(a)	64.9	31.7
Other LOB ^(b)	44.9	57.4
Total	91.4	40.0

(a) Included trains, air, sea, lake and river craft, cargo, t.p.l. for air, sea, lake and river craft

(b) Included pecuniary loss, legal protection, assistance and credit and suretyship

Litigation

As at 31 December 2017, the Company was a party to 109 legal actions, for the most part as the defendant.

The lawsuits generated by the insurance activities of the Company totalled 72 units.

With reference to tax litigation, the contested amounts in the various proceedings concern indirect taxation, and are, in general, of a non-significant amount.

As for the rulings on Mr Perissinotto, in 2017, the Appeal Court of Trieste has confirmed the judgement given at first instance (rejection of the appeal challenging the employment exit agreement) and the Court of Trieste has rejected the claim for damages. The Board of Directors, within an overall costs-benefits assessment (which has considered, inter alia, the outcome of the disputes, the lack of evidence about new circumstances as well as the costs arising from an additional cultivation of disputes) decided not to appeal against these rulings which have therefore become final. Similar assessment was conducted by the Board with reference to the judgement regarding Mr Agrusti (concluded in 2016, with a rejection) which also became final.

With reference to the sale of BSI S.A. by subsidiary Participatie Maatschappij Graafschap Holland N.V. to BTG Pactual S.A. during 2015, Generali received request for damages through an arbitration proceeding promoted by Banco BTG Pactual S.A..

In particular, Banco BTG Pactual SA, within the deadline set by the Arbitral Tribunal, on November 30, 2017, filed its first brief, containing the allegations supporting its claims for damages. These claims, strongly challenged by Generali, would be based, according to the counterparty, on the alleged violation of the representations, warranties and covenants assumed by the seller in the context of the sale of BSI S.A.

Generali is currently engaged in the analysis both in fact and in law of the complex litigation, as well as in the preparation of its first reply brief without prejudice to the preliminary objections already raised, which will be filed within the deadline set by the Arbitral Tribunal.

Taking into account the status of the arbitration proceedings and the legal opinions acquired in this regard, it is considered that the conditions of the probability and of the ability to make a reliable estimate to make any provi-

sions for risks related to the abovementioned request for damages are not met.

It is therefore confirmed that, at present, it is not possible to reliably estimate both the outcome of the aforementioned arbitration proceedings and its timing.

Shareholders, share performance and stock options

Concerning the information required by Article 123-bis of the Italian Consolidation Finance Act, please refer to the Corporate Governance and Share Ownership Report of the Company which will be available at the General Shareholders' Meeting.

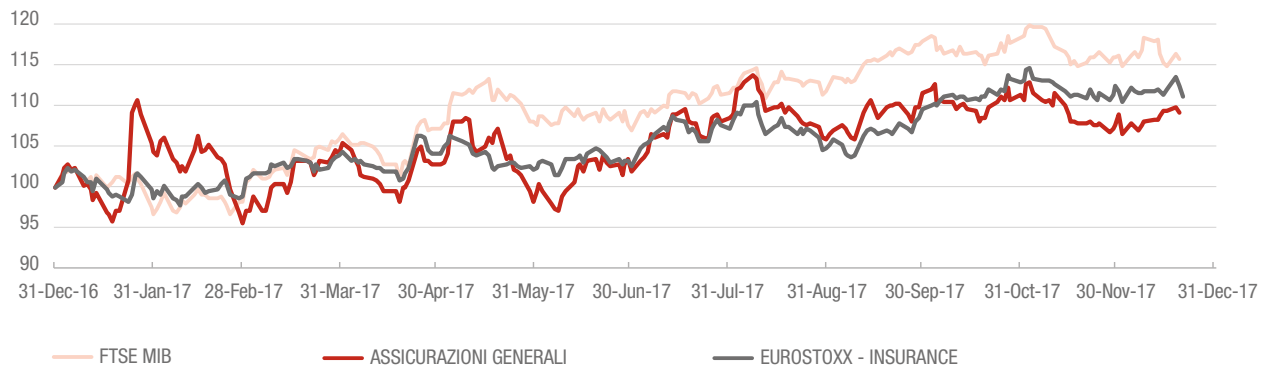
On the basis of article 36 of Consob resolution no. 16191/07, as subsequently amended, and article 2.6.2, paragraph 12, of Rules for the Markets organized and managed by Borsa Italiana S.p.A., it is hereby certified that in the Generali Group are met the "conditions for the listing of shares of companies with control over companies established and regulated under the law of non-EU countries" and that adequate procedures have already been adopted to ensure full compliance with the foregoing regulation.

Direction and coordination

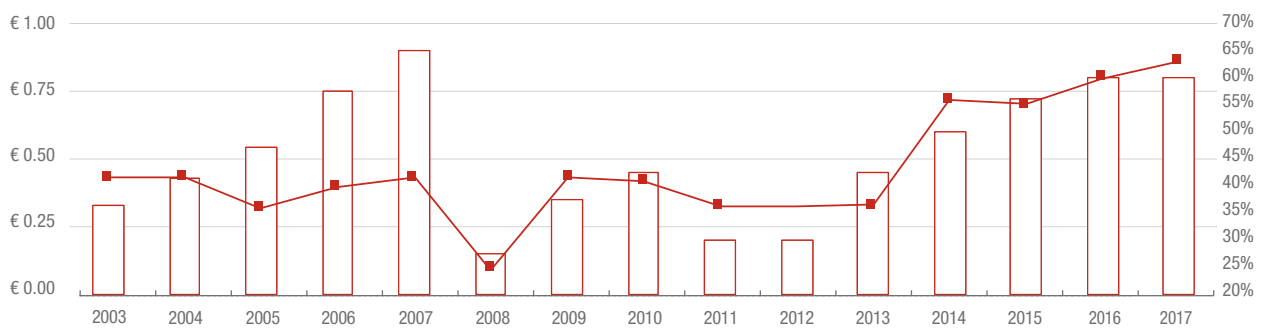
No legal or natural person, directly or indirectly, individually or jointly, holds a number of shares sufficient to give such person a controlling interest in the Company. Under the provisions introduced with the Reform of Company Law, the Company is not subject to the direction and coordination of any Italian or foreign entity or company.

Stock performance

The trade price of the security Generali as at 29 December 2017 was 15.2 euro. The security has recorded, from early 2017, a minimum of 13.52 euro on 28 February 2017 and a maximum of 16.02 euro on 8 August 2017. Market capitalisation as at 29 December 2017, was 23,739,486 thousand euro.



Dividend per share and payout ratio²



² The payout ratio for 2012 is not shown in the graph as it is insignificant and not in proportion to the Group's result for the period and it is impacted by the specific dividend payments policy applied by the Group

Main indicators per share

	2017	2016
Per share informations		
EPS	1.35	1.34
Operating earning per share	1.67	1.64
DPS	0.85	0.80
<i>Payout ratio</i>	63.0%	60.0%
Total dividend (in € million)	1,330	1,249
Share price information (in euro)		
Share price	15.20	14.12
Minimum share price	13.52	9.82
Maximum share price	16.02	16.37
Average share price	14.91	12.42
Share volume information		
Weighted average number of ordinary shares outstanding	1,560,771,499	1,558,512,070
Market capitalization (in € million)	23,749	22,026
Average daily number of traded shares	7,179,293	9,962,523
Total shareholders' return ⁽¹⁾	13.54	-11.60

⁽¹⁾(total dividend + var.share price during the reference period)/share price at the beginning of the year

Stock option

Detailed information as required under current legislation in respect of stock option plans is given in the Report on remuneration.

Information regarding own shares

As at 31 December 2017, the Company held 107,256 own shares with a nominal value of 1 euro each, the same as the previous year.

a Non-Financial Nature, prepared by the Generali Group pursuant to article 4.



Relazione Annuale Integrata e Bilancio Consolidato 2017 per la Dichiarazione Consolidata di carattere Non Finanziario, p. 125

Other information

Assicurazioni Generali said that it had decided to take up the option allowed under article 70, paragraph 8, and article 71, paragraph 1-bis of the Issuers Regulation, exempting it from the obligation to publish the prospectuses required in connection with major mergers, splits, capital increases through the transfer of goods in kind, acquisitions and sales.

Pursuant to Legislative Decree no. 254/2016, article 6, paragraph 1, the Company is not subject to the obligation of preparing an Individual Statement of a Non-Financial Nature, under article 3 of the Decree itself, since the Company is included in the Consolidated Statement of

Transactions with related parties

As from 2011, the matter of the related-party transactions was ruled by the regulation approved by the Board of Directors within the "Guidelines for transaction with related parties". Said guidelines, available in the Governance section of the Company's website, constitutes the implementation of the regulations adopted by Consob with resolution no. 17221 dated 12 March 2010 subsequently amended by Resolution no. 17389 of 23 June 2010 which, in turn, implements the provisions of art. 2391-bis of the Civil Code.

In addition, the Board of Directors has adopted specific annual guidelines on intra-group transactions according to Regulation ISVAP (now IVASS) no. 25, dated 27 May 2008 (Regulation on supervision of intra-group transactions).

With regard to CONSOB communications 97001574 of 1997, 98015375 of 1998 and 6064293 of 2006 concerning transactions with related parties, the Company states that transactions with Group companies are conducted as part of its normal activity of coordination and are, moreover, subject to specific ISVAP (now IVASS) supervisory controls. No transactions carried out during the year were atypical with respect to normal business operations. The main intra-Group transactions, settled at fair market conditions or at cost, involved reinsurance and co-insurance, administration and management of the securities and property portfolio, claims management and settlement, IT services, loans and guarantees and loans to employees. The above-mentioned transactions and contractual performances permitted operational functions to be rationalized and the level of services to be improved.

For further details, see the Explanatory Notes.

Significant intra-Group transactions are discussed in the relevant sections of this Report. The balance sheet and annexes 5, 16, 17, 30 and Part C of the Notes on the Accounts provide details on the financial and economic aspects of these transactions.

Estimate of the reduction of costs arising from the verification of fraudulent motor claims

Article 30, paragraph 2, of the Law 24/03/2012 no. 27 introduced the requirement for insurance companies authorized to operate in the motor vehicle liability line of business, to indicate an estimate of the reduction in charges for fraudulent, claims resulting in from independent fraud control and prevention activities. IVASS on 11 March 2014, in a letter, provided stringent and unique calculation rules to the entire market, including the obligation to publish the estimated savings in a report attached to the financial statements. Based on the above and on the calculations made by the Company, no amounts are to be disclosed for 2017.

Group highlights

Economic highlights

(in million euro)	2017	2016
Gross written premiums	68,537	68,907
Consolidated operating result	4,895	4,783
Operating return on equity	13.4%	13.4%
Result of the period	2,110	2,081

Financial highlights

(in million euro)	2017	2016
Total investments	474,502	459,995
Total third parties asset under management	67,474	56,324
Regulatory Solvency II	208%	178%
Economic Solvency II	230%	194%

The Generali Group's consolidated financial statements as at 31 December 2017 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, the Legislative Decree No. 58/1998 and Legislative Decree No. 209/2005, as amended by Legislative Decree No. 32/2007.

Consolidated entities were 423 as at 31 December 2017 compared to 428 as at 31 December 2016. In detail, entities consolidated line by line decreased from 393 to 388 and those valued at equity remain stable to 35.

More complete information of the Group's data and significant indices is provided in the Management Report and Consolidated Financial Statements.

Significant events after 31 december 2017

- In February, Generali Group. completed the sale of its entire investment held in Generali Nederland N.V. (and its subsidiaries) to ASR Nederland N.V..
- In March, the preparatory proceedings for the merger by incorporation of Generali Finance B.V., a company fully controlled by Assicurazioni Generali S.p.A., were completed, effective on 1 January 2018.

Conclusion and outlook for operations

In 2018, the current growth trends, which should stabilise at 2.1% in the Eurozone, a marginal decline from the figures of 2017, are expected to continue with exports supported by a global recovery, with consumptions supported by a continuous decline in unemployment, and with investments under a favourable access to credit conditions.

As regards the United States, the current expansion phase is expected to continue with a slight acceleration (real GDP at +2.4%) due to the tax reform which substantially will reduce the corporate tax rate from 35% to 21%. The impact on households will be less significant and will be concentrated on higher income segments. As regards the monetary policy, the Fed is expected to follow its "normalisation" process by increasing its reference rate three x, bringing the corridor to 2.00%-2.25%.

Based on a strong growth and prospects of inflation slightly higher, the performance of the financial markets should increase showing a growth more pronounced in the Eurozone, with investors increasingly more focused on the first increase in interest rates by the European Central Bank in 2019. Consequently, a negative performance

is expected for the mandatory segment, both public and private. The sovereign spreads of the countries in South Europe may suffer in the first quarter following the elections in Italy and the continuing uncertainties in the Catalan region. However, a strong growth should minimise the size of the widening of the spreads.

As regards the equity market, the upward trend should continue. Although the markets have already been, in a way, overvalued, the currently favourable economic trend, the tax reform in the United States and a still wide liquidity will support this growth.

In reference to the insurance markets, for 2018, the growth in the P&C insurance segments will continue thanks to the good performance of the economy. The unfavourable cycle in the life-segment should continue, even if with some positive signs, thanks to the expected good performance of the disposable income and in Italy thanks to regulations that should make less unfavourable the sale of traditional products.

As regards the reinsurance activity, to be noted is the abnormal frequency of major catastrophic events, in the second half of 2017, that have hit primarily the Caribbean and the United States. The Harvey, Irma and Maria hurricanes at the end of August/beginning of September have caused damages under insurance of approximately US \$ 93 billion. In addition, earthquakes in Mexico, the exceptionally widespread fires in California and in the Iberian Peninsula, have severely hit the reinsurance industry which has however demonstrated its financial soundness in sustaining an extraordinary sequence of claims. Consequently, the main season for renewals, concentrated on 1 January, has highlighted the end of the soft cycle and a trend reversal occurring also in the business classes that are not involved in these events.

Within this context, the results for the year of the Parent Company will be mainly influenced by the ability of the subsidiaries to distribute dividends, against limited growth of total costs for management and coordination and financial charges. The net underwriting result is reasonably expected to show a moderate growth, both in the life and P&C business.

Based on the scenarios described above an increase in net profit is expected for the Company compared to 2017.

Part B – Risk Report

A. Executive Summary

The purpose of this section is to provide an overview on the Company's solvency position and risk profile.

Starting from 2016, the Company and the Generali Group comply with Solvency II regulation, which requires capital to be held for all quantifiable risks.

To this end, the Company uses the Partial Internal Model (PIM) of Generali Group to better reflect the risk profile. The Supervisory Authority has approved the use of the PIM to calculate the Solvency Capital Requirement. The PIM has become the cornerstone of the risk measurement and assessment and its use is embedded in all risk and capital management related processes.

The Regulatory Solvency Ratio, estimated on the basis of preliminary data, amounts to 257.3% (237.6% as at 31 December 2016), with a strengthening compared to the previous year due to the increase in the value of participations in subsidiaries.

Since Assicurazioni Generali is the Parent Company of Generali Group, the participations in subsidiaries represent the main asset class within the financial statement. As a result, the main contribution to the Company's risk profile is given by equity risk.

In addition to financial and credit risks, the Company is exposed to life and non-life underwriting risks, which arise from the portfolio reinsured by the Group companies and from the direct business managed by foreign branches.

The liquidity profile remains robust, in consideration of the effective coordination of the liquidity cash flows between the Parent Company and its subsidiaries.

Risk management processes and risk governance are regulated through a set of risk policies, which define the identification, measurement, management, monitoring and reporting processes for each risk category on the basis of the risk strategy.

The sections of the Risk Report are structured as follows:

- Section B, provides a brief description of the risk management system;
- Section C presents the Company's solvency position and key elements of the capital management;
- Section D provides an overview of the risk profile of the Company.

B. Risk Management System

Risk Governance

Risk governance is a part of the broader internal control and risk management system.

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

- internal control framework and related activities;
- awareness and monitoring;
- reporting duties;
- roles and responsibilities that the Board of Directors (BoD) and its committees, the Senior Management, including the Chief Executive Officer (CEO), also acting as the Director in charge of the internal control and risk management system, and the Chief Financial Officer (CFO), appointed as Manager in charge of the preparation of the Company's financial reports, as well as risk owners and Control Functions must accomplish within the internal control and risk management system.

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

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

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

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

- the BoD defines, with the Risk and Control Committee support, the Directives on Internal Control and Risk Management System and assesses its adequacy, effectiveness and functioning, at least once a year. With the Risk and Control Committee support it also defines the organizational set-up, appoints the heads of the Control Functions (also after hearing the opinion of the Board of Statutory Auditors for the appointment of the Internal Audit’s head)) and approves their annual activity plans, adopts Group risk policies, approves the ORSA Report results and, based on them, defines the risk appetite and tolerance limits;
- the Senior Management is then responsible for executing the defined strategy, implements the internal control system and keeps it suitable and effective;
- the Control Functions, in particular:
 - the Risk Management Function supports the BoD and the Senior Management in defining the risk management, risk monitoring and risk measurement strategies and provides, through an appropriate reporting system, the elements for the assessment of the overall risk management system;
 - the Compliance Function supports the BoD and the Senior Management in identifying, evaluating and monitoring the risks that may arise from the violation of laws and regulations also internally and participates in the set-up of an adequate control system;
- the Actuarial Function supports the BoD in accordance with Solvency II regulation, carrying out coordination and control duties on the calculation of technical provisions in line with Solvency II, on the valuation of the underwriting policies and of the reinsurance agreements, as well as contributing to the effective implementation of the risk management system;
- the Internal Audit Function supports the BoD by ensuring an independent evaluation of the adequacy and effectiveness of the internal control system and of other elements of the governance system, the need for adaptation, by providing support and consulting activities to other business Functions, and, therefore the effective functioning of the controls designed to ensure the proper conduct of the processes, taking into account the levels of risk appetite.

The heads of the Control Functions report functionally to the BoD except for the head of the Internal Audit who reports hierarchically and functionally to the BoD.

Control Functions collaborate according to a pre-defined coordination model, in order to share information and create synergies.

Risk Management System

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

The risk management process is defined in the following phases:



⁴ The Group Risk Management Policy covers all Solvency II risk categories and, in order to adequately deal with each specific risk category and the underlying business processes, it is complemented by the following risk policies: Group Investment Governance Policy; Group P&C Underwriting and Reserving Policy; Group Life Underwriting and Reserving Policy; Group Operational Risk Management Policy; Group Liquidity Risk Management Policy and other policies related to business processes, such as Group Capital Management Policy, Group Supervisory Reporting and Public Disclosure Policy, etc. All policies are updated on annual basis.

1. Risk identification

The purpose of the risk identification process is to ensure that all material risks to which the Company is exposed are properly identified. The Risk Management Function interacts with the main Business Functions in order to identify their main risks, assess their importance and ensure that adequate measures are taken in order to manage them, according to a sound governance process. Within this process, emerging risks are also considered.

The categorization of the identified risks is consistent with the structure provided by IVASS Regulation n. 20/2008.

2. Risk measurement

Identified risks are measured through their contribution to the capital requirement, complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Company risk profile. Using the same metric for measuring the risks and the capital requirements ensures that each risk is covered by an adequate amount of capital that could absorb the loss incurred if the risk materializes.

The capital requirement is calculated by means of the Group's Partial Internal Model (PIM) for financial, credit, life and non-life underwriting risks. Operational risks are measured by means of standard formula, complemented by quantitative and qualitative risk assessments. The PIM provides an accurate representation of the main risks, measuring not only the impact of each risk taken individually but also their combined impact on the Company's own funds.

PIM methodology and governance are provided in section Solvency Position.

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

3. Risk management and control

The risks, which the Company is exposed to, are managed in line with the "risk appetite" defined by the BoD within the Group's Risk Appetite Framework (RAF). Within the coordination and direction activities, the risk strategy is defined and then applied to the Group's companies. The RAF defines the level of risk considered ac-

ceptable in conducting business and thus provides the overall framework for embedding risk management into business processes. In particular, the RAF includes the risk appetite statement, risk preferences, risk metrics and tolerance levels.

The RAF statement is complemented by qualitative assertions (risk preferences) supporting the decision-making processes as well as by risk tolerances providing quantitative boundaries, limiting excessive risk-taking. Tolerance levels are set on the basis of capital and liquidity metrics.

The RAF governance provides a framework for embedding risk management into day-to-day and extraordinary business operations and control mechanisms as well as the escalation and reporting to be applied in case of risk tolerance breaches. Should an indicator approach or breach the defined tolerance levels, escalation mechanisms are activated.

4. Risk reporting

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

The Own Risk and Solvency Assessment (ORSA) Report is the main risk reporting process with the purpose to provide the assessment of risks and of the overall solvency needs on a current and forward-looking basis. Both the risks included in the SCR calculation and those risks where no capital requirement is foreseen are taken into account.

The ORSA process is coordinated by the Risk Management Function, supported by the other Functions for what concerns the own funds, technical provisions and other risks.

The ORSA Report is produced on an annual basis, both at Company level and at Group level. After the discussions and approval by the BoD, assisted by the Risk and Control Committee, both Reports are submitted to the Supervisory Authority. The results are shared with Senior Management and also the review by the Group Compliance Function is foreseen.

C. Solvency Position

Overall Solvency Position

The solvency position is defined, as the ratio between Eligible Own Funds (EOF) and the Solvency Capital Requirement (SCR).

In compliance with IVASS Provvedimento n. 53, 2016, the SCR and Minimum Capital Requirement (MCR) data

hereby reported are based on a preliminary estimate.

The solvency position, as presented below, has strengthened passing from 237.6% to 257.3% due to the increase in own funds related to the value of participations in subsidiaries, only partially offset by the increase of the related capital requirement for equity risk.

Preliminary SCR Coverage

(€ thousand)	2017	2016
EOF to cover SCR ⁵	45,815,089	39,998,978
SCR	17,804,316	16,835,748
Solvency Ratio	257.3%	237.6%

EOFs to cover SCR are calculated based on the net equity, revaluing all assets and liabilities at market value. The main adjustments in net equity include:

- Deduction of intangible assets;
- Revaluation of investments at fair value (incl. participations and bonds);
- Technical provisions (TPs) are accounted based on Solvency II rules, as a sum of best estimate of liabilities and risk margin ;
- Revaluation of non-technical provisions at fair value (e.g. financial and subordinated debt);
- Net deferred taxes on the above evaluations;
- Deduction of foreseeable dividends and Company's own shares.

Subordinated debt (with specific features in terms of availability, duration and absence of incentives to redeem or encumbrances) eligible to cover the SCR amounts to €7.5 bn (more details on financial debt are presented in the Parent Company Balance sheet).

Own funds (OF) are classified into Tiers, representing different levels of quality with respect to loss-absorbing capacity criteria.

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

⁵ Preliminary figures, estimated based on proposed dividends of € 0.85.

⁶ Solvency II technical provisions reliability and adequacy are evaluated by the Actuarial Function.

⁷ To grant a high quality of capital available, the amounts of Tier 2 and Tier 3 items eligible to cover the SCR are subject to the following limits. The eligible amount of Tier 1 items shall be at least one-half of the SCR; in case of admissible subordinated liabilities and preference shares, exceeding 20% of total Tier 1, it is downgraded towards Tier 2. The eligible amount of Tier 3 items shall be less than 15% of the SCR. The sum of the eligible amounts of Tier 2 and Tier 3 items shall not exceed 50% of the SCR.

Total EOF to meet the SCR

(€ thousand)	2017	2016
Tier 1	37,889,351	31,727,250
Tier 1 (restricted)	2,194,826	2,309,599
Tier 2	5,327,828	5,406,545
Tier 3	403,084	555,585
Total	45,815,089	39,998,978

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

In addition to the SCR coverage, the Company calculates the MCR required to determine the minimum level

of capital, under which the Company would be exposed to an unacceptable level of risk when allowed to continue its operations. Moreover, to define MCR coverage, stricter OF eligibility rules are applied⁸. The MCR coverage ratio is presented in the following table.

Preliminary MCR Coverage

(€ thousand)	2017	2016
EOF to cover MCR	40,974,393	34,878,636
MCR	4,451,079	4,208,937
Solvency Ratio	920.5%	828.7%

The EOF to cover MCR are presented below:

Total EOF to meet the MCR

(€ thousand)	2017	2016
Tier 1	37,889,351	31,727,250
Tier 1 (restricted)	2,194,826	2,309,599
Tier 2	890,216	841,787
Total	40,974,393	34,878,637

⁸ To cover the MCR, the eligible amount of Tier 1 items shall be at least 80% of the MCR; the same limitation on subordinated liabilities and preference shares is set. The eligible amount of Tier 2 items shall not exceed 20% of the MCR. No Tier 3 items are allowed to cover the MCR.

Group Partial Internal Model (Group PIM)

Generali deems the PIM to be the most appropriate way of capturing the Company SCR in terms of granularity, calibration and correlation of the various risks.

The PIM is structured around a specific risk map, which contains all quantifiable risks that the Group has identified as relevant to its business, allowing for the calculation of the SCR both at single risk level and at aggregated level.

1. PIM Methodology

In implementing the Model, the Company has adopted the so-called Monte-Carlo approach with “proxy functions” to determine the Probability Distribution Forecast (PDF) of the change in the basic own funds over a 1-year horizon.

The own funds probability distribution allows to determine the potential losses at any percentile for risks in scope and, in particular, the SCR corresponding to the 99.5th percentile. Monte-Carlo methods are used in the industry to obtain sound numerical results using the embedded characteristics of repeated random sampling to simulate the more complex real world events. Proxy functions are mathematical functions that mimic the interaction between risk drivers and insurance portfolios to obtain the most reliable results. The aggregation process uses advanced mathematical techniques following market best practices. The calibration procedure involves quantitative and qualitative aspects.

2. PIM Governance

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

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

To rule the activities related to the Internal Model developments necessary to ensure its appropriateness over

time, and more in general to support the Internal Model change process, the Internal Model Change Policy has been also defined with the aim to specify roles and responsibilities in the implementation of major and minor changes.

A dedicated committee, the Internal Model Committee, has been established to approve PIM calibrations, to support decision making on PIM developments or model changes and to control the full model lifecycle, assuring proper compliance with the Group Internal Model Governance Policy. This Committee is chaired by the Model Design Authority, which is responsible for ensuring the overall consistency and reliability of the PIM.

The CRO defines the processes and controls to ensure the ongoing appropriateness of the design and operations of the PIM, so that it continues to reflect appropriately the risk profile. The Chief Risk Officer (CRO) is also responsible for defining the methodology of each model component, based on the Internal Model Committee’s proposals, as well as for the results production, and ultimately for submitting the relevant Internal Model supporting documentation to the BoD.

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

No substantial change of the PIM governance has taken place during the current year.

3. Group PIM Validation

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

The validation process follows the principles and procedures defined in the Group Internal Model Validation Policy and related guidelines, defined in accordance with Art. 124 of the Solvency II Directive.

The validation output is designed to support Senior Management and BoD in understanding the appropriateness of the Internal Model, including areas of weaknesses and limitations, especially with regards to its use.

To ensure an adequate level of independence, the resources performing the validation activities are not involved in the development and operation of the Internal Model.

Within the validation activities, also the results obtained during previous validation cycles are taken into account, as well as developments within internal and external business environment, financial market trends and PIM changes. The Internal Model validation process excludes those aspects already covered by the assurance work of the Actuarial Function (i.e. technical provisions and related IT systems, actuarial platforms and their governance).

Furthermore, the regular validation process also serves as an incentive mechanism to ensure timely and accurate integration of modelling refinements.

In order to warrant the appropriateness of the array of elements contained within the PIM, the Validation covers both the quantitative and qualitative aspects of the Internal Model, and is therefore not limited to the calculation engine and methodology.

The validation process is carried out periodically and when requested by the BoD, Senior Management or, for example, in case of changes to the PIM.

D. Risk Profile

Life Underwriting Risks

The Company is mostly exposed to life underwriting risk deriving from indirect business, as it operates as the main reinsurer of Group companies. The Company's direct business is mainly performed through foreign branches operating in the United Kingdom (UK), Hong Kong and Dubai.

The life portfolio has a prevailing component of traditional savings business. The portfolio also includes some annuity portfolios, with the presence of longevity risk, pure risk covers, with related mortality risk, and non-traditional business (unit-linked) accepted from Group companies.

Life and health underwriting risks include biometric and operating risks embedded in the life and health insurance policies. Biometric risks derive from the uncertainty in the assumptions regarding mortality, longevity, health, morbidity and disability rates taken into account in the insur-

ance liability valuations. Operating risks derive from the uncertainty regarding the amount of expenses and the adverse exercise of contractual options by policyholders. The lapse of the policy is the most significant contractual option held by the policyholders, together with the possibility to reduce, suspend or partially redeem the insurance coverage.

The main life and health underwriting risks of the Company are the following:

- mortality risk, defined as the risk of loss, or of adverse changes in the value of insurance liabilities, resulting from changes in mortality rates, where an increase in mortality rates leads to an increase in the value of insurance liabilities. Mortality risks also include mortality catastrophe risks, resulting from changes in mortality rates linked to the pricing or provisioning assumptions in case of extreme events (pandemic risk);
- longevity risk that, similarly to mortality, is defined as the risk resulting from changes in mortality rates, where a decrease leads to an increase in the value of insurance liabilities;
- disability and morbidity risk is defined as the risk of loss or adverse changes of the value of insurance liabilities, resulting from changes in disability, sickness, morbidity and recovery rates⁹;
- health risk is related specifically to health products and it is linked to the changes of policyholder's health, which could have a negative impact on the insurance liabilities' value. This risk also includes the catastrophic component;
- expense risk results from changes in expenses incurred in servicing insurance or reinsurance contracts;
- lapse risk derives from unexpected exercise of the policyholder's rights to fully or partly terminate, restrict or suspend insurance coverage, also as a consequence of catastrophic events.

The approach underlying life underwriting risk measurement is based on the calculation of the loss resulting from unexpected changes in biometric/operating assumptions.

Capital requirements for life underwriting risks are calculated on the basis of the difference between the technical provisions before and after the application of the stress.

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

⁹ Recovery rates refer to the assumptions adopted by the Company in the calculation of the technical provisions, with regards to the time period in which the policyholders will benefit of the disability, sickness and morbidity compensation.

Life underwriting risk contribution to the risk profile after diversification remains limited due to the business of Assicurazioni Generali, whose financial statements is mainly composed by participations, and due to the high level of diversification with other risks.

Life underwriting risk management inherent to direct business, being a less significant component of the portfolio, is based on the product pricing process. This process consists of setting product features and assumptions regarding expenses, biometric and policyholders' behavior assumptions as to manage any adverse impact in the realization of these assumptions.

To mitigate life underwriting risks, the Company reinsures part of its business with external reinsurers. The reinsurance program is updated on an annual basis and is subject to the Life Actuarial Function opinion regarding its adequacy in accordance with the Group Actuarial Function Policy and related guidelines.

Non-Life Underwriting Risks

Given the Company acts as the main reinsurer of Generali Group companies, the non-life underwriting risks mainly derive from its indirect business and from the direct business underwritten by foreign branches (mainly UK, United States and Hong Kong) and by Generali Employee Benefits (GEB) network, respectively in corporate & commercial and employee benefits segments.

Underwriting risks embedded in the non-life insurance policies are pricing and reserving risks:

- pricing risk (i.e. pricing and catastrophe risks) arising from the uncertainty related to the assumptions on frequency and severity used in the definition of insurance premiums; the distinction between pricing and catastrophe risks is only related to the nature of risks (i.e. natural events in case of catastrophe risks and other risks in case of pricing risks);
- reserving risk relates to the uncertainty of the assumptions for future payments used when defining the claims reserves' included in the financial statements.

The non-life underwriting risks are measured by means of the Generali Group PIM.

Non-life underwriting risk contribution to the risk profile after diversification remains limited due to the business of Assicurazioni Generali, whose balance sheet is mainly composed of participations.

Reinsurance is the key risk mitigation technique for non-life portfolio. It aims at optimizing the use of risk capital by ceding part of the underwriting risk to selected counterparties simultaneously minimizing the credit risk associated with such operation. Non-life reinsurance strategy of the Company is strongly linked to the P&C reinsurance strategy of the Group and it is developed consistently with the risk appetite and the risk preferences defined in the RAF, taking into account the reinsurance market cycle. The Company has historically preferred traditional reinsurance as a tool for mitigating P&C catastrophe risk. This has been achieved through a centralized approach where the Company accepts risks from its subsidiaries, with few specific exceptions (e.g. when local regulation prevents it).

Given the increasing trend of European windstorm in the protection portfolio in the past years, part of these coverages have been excluded from the main reinsurance protections and have been placed in the more competitive Insurance Linked Securities (ILS) market, whilst keeping the dominant Italian exposure in the traditional reinsurance market with a consequent optimization of the overall pricing.

Alternative risk transfer solutions are continuously analyzed and the Group adopted different solutions during the year. As an example, in addition to traditional reinsurance, a protection has been placed on the capital market to reduce the impact of a high Loss Ratio for the Group Motor liability portfolio.

The process described and the regular assessment performed enable to confirm the adequacy of the risk mitigation techniques. The operational limits proposed by the Insurance and Reinsurance Function are validated by the Risk Management Function which is also responsible for measuring, monitoring and preparing the risk profile reporting

Financial and Credit Risks

Financial risks

Since participations in Group companies are the main asset class within the Company's portfolio, equity risk represents the main contribution to the risk profile. More generally, equity risk derives from adverse changes in the market value of the assets or of the liabilities due to changes in the level of equity market.

Moreover, as a result of its insurance activity, the Company invests the collected premiums in a wide variety of financial assets, with the purpose of honoring future promises to policyholders and generating value for its shareholders. Therefore, the Company is exposed to the risk that invested assets do not perform as expected because of falling or volatile market prices and that asset redemptions are reinvested at unfavorable market conditions, such as lower interest rates.

Financial risks are measured by means of the Generali Group PIM.

Equity risk represents the main contribution to the capital requirement of the Company. In addition to that, the Company is also subject to currency risk arising from direct exposures due to branches (in particular linked to the UK branch) and from the participations in subsidiaries located in non-European Economic Area Countries, mainly in Central-Eastern Europe.

The Company manages its assets according to the so-called "Prudent Person Principle", and strives to optimize their return while minimizing the negative impact of short term market fluctuations on its solvency. The "Prudent Person Principle" is the main cornerstone of the investment management process.

To ensure a comprehensive management of the impact of financial risks on assets and liabilities, the Strategic Asset Allocation (SAA) process needs to be liability-driven and strongly interdependent with the underwriting process. For this reason the Company has integrated the Strategic Asset Allocation (SAA) and the Asset Liability Management (ALM) within the same process.

The aim of the SAA&ALM process is to define the most efficient combination of asset classes which, according to the "Prudent Person Principle" set out in the Solvency II Directive and related relevant implementation measures, maximizes the investment contribution to value creation, taking into account solvency, actuarial and accounting indicators.

The assets' selection is performed by taking into consideration the risk profile of the liabilities held in order to satisfy the need to have appropriate and sufficient assets to cover the liabilities. This selection process aims to guarantee the security, quality, profitability and liquidity of the overall portfolio, providing an adequate diversification of the investments.

The aim of ALM is to optimize a risk-return profile over a pre-defined time horizon, identifying a variable target satisfying the expected return and a corresponding risk measure.

The main risk mitigation technique consists in the rebalancing of the assets portfolio by redefining the target weights for the different assets classes, duration and the related tolerance ranges defined as investment limits. This technique contributes to an appropriate mitigation of financial risks.

Controls on assets and liabilities matching and compliance with the limits defined in the ALM&SAA, as well as on the overall monitoring risk limits, are performed regularly by the Company.

With reference to investments, a reporting process exists to allow the timely adoption of potential remedial measures. The content and frequency of this reporting is defined in the Company Investment Policy (so called '*Delibera Quadro sugli investimenti*'). Based on it, the Risk Management Function coordinates the reporting on compliance with limits set and on derivative exposure.

The Company also uses derivatives with the aim of mitigating the risk of the asset and liability portfolios. The derivatives help the Company to improve the quality, liquidity and profitability of the portfolio, according to the Business Planning targets. Operations in derivatives are subject to a regular monitoring and reporting process, including governance requiring specific authorization before entering into derivatives transactions.

Credit risks

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

Credit risks include:

- spread widening risk, defined as the risk of adverse changes in the market value of bonds. Spread widening can be linked either to a decrease of the market's assessment of the creditworthiness of one or more specific obligors (often implying a decrease in rating) or to a market-wide systemic reduction in the price of assets;

- default risk, defined as the risk of incurring in losses because of the inability of a counterparty to honour its financial obligations. This is approached differently for defaults on bond portfolio and for the default of counterparties in cash deposits, risk mitigation contracts, such as reinsurance, and other types of exposures subject to credit risk.

Credit risks are measured by means of the Generali Group PIM.

It should be noted that the SCR calculated based on Solvency II does not include the allowance for credit risk on Italian government bonds, i.e. BTP, as it does not reflect any allowance for the volatility adjustment. Given the reduced volume of the Company's exposure to these and the impact of volatility adjustment, the effect on solvency position would tend to largely balance out.

The management of credit risk is based on the same "Prudent Person Principle" described above, defined within the Group Investment Governance Policy.

The ALM&SAA process already described in the previous section also applies to the optimization of the asset portfolio allocation with respect to credit risks.

As envisaged in the Group Investments Risk Guidelines (GIRG), investments in securities with a high credit rating (investment grade) are preferred and diversification of risk is encouraged.

The credit risk assessment is based on the credit rating assigned to counterparties and financial instruments. To limit the reliance on external rating assessments provided by rating agencies, an internal credit rating assignment framework has been set within the Group Risk Management Policy. Within this framework additional rating assessments can be performed at counterparty and/or financial instrument level. This applies even if an external rating is available. The additional rating assessment has to be renewed at least annually. Moreover, additional assessments shall be performed each time the parties involved in the process possess any information, coming from reliable sources, that may affect the creditworthiness of issuer/issues.

The most important strategy for the mitigation of credit risk used by the Company is, as for financial risks, the application of a liability-driven SAA, which can limit the impact of the market spread volatility. In addition, the Company actively manages counterparty default risk by also using a collateralization strategy in order to mitigate the losses that the Company might suffer as a result of the default of one or more of its counterparties.

As for the financial risk, the monitoring of the credit risk is in line with the Group Investments Risk Guidelines (GIRG) and with the *Delibera Quadro sugli Investimenti*; provides specific reporting on the compliance with limits defined and on derivative exposures.

Operational Risks

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

Although the ultimate responsibility for managing risk sits in the first line of defence (so-called risk owners), the Risk Management Function defines methodologies and processes for the identification, measurement, management and monitoring of the most important risk. In doing so, it provides management at all levels with a holistic view of the broad operational risk spectrum.

This approach, achieved by adopting methodologies and tools in line with industry best practices and by establishing a strong dialogue with the first line of defence, is essential to establish the priority of the actions to be taken and the allocation of resources to critical areas.

Since 2015, the Group has been exchanging economic loss data related to operational risk in an anonymized fashion through the "Operational Risk data eXchange Association (ORX)", a global association of operational risk practitioners where the main banking and insurance players at global level also participate. The aim is to use the data to improve internal controls and to anticipate emerging trends. In addition, since losses are collected by the first line of defence, this process contributes to create awareness among risk owners on the main risks that actually hit the Company.

The loss data collection is integrated by the forward-looking assessments that aim to evaluate the evolution of the operational risk exposure in a given time horizon, foreseeing potential risks and supporting the appropriate decisions for an effective and timely response.

Based on the last assessments, the most relevant scenarios at Company level are related to cyber and non-compliance risks, compared to the sectorial regulatory developments. These risks are currently managed through specific Group projects.

In particular, risks related to non-compliance are addressed by a dedicated and independent Group Compliance Function, which provides guidelines to the local teams and monitors the execution of the Group Compliance Program.

The contribution of the operational risk to the SCR is defined according to the standard formula.

To further strengthen the internal control systems and in addition to the usual risk owners' responsibilities for managing their risks, the Company established specialised units within the first line of defence with the scope of dealing with specific risks (e.g. cyber risk, fraud, financial reporting risk) and that act as a key partner for the Risk Management Function.

One of the main results from this cooperation is constituted by a series of risk mitigating measures triggered across the Group as a result of control testing, the assessments and the collection of operational risk events.

An example is the creation of a dedicated unit for the management and coordination of the Group-wide IT Security (cyber risk) that steers the evolution of the IT security strategy and operating model, ensuring a timely detection and fixing of the vulnerabilities that occasionally affect the business.

With reference to the compliance risks, the most impacted processes have been identified and the annual activity plan of the Compliance Function has been defined.

Other material risks

Liquidity risk

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

The Company's liquidity risk profile derives from cash flows related to operating, financing and investing activities.

Operating activity generates cash flows related to the direct insurance business, reinsurance activities towards Group companies and subsequent cession to external reinsurers, in addition to administrative expenses and tax.

The liquidity sources not related to the Company's operating activity are the dividends received from the subsidiaries and the obtained loans. This also produces cash outflows through loan redemptions and interest payments

Main liquidity commitments, not arising from operating activity, are represented by payment of dividends to shareholders and by investments. These produce also incoming cash flows in the form of interests from loans and credits to the subsidiaries and other inflows from investments.

In addition to the financial flows above mentioned, the Company bears the implicit liquidity risks arising from the issuance of guarantees and commitments in favour of its subsidiaries.

The Company manages its financial resources according to sound and prudent management principles, based on the risk appetite established by the BoD.

Expected cash flows are carefully monitored. In particular, the forward-looking reports used are the following:

- the "Annual Liquidity Forecast", is given by a forecast of cash flows over a time period corresponding to the end of the calendar year, updated on a weekly basis and with a high level of specific detail for individual flows;
- the "Three-year Liquidity Budget", is monitored over a three-year rolling time horizon on the basis of the strategic plan.

The liquidity risk monitoring and management considers the overall Group's perimeter, in order to identify potential liquidity risks at Group companies' level. In case of potential critical issues, Group companies promptly inform the relevant Company Functions.

Assicurazioni Generali SpA, being the Group Parent Company, coordinates and monitors the centralized management of the Group liquidity through the Group Treasury Function. In particular, the centralized cash pooling allows increased flexibility in transferring cash across business unit and reduces the potential risks related to short-term liquidity needs, both at Company level and at Group level.

Reputational, Emerging and Contagion Risks

Although not included in the calculation of SCR, reputational, emerging and contagion risks are also taken into account.

Reputational risk refers to potential losses arising from deterioration or a negative perception of the Company among its customers and other stakeholders.

Emerging risks arise from new trends or risks difficult to perceive and quantify, although typically systemic. These risks usually include changes to the internal or external environment, social trends, regulatory developments, technological achievements, etc. For the identification and assessment of these risks, the Risk Management Function engages within a dedicated network, including specialists from business Functions (e.g. Insurance, Investment, Actuarial, Corporate Social Responsibility, etc.). To strengthen its understanding and awareness of emerging risks, the Company is also part of the Emerging Risk Initiative. Within this working group, emerging risks common to the insurance industry are discussed and specific studies are conducted.

Finally, contagion risk, consequent to being part of a Group, may arise from critical situations that occur within one Group company and that may negatively affect the other Group companies.

Result for the year and proposed Shareholders' resolutions

Dear Shareholders,

the profit for the year amounts to 1,404,459,284 euro.

The proposed allocation of the profit of the year and dividend distribution keeps into consideration the resolution of the Board of Directors of March 14, 2018. With such a resolution the Board of Directors has approved the assignment of Generali's shares in favor of the "Long Term Incentive Plan 2015" (LTI Plan 2015). For the purpose of assigning the shares to the management of the Group, the expected increase in Shareholders Capital amounts to 3,357,102 euro.

Considering such increase in Shareholders Capital, the profit for the year is allocated for the amount of maximum

671.420 euro to Legal Reserve, in accordance with Art. 2430 of the Italian Civil Code, for 1,095,875,594 euro to dividend distribution and for 73.397.304 to extraordinary reserve

The total proposed dividend for each share amounts to 0.85 euro, for a total maximum pay-out of 1,330,390,559 euro.

The amount of the dividend to the shares currently in the market is 1,327,445,855 euro with an additional amount of 2,853,537 euro relevant to the shares to be issued, after the authorization of IVASS pursuant to art. 5 of ISVAP Regulation No.14 dated 18 February 2008 and according to the above mentioned Board of Directors resolution of March 14, 2018.

The total amount of the dividend will be taken from the distributable profit for the year.

(in euro)	2017
profit for the year	1,404,459,284
to legal reserve	671,420
to dividend	1,330,390,559
to extraordinary reserve	73,397,304

The dividend will be paid, net of applicable withholding taxes, as from 23 May 2018 at the appointed intermediaries by means of the Monte Titoli S.p.A. central deposi-

tory system. The ordinary shares of the Company will be negotiated, without the right to dividend and the allocation of earnings in kind, from 21 May, 2018.

Milan, March 14th 2018

The Board of Directors

Appendix to the
Management Report

Disclosures pursuant to Consob communication no. 6064293 dated July 28th 2006

Reclassified financial statements and alternative performance indicators for the Report on Operations

In addition to the profit and loss and balance sheet statements required by regulations governing the sector, the Company also provides financial statements showing operating, balance sheet and cash flow performance for the year upon which the comments and comparative indicators used in the Report on Operations are based. The profit and loss account has been reclassified to combine the figures for life business with those for non-life, in addition to combining several other line items, and

provides a breakdown of extraordinary income by its principal components. The net underwriting balance has also been provided and is considered an alternative performance indicator as it is not expressly required in the standard financial statements. This indicator is the total of purely technical items, including operating expense and technical interest expense contractually due to life policyholders, and is considered more representative of the actual technical result for the sector as, unlike the “net technical result” required in the statutory reporting forms, it is not influenced by investment performance.

The structure of the presentation for the profit and loss account, balance sheet and cash flow statement is more simplified than the statutory financial statements as it is based on presentation of financial data grouped into “macro classes”, rather than by individual line item and, therefore, allows for a more immediate analysis of the financial data, which is not reclassified.

(in thousand euro)			2017	
Compulsory profit and loss account			Riclassified profit and loss account	
Item	Sign	Amount	Item	Amount
001	+	1,661,058		
002	-	489,281		
030	+	1,708,336		
031	-	363,580		
Total		2,516,534	Net premiums	2,516,534
003	-	24,269		
004	+	23,309		
018	-	0		
028	-	116		
064	-	-658,729		
Total		657,652	Change in technical provisions	657,652
017	-	823,519		
019	-	41		
051	-	1,982,335		
065	-	46,664		
Total		-2,852,559	Claims, maturities and surrenders	-2,852,559
026	-	252,728		
072	-	213,774		
Total		-466,502	Operating costs	-466,502
007	+	574		
027	-	9,691		
044	+	16,836		
078	-	8,173		
Total		-454	Other technical income and changes	-454
			Technical interests of the life segment (*)	384,326
			Net underwriting balance (**)	238,997

(continues)

(continues)

(in thousand euro)			2017	
Compulsory profit and loss account			Riclassified profit and loss account	
Item	Sign	Amount	Item	Amount
006	+	137,629		
042	+	1,339,406		
043	+	93,674		
076	-	21,566		
077	-	3,190		
079	-	729,570		
Total		816,384		
minus tech. int. life		384,326		
Total		432,058	Allocated investment returns	432,058
029	+	222,924		
080	+	448,130		
Total		671,053	Net technical result	671,053
042	+	1,339,406		
043	+	93,674		
076	-	21,566		
077	-	3,190		
092	+	1,120,346		
097	-	78,648		
Total		2,450,022	Financial result	2,450,022
006	-	137,629		
042	-	1,339,406		
043	-	93,674		
076	+	21,566		
077	+	3,190		
079	+	729,570		
Total		-816,384	Minus allocated investment returns transferred to technical accounts and technical interests	-816,384
099	+	398,403		
100	-	1,631,104		
Total		-1,232,701	Other ordinary income and changes	-1,232,701
101	+		Profit from ordinary operations	1,071,991
		254,534	Profits and losses on the realisation of other durable investments ⁱ	8,099
102	+	43,557	Other extraordinary income and changes	202,878
103	-			
Total		210,977	Total	210,977
105		1,282,969	Result before taxation	1,282,969
106	-	121,491	Income tax	121,491
107		1,404,459	Profit for the year	1,404,459

(*) Investment profit contractually acknowledged to the policyholders included in the items 042, 043, 076 and 077

(**) Alternative indicator of performance

Additional information on the preparation of the financial statements

The information contained in the reclassified financial statements and the alternative performance indicators presented pursuant to CONSOB recommendation of 28 July 2006 are intended to facilitate an improved understanding of the data and operating performance of the business to users of the financial statements. As such, we considered it appropriate to provide additional elements for evaluation of the Company's underwriting results by detailing the criteria used to calculate the principal technical performance ratios generally used by the Company in preparing the "Highlights" for 2017, which are calculated net of reinsurance.

Loss ratio of non-life segment

This represents the ratio, expressed as a percentage, between claims and earned premiums for the period.

Expense ratio

This represents the ratio, expressed as a percentage, between total operating expenses and written premiums for the period. This ratio can be subdivided into two principal components: the acquisition cost ratio (including commissions) to premiums and administrative expenses to premiums

Combined ratio of non-life segment

This ratio is the sum of the loss ratio and the total expense ratio. It is of fundamental importance in analyzing the technical performance of the non-life segment as it represents the percentage coverage of technical expenses (both claims and operating expenses) by premium income. The combined ratio is directly correlated to the "Net underwriting balance" as it is not influenced by investment income. The lower the combined ratio is, compared to 100%, the higher the "net underwriting balance" from the insurance business will be.

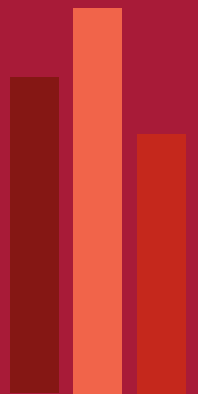
Performance indexes

Compulsory profit and loss account					
Item	Description	Non life business	Life business	Total amounts	
LOSS RATIO					
Numerator					
017	Claims incurred, net of recoveries and reinsurance	823,519			
019	Premium refunds and profit sharing, net of reinsurance	41			
Total		823,560			
Denominator					
005	Earned premiums, net of reinsurance	1,170,817			
018	Change in other technical provisions, net of reinsurance	0			
028	Change in the equalisation provision	-116			
Total		1,170,701			
Index		70.3%			
EXPENSE RATIO					
Numerator					
026 / 072	Operating expense	252,728	213,774	466,502	
Denominator					
001 / 030	Gross premiums written	1,661,058	1,708,336	3,369,394	
002 / 031	(-) Outward reinsurance premiums	489,281	363,580	852,861	
Total		1,171,777	1,344,756	2,516,533	
Index		21.6%	15.9%	18.5%	
COMBINED RATIO					
For the non-life business is the sum of the loss ratio and of the index of costs on premiums		91.9%			

The average rate of return on investments

The average rate of return on investments is the ratio of income from investments to the half the sum of investments of the current year and of those of the previous one.

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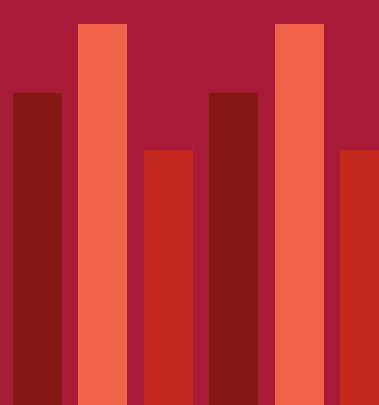
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Parent Company **Balance sheet** and the Profit and loss account

Company

Assicurazioni Generali S.p.A.

Subscribed capital euro	1,561,808,262	Paid up euro	1,561,808,262
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FINANCIAL STATEMENTS**Balance Sheet**Year **2017**

(Amounts in Euro)

BALANCE SHEET
ASSETS

Current Year

A. SUBSCRIBED CAPITAL UNPAID						1	0
of which called-up capital		2	0				
B. INTANGIBLE ASSETS							
1. Acquisition commissions to be amortised							
a) life business	3	0					
b) non-life business	4	0	5	0			
2. Other acquisition costs			6	0			
3. Formation and development expenses			7	0			
4. Goodwill			8	0			
5. Other intangible assets			9	30,126,589		10	30,126,589
C. INVESTMENTS							
I - Land and Buildings							
1. Property used for own activities			11	7,716,266			
2. Property used by third parties			12	97,109,674			
3. Other properties			13	0			
4. Other realty rights			14	0			
5. Assets in progress and payments on account			15	1,787,491	16	106,613,431	
II - Investments in affiliated companies and other shareholdings							
1. Interests in							
a) parent companies	17	0					
b) affiliated companies	18	29,491,857,152					
c) affiliates of parent companies	19	0					
d) associated companies	20	219,431,138					
e) other	21	20,530,263	22	29,731,818,553			
2. Debt securities issued by							
a) parent companies	23	0					
b) affiliated companies	24	650,000					
c) affiliates of parent companies	25	0					
d) associated companies	26	0					
e) other	27	0	28	650,000			
3. Loans to							
a) parent companies	29	0					
b) affiliated companies	30	1,662,883,344					
c) affiliates of parent companies	31	0					
d) associated companies	32	0					
e) other	33	0	34	1,662,883,344	35	31,395,351,897	
				carried forward			30,126,589

Previous Year

					181	0
		182	0			
183	0					
184	0	185	0			
		186	0			
		187	0			
		188	0			
		189	33,196,847		190	33,196,847
		191	8,796,059			
		192	105,783,816			
		193	0			
		194	0			
		195	1,696,197	196	116,276,072	
197	0					
198	29,383,549,583					
199	0					
200	234,883,629					
201	20,561,561	202	29,638,994,773			
203	0					
204	634,063					
205	0					
206	0					
207	0	208	634,063			
209	0					
210	752,000,000					
211	0					
212	0					
213	0	214	752,000,000	215	30,391,628,836	
			carried forward			33,196,847

BALANCE SHEET
ASSETS

Current Year

		brought forward			30,126,589
C. INVESTMENTS (follows)					
III - Other financial investments					
1. Equities					
a) quoted shares	36	15,539,645			
b) unquoted shares	37	12,822,091			
c) other interests	38	5,308,254	39	33,669,990	
2. Shares in common investment funds			40	40,313,704	
3. Debt securities and other fixed-income securities					
a) quoted	41	1,962,569,799			
b) unquoted	42	36,374,794			
c) convertible bonds	43	367,262	44	1,999,311,855	
4. Loans					
a) mortgage loans	45	0			
b) loans on policies	46	759,550			
c) other loans	47	2,145,868	48	2,905,418	
5. Participation in investment pools			49	0	
6. Deposits with credit			50	128,799,437	
7. Other			51	9,990,387	
IV - Deposits with ceding companies			52	2,214,990,791	
			53	6,927,862,914	54 40,644,819,033
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 index			55	3,268,076,561	
II - Investments relating to the administration of pension funds			56	0	57 3,268,076,561
REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS					
I - NON-LIFE INSURANCE BUSINESS					
1. Provision for unearned premiums		58 124,702,437			
2. Provision for claims outstanding		59 733,251,755			
3. Provision for profit sharing and premium refunds		60 0			
4. Other technical provisions		61 0	62	857,954,192	
II - LIFE INSURANCE BUSINESS					
1. Mathematical provision		63 36,164,603			
2. Unearned premium provision for		64 23,644,723			
3. Provision for claims outstanding		65 341,306,727			
4. Provision for profit sharing and premium refunds		66 19,424,495			
5. Other provisions		67 0			
6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds		68 0	69	420,540,548	70 1,278,494,740
			carried forward		45,221,516,923

Previous Year

		brought forward			33,196,847
216	9,020,737				
217	12,595,378				
218	5,308,254	219	26,924,369		
		220	504,824,158		
221	2,075,957,613				
222	40,048,395				
223	24,066,744	224	2,140,072,752		
225	0				
226	789,485				
227	3,278,775	228	4,068,260		
		229	0		
		230	126,571,420		
		231	7,548,726	232	2,810,009,685
				233	7,680,393,149
				234	40,998,307,742
				235	3,456,300,016
				236	0
				237	3,456,300,016
		238	94,515,251		
		239	423,510,605		
		240	0		
		241	0	242	518,025,856
		243	34,280,924		
		244	14,345,495		
		245	326,390,562		
		246	21,178,860		
		247	0		
		248	0	249	396,195,841
		carried forward		250	914,221,697
					45,402,026,302

BALANCE SHEET
ASSETS

Current Year

		brought forward			45,221,516,923			
E. DEBTORS								
I - Debtors arising out of direct insurance operations								
1. Policyholders								
a) for premiums -								
	current year	71	108,873,795					
b) for premiums -								
	previous years	72	32,004,719	73	140,878,514			
2. Insurance intermediaries								
				74	70,213,474			
3. Current accounts with insurance companies								
				75	1,506,994			
4. Policyholders and third parties for recoveries								
			76	8,386,826	77	220,985,808		
II - Debtors arising out of reinsurance operations								
1. Reinsurance companies								
			78	488,970,429				
2. Reinsurance intermediaries								
			79	6,026,752	80	494,997,181		
III - Other debtors								
				81	1,133,568,346	82	1,849,551,335	
F. OTHER ASSETS								
I - Tangible assets and stocks								
1. Furniture, office equipment, internal transport vehicles								
			83	2,696,081				
2. Vehicles listed in public registers								
			84	1,178,251				
3. Equipment and appliances								
			85	0				
4. Stocks and other goods								
			86	468,641	87	4,342,973		
II - Cash at bank and in hand								
1. Bank and postal deposits								
			88	744,092,935				
2. Cheques and cash in hand								
			89	76,312	90	744,169,247		
IV - Other								
1. Deferred reinsurance items								
			92	7,582,122				
2. Miscellaneous assets								
			93	245,918,611	94	253,500,733	95	1,002,012,953
G. PREPAYMENTS AND ACCRUED INCOME								
1. Interests								
				96	67,061,066			
2. Rents								
				97	598,046			
3. Other prepayments and accrued income								
				98	114,253,922	99	181,913,034	
TOTAL ASSETS								
						100	48,254,994,245	

Previous Year

		brought forward			45,402,026,302
251	109,075,152				
252	9,426,147	253	118,501,299		
		254	4,661,466		
		255	1,919,049		
		256	6,134,842	257	131,216,656
		258	481,283,819		
		259	6,433,082	260	487,716,901
				261	1,140,847,274
				262	1,759,780,831
		263	3,143,950		
		264	1,408,396		
		265	0		
		266	471,691	267	5,024,037
		268	654,976,074		
		269	88,950	270	655,065,024
		272	9,548,847		
		273	243,500,246	274	253,049,093
				275	913,138,154
				276	36,790,712
				277	658,019
				278	120,656,914
				279	158,105,645
				280	48,233,050,930

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

A. SHAREHOLDERS' FUNDS					
- Subscribed capital or equivalent funds		101	1,561,808,262		
- Share premium account		102	3,568,250,216		
- Revaluation reserve		103	2,010,834,652		
- Legal reserve		104	312,361,653		
- Statutory reserve		105	0		
- Reserve for parent company shares		400	0		
- Other reserve		107	5,970,809,745		
- Profit or loss brought forward		108	0		
- Profit or loss for the financial year		109	1,404,459,284		
- Negative reserve for own shares held		401	3,040,355	110	14,825,483,457
B. SUBORDINATED LIABILITIES				111	7,051,951,783
C. TECHNICAL PROVISIONS					
I - NON-LIFE INSURANCE BUSINESS					
1. Provision for unearned premiums	112		380,979,080		
2. Provision for claims outstanding	113		1,916,612,111		
3. Provision for profit sharing and premium refunds	114		0		
4. Other provisions	115		0		
5. Equalisation provision	116		314,317	117	2,297,905,508
II - LIFE INSURANCE BUSINESS					
1. Mathematical provision	118		7,026,151,430		
2. Unearned premium provision for supplementary coverage	119		31,849,560		
3. Provision for claims outstanding	120		1,230,941,823		
4. Provision for profit sharing and premium refunds	121		84,474,749		
5. Other provisions	122		17,894,655	123	8,391,312,217
124					10,689,217,725
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					
		125	3,265,803,783		
II - Provisions relating to the administration of pension funds					
		126	0	127	3,265,803,783
	carried forward				35,832,456,749

Previous Year

		281	1,559,883,538			
		282	3,568,250,216			
		283	2,010,834,652			
		284	311,976,708			
		285	0			
		286	0			
		287	6,126,219,679			
		288	0			
		289	1,096,260,539			
		501	3,040,355	290	14,670,384,977	
				291	7,089,925,023	
	292	411,783,738				
	293	2,197,022,180				
	294	0				
	295	0				
	296	198,029	297	2,609,003,947		
	298	7,622,002,404				
	299	28,469,320				
	300	1,141,830,705				
	301	99,293,677				
	302	18,304,576	303	8,909,900,682	304	11,518,904,629
			305	3,454,111,172		
			306	0	307	3,454,111,172
	carried forward				36,733,325,801	

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

		brought forward			35,832,456,749
E. PROVISIONS FOR OTHER RISKS AND CHARGES					
1.	Provision for pensions and similar obligations		128	0	
2.	Provisions for taxation		129	45,277,681	
3.	Other provisions		130	57,142,809	131 102,420,490
F. DEPOSITS RECEIVED FROM REINSURERS					
G. CREDITORS					
I - Creditors arising out of direct insurance operations					
1.	Insurance intermediaries	133	7,763,918		
2.	Current accounts with insurance companies	134	4,906,752		
3.	Premium deposits and premiums due to policyholders	135	6,377,282		
4.	Guarantee funds in favour of policyholders	136	0	137	19,047,952
II - Creditors arising out of reinsurance operations					
1.	Reinsurance companies	138	172,579,900		
2.	Reinsurance intermediaries	139	96,147,407	140	268,727,307
III - Debenture loans					
IV - Amounts owed to credit institutions					
V - Loans guaranteed by mortgages					
VI - Other financial liabilities					
VII - Provisions for severance pay					
VIII - Other creditors					
1.	Premium taxes	146	5,256,241		
2.	Other tax liabilities	147	33,045,762		
3.	Social security	148	3,935,295		
4.	Sundry creditors	149	2,606,291,540	150	2,648,528,838
IX - Other liabilities					
1.	Deferred reinsurance items	151	2,338,236		
2.	Commissions for premiums in course of collection	152	13,751,411		
3.	Miscellaneous liabilities	153	535,938,954	154	552,028,601
		carried forward			155 11,684,798,020
					47,950,885,742

Previous Year

brought forward			36,733,325,801
		308	0
		309	84,962,279
		310	28,335,717
		311	113,297,996
		312	307,642,223
313	8,193,874		
314	3,451,377		
315	7,709,042		
316	0	317	19,354,293
318	192,253,076		
319	37,598,573	320	229,851,649
		321	3,255,539,146
		322	838,961,655
		323	0
		324	3,593,359,166
		325	5,228,750
326	3,868,844		
327	36,611,906		
328	4,692,939		
329	2,223,967,198	330	2,269,140,887
331	6,162,346		
332	14,141,319		
333	514,609,330	334	534,912,995
	carried forward	335	10,746,348,541
			47,900,614,561

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

	brought forward			47,950,885,742
H. ACCRUALS AND DEFERRED INCOME				
1. Interests		156	276,515,201	
2. Rents		157	1,966,872	
3. Other accruals and deferred income		158	25,626,431	159
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS				160 48,254,994,245

Previous Year

	brought forward			47,900,614,561	
		336	275,358,285		
		337	1,958,017		
		338	55,120,069	339	332,436,371
				340	48,233,050,930

Company

Assicurazioni Generali S.p.A.

Subscribed capital euro	1,561,808,262	Paid up euro	1,561,808,262
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FINANCIAL STATEMENTS**Profit and Loss Account**Year **2017**

(Amounts in Euro)

PROFIT AND LOSS ACCOUNT

Current Year

I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS				
1.	EARNED PREMIUMS, NET OF REINSURANCE:			
	a) Gross premiums written	¹ 1,661,058,089		
	b) (-) Outward reinsurance premiums	² 489,281,052		
	c) Change in the gross provision for unearned premiums	³ 24,269,406		
	d) Change in the provision for unearned premiums, reinsurers'	⁴ 23,308,927		⁵ 1,170,816,558
	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE			
2.	NON-TECHNICAL ACCOUNT (ITEM III. 6)			⁶ 137,629,116
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			⁷ 573,795
4.	CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE			
	a) Claims paid			
	aa) Gross amount	⁸ 914,862,815		
	bb) (-) Reinsurers' share	⁹ 223,335,305	¹⁰ 691,527,510	
	b) Recoveries net of reinsurance			
	aa) Gross amount	¹¹ 11,563,028		
	bb) (-) Reinsurers' share	¹² 3,704,776	¹³ 7,858,252	
	c) Change in the provision for claims outstanding			
	aa) Gross amount	¹⁴ 155,489,553		
	bb) (-) Reinsurers' share	¹⁵ 15,639,484	¹⁶ 139,850,069	¹⁷ 823,519,327
5.	CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			¹⁸ 0
6.	PREMIUM REFUNDS AND PROFIT SHARING, NET OF REINSURANCE			¹⁹ 40,948
7.	OPERATING EXPENSES			
	a) Acquisition commissions	²⁰ 230,160,873		
	b) Other acquisition costs	²¹ 28,850,320		
	c) Change in commissions and other acquisition costs to be amortised	²² 0		
	d) Collecting commissions	²³ 752,764		
	e) Other administrative expenses	²⁴ 51,011,682		
	f) (-) Reinsurance commissions and profit sharing	²⁵ 58,047,870		²⁶ 252,727,769
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			²⁷ 9,691,278
9.	CHANGE IN THE EQUALISATION PROVISION			²⁸ 116,288
10.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS			²⁹ 222,923,859

Previous Year

		111	1,660,093,461	
		112	492,109,373	
		113	61,746,693	
		114	10,581,874	115
				1,116,819,269
				116
				123,336,775
				117
				1,279,620
	118	897,466,109		
	119	194,412,641	120	703,053,468
	121	3,492,844		
	122	1,186,040	123	2,306,804
	124	32,329,356		
	125	-30,501,829	126	62,831,185
				127
				763,577,849
				128
				0
				129
				28,460
		130	225,667,409	
		131	26,676,703	
		132	0	
		133	599,521	
		134	52,551,709	
		135	57,422,653	136
				248,072,689
				137
				10,896,148
				138
				90,418
				139
				218,770,100

PROFIT AND LOSS ACCOUNT

Current Year

II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS				
1. PREMIUMS WRITTEN, NET OF REINSURANCE				
a) Gross premiums written		³⁰ 1,708,336,285		
b) (-) Outward reinsurance premiums		³¹ 363,579,773		³² 1,344,756,512
2. INVESTMENT INCOME:				
a) From participating interests		³³ 1,003,318,838		
	(of which, income from Group companies	³⁴ 1,001,313,784)		
b) From other investments				
aa) income from land and buildings	³⁵ 0			
bb) from other investments	³⁶ 320,272,901	³⁷ 320,272,901		
	(of which, income from Group companies	³⁸ 245,750,599)		
c) Value re-adjustments on investment		³⁹ 4,949,387		
d) Gains on the realisation of investments		⁴⁰ 10,865,146		
	(of which, income from Group companies	⁴¹ 0)		⁴² 1,339,406,272
3. INCOME AND UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS BEAR THE INVESTMENT RISK AND ON INVESTMENT RELATING TO THE ADMINISTRATION OF PENSION FUNDS				⁴³ 93,674,335
4. OTHER TECHNICAL INCOME, NET OF REINSURANCE				⁴⁴ 16,835,736
5. CLAIMS INCURRED, NET OF REINSURANCE				
a) Claims paid				
aa) gross amount	⁴⁵ 2,104,367,322			
bb) (-) reinsurers' share	⁴⁶ 236,247,909	⁴⁷ 1,868,119,413		
b) Change in the provision for claims outstanding				
aa) gross amount	⁴⁸ 154,923,663			
bb) (-) reinsurers' share	⁴⁹ 40,707,687	⁵⁰ 114,215,976		⁵¹ 1,982,335,389
6. CHANGE IN THE PROVISION FOR POLICY LIABILITIES AND IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE				
a) Provisions for policy liabilities				
aa) gross amount	⁵² -478,603,710			
bb) (-) reinsurers' share	⁵³ 5,662,766	⁵⁴ -484,266,476		
b) Change in the provision for unearned premium provision for supplementary coverage				
aa) gross amount	⁵⁵ 5,358,486			
bb) (-) reinsurers' share	⁵⁶ 10,246,661	⁵⁷ -4,888,175		
c) Other provisions				
aa) gross amount	⁵⁸ 227,533			
bb) (-) reinsurers' share	⁵⁹ 0	⁶⁰ 227,533		
d) Provisions for policies where the investment risk is borne by the shareholders and relating to the administration of pension funds				
aa) gross amount	⁶¹ -169,801,698			
bb) (-) reinsurers' share	⁶² 0	⁶³ -169,801,698		⁶⁴ -658,728,816

Previous Year

		140	2,007,507,065			
		141	371,896,319	142	1,635,610,746	
		143	959,805,546			
(of which, income from Group companies		144	956,621,389)			
	145		0			
	146	328,115,988	147	328,115,988		
(of which: income from Group companies		148	255,916,629)			
		149	8,833,865			
		150	11,290,197			
(of which, income from Group companies		151	0)	152	1,308,045,597	
				153	52,097,322	
				154	23,650,803	
	155	1,990,944,445				
	156	264,643,701	157	1,726,300,744		
	158	86,170,897				
	159	20,052,328	160	66,118,569	161	1,792,419,313
	162	-67,287,413				
	163	3,936,870	164	-71,224,283		
	165	-287,435				
	166	2,860,654	167	-3,148,089		
	168	-530,219				
	169	0	170	-530,219		
	171	-136,597,303				
	172	0	173	-136,597,303	174	-211,499,894

PROFIT AND LOSS ACCOUNT

Current Year

7.	PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE			65	46,663,848
8.	OPERATING EXPENSES				
	a) Acquisition commissions	66	230,390,933		
	b) Other acquisition costs	67	10,302,994		
	c) Change in commissions and other acquisition costs to be amortised	68	0		
	d) Collecting commissions	69	0		
	e) Other administrative expenses	70	38,397,825		
	f) (-) Reinsurance commissions and profit sharing	71	65,317,514	72	213,774,238
9.	INVESTMENT CHARGES				
	a) Investment administration charges, including interest	73	17,715,844		
	b) Value adjustments on investments	74	3,567,118		
	c) Losses on the realisation of investments	75	282,668	76	21,565,630
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			77	3,190,473
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	8,172,734
12.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT (item III. 4)			79	729,569,758
13.	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item III.2)			80	448,129,601
III. NON TECHNICAL ACCOUNT					
1.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (Item I.10)			81	222,923,859
2.	RISULTATO DEL CONTO TECNICO DEI RAMI VITA (voce II. 13)			82	448,129,601
3.	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (Item I.13)				
	a) From participating interests	83	980,537,499		
	(of which, income from Group companies	84	979,930,151)		
	b) From other investments				
	aa) income from land and buildings	85	4,944,404		
	bb) from other investments	86	91,089,530	87	96,033,934
	(of which, income from Group companies	88	64,610,585)		
	c) Value re-adjustments on investment	89	6,904,777		
	d) Gains on the realization of investments	90	36,869,456		
	(of which, income from Group companies	91	19,610,037)	92	1,120,345,666

		Previous Year
		175 66,744,136

	176 278,275,329	
	177 13,897,329	

	178 0	
	179 90	
	180 31,982,186	
	181 69,276,080	182 254,878,854
	-----	-----
	183 17,188,555	
	184 10,941,199	
	185 326,964	186 28,456,718
	-----	-----
		187 10,171,022

		188 8,362,316

		189 696,659,369

		190 373,212,633

		191 218,770,100

		192 373,212,633

	193 897,629,056	
(of which, income from Group companies	194 896,430,868)	

	195 4,983,264	
	196 52,727,469	
(of which, income from Group companies	197 57,710,733	
	198 24,156,766)	

	199 19,747,139	
	200 14,098,807	
(of which, income from Group companies	201 1,998,648)	202 989,185,735
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PROFIT AND LOSS ACCOUNT

Current Year

4.	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (item iI. 2)		93	729,569,758
5.	INVESTMENT CHARGES FOR NON-LIFE BUSINESS			
	a) Investment administration charges, including interest	94		31,656,044
	b) Value adjustments on investments	95		36,893,285
	c) Losses on the realisation of investments	96		10,098,515
6.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (item I. 2)		97	78,647,844
6.			98	137,629,116
7.	OTHER INCOME		99	398,403,215
8.	OTHER CHARGES		100	1,631,103,831
9.	RESULT FROM ORDINARY ACTIVITY		101	1,071,991,309
10.	EXTRAORDINARY INCOME		102	254,534,355
11.	EXTRAORDINARY CHARGES		103	43,557,107
12.	EXTRAORDINARY PROFIT OR LOSS		104	210,977,248
13.	RESULT BEFORE TAXATION		105	1,282,968,556
14.	INCOME TAXES		106	-121,490,728
15.	PROFIT (LOSS) FOR THE YEAR		107	1,404,459,284

		Previous Year
		203 696,659,369
	
	204 31,539,032	
	205 77,019,753	
	206 63,014,916	207 171,573,701
	
		208 123,336,775
	
		209 491,555,833
	
		210 1,603,197,046
	
		211 871,276,148
	
		212 79,589,920
	
		213 44,817,401
	
		214 34,772,519
	
		215 906,048,667
	
		216 -190,211,872
	
		217 1,096,260,539
	

Notes to the Parent Company **Financial Statements**

Foreword

The financial statements of Assicurazioni Generali at 31 December 2017 comprise the Balance Sheet, the Profit and Loss Account and the Notes to the Accounts and relative attachments, in addition to the Board of Directors' Report on the Company about the performance of the Company in its entirety.

The financial statements were drawn up in compliance with Legislative Decree No. 209 dated September 7th 2005 (Code of the Private Insurance), in force at the reference date as well as with Legislative Decree No. 173 dated 26 May 1997, as amended by the Legislative Decree No. 139 dated 18 August 2015 and by the Legislative Decree No. 58 dated 24 February 1998 of the Italian Finance Consolidation Act (TUF), amended and integrated. In addition, the provisions of which at the ISVAP (now IVASS) Regulation No. 22 dated 4 April 2008 are applied with the amendments and integrations, and relative ISVAP (now IVASS) Regulations No. 53 dated 6 December 2016, the other implementing regulations issued by the institute of vigilance and by CONSOB. Furthermore, given the specific nature of the industry and for what is not provided in the above-mentioned disposals, the Civil Code rules have been applied, as well as the indications of national accounting standards issued by the OIC are considered.

In order to better display the income statement items relating to hedging derivative contracts, the related financial income/expenses were classified in line with the financial charges accrued on the hedged financial liabilities. In order to achieve a better classification of assets, a net exposure to the accrued and deferred income on derivatives on the basis of the individual position was also provided, differently from previous years in which the exposure was made separately for the revenue component and cost. Consistently, the same classification was also adopted for the balances of the previous financial statements. The changes made did not affect the overall economic results.

In compliance with the provisions set by ISVAP (now IVASS) Regulation No. 22 dated 4 April 2008, the cash flow statement of the Company drawn up in free form, has been enclosed in the financial statements.

The Company's administrative body report and the directors report is enclosed in the financial statements, according to Art. 154-bis of the Italian Finance Consolidation Act (TUF).

The financial statements have been audited by Ernst & Young S.p.A., the appointed audit firm from 2012-2020.

Part A – Summary of significant accounting policies

Outline of the significant accounting policies

The significant accounting policies that were applied when preparing the financial statements for the year are reported below.

Intangible assets

Acquisition commissions on multi-year policies paid in advance and advertisement costs are charged entirely to the profit and loss account in the year in which those costs are incurred.

Goodwill and other multi-year charges are amortised on the basis of their residual useful life over a period not exceeding five years.

Development costs are amortized over their residual period of use.

Other deferred charges are amortized over a maximum period of five years.

Land and buildings

Land and buildings are recognized on the basis of purchase or construction cost and additional acquisition costs, net of accumulated depreciation and impairment losses. The costs of improvements and renovations with the aim of increasing the value of the assets and extending the remaining useful life are also capitalised. The cost is also increased on the basis of revaluations made in accordance with legislation introduced by special laws.

The cost of tangible fixed assets whose use is limited in time is depreciated annually based on the useful life of the asset.

Lands are not subject to regular depreciation.

If at closing date, the value of fixed assets is deemed permanently lower than the book value, as determined above, appropriate adjustments are made. Write-downs are maintained in subsequent years until they remain justified.

The value of land and buildings is determined on the basis of an appraisal by an independent expert. Both the appraisal report and the independent expert meet the requirements of ISVAP Regulation (now IVASS) n. 22/2008, and subsequent amendments and integrations.

Financial investments

Financial investments are subdivided into fixed securities, which remain permanently held by the Company, and current securities, which are used for trading; their classification, which also applies to own shares, is based on the criteria specifically set by the Board of Directors, in line with the requirements of ISVAP (now IVASS) Regulation No. 24 dated 6 June 2016.

With regards to the classification in current securities investments classified in item C.II, and the outline of the most significant positions, see part B Section 2.2 of the Notes to the accounting policies.

The classification of the securities portfolio is defined under Art. 23-quinquies and 23-sexies of the ISVAP regulation (now IVASS) No. 22/2008, amended and integrated.

Fixed securities are valued at the weighted average cost less adjusted for any write-down considered permanent and in the case of fixed interest securities, net of the adjustments for the positive or negative difference between the acquisition cost and the redemption value accrued in the financial year.

Current securities are carried at the lower of the purchase cost and the realisable value estimated from market trends, which, for listed securities is the price quoted on the last trading day of the financial year and for unlisted securities is the estimated realisable value. The cost of fixed interest securities is adjusted by considering the issuing difference that has matured over the year, equal to the positive or negative difference between the issue price and the redemption value.

The acquisition cost includes ancillary costs, usually consisting of banking and financial intermediation costs, directly attributable consulting fees, or fees and stamp duties (Tobin Tax on Italian securities excluded).

The original cost of durable and fixed securities is partially or fully restored whenever the reasons for the write-downs cease to exist.

If, in situations of an exceptional nature, it is necessary to make a transfer of securities from one category to another, the value of the securities transferred is the amount resulting from the application of the assessment criteria of the portfolio of origin.

For investments in subsidiaries and associates whose

book value is higher than that resulting from the corresponding shareholders' equity, a recoverability test is carried out in order to determine the durability or otherwise of the loss.

With reference to the securities portfolio, a net gain of 3,076,816 thousand euro emerges from the comparison between current values at the end of the year and the carrying amounts. This amount includes the net unrealized gain of 2,862,689 thousands of durable securities and an unrealized gain of 214,127 thousands of a non-durable securities.

Derivatives

The use of derivatives is consistent with the principles of sound and prudent management of the Company, as provided for in the investment policy adopted by the Board of Directors with respect to ISVAP Regulation (now IVASS) n. 24 dated 6 June 2016.

The evaluation criteria, in accordance with the provisions of Art. 23-septies of ISVAP regulation (now IVASS) n. 22/2008, amended and integrated, it differs depending on the purpose for which is set up with the financial transaction.

Hedging transactions are those carried out in order to protect the Company from financial risks related to the value of individual assets or liabilities, groups of assets, liabilities or future operations and cash flows. For example, hedging transactions protect the Company from the volatility of interest rates, exchange rates and market prices. Derivative financial instruments aimed at risk reduction are valued according to the "matching principle". Gains and losses on the valuation of these derivatives are charged to the profit and loss statement in line with the corresponding gain or loss of the underlying asset or liability. In particular the income and charges relating to derivative financial instruments hedging the interest rate risk on the cash flows related to the payment of the financial charges on the debt, are posted to the other charges, in line with the classification of the related interest due.

In the cases where transactions are not classifiable as hedging transactions, only the fair value losses of the derivative are recorded in the income statement.

The value of derivatives is determined by referring to their respective market value quotations, and, if these are not

available, on the basis of a prudent valuation of the probable realisable value using calculation methodologies adopted by the market.

Loans

Loans are recorded at nominal value which, given their characteristics, corresponds to their estimated realizable value.

Deposits with ceding companies

The item includes deposits with ceding undertakings in relation to reinsurance risks, and are recorded at nominal value.

Investment commitments relating to investment funds and market indexes and investments deriving from the management of pension funds

Such investments are considered at current value. The current value of the assets, established by contractual conditions, is as follows:

- for investments traded on regulated liquid and active markets, by the value at the last trading day of the year;
- for investments in non-regulated markets, by the estimated realization value at the year-end;
- for other financial investments, other assets and liabilities and cash at hand, by the respective nominal value.

Receivables

Receivables from policyholders include premiums accrued but not yet collected. Commissions payable to intermediaries for premiums in the course of collection are recorded in other liabilities in the balance sheet.

Receivables from brokers include the amounts to be paid to agents, brokers and other insurance intermediaries.

Current accounts with insurance companies include receivables from co-insurance relationships and relationships with insurance companies for services.

Policyholders and third parties for recoveries include receivables for liability excesses and right of offset following the payment of insurance benefits.

Receivables arising out of reinsurance operations include current receivables from insurance and reinsurance companies related to both accepted and ceded business. The account also includes receivables from reinsurance intermediaries.

Receivables are recognized at the estimated realizable value.

The estimated realizable value of the receivables from policyholders is determined on a flat-rate basis, based on the analysis of the receipts trends for every single line of business, given the experience acquired.

Other receivables are recognised at their nominal value which, given their characteristics, corresponds to their estimated realizable value.

Tangible assets and stocks

All assets have been recorded at acquisition cost net of specific depreciation.

Newly purchased electronic equipment has been amortised over their remaining useful life.

Current purchases of furniture, office equipment and goods listed in public registers have been entirely amortised over the financial year, in view of the fact that are constantly replaced.

Cash at bank and in hand

The account includes demand deposits and deposits that provide for withdrawals subject to a time limit of less than 15 days, bank cheques and drafts, cash and stamps, recorded at nominal value.

Other Assets

The account Includes assets not included in the previous items. The account includes the sum of the differences due to rounding of balance sheet items as well as the valuation offset from unrealised gains on hedging options and swaps.

The item also includes the suspense account for balances between the life and non-life segment.

Subordinated liabilities

Liabilities in this category are recorded at their nominal value.

Technical items

The Company has classified its Italian and foreign portfolio based on the rules set by the Legislative Decree No. 209/2005 Art. 1, paragraph 1, letters pp) and qq), as modified by Legislative Decree No. 56/2008.

The Italian direct business portfolio includes contracts entered into by the Company (as an Italian insurance company), comprising contracts stipulated by subsidiary branches in EU member countries; the Italian indirect business portfolio includes contracts wherever stipulated by the Company if the ceding company is Italian, or is established in Italy having its registered office in another state.

In the Notes to the Accounts, reference to the Italian portfolio is to be interpreted in this sense.

Technical items relating to inward and outward insurance are accounted for in the year of actual competence, in accordance with ceding company agreements and on the basis of timely communication.

For non-Group companies and only in cases where information received from ceding companies is not sufficient to precisely determine the economic result for the year at the reporting date, technical income items regarding inward and outward reinsurance are accounted for in the subsequent financial year.

In the current financial year, such technical items are included in reinsurance asset and liability offset accounts as a counter entry to the ceding companies current accounts. Further information is provided in Part B, paragraphs 6.3 and 13.7.

Non-life provisions

The technical provisions for non-life business are made according to the provisions of Art. 23 - ter and 23 - quater of Regulation No. 22 dated 4 April 2008, amended and

integrated (hereinafter Regulation No. 22 dated 4 April 2008), in Annexes 15, 15 bis and 16 of the same Regulation.

The Italian direct business portfolio includes the provision for unearned premiums, the provisions for outstanding claims, the equalisation provisions.

The provision for unearned premiums includes:

- a) the provision for premium instalments calculated, for all lines of business, using the analytical method "pro rata temporis" with reference to Credit contracts signed or renewed before or on 31 December 1991, the calculation criteria set by attachment 1 of the specific above-mentioned Regulation No. 15-bis have been applied;
- b) additional provisions to the provision for premium instalments, regarding the peculiarities of certain risks (hail and other natural disasters as earthquakes, seaquakes, volcanic eruptions and related phenomena, risks deriving from the use of nuclear energy, risks included in the suretyship lines of business) are determined in line with the provisions of paragraph 1 Sec. III of the specific above-mentioned Regulation.

The provision for outstanding claims is determined by a prudent assessment of claims made on the basis of objective and prospective considerations of all predictable charges. The provision is considered adequate to cover the payment of damages and the settlement costs of claims related to accidents that have occurred during the year even if not yet reported.

The methodology consists in the analytical evaluation of the ultimate cost of each claim in all lines of business and in the verification of the results achieved through the application of statistical and actuarial methodology. The exception is damage to property in the civil liability motor sector managed by the Company, reported in the last ninety days of the financial year, which are valued according to the "average cost" of homogenous groups of claims.

Claims incurred but not yet reported are estimated prudently on the basis of previous experience regarding both the frequency and average cost of late claims by line of business.

The equalisation provisions, are established with the objective of equalising the rate fluctuations of future claims

or in order to cover particular risks such as credit risk, natural disasters or risks deriving from the use of nuclear energy. The provisions are determined in accordance with the attachment 1 of the above-mentioned Regulation No.15.

The calculation principles, the valuations made and the declaration that technical provisions are sufficient to guarantee the obligations undertaken by the Company for the civil liability motor and marine sectors, are presented, for the Italian portfolio, in the report of the appointed Actuary, pursuant to paragraph 3 of Art. 23-ter of Regulation No. 22 dated 4 April 2008.

For indirect business accepted through offices located in EU Member States, the technical provisions are determined, with relation to the commitments made, on the basis of the information provided by the ceding companies, appropriately integrated on the basis of independent evaluation to meet the commitments arising from contracts acquired pursuant to Annex 16 of Regulation No. 22 dated 4 April 2008.

The provision for unearned premium includes the provision for premium instalments, calculated analytically on a "pro rata temporis" basis, and the provision for unexpired risks, which is calculated using the empirical method. The provision for premium instalments is integrated by additional provisions covering risks arising from natural disasters as earthquakes, seaquakes, volcanic eruptions and related phenomena.

The provision for outstanding claims is determined on the basis of the information given by the ceding companies.

The methods of determination and the results of the analysis of the technical provisions of the reinsurance business are the subject of a technical report of the Actuarial Function, as provided by Par. 4 of Art. 23-quarter of the Regulation No. 22 dated 4 April 2008.

The provisions for outstanding claims relative to cessations and retrocessions are set up in accordance to the reinsurance contractual agreement, the provisions for unearned premiums are calculated consistently to the methods adopted for gross business.

For the portfolio underwritten in non-EU branches, the technical provisions are made in accordance with Art. 43 of Legislative Decree No. 209/2005, under the laws of the countries where branches operate.

Life provisions

The technical provisions of the life segment, related to the Italian direct business, are determined according to the provisions set by Art. 23-bis and 23-quarter of IS-VAP (now IVASS) Regulations No. 22 dated 4 April 2008, amended and integrated (hereinafter Regulation No. 22 dated 4 April 2008). The provisions are set up, gross of reinsurance, in respect of the application rules identified in Annexes 14 and 16 of Regulation No. 22 dated 4 April 2008; they are analytically calculated on a contract by contract basis and on the basis of the prudent actuarial assumptions appropriate with each type of signed contract, with the aim to guarantee the commitments accepted by the Company.

For the Italian direct business portfolio, the provisions include:

- a) the mathematical provision, which includes unearned premiums, the provision for health and professional additional premiums;
- b) the reserve of the complementary insurance, calculated using the methods provided by Paragraph 18 of Annex 14 to Regulation No. 22 dated 4 April 2008, mentioned above;
- c) the provision for sums to be paid, is adequate to cover the payment of capitals, annuities, redemptions, claims incurred but not yet paid at the end of the year;
- d) the provision for future expenses;
- e) the provisions for profit sharing, representing the amounts to be accrued to the policyholders or to the beneficiaries of the contracts, such as technical profit sharing, which are not considered in the mathematical provision.

The Company, in the calculation of the mathematical reserves, follows the provisions set out in paragraphs 13 and 14 of Annex 14 to Regulation No. 22 dated 4 April 2008, and operates a cautious assessment on the basis of best estimate and a reasonable margin for adverse deviation of the factors considered. In particular, consistent with paragraph 19 of Annex 14 to Regulation No. 22 dated 4 April 2008 mentioned above, the Company makes use of the same technical bases that have been adopted for the calculation of the premium, for almost all of the technical provisions whose corresponding assets are valued according to the purchase price. In any case, the amount of the mathematical reserves cannot be lower than that calculated one with reference to the minimum conditions or guaranteed surrender value, if required.

With specific reference to the technical provisions of the unit linked and index linked contracts, the following provisions have been made where applicable:

- mathematical provisions for “unit-linked” contracts are calculated according to the principles set by paragraph 39 of Annex 14 to Regulation No. 22 dated 4 April 2008 and represented, with the maximum approximation, by the value of the units of Undertakings for Collective Investments (UCI, OICR) or by the value of assets included in the Company’s internal funds at year’s end;
- mathematical provisions for “index-linked” contracts were calculated according to the principles set by paragraph 40 of Annex 14 to Regulation No. 22 dated 4 April 2008 and represented, with the maximum approximation, by the quota representing the reference value at year end; the provisions take into account all risk factors that might affect the level of security and marketability of the assets intended for their coverage.

Considering the presence of additional guarantees on “unit-linked” contracts, pursuant paragraph 4 of Art. 41 of the Legislative Decree No. 209/2005, additional technical provisions have been established, in accordance with actuarial principles and rules provided by paragraph 41 of Annex 14 to Regulation No. 22 dated 4 April 2008.

The calculation principles, the valuations made and the declaration that technical provisions are sufficient to guarantee the obligations undertaken by the Company, are presented, for the Italian portfolio, in the report of the appointed Actuary, pursuant to paragraph 3 of Art. 23 - bis 14 of the Regulation No. 22 dated 4 April 2008.

For the foreign direct portfolio, underwritten in non-EU branches, the technical provisions are made in accordance with Art. 43 of Legislative Decree No. 209/2005, under the laws of the countries where branches operate.

The provisions related to accepted business are determined, in principle, on the basis of the information given by the ceding companies and can be supplemented as result of the adequacy evaluations performed taking into account the commitments made, pursuant to Annex 16 of the Regulation No. 22 dated 4 April 2008.

The methods of determination and the results of the analysis of the technical provisions of the indirect business are the subject of a technical report of the Actuarial

Function, as provided by paragraph 4 of Art. 23-quarter of the Regulation No. 22 dated 4 April 2008.

The provisions for cessions and retrocessions are set up in accordance to the underlying reinsurance contract agreement and are calculated consistently with the methods adopted for gross business, pursuant to Art. 36 paragraph 6 of the Legislative Decree No. 209/2005 and pursuant to Annex 16 of the Regulation No. 22 dated 4 April 2008.

Provisions for risks and charges

Provisions for risks and charges include provisions to cover losses or debts of a predetermined nature, of a certain or probable existence, for which, however, at year-end either the amount or date of occurrence are indeterminate.

Deposits received from reinsurers

The account includes payables towards reinsurers for deposits issued under reinsurance agreements. They are recorded at their nominal value.

Payables and other liabilities

Payables, debenture loans and other liabilities

Payables in this category are recorded at their nominal value.

Other liabilities include payables not included in other items, such as, premiums received but temporarily suspended due to mismatching. The account includes the sum of the differences due to rounding of balance sheet items as well as the valuation offset from unrealised losses on hedging options and swaps. The item also includes the suspense account for balances between the life and non-life segment.

Provisions for severance pay

The severance indemnity is determined pursuant Art. 2120 of the Civil Code, as well as Law dated 27 December 2006, No. 296 and the labour agreements in force at the balance sheet date; the liability is considered appro-

priate and corresponds to the total of the single indemnities due to employees at that date.

Accrued expenses and deferred income

Accrued expenses and deferred income are recorded to ensure compliance with the principle of accrual of costs and revenue, in transactions involving a period of consecutive financial years. The discounts or premiums relating to financial liabilities are amortized over the residual duration of the liabilities.

Profit and loss items

Gross premiums written

Gross premiums written are accounted for in accordance with the ISVAP (now IVASS) Regulation n. 22/2008 amended and supplemented, gross of reinsurance premiums ceded. In particular, premiums are accounted together with the accessory premiums at the expiry date of each premium. The cancellations of a technical nature of premiums written during the year are directly deducted from premiums, whilst cancellations resulting from assessments by the Company on premiums receivable and annulments related to premiums written in previous years cannot be deducted, but are recognized within other insurance expenses.

Allocation of investment return

The transfer of the quota of investment return to the technical account for non-life business and to the non-technical account for life business is made on the basis of the principles set by Art. 22 and 23 of ISVAP (now IVASS) Regulation n. 22/2008 amended and supplemented.

Other profit and loss items

Costs and income are accounted in the year on an accrual basis. In particular, for items relating to insurance operations, the principle applied was that of "the regulations applicable to the profit and loss account" pursuant to Legislative Decree No. 173/1997 and in compliance with ISVAP (now IVASS) ruling No. 22/2008, modified and completed.

Taxes

Current taxes are determined based on the current tax law; the company has opted, as a consolidating company, for the Group taxation regime, pursuant to Title II, Chapter II, Section II of the Income Tax Code TUIR (Arts. 117-129).

Deferred tax assets and liabilities express taxation related to costs and incomes that contribute to taxable income in a tax period other than that in which they are charged to the profit and loss account; they are determined based on the rates that are expected to be in force the year in which such income components will constitute taxable income; activities for deferred taxes are recognized, in accordance with the principle of prudence, when there is a reasonable certainty of their future recovery.

Allocation of costs and revenues common to both the life and non-life segments

The Company is authorised to operate insurance and reinsurance business both in the Life and Non-life segments.

Pursuant Art. 7 of ISVAP (now IVASS) Regulation dated 11 March 2008, No. 17, which implements Art. 11 paragraph 3 and 348 of Legislative Decree dated 7 September 2005, No. 209, general expenses are charged to the relevant segment, when they are directly attributable to that segment, based on the information relative to the

cost centre, reflecting the organization of the Company.

“Common” costs and revenues that are not immediately attributable to Non-life or Life segment, are recognised based on their cost centre, and then correctly and timely allocated in their reference segment pursuant to Art. 8 and Art. 9 of the above-mentioned Regulation.

Criteria for the allocation of general expenses and any revenues “common” to both segments (Non-life and Life) are based on specific parameters, structured with the aim to obtain a consistent attribution with the operations carried out for each segment, as specified by the Resolution of the Board of Directors.

Conversion of entries in foreign currency

The Company deals systematically in foreign currency and therefore uses multi-currency accounting, in compliance with the disposals set out in Art. 89, paragraph 2 of Legislative Decree No. 209/2005. All the items in the balance sheet and the profit and loss account are converted into euro at the exchange rates at the year-end closing date. The difference emerging from the conversion is recorded in the profit and loss account.

A list of the exchange rates, supplied by Bloomberg, adopted for the conversion of currencies into euro, applied to currencies of particular significance of the Company, along with percentage changes with respect to the previous financial year is provided below.

	Exchange rate in eur		Change %
	2017	2017	
American dollar	1.201	1.055	-13.8
British pound	0.888	0.854	-4.0
Swiss franc	1.170	1.072	-9.2
Chinese renminbi	7.820	7.330	-6.7
Brazilian real	3.983	3.433	-16.0

Part B – Information on the Balance Sheet and the Profit and Loss account

The breakdown of the balance sheet between the life and non-life lines of business is presented in attachments 1 and 2 to the Notes to the Accounts.

The breakdown of non-life and life results is as follows (attachment 3).

(in thousand euro)	Non life	Life	Total
Technical result	222,924	448,130	671,054
(+) Investment income	1,120,345	0	1,120,345
(-) Investment charges	78,648	0	78,648
(+) Quotas of investments profit transferred from the life technical account	0	729,570	729,570
(-) Quotas of investments profit transferred to the non-life technical account	137,629	0	137,629
Income taxes for the year	1,126,992	1,177,700	2,304,692
(+) Other income	299,888	98,515	398,403
(-) Other charges	1,151,304	479,800	1,631,104
(+) Extraordinary income	244,807	9,727	254,534
(-) Extraordinary charges	40,778	2,779	43,557
Result before taxation	479,605	803,363	1,282,968
(-) Income taxes for the year	-70,324	-51,167	-121,491
Result for the year	549,929	854,530	1,404,459

Balance sheet

Summary

(in thousand euro)	2017	2016	Change
ASSETS			
Intangible assets	30,127	33,197	-3,070
Investments			
Land and buildings	106,613	116,276	-9,663
Investments in Group companies and other shareholdings	31,395,352	30,391,629	1,003,723
Other financial investments	2,214,991	2,810,009	-595,018
Deposits with ceding companies	6,927,863	7,680,393	-752,530
Total	40,644,819	40,998,307	-353,488

(continues)

(continues)

<i>(in thousand euro)</i>	2017	2016	Change
Class D investments	3,268,077	3,456,300	-188,223
Reinsurers' share of technical provisions			
Non-life	857,954	518,026	339,928
Life	420,540	396,196	24,344
Total	1,278,494	914,222	364,272
Debtors	1,849,551	1,759,781	89,770
Other assets			
Cash at hand	744,169	655,065	89,104
Other	257,844	258,073	-229
Total	1,002,013	913,138	88,875
Accrued income and deferred charges	181,913	158,106	23,807
TOTAL ASSETS	48,254,994	48,233,051	21,943
LIABILITIES AND SHAREHOLDERS' FUNDS			
Shareholders' funds			
Subscribed share capital or equivalent fund	1,561,808	1,559,883	1,925
Reserves	11,859,216	12,014,241	-155,025
Profit for the year	1,404,459	1,096,261	308,198
Total	14,825,483	14,670,385	155,098
Subordinated liabilities	7,051,952	7,089,925	-37,973
Technical provisions			
Non-life	2,297,906	2,609,004	-311,098
Life	8,391,312	8,909,901	-518,589
Total	10,689,218	11,518,905	-829,687
Technical provisions for investment and pension funds	3,265,804	3,454,111	-188,307
Provisions for other risks and charges	102,420	113,298	-10,878
Deposits received from reinsurers	331,210	307,642	23,568
Creditors and other liabilities	11,684,798	10,746,348	938,450
Accrued expenses and deferred income	304,109	332,436	-28,328
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	48,254,994	48,233,051	21,943

Balance sheet – Asset

Section 1 – intangible assets – *Item B*

The account refers to the multi-year charges.

1.1 Changes to intangible assets over the year – (*attachment 4*)

(in thousand euro)		2017
Gross initial amount		217,183
Increase for the year for:	acquisitions or increases	17,230
	reversal value	0
	revaluation	0
	other changes	0
	Total	17,230
Decreases for the year for:	sales or decreases	0
	long-term devaluations	0
	other changes	85
	Total	85
Gross final amount (a)		234,328
Depreciations		
Gross initial amount		183,986
Increases for the year for:	amortisation quotas	20,258
	other changes	0
	Total	20,258
Decreases for the year for:	reductions from sales	0
	other changes	43
	Total	43
Gross final amount (b)		204,201
Book value (a - b)		30,127

The increases for the year refer to the new activations carried out during the year for software costs related to Group projects in the Risk Management area and to the development of commercial initiatives in the Corporate & Commercial segment.

Section 2 – Investments – *Item C*

The current value indicated in the Notes to the Accounts as the reference value for assets in classes C.II and C.III is as follows:

- for investments in regulated markets, the value is that of the last trading day of the year;
- for investments in non-regulated markets, the value is that deriving from a prudent estimation of their probable realisable value at year end, with the exception of unlisted participations in subsidiaries and companies in which a significant interest is held, for which the current reference value is equal to the value of

the shareholders' fund calculated in accordance with the international accounting standards IAS/IFRS.

2.1 Land and buildings – *Item C.I*

The item includes property used for own use and properties rented for use by third parties. The depreciation rate for buildings is equal to 1%.

The variation of the year for land and buildings is provided in *attachment 4*.

2.1.1 Variations in land and buildings over the year – (*attachment 4*)

(in thousand euro)		2017
Gross initial amount	acquisitions or increments	121,427
Increases for the year for:	reversal value	340
	revaluation	0
	other changes	0
	Total	0
Decreases for the year for:	sales or decrements	340
	long-term devaluations	4,085
	other changes	2,453
	Total	2,636
		9,174
Gross final amount (a)		112,593
Depreciations		
Initial amount	depreciation quota for the year	5,151
	other changes	1,154
	Total	0
Decreases for the year for:	reductions from sales	1,154
	other changes	217
	Total	108
		325
Depreciated final amount (b)		5,980
Book value (a - b)		106,613

2.1.2 Leased property and operations carried out with Group companies and companies in which a significant interest is held

There are no leased assets and there were no financial leasing operations implemented with regards to real estate or other assets.

2.1.3 Determination of the market value of land and buildings.

Market values of land and buildings have been determined based on the principles set out by Title III, Paragraph I, of ISVAP (now IVASS) Regulation No. 22/2008 amended and integrated. In particular, with reference to

the properties for own use, valuation criteria alternatively used for the assessment of the market value are the following:

- income method
- sales comparison method.

2.2 Investments in Group companies and other companies in which a significant interest is held – *Item C.II*

Certain investments in Group companies and other companies in which a significant interest is held for a total amount of 221,355 thousand are considered non-durable since there is no permanent intention to hold these investments. The most significant are:

	Quantity	Book value
Bonds		
Generali Finance BV	650,000	650
Shares		
Lion River NV	173,092	177,864
Generali Paneurope DAC	42,500,000	42,500

2.2.1 Equities – *Item C.II.1*

2.2.1 a) Variation in equities over the year – (*attachment 5*)

(in thousand euro)		2017
Gross initial amount		29,638,995
Increases for the year for:	acquisitions, subscriptions or payments	269,973
	reversal value	0
	revaluations	0
	other changes	413,672
	Total	683,645
Decreases for the year for:	sales or redemptions	1,192
	devaluations	2,997
	other changes	586,632
	Total	590,821
Book value		29,731,819

The increase in the year is mainly due to:

- increase in the value of the subsidiary Generali Finance B.V. following the purchase of shares from Generali Italia (change of 199,251 thousand);
- increase in the value of the investments in Generali Vietnam Life Insurance (+38,537 thousand), in Generali Vitality GmbH (+10,800 thousand) mainly due to increases in share capital

The decreases mainly include:

- sale of the stake in Aseguradora General for 1,052 thousand;
- value adjustment on Lion River I shares for 2,997 thousand;
- repayment of capital for 45,073 thousand of which 30,865 from GLL GMBH & CO. RETAIL and 12,303 from Lion River I.

In addition, both the increases and the decreases are due to the movement of 344,600 thousand linked to the transfer of the shareholding in Generali Italia and the transfer from the fixed to the current assets for a total of 43,649 thousand of the investments in Generali Paneurope LTD (42,500 thousand), Asseguradora General SA for (1,052 thousand) and Assitimm Srl (97 thousand). The residual amount is attributable to the euro counter-valuation of investments in foreign currency.

2.2.1 b) Information on companies in which a significant interest is held

Provided in attachment 6 of the Notes to the Accounts.

2.2.1 c) Detailed movement schedule

Provided in attachment 7 of the Notes to the Accounts.

2.2.2 Changes in bonds issued by companies over the year – Item C.II.2 (attachment 5)

(in thousand euro)		2017
Gross initial amount		634
Increases for the year for:	acquisitions, subscriptions or payments	0
	reversal value	16
	other changes	0
	Total	16
Decreases for the year for:	sales or redemptions	0
	devaluations	0
	other changes	0
	Total	0
Book value		650
Section C.II.2 includes:	listed bonds	650
	non listed bonds	0
	book value	650
	of which convertible bonds	0

The increases for the year refer to the reversal value of the bonds issued by Generali Finance for 16 thousand.

2.2.3 Changes in loans to companies over the year – *Item C.II.3*

(in thousand euro)		2017
Gross initial amount		752,000
Increases for the year for:	acquisitions, subscriptions or payments	1,296,983
	reversal value	0
	other changes	0
	Total	1,296,983
Decreases for the year for:	sales or redemptions	386,100
	devaluations	0
	other changes	0
	Total	386,100
Book value		1,662,883

2.2.4 a) Detailed outline of the most significant bonds issued by companies – *Item C.II.*

The most significant bonds issued by Group companies amounted to 650 thousand and are related to issues by Generali Finance B.V..

2.2.4 b) Detailed outline of the most significant loans to companies – *Item C.II.3*

The increase refers to the new positions with Group companies, and, mainly with Generali Italia (1,187,500 thousand), Generali Schweiz Holding AG (57,500 thousand), Europ Assistance Holding S.A. (24,983 thousand), Generali PanEurope dac (15,000 thousand) and Generali Vitality GmbH (7,000 thousand). In the first half of 2017 it was instead paid off the loan with Generali Finance BV (381,000 thousand).

2.3 Other financial investments – *Item C.III*

There are no shareholdings that exceed one tenth of the capital or one tenth of the voting rights that can be exercised during the Ordinary General Meeting, classified in this category in the financial statements.

2.3.1 Breakdown on the basis of the durable or non-durable utilisation of the assets included in the equities items – *Item C.III.1*, units in common investment funds – *Item C.III.2*, bonds and other fixed-interest securities – *Item C.III.3*, participation in investment pools – *Item C.III.5* other financial investments – *Item C.III.7 (attachment 8)*

Apart from the investments in Group companies and other companies in which a significant interest is held, durable investments are those that remain permanently held by the Company, namely:

- shares, listed and non-listed, that are considered related to the insurance operations;
- other debt securities, listed and non-listed, which are designed for medium/long-term commitments.

All other assets included in these items are considered non-durable.

(in thousand euro)	Durable		Non-durable		Total	
	Book value	Current value	Book value	Current value	Book value	Current value
Non life						
1) Equities of companies						
a) listed shares	3,734	4,232	4,962	6,288	8,696	10,520
b) unlisted shares	6,312	6,106	1,231	1,637	7,543	7,743
c) units	577	11,639	0	0	577	11,639
Total	10,623	21,977	6,193	7,925	16,816	29,902
2) Units in common investment funds	0	0	33,927	36,172	33,927	36,172
3) Bonds and other fixed-interest securities						
a1) listed government bonds	51,373	53,819	325,706	326,926	377,079	380,745
a2) other listed securities	62,850	63,927	120,404	123,807	183,254	187,734
b1) unlisted government bonds	8,280	8,912	5,151	5,391	13,431	14,303
b2) other unlisted securities	3,299	3,419	1,100	1,209	4,399	4,628
c) convertible bonds	0	0	0	0	0	0
Total	125,802	130,077	452,361	457,333	578,163	587,410
5) Participation in investment pools	0	0	0	0	0	0
7) Other investments	0	0	9,990	10,977	9,990	10,977
Life						
1) Equities of companies						
a) listed shares	0	0	6,843	6,980	6,843	6,980
b) unlisted shares	1,157	38,141	4,123	4,206	5,280	42,347
c) units	4,732	6,457	0	0	4,732	6,457
Total	5,889	44,598	10,966	11,186	16,855	55,784
2) Units in common investment funds	0	0	6,387	6,528	6,387	6,528
3) Bonds and other fixed-interest securities						
a1) listed government bonds	223,363	252,074	418,357	444,505	641,720	696,579
a2) other listed securities	285,390	310,286	475,126	524,458	760,516	834,744
b1) unlisted government bonds	11,554	17,512	0	0	11,554	17,512
b2) other unlisted securities	1,472	1,531	5,519	5,707	6,991	7,238
c) convertible bonds	0	0	367	447	367	447
Total	521,779	581,403	899,369	975,117	1,421,148	1,556,520
5) Participation in investment pools	0	0	0	0	0	0
7) Other investments	0	0	0	0	0	0
Total						
1) C.III.1 Equities of companies	16,512	66,575	17,159	19,111	33,671	85,686
2) C.III.2 Units in common investment funds	0	0	40,314	42,700	40,314	42,700
3) C.III.3 Bonds and other fixed-interest securities	647,581	711,480	1,351,730	1,432,450	1,999,311	2,143,930
4) C.III.5 Participation in investment pools	0	0	0	0	0	0
5) C.III.7 Other investments	0	0	9,990	10,977	9,990	10,977

With reference to bonds and other fixed interest securities in item C.III.3, the most significant items at book value are:

(in thousand euro)	2017
Securities issued by the Italian government	446,834
Securities issued by the Panama government	133,406
Securities issued by the American government	107,523

The other items individually considered refer to sums under 50,000 thousand.

The issue and trading differences inherent to the bonds and other fixed interest securities in items C.II.2 and C.III.3 are as follows:

(in thousand euro)	Positive	Negative	Balance
Issuing differences	1,642	301	1,341
Trading differences	96	3,430	-3,334
Total	1,738	3,731	-1,993

2.3.2 Variations over the year to durable assets included in the items as in point 2.3.1 (attachment 9)

(in thousand euro)		Equities	Units in com. invest. Funds	Bonds	Participation	Other
		C.III.1	C.III.2	C.III.3	C.III.5	C.III.7
Initial amount		16,555	0	523,610	0	0
Increases for:	acquisitions	858	0	203,264	0	0
	reversal value	0	0	0	0	0
	transfers from the non-durable portfolio	0	0	0	0	0
	other changes	56	0	14,790	0	0
	Total	914	0	218,054	0	0
Decreases for:	sales	957	0	53,981	0	0
	devaluations	0	0	0	0	0
	transfers to the non-durable portfolio	0	0	0	0	0
	other changes	0	0	40,102	0	0
	Total	957	0	94,083	0	0
Book value		16,512	0	647,581	0	0

The main changes in non-Group shares of the durable segment are mainly due to the capital increase approved by Istituto Treccani for 858 thousand. Among the decreases we report the reduction in the value of the investment in Schemaquattordici S.p.A. in liquidation for 957 thousand euro against the cancellation of the share certificates.

In the bond segment, increases were mainly due to net purchases for 149,283 thousand of which in corporate bonds for 77,816 thousand and in government securities for 71,467 thousand.

During the year the company also proceeded to reclassify from the non-durable to the durable segment for 11,679 thousand.

2.3.3 Changes in loans over the year – *Item C.III.4* and in deposits with credit institutions – *Item C.III.6 (attachment 10)*

(in thousand euro)		Loans	Deposits with credit institutions
		C.III.4	C.III.6
Initial amount		4,068	126,571
Increases for:	payments	110	
	reversal value	0	
	other changes	0	
	Total	110	366,263
Decreases for:	redemptions	768	
	devaluations	0	
	other changes	505	
	Total	1,273	364,035
Book value		2,905	128,799

2.3.4 a) Detailed outline of significant guaranteed loans – *Item C.III.4.a*

No guaranteed loans are posted in the financial statements.

2.3.4 b) Detailed outline of significant other loans – *Item C.III.4.c*

The item refers to other loans for a total amount of 2,146 thousand, of which 1,696 thousand relative to loans gran-

ted from the Panama branch and 450 thousand granted from the Hong Kong branch.

The residual amount is instead referable to loans on policy for a value of 760 thousand.

2.3.5 Breakdown of the duration of deposits with credit institutions – *Item C.III.6*

(in thousand euro)	2017
Less than 3 months	27,963
More than 3 months	100,836
Total	128,799

2.3.6 Breakdown of other financial investments by type – *Item C.III.7*

The item includes options on indexes for a counter value of 9,990 thousand.

2.4 Deposits with ceding companies – *Item C.IV*

Deposits with ceding companies amount to 6,927,863 thousand (7,680,393 thousand in 2016).

Information regarding transactions with Group companies is provided in attachment 16, deposits with subsidiaries

include deposits with:

- Alleanza Assicurazioni S.p.A. for 3,697,968 thousand;
- Generali Levensverzekering Maatschappij N.V. for 1,270,481 thousand;
- Generali Deutschland Holding AG for 706,847 thousand.

2.4.1 Impairment on deposits with ceding companies over the year

There are no impairments on deposits with ceding companies over the year.

Section 3 – Investments for the benefit of life- assurance policyholders who bear the investment risk and relating to the administration of pension funds – *Item D*

3.1 Overview of operations related to contracts linked to investment funds and market indexes – *Item D.I (attachment 11)*

(in thousand euro)	Current value		Acquisition costs	
	2017	2016	2017	2016
Land and buildings	0	0	0	0
Investments in Group comp. and comp. in which a significant interest is held				
Equities	0	0	0	0
Bonds	0	0	0	0
Loans	0	0	0	0
Total	0	0	0	0
Units in common investment funds	145,131	126,671	125,019	123,626
Other financial investments:				
Equities	233	203	210	187
Bonds and other fixed-interest securities	45,962	51,397	34,705	39,732
Deposits with credit institutions	0	0	0	0
Other investments	0	0	0	0
Total	46,195	51,600	34,915	39,919
Other assets	509	617	509	617
Cash at hand	2,256	2,033	2,256	2,033
Other liabilities	-1,191	-1,114	-1,191	-1,114
Deposits with ceding companies	3,075,177	3,276,493	3,075,177	3,276,493
Total	3,268,077	3,456,300	3,236,685	3,441,574

The investments relative to the various types of managed products are described in detail in attachments 11. The most significant change relates to deposits with ceding companies, in decrease from 3,276,493 thousand to 3,075,177 thousand. This reduction is due to the higher redemptions observed in the current year as part of the reinsurance acceptance by the subsidiary Generali Pa-neurope dac.

3.3 Transfers of investments from class C to class D and vice versa

No transfers were made during the year.

3.2 Overview of operations relative to contracts linked to pension funds - *Item D.II (attachment 12)*

No investments relative to contracts linked to pension funds have been recorded.

Section 4 – Reinsurers' share of technical provisions - *Item D bis*

4.1 a) Breakdown of Other technical provisions – non-life business - *Item D bis I.4*

No other non-life business technical provisions were written in the financial statements to be charged to reinsurers.

4.1 b) Breakdown of Other technical provisions – Life business *Item D bis II.5*

No other life business technical provisions were written in the financial statements to be charged to reinsurers.

Section 5 – Receivables – *Item E*

Item E includes, among other things, receivables arising out of reinsurance operations. These amounted to 494,997 thousand and refer mainly to receivables from insurance and reinsurance companies (488,970 thousand). This amount is relative to the non-life business for 208,574 thousand and to the life business for 280,396 thousand. Overall, the debtors counterparts are mainly other Group Companies.

5.1 Write downs carried out over the year

Write down of receivables from policyholders for premiums was carried out over the year. It was charged to the technical accounts and amounted to 320 thousand.

The following table provides a detailed description of the write down per line of business

(in thousand euro)	2017
Accident	0
Health	0
Fire	50
Property other than fire	70
Motor TPL	0
General Liability	200
Other LOB	0
Total	320

5.2 Details of other receivables – *Item E.III*

(in thousand euro)	2017
Credit on taxes	294,883
Credits due from Group Companies for direct cash pooling	271,192
Credits for non insurance relations	190,617
Credits for pre-paid taxes	187,095
Credits for securities and coupons sold or purchased to be adjusted	89,315
Credits for the allocation of the financial year accrual of economic items	30,416
Credits toward staff	15,155
Credits due from subsidiaries for fiscal consolidation	15,098
Advances, securities, deposit	14,140
Other credits	11,255
Sums due from Financial Administration	9,768
Credits due from the real estate management	4,636
Total	1,133,568

Tax credits mainly include receivables for IRES of 150,501 thousand, credit for the insurance tax advance payment of 60,407 thousand, and receivables for the tax advance on the income of some foreign subsidiaries for 34,997 thousand and the IRAP credit for 21,449 thousand.

Among the receivables due from Group companies for direct cash pooling, the most significant amount relates to the counterparty Generali Italia for an amount equal to

261,343 thousand.

The receivables for non-insurance transactions mainly relate to receivables due from Group companies.

Credits for deferred tax assets refer to items that are recognized, in terms of tax, in financial years other than that in which they were recorded in the income statement, and are recorded net of the provision for deferred taxes.

Section 6 – Other assets - Item F

6.1 Variations to durable assets in class Fi over the year

(in thousand euro)	2016	Increases	Decreases	2017
Furniture, office equipment, internal transport vehicles	3,144	3,688	4,136	2,696
Movables listed in public registers	1,408	83	313	1,178
Equipments and appliances	0	0	0	0
Inventories	472	0	3	469
Total	5,024	3,771	4,452	4,343

6.3 Deferred reinsurance items – Item F.IV.1

Deferred reinsurance items, amounting to 7,852 thousand, include the negative income values of a technical nature that are to be entered in the profit and loss accounts in the following year.

Details of the items are illustrated in the following table.

(in thousand euro)	Non-Life	Life	Total
Premiums	0	0	0
Claims	5,629	1,668	7,297
Commissions	52	119	171
Portfolios and other technical items	0	114	114
Total	5,681	1,901	7,582

6.4 Details of miscellaneous assets – Item F.IV.2

Miscellaneous assets, amounting to 245,919 thousand, mainly refer to the linkage account which recorded a credit of life sector towards non-life sector.

Section 7 – Prepayments and accrued income – *Item G*

7.1 Details of prepayments and accrued income

(in thousand euro)	Accrued income	Deferred charges	Total
Interests	67,061	0	67,061
Rents	483	115	598
Other accrued income and deferred charges	337	113,917	114,254
Total	67,881	114,032	181,913

7.2 Breakdown of other accrued income and deferred charges – *Item G.3*

(in thousand euro)	Accrued income	Deferred charges	Total
Deferred charges for disagio on bond issues	0	53,125	53,125
Deferred charges for disagio on loans	0	0	0
Accrued income and deferred charged on derivatives	0	55,470	55,470
Other	337	5,322	5,659
Total	337	113,917	114,254

7.3 Breakdown of multi-year accruals and deferrals and those with a duration of over five years.

The deferred charges with a residual duration of over one year are:

- disagio on bond issues, subordinated liabilities and loans for 44,156 thousands;
- derivatives hedging the variations in exchange rate, relative to the loans issued in previous years, for

14,296 thousand;

- derivatives hedging the variations in interest rate, relative to the loans issued in previous years, for 28,180 thousands.

Furthermore, the deferred charges that have a residual duration of over five years are:

- disagio on bond issues, subordinated liabilities and loans for 16,635 thousands.

Subordinated assets

Subordinated assets classified under items C.II.2 and C.III.3, are indicated based on their level of subordination, in accordance with international practice.

Issuing entity	Nominal value in thousand euro	Currency of denomination	Type of interest rate	Due date	Early paym. Clause	Subordination level
Allianz SE	3,331	USD	fixed	perpetual	yes	Tier II
Aquarius Plus Investments Plc	311	EURO	fixed	02/10/43	yes	Tier II
Aviva Plc	200	EURO	fixed	22/05/38	yes	Tier II
Aviva Plc	1,500	EURO	fixed	04/12/45	yes	Tier II
Axa SA	7,233	GBP	fixed	15/12/20	no	Tier II
Axa SA	1,666	USD	fixed	15/12/30	no	Tier II
Bank of America Corp	583	USD	fixed	29/01/37	yes	Other clauses
Barclays Bank Plc	5,633	GBP	fixed	perpetual	yes	Tier II
Bnp Paribas	333	USD	fixed	perpetual	yes	Tier I

Issuing entity	Nominal value in thousand euro	Currency of denomination	Type of interest rate	Due date	Early paym. Clause	Subordination level
Citigroup Inc	2,000	EURO	fixed	25/02/30	yes	Tier II
Citigroup Inc	3,380	GBP	fixed	12/12/18	no	Tier II
Clerical Medical Finance Plc	4,506	GBP	fixed	perpetual	yes	Tier II
CNP Assurances	1,500	EURO	fixed	perpetual	yes	Tier II
CNP Assurances	500	EURO	fixed	14/09/40	yes	Tier II
Cooperatieve Rabobank U.A	874	USD	fixed	01/12/43	no	Other clauses
Credit Agricole Assurances	1,000	EURO	fixed	perpetual	yes	Tier II
Credit Suisse Group Finance (Us) Inc	1,690	GBP	fixed	05/10/20	no	Tier II
Delta Lloyd NV	1,500	EURO	fixed	perpetual	yes	Tier II
Eddystone Finance Plc	845	GBP	variable	19/04/21	yes	Other clauses
EDF SA	2,000	EURO	fixed	perpetual	yes	Tier II
EDF SA	451	GBP	fixed	perpetual	yes	Tier II
Enel S.p.A.	1,127	GBP	fixed	10/09/75	yes	Tier II
Enel S.p.A.	208	USD	fixed	24/09/73	yes	Tier II
Engie SA	600	EURO	fixed	perpetual	yes	Tier II
Generali Finance BV	650	EURO	fixed	perpetual	yes	Tier II
Goldman Sachs Group Inc	3,943	GBP	fixed	12/10/21	yes	Tier II
Haven Funding (32) Plc	3,380	GBP	fixed	30/11/32	yes	Other clauses
Hsbc Bank Plc	1,127	GBP	fixed	07/07/23	no	Tier II
Hsbc Bank Plc	5,633	GBP	fixed	24/03/46	no	Tier II
Hsbc Holdings Plc	534	EURO	fixed	10/01/24	yes	Tier II
Hsbc Holdings Plc	4,506	GBP	fixed	20/12/27	no	Tier II
Hsbc Holdings Plc	416	USD	fixed	01/06/38	no	Tier II
Ing Bank NV	50	EURO	fixed	29/05/23	yes	Tier II
Lloyds Bank Plc	1,127	GBP	fixed	06/04/23	no	Tier II
Lloyds Banking Group Plc	367	GBP	fixed	perpetual	yes	Tier I
Merck KgaA	2,000	EURO	fixed	12/12/74	yes	Tier II
Muenchener Rueckversicherungs AG	800	EURO	fixed	26/05/41	yes	Tier II
Muenchener Rueckversicherungs AG	1,690	GBP	fixed	26/05/42	yes	Tier II
Nn Group NV	1,000	EURO	fixed	perpetual	yes	Tier II
Nordea Bank Ab	907	EURO	fixed	26/03/20	no	Tier II
Omv AG	1,000	EURO	fixed	perpetual	yes	Tier II
Orange SA	1,000	EURO	fixed	perpetual	yes	Tier II
Postevita S.p.A.	1,000	EURO	fixed	30/05/19	no	Tier II
Prudential Plc	1,690	GBP	fixed	19/12/31	no	Tier II
Santander Uk Plc	2,816	GBP	fixed	perpetual	yes	Tier I
Societe Generale SA	1,500	EURO	fixed	27/02/25	no	Tier II
Societe Generale SA	250	USD	fixed	17/01/24	no	Tier II
Sse Plc	973	USD	fixed	16/09/77	yes	Tier II
Standard Chartered Plc	1,000	EURO	fixed	21/10/25	yes	Tier II
Standard Chartered Plc	666	USD	fixed	09/01/43	no	Other clauses
Wells Fargo & Co	8,956	GBP	fixed	29/11/35	no	Tier II
Wells Fargo & Co	1,499	USD	fixed	02/11/43	no	Other clauses

Balance Sheet – Liabilities

Section 8 – Shareholders' funds – *Item A*

8.1 Changes to shareholders' funds over the year

(in thousand euro)	2016	Increases	Decreases	2017
Subscribed share capital	1,559,883	1,925	0	1,561,808
Share premiums reserve	3,568,250	0	0	3,568,250
Revaluation reserves	2,010,835	0	0	2,010,835
Legal reserve	311,977	385	0	312,362
Reserve for parent company shares	0	0	0	0
Other reserves	6,126,219	0	155,410	5,970,809
Negative reserve for own shares held	3,040	0	0	3,040
Income carried forward	0	0	0	0
Profit for the previous year	1,096,261	0	1,096,261	0
Profit for the year	0	1,404,459	0	1,404,459
Total	14,670,385	1,406,769	1,251,671	14,825,483

8.2 Share capital – *Item A.I*

The share capital at 31 December 2017 was 1,561,808 thousand, divided into ordinary shares with a nominal value of 1 euro each.

The item shows an increase of 1,925 thousand consequent to the capital increase carried out for the allocation of shares to the management of the Group, as required by the long-term incentive plan “Long Term Incentive Plan 2014”.

8.3 a) Share premiums reserve – *Item A.II*

The reserve remains unchanged compared to the previous year.

8.3 b) Details of the revaluation reserves – *Item A.III*

The total of the revaluation reserves, amounting to 2,010,835 thousand include:

- revaluation Reserve pursuant to Law 413/1991 for 802,314 thousand;

- revaluation Fund for fixed assets pursuant to Law 168/1982 for 153,474 thousand;
- revaluation Fund pursuant to Law 904/1977 for 20,123 thousand;
- revaluation Reserve pursuant to Law 266 dated 23 December 2005 for 793,054 thousand;
- revaluation Reserve pursuant to Law Decree 185/2008 converted with the Law No. 2 dated 28 January 2009 for 92,676 thousand;
- revaluation Reserve pursuant to Law 576/75 for 30,425 thousand;
- revaluation Reserve pursuant to Law 72/83 for 118,769 thousand.

8.3 c) Legal reserve – *Item A.IV*

The increment of the reserve equal to 385 thousand is due to the capital increase.

8.4 a) Reserves for own shares and those of the Parent Company – *Item A.VI and detail of the other reserves – Item A.VII and the negative reserve for own shares – Item A.X*

The negative reserve for own shares, constituted as provided by the amended and integrated Regulation No. 22/2008 amounted to 3,040 thousand. Pursuant to the new OIC 28, own shares are recorded at a value corresponding to their cost of purchase and possible effects are applied retroactively.

8.4 b) Details of the other reserves – *Item A.VII*

(in thousand euro)	2016	Increases	Decreases	2017
Merger residual reserve	4,147,612	0	0	4,147,612
Extraordinary reserve	1,978,607	0	155,410	1,823,197
Totale	6,126,219	0	155,410	5,970,809

The change in decrease of 155,410 thousand is due to the 2016 dividend distribution for 153,485 thousand as approved by the Shareholders' Meeting on 27 April 2017, and for 1,925 thousand to the capital increase.

The extraordinary reserve consists of tax suspension for 170,928 thousand corresponding to the sum of the realignment of the real estate fiscal values during the 2006 financial year as required by Law No. 266/2005, net of substitute taxation.

The merger residual reserves at the end of the period included:

- for 3,998,607 thousand from the revenue reserves deriving from the merger of Alleanza Assicurazioni S.p.A.;
- for 149,005 thousand from the capital reserves deriving from the merger of Alleanza Assicurazioni S.p.A..

8.4 c) Outline of changes to shareholders' funds over the last three years

Share Capital	Share Capital	Share premiums reserve	Negative reserve for own shares held	Revaluation reserve L. 266 23/12/2005	Revaluation reserve L.D. 185/2008
Initial amount of the 2015 financial year	1,556,873	3,568,250	-3,040	793,055	92,676
Distribution of previous year result					
to dividends (0.60 euro per share)					
Withdrawal from extraordinary reserve					
Result for the 2015 financial year					
Final amount of the 2015 financial year and initial amount of the 2016 financial year	1,556,873	3,568,250	-3,040	793,055	92,676
Capital increase	3,010				
Distribution of previous year result					
legal reserve adjustment					
to dividends (0.72 euro per share)					
Withdrawal from extraordinary reserve					
Result for the 2016 financial year					
Final amount of the 2016 financial year and initial amount of the 2017 financial year	1,559,883	3,568,250	-3,040	793,055	92,676
Capital increase	1,925				
Distribution of previous year result					
legal reserve adjustment					
to dividends (0.80 euro per share)					
Withdrawal from extraordinary reserve					
Result for the 2017 financial year					
Final amount of the 2017 financial year	1,561,808	3,568,250	-3,040	793,055	92,676

Revaluation reserve L. 413 30/12/1991	Revaluation reserve L. 576/75	Revaluation reserve L. 72/83	Revaluation reserve L. 904 16/12/1977	Provision for revaluation of long-term assets	Merger residual reserve	Extraordinary reserve	Legal reserve	Profit for the year	Total
802,313	30,425	118,769	20,123	153,474	4,147,612	2,370,082	311,375	737,767	14,699,754
								-737,767	-737,767
						-196,293			-196,293
								931,469	931,469
802,313	30,425	118,769	20,123	153,474	4,147,612	2,173,789	311,375	931,469	14,697,163
						-3,010			0
							602	-602	0
								-930,867	0
						-192,172			-192,172
								1,096,261	1,096,261
802,313	30,425	118,769	20,123	153,474	4,147,612	1,978,607	311,977	1,096,261	14,670,385
						-1,925			0
							385	-385	0
								-1,095,876	-1,095,876
						-153,485			-153,485
								1,404,459	1,404,459
802,313	30,425	118,769	20,123	153,474	4,147,612	1,823,197	312,362	1,404,459	14,825,483

8.4 d) Breakdown, opportunities for use and actual use of shareholders' funds over the last three years

Type / Description	Amount	Possibility of utilisation ⁽¹⁾	Available quota	Summary of utilisations carried out during the previous three years	
				Losses cov	Other ⁽⁵⁾
Capital	1,561,808				
Capital reserves					
Share premiums reserve	3,568,250	A,B,C	3,568,250 ²⁾		
Merger residual reserve	149,005	A,B,C	149,005		
Revaluation reserve pursuant to Law 413 - 30.12.1991	802,313	A,B,C	802,313 ³⁾		
Revaluation reserve pursuant to Law 904 - 16.12.1977	20,123	A,B,C	20,123 ³⁾		
Revaluation reserve pursuant to Law 266 - 23.12.2005	793,055	A,B,C	793,055 ³⁾		
Revaluation reserve pursuant to Law 2 - 28.1.2009 (DL 185/2008)	92,676	A,B,C	92,676		
Revaluation reserve pursuant to Law 576/75	30,425	A,B,C	30,425 ³⁾		
Revaluation reserve pursuant to Law 72/83	118,769	A,B,C	118,769 ³⁾		
Reserve for revaluation of long-term assets	153,474	A,B,C	153,474		
Negative reserve for own shares held	-3,040		-3,040 ⁶⁾		
Revenue reserves					
Legal reserve	312,362	B			
Merger residual reserve	3,998,607	A,B,C	3,998,607		
Extraordinary reserve	1,823,197	A,B,C	1,823,197 ⁴⁾		541,950
Total	13,421,024		11,546,854		
Of which:					
Non distributable quota			0		
Distributable residual quota			11,546,854		

1) Key: A = for capital increase, B = for hedging, C = for distribution to shareholders.

2) In compliance with art. 2431 of the Italian Civil Code, the entire amount of this reserve can only be distributed if the legal reserve has reached the limit set out in art. 2430 of the Civil Code (20% of the share capital).

3) Taxable in case of distribution.

4) The amount of 170.928 thousand euro is taxable in case of distribution.

5) The reserves were aimed to the distribution of dividends.

6) It is a negative reserve for own shares held. This reserve has been recorded as a deduction of shareholders' funds, in compliance with the modified Regulation 22/2008. The negative reserve for own shares is unavailable.

Section 9 – Subordinated liabilities – *Item B*

Subordinated liabilities amount to 7,051,952 thousand and consist of:

- a hybrid bond issue denominated in pound sterling, worth 394,300 thousand Euro, with the following characteristics:
 - expiry date is equal to the duration of the company;
 - early repayment option for the Company from the 16 June 2026;
 - fixed rate until 16 June 2026, first date of the early repayment option;
 - variable interest after 16 June 2026;
 - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
 - suitable to cover the solvency requirements of Solvency II;
- a hybrid bond issue denominated in pound sterling, worth 577,652 thousand Euro, with the following characteristics:
 - expiry date equal to the duration of the company;
 - early repayment option for the Company from the 8 February 2022;
 - fixed rate until 8 February 2022, first date of the early repayment option;
 - variable interest after 8 February 2022;
 - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
 - suitable to cover the solvency requirements of Solvency II;
- hybrid bond issues private placement, for a total of 1,000,000 thousand Euro, with the following characteristics in common:
 - expiry date equal to the duration of the company;
 - early repayment option for the Company starting from the tenth year of issue;
 - fixed rate until the first date of the early repayment option;
 - variable interest after the first date of the early repayment option;
 - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
 - suitable to cover the solvency requirements of Solvency II;
- a bond issue of 750,000 thousand Euro with the following characteristics:
 - due on 10 July 2042;
 - early repayment option for the Company from 10 July 2022;
 - fixed rate until 10 July 2022, first date of the early repayment option;
 - variable interest after 10 July 2022, until due date;
 - subordinated towards all the non-subordinated debtors, including policyholders;
 - suitable to cover the solvency requirements of Solvency II;
- a bond issue of 1,250,000 thousand Euro with the following characteristics:
 - due on 12 December 2042;
 - early repayment option for the Company from 12 December 2022;
 - fixed rate until 12 December 2022, first date of the early repayment option;
 - variable interest after 12 December 2022, until due date;
 - subordinated towards all the non-subordinated debtors, including policyholders;
 - suitable to cover the solvency requirements of Solvency II;
- a bond issue of 1,000,000 thousand Euro with the following characteristics:
 - due on 4 May 2026;
 - fixed rate until due date;
 - subordinated towards all the non-subordinated debtors, including policyholders;
 - suitable to cover the solvency margin.
- a bond issue of 1,250,000 thousand Euro with the following characteristics:
 - due on 27 October 2047;
 - early repayment option for the Company from 27 October 2027;
 - fixed rate until 27 October 2027, first date of the early repayment option;
 - variable interest after 27 October 2027, until due date;
 - subordinated towards all the non-subordinated debtors, including policyholders;
 - suitable to cover the solvency requirements of Solvency II.
- a bond issue of 850,000 thousand Euro with the following characteristics:
 - due on 8 June 2048;

- early repayment option for the Company from 8 June 2028;
- fixed rate until 8 June 2028, first date of the early repayment option;;
- variable interest after 8 June 2028, until due date;
- subordinated towards all the non-subordinated debtors, including policyholders;
- suitable to cover the solvency requirements of Solvency II.

Section 10 – technical provisions – *Item C.I for the non-life business and C.II for the life business*

10.1 Changes over the year to the provision for unearned premiums – *Item C.I.1* – and to the provision for outstanding claims – *Item C.I.2 non-life business (attachment 13)*

(in thousand euro)	2017	2016	Change
Provision for unearned premiums			
Provision for premium instalments	380,272	406,226	-25,954
Provision for unexpired risks	707	5,558	-4,851
Book value	380,979	411,784	-30,805
Provisions for outstanding claims			
Provision for refunds and direct expenses	1,285,719	1,487,984	-202,265
Provision for claim settlement costs	52,707	46,914	5,793
IBNR provision	578,186	662,124	-83,938
Book value	1,916,612	2,197,022	-280,410

The reduction in both the premiums reserve and the claims provision significantly affected the termination of a reinsurance treaty with the subsidiary Generali Iard. Specifically, the premium reserves accepted by the aforementioned company decreased from 33,440 thousand to 2,293 thousand, and the claims provision from 327,589 thousand to 9,722 thousand.

Provision for unearned premiums

The following table illustrates the provision for unearned premiums by line of business.

(in thousand euro)	Direct business		Indirect Business		Total
	Premium instalment	Premiums in course of collection	Premium instalment	Premiums in course of collection	
Accident	17,651	0	19,568	309	37,528
Health	13,421	0	37,113	135	50,669
Motor material damage	13,092	263	1,198	0	14,553
Hull transport (trains)	106	0	0	0	106
Hull aviation	403	0	1,159	0	1,562
Hull marine	578	0	2,106	0	2,684
Cargo	2,818	0	3,014	0	5,832
Fire	34,979	0	47,896	0	82,875
Property other than fire	24,778	0	40,951	0	65,729
TPL Motor	2,363	0	211	0	2,574
TPL Aviation	455	0	346	0	801
TPL Marine	632	0	1	0	633
General liability	39,144	0	21,619	0	60,763
Credit	0	0	6	0	6
Suretyship	2,817	0	21,874	0	24,691
Pecuniary losses	5,697	0	24,179	0	29,876
Legal protection	1	0	0	0	1
Assistance	96	0	0	0	96
Total	159,031	263	221,241	444	380,979

The methodologies used for the evaluation of the provision for unearned premiums are indicated in the part A – Summary of significant accounting policies – of the Notes to the Accounts.

Provision for premium instalment and additional reserves

The additional reserves are calculated by applying the provisions of paragraphs 4 and 5 of Annex 15 of ISVAP regulation (now IVASS) No.22 / 2008 amended and supplemented.

In detail:

- Suretyship risks: integrations are allocated by applying different rates to premiums issued over the past five years, separately for the various classes of risk.
- Natural disaster risks: the premium reserve for each business is integrated with an additional allocation

in an amount equal to the sum of 35% of premiums of the year and 70% of premiums of previous years. The obligation to make this allocation ceases when the integration has reached an amount equal to 100 times the total premiums for the year. The additional reserve is used upon occurrence of the ensured events, when the cost of claims for the financial year exceeds gross premiums recognized in the year. During the year has been allocated to this reserve an amount of 4,034 thousand in direct insurance and 2,729 thousand in indirect business.

Provision for unexpired risks

During the year the reserve for unexpired risks for direct business was established in the motor material damage class for 263 thousand, as the coverage was not sufficient in this class, as shown in the following table:

(in thousand euro)	% Loss ratio expected	Amount of claims expected	Provision for premium inst.+ inst.to be due	Excess/lack of the provision
Accident	94	1,581	1,680	99
Health	63	11,674	18,443	6,769
Motor material damage	103	3,214	3,111	-103
Hull transport (trains)	5	5	106	101
Hull aviation	56	199	354	155
Hull marine	86	802	934	132
Cargo	47	1,377	2,929	1,552
Fire	60	9,061	15,178	6,117
Property other than fire	94	12,737	13,507	770
TPL Motor	32	18	57	39
TPL Aviation	27	64	236	172
TPL Marine	0	0	0	0
General liability	50	27,987	56,087	28,100
Credit	0	0	0	0
Suretyship	2	40	2,015	1,975
Pecuniary losses	59	3,573	6,026	2,453
Legal protection	0	0	1	1
Assistance	0	0	96	96
Total	60	72,332	120,760	48,428

During the year the provision for unexpired risks has been set up for the indirect business for an amount of 444 thousand.

Provisions for outstanding claims

The methodologies adopted for the valuation of the provision for outstanding claims are indicated in part A – Summary of significant accounting policies – of the Notes to the Accounts.

The actuarial statistical methods adopted in the analytical valuation of the provisions for outstanding claims in the main lines of business can be classified into the following types:

1. Chain Ladder on paid amount (or “chain “method). In its traditional version, this method is based on the analysis of the accumulated payments, assuming that the progression of payments remains constant over time. The provisions for outstanding claims for each generation therefore depend exclusively on payments accumulated at the time of valuation and on this rule. There are also diverse variations in the calculation of model parameters, known as Link Ratio methods.
2. Link Ratio on “incurred”. This method is the same as the traditional Chain Ladder method, but analyses and projects the development of the “incurred” rather than the “paid”. “Incurred” for a given generation of claims at a specific year, correspond to payments accumulated over the year and the reserve at end of year.
3. Bornhütter-Ferguson method. This method is substantially based on the Link Ratio method (on “paid” or “incurred”), but also uses a series of loss ratios per generation, which is used as an “advance hypothesis” of the last generation cost, so that the estimated reserve is a weighted average between this “advance hypothesis” and the estimate obtained using the link

ratio method. Amongst the input data, it is necessary to specify a series of factors (premiums or risk exposure) to be associated with each generation of claims.

IBNR provision

The IBNR provision for claims that have incurred but not yet been reported at year-end is determined on the basis of the experience acquired during previous years with regards to the frequency and average cost of late claims reported and the average cost of claims reported during the year. Claims exceeding a given threshold are excluded when determining average cost in order to exclude events of an exceptional nature.

The compatibility of the estimated values is also verified with elements derived from late claims received at the moment in which the provision is valued.

Provision for profit sharing and premium refunds

There are no contracts with the characteristics indicated in the paragraph 45 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

10.2 Other non-life technical provisions – *Item C.I.4* – by provision type and line of business

There are no contracts with the characteristics indicated in the paragraph 42 and 43 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

10.3 Compulsory and non-compulsory equalisation provisions – *Item C.I.5*

(in thousand euro)	2017
Equalisation provision:	
Accident	1
Health	0
Motor material damage	0
Hull transport (trains)	0
Hull aviation	0
Hull marine	0
Cargo	0
Fire	306
Property other than fire	0
TPL Motor	0
TPL Aviation	0
TPL Marine	0
General liability	0
Credit	0
Suretyship	0
Pecuniary losses	7
Legal protection	0
Assistnace	0
Total	314
Compensation provision for credit sector	0
Total equalisation provision	314

The equalisation provisions is determined according to the paragraph from 37 to 41 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

There are no non-compulsory equalisation provisions in the financial statements.

10.4 Changes during the year to the mathematical provisions – *Item C.II.1* – and the provision for profit-sharing and premium refunds – *Item C.II.4 (attachment 14)*

(in thousand euro)	2017	2016	Change
Mathematical provision for pure premiums	6,390,145	6,933,683	-543,538
Premiums brought forward	179,753	189,382	-9,629
Provision for death risks	0	0	0
Additional provisions	456,253	498,937	-42,684
Book value	7,026,151	7,622,002	-595,851
Provision for profit sharing and premium refunds	84,475	99,294	-14,819

Direct business

(in thousand euro)	2017	2016	Change
Mathematical provision for pure premiums	1,063,875	1,150,749	-86,873
Premiums brought forward	24,221	24,954	-733
Provision for death risks	0	0	0
Additional provisions	44,443	46,173	-2,730
Book value	1,131,539	1,221,876	-90,337
Provision for profit sharing and premium refunds	0	0	0

Indirect business

(in thousand euro)	2017	2016	Change
Mathematical provision for pure premiums	5,326,270	5,782,935	-456,665
Premiums brought forward	155,532	164,428	-8,896
Provision for death risks	0	0	0
Additional provisions	412,810	452,764	-39,954
Book value	5,894,612	6,400,127	-505,514
Provision for profit sharing and premium refunds	84,475	99,294	-14,819

The decrease in the mathematical reserves significantly influences the physiological contraction of the portfolio in run-off by the subsidiary Alleanza Assicurazioni S.p.A.. The reduction in the additional reserves affects the release carried out again under the reinsurance treaties with the subsidiary Alleanza Assicurazioni S.p.A..

10.5 Other life technical provisions – *Item C.II.5* – by provision type and line of business.

Other life technical provisions, amounted to 17,895 thousand, were entirely made of the provision for future costs set by paragraph 17 of the Annex 14 of the Regulation No. 22 dated 4 April 2008 amended and integrated. It refers for 14,866 thousand to Line of business I, for 1,978 thousand to Line of business III, for 1,048 thousand to Line of business IV and for 3 thousand to Line of business V.

Section 11 – technical provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds – *Item D*

11.1 Overview of provisions relative to contracts linked to investment funds or market indexes - *Item D.I*

(in thousand euro)	2017
Lavoro Indiretto	3,075,177
Unit vision choice	141,763
Lifetime income bond	44,157
Managed Funds	4,418
AG European Equity Fund	289
Book value	3,265,804

With reference to the amount of 3,075,177 thousand, in indirect business, in particular the reinsurance acceptances from Generali Paneurope dac (2,634,672 thousand) and from Generali Levensverzekering Maatschappij N.V. (390.684 thousand).

11.2 Outline of provisions deriving from the administration of pension funds – *Item D.II*

No provisions deriving from the administration of pension funds are accounted for in the financial statements.

Section 12 – Provisions for other risks and charges – *Item E*

12.1 Changes to the provisions for other risks and charges over the year (*attachment 15*)

(in thousand euro)	Funds for retirement and similar obligations	Tax funds	Other provisions
Initial amount	0	84,962	28,336
Sums set aside for the year	0	149	51,662
Other increases	0	0	0
Withdrawals	0	39,833	22,855
Other decreases	0	0	0
Book value	0	45,278	57,143

The “tax fund” includes the amount of 45,110 thousand to cover the tax for the transfers of real property that will be due in the next financial years in Germany, following the repurchase operation of the minority participations in the subsidiary Generali Deutschland Holding AG. During the year the fund was utilized for an amount of 13,328 thousand.

Such fund also includes provisions for tax risks.

12.2 Details of other provisions (*item E.3*)

The allocations for the year comprise 33,797 thousand from the creation of a provision for future charges relating to the liability represented by the pension deficit of the closed pension fund reserved for employees of the London office, and for the remaining part expected future charges related to the exit in advance of personnel and ongoing disputes.

Uses of other provisions relate for 13,000 thousand to the withdrawals consequent to payments to outgoing staff, prudently set aside in previous years.

Section 13 – Payables – Item G

13.1 Bond issues - Item G.III

Not convertible bond issues, amounting to 3,191,654 thousand, comprise “Senior September 2024” bond issues for 1,750,000 thousand, “Senior 2014-2020” bond issue for 1,250,000 thousand and the bond issue “Senior 2020” for 191,654 thousand.

13.2 Details of liabilities to banks and other financial institutions – Item G.IV

Liabilities to banks and other financial institutions, amount to 1,188,706 thousand, refer mainly to loans granted from Deutsche Bank and BNP Paribas for 968,303 thousand relative to the Group indirect pooling

and to securities sales with repurchase agreement (reverse repo) carried out with Unicredit for 197,940 thousand.

13.3 Details of guaranteed loans – Item G.V

Guaranteed loans are not accounted for in the financial statements.

13.4 Breakdown of other loans and other financial liabilities – Item G.VI

The most significant components of the account, amounting to 3,811,359 thousand, refer to loans granted from:

(in thousand euro)	2017
Participatie Maatschappij Graafschap Holland N.V.	3,158,778
Generali Versicherung Ag	502,581
Generali Investments SpA	55,000
Transocean Holding Corporation	40,000
Redoze Holding	28,000
UMS Immobiliare Genova S.p.A.	27,000
Book value	3,811,359

13.5 Changes to Provisions for severance pay over the year – Item G.VII – (attachment 15)

(in thousand euro)	2017
Initial amount	5,229
Sums set aside for the year	104
Other increases	680
Withdrawals	338
Other decreases	929
Book value	4,746

The changes in increase are due to the revaluations, the uses refer to payments and advance payments, the other changes in decrease are relative to the transfer to the pension fund.

13.6 Details of other creditors – *Item G.VIII.4*

(in thousand euro)	2017
Sums due to Group companies for direct cash pooling	1,953,805
Sums due to credit institutions for entries to be adjusted	199,214
Sums due to subsidiaries companies for fiscal consolidation	190,420
Payables for invoices to be received	138,253
Sums due to suppliers and professionals	39,030
Sundry creditors for staff	26,907
Sums due to companies for non-insurance dealings	10,042
Others	48,620
Total	2,606,292

The others payables refer mainly to cash pooling transactions with Group companies. The most significant amounts relate to the counterparties Generali Beteiligungs-GmbH for an amount of 899,687 thousand, Graafschap Holand N.V. for 347,354 thousand and Generali Finance BV for 266,074 thousand.

13.7 Deferred reinsurance items – *Item G.IX.1*

Deferred reinsurance items, amounting to 2,338 thousand, include the positive technical values that are to be entered in the profit and loss accounts in the following year.

The items are illustrated in detail in the following table.

(in thousand euro)	Non-Life	Life	Total
Premiums	468	1,870	2,338
Claims	0	0	0
Commissions	0	0	0
Profit portfolio on provisions and other technical items	0	0	0
Total	468	1,870	2,338

13.8 Details of miscellaneous liabilities – *Item G.IX.3*

(in thousand euro)	2017
Operations on derivatives	251,270
Linkage account between Life and Non-Life	173,643
Premiums earned to be posted	61,216
Others	49,810
Total	535,939

The item “Operations on Derivatives” refers mainly to the valuation difference from hedging transactions covering risks deriving from exchange rates and interest rates on medium/long-term subordinated liabilities denominated in pound sterling, based on the “principle of

coherent valuation” with the underlying position.

Miscellaneous liabilities mainly refer to the reinstatement premiums related to the outward reinsurance.

Section 14 – Accrued expenses and deferred income – *Item H*

14.1 Details of accrued expenses and deferred income

(in thousand euro)	Accrued income	Deferred charges	Total
Interests	275,256	1,259	276,515
Rents	401	1,566	1,967
Other accrued income and deferred charges	19,516	6,111	25,627
Total	295,173	8,936	304,109

14.2 Breakdown of other accrued expenses and deferred income – *Item H.3*

(in thousand euro)	Accrued income	Deferred charges	Total
Deferred charges for disagio on bond issues	0	0	0
Deferred charges for disagio on loans	0	0	0
Accrued income and deferred charged on derivatives	8,714	6,111	14,825
Other	10,801	0	10,801
Total	19,515	6,111	25,626

14.3 Breakdown of accruals and deferred income and those with a duration of over five years

Deferred income that has a residual duration of over one year relates to: derivatives hedging the change in exchange rates relative to loans issued in previous years, for 4,820 thousand.

Furthermore, deferred income that has a residual duration of over five years relates to: derivatives hedging the change in exchange rates relative to loans issued in previous years, for 2,836 thousand.

Section 15 – Assets and liabilities relating to Group companies and other companies in which a significant interest is held

15.1 Details of the assets and liabilities relating to Group companies and other companies in which a significant interest is held – (attachment 16)

(in thousand euro)	Parent companies	Subsidiaries	Affiliates	Associates	Others	Total
Assets						
Equities	0	29,491,857	0	219,431	20,530	29,731,818
Bonds	0	650	0	0	0	650
Loans	0	1,662,883	0	0	0	1,662,883
Participation in investments pools	0	0	0	0	0	0
Deposits with credit institutions	0	10,000	0	0	0	10,000
Other financial investments	0	0	0	0	0	0
Deposits with ceding companies	0	6,355,099	0	469	0	6,355,568
Investments relating to contracts linked to investment funds and market indexes	0	3,067,604	0	0	0	3,067,604
Investments relating to the administration of pension funds	0	0	0	0	0	0
Credits arising from direct insurance operations	0	1,805	0	0	0	1,805
Credits arising from reinsurance operations	0	228,883	0	2,242	0	231,125
Sundry credits	0	467,799	0	0	0	467,799
Bank and postal deposits	0	6,317	0	0	0	6,317
Other assets	0	39,754	0	0	0	39,754
Total	0	41,332,651	0	222,142	20,530	41,575,323
of which subordinated assets	0	0	0	0	0	0
Liabilities						
Subordinated liabilities	0	0	0	0	0	0
Deposits from reinsurers	0	963	0	0	0	963
Creditors arising from direct insurance operations	0	3,906	0	0	0	3,906
Creditors arising from reinsurance operations	0	165,100	0	0	0	165,100
Amounts due to banks and financial institutions	0	0	0	0	0	0
Loans guaranteed by mortgages	0	0	0	0	0	0
Other loans and financial debts	0	3,811,359	0	0	0	3,811,359
Other creditors	0	2,023,694	0	2	0	2,023,696
Sundry liabilities	0	19	0	0	0	19
Total	0	6,005,041	0	2	0	6,005,043

Section 16 – Receivables and Payables

16.1 Duration of receivables and payables

With regards to receivables in items C and E of assets, 4,645 thousand may be collected after the next financial year and 5,505 thousand after five years.

With regards to payables in items F and G of liabilities, the following bond issue has a residual duration of over 5 years:

- “Senior September 2024” amounting to 1,750,000 thousand.

There is a loan with Graafschap Holland N.V. equal to 200,000 thousand with a duration exceeding five years.

The following loans have a residual duration of over one year:

- Graafschap Holland N.V. equal to 2,308,778 thousand;
- Generali Investments equal to 55,000 thousand;
- Transocean Holding equal to 40,000 thousand;
- UMS Immobiliare equal to 27,000 thousand;
- Redoze Holding N.V. equal to 28,000 thousand;
- Generali Versicherung Ag equal to 502.581 thousand.

Furthermore, the following bond issue has a residual duration of over one year:

- “Senior 2020” for 127,770 thousand;
- “Senior 2014-2020” for 1,250,000 thousand.

Section 16 bis – individual pension funds

There are no individual pension funds in this item.

Section 17 – Guarantees, commitments and other memorandum accounts

17.1 Details of guarantees issued/received and commitments – *Items I, II, III and IV (attachment 17)*

(in thousand euro)	2017	2016
I. Guarantees issued		
a) Guarantees and endorsements issued in the interest of parent companies, subsidiaries and affiliates	0	269.500
b) Guarantees and endorsements issued in the interest of associates and companies in which a significant interest is held	0	0
c) Guarantees and endorsements issued in the interest of third parties	0	0
d) Other personal guarantees issued in the interest of parent companies, subsidiaries and affiliates	1.895.083	2.369.000
e) Other personal guarantees issued in the interest of associates and companies in which a significant interest is held	0	0
f) Other personal guarantees issued in the interest of third parties	0	0
g) Real securities for bonds of parent companies, associates and affiliates	0	0
h) Real securities for bonds of associates and other companies in which a significant interest is held	0	0
i) Real securities for bonds of third parties	0	0
l) Guarantees issued for bonds of the Company	45.315	47.578
m) Assets deposited for direct reinsurance operations	118.458	131.806
Total	2.058.856	2.817.884
II. Guarantees received		
a) from Group Companies, associates and other companies in which a significant interest is held	0	0
b) from third parties	549.871	376.396
Total	549.871	376.396
III. Guarantees received in the interest of the Company		
a) from Group companies, associates and other companies in which a significant interest is held	0	0
b) from third parties	90.475	97.958
Total	90.475	97.958
IV. Commitments		
a) Commitments for purchases which must be resold	0	0
b) Commitments for sales which must be repurchased	197.898	0
c) Other commitments	2.889.024	3.156.189
Total	3.086.922	3.156.189
V. Assets relating to pension funds managed in the name and on behalf of third parties	0	0
VI. Securities deposited with third parties	14.143.372	6.882.753
Total	19.929.496	13.331.180

The Company has granted sureties and guarantees, primarily in the interest of subsidiaries, in the context of operations of a non-systematic nature and that did not involve a risk of insolvency inside the insurance group. The other outstanding positions, provided from third

parties in the interest of the Company, consist mainly of sureties provided to CONSAP, to government authorities and foreign insurance regulators as required for Company operations in non-European Union countries.

17.2 Evolution of guarantees issued

The guarantees referred to in point I.d) are mainly issued to the subsidiaries Generali Finance B.V. for 1,500,000 thousand and Generali Life (Hong Kong) Limited for 395,083 thousand. The guarantee given to CityLife S.p.A. for 296,500 thousand is instead expired during the year.

17.3 Details of the assets and liabilities relating to pension funds managed in the name and on behalf of third parties – *Item VI*

There are no assets and liabilities attributable to pension funds managed in the name and on behalf of third parties classified in this item. in questa voce di bilancio.

17.4 Details of securities deposited with

third parties – *Item VII*

The securities owned by the Company, deposited in custody in various brokers, are recorded in the memorandum accounts at the nominal value of 14,143,372 thousand.

17.5 Breakdown of commitments – *Item IV* – and other memorandum accounts – *Item VIII*

Among the commitments, the most significant positions represent the notional reference value of open transactions in purchase and sale of derivatives, as outlined in table at point 17.6 and the commitments relating to the subscription of ancillary own funds of the subsidiary Generali Vie S.A. for 500,000 thousand. In the other memorandum accounts, the positions are relative to index options, with related notional amount equal to 170,696 thousand and to repurchase agreement transactions for 197,000 thousand.

17.6 Impegni per operazioni su contratti derivati - (*allegato 18*)

(in thousand euro)	2017				2016			
	Purchase		Sale		Purchase		Sale	
	Price	Fair value	Price	Fair value	Price	Fair value	Price	Fair value
Futures: on shares	0	0	0	0	0	0	0	0
on bonds	0	0	0	0	0	0	0	0
on currencies	0	0	0	0	0	0	0	0
on rates	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0
Options: on shares	0	0	0	0	0	0	0	0
on bonds	0	0	0	0	0	0	0	0
on currencies	0	0	0	0	0	0	0	0
on rates	0	0	0	0	0	0	0	0
other	0	0	0	0	0	0	0	0
Swaps: on currencies	1,283,166	-364,897	482,958	-3,260	1,299,213	-440,185	469,812	-815
on rates	0	0	341,654	-19,294	0	0	605,539	-34,890
other	0	0	255,000	0	0	0	255,000	0
Other operations	0	0	0	0	0	0	0	0
Total	1,283,166	-364,897	1,079,612	-22,554	1,299,213	-440,185	1,330,351	-35,705

Derivatives transactions are consistent with the guidelines set by the specific resolution of the Board of Directors and in compliance with the rulings set by IVASS Regulation No. 24 dated 6 June 2016 and exclude transactions of a purely speculative nature.

Additional information about the criteria of evaluation, as well as changes in value recognized directly in the income statement, is shown in Part A - Foreword.

Transactions

The most important transactions, with reference to notional values, took place in the Over the Counter (OTC) markets, offering adequate guarantees of settlement of the positions assumed. The contracts negotiated in these markets were drawn up with counterparties having investment grade rating, enabling the carrying out of professional operations, subject to prudential vigilance with the purpose of stability, pursuant the current regulations.

Outstanding contracts at the end of the year

The overall value of outstanding contracts at year end, in terms of the nominal value of the reference capital (notional reference value), was 2,533,475 thousand.

The following is a breakdown of all contracts that were outstanding at year end, divided by purpose and contract type.

(in thousand euro)	Hedging		Efficient management		Total	
	Number	Value	Number	Value	Number	Value
Cross Currency Swap	19	1,561,216	9	204,908	28	1,766,124
Interest Rate Swap	1	191,654	1	150,000	2	341,654
Other Swap	0	0	3	255,000	3	255,000
Warrant / Rights	0	0	3	1	3	1
Options purchased on shares	0	0	0	0	0	0
Options purchased on indexes	0	0	4	170,696	4	170,696
Options sold on shares	0	0	0	0	0	0
Swaptions	0	0	0	0	0	0
Futures on indexes	0	0	0	0	0	0
Futures on bonds	0	0	0	0	0	0
Total	20	1,752,870	20	780,605	40	2,533,475

17.7 Disclosure concerning contingent liabilities not recorded in the balance sheet of which to in Art. 2427, No. 9) of the first paragraph

The Company has identified potential additional liabilities with respect to those already taken into account for the determination of provisions for risks and charges (Section 12), for 6,927 thousand, relating to lawsuits for which the unsuccessful outcome was determined.

17.8 Disclosure regarding to the amount of the securities held on deposit with a ceding company or third parties which remain property of the company accepting reinsurance

The amount of the securities held on deposit with a ceding company or third parties which remain property of the company accepting reinsurance, is equal to 118,458 thousand.

Profit and Loss account

Summary

(in thousand euro)	2017			2016	
	Non-life	Life	Total	Total	Change
Gross premiums written	1,661,058	1,708,336	3,369,394	3,667,600	-298,206
Ceded reinsurance premiums	-489,281	-363,580	-852,861	-864,005	11,144
Income and charges from life investments	0	1,317,841	1,317,841	1,279,589	38,252
Allocated investment return transferred to/from the technical account	137,629	-729,570	-591,941	-573,322	-18,619
Income and charges from class D	0	90,484	90,484	41,926	48,558
Charges relating to claims	-823,519	-1,982,335	-2,805,854	-2,555,997	-249,857
Change in unearned premiums, mathematical and other provisions	-1,077	658,729	657,652	160,245	497,407
Profit-sharing and premium refunds	-41	-46,664	-46,705	-66,772	20,067
Operating expenses	-252,728	-213,774	-466,502	-502,952	36,450
Other technical income and charges	-9,117	8,663	-454	5,671	-6,125
Result of technical account	222,924	448,130	671,054	591,983	79,071
Income and charges from non-life investments	1,041,698	0	1,041,698	817,612	224,086
Investments profit transferred from/to the non technical account	-137,629	729,570	591,941	573,322	18,619
Other income	299,888	98,514	398,402	491,557	-93,155
Other charges	-1,151,305	-479,799	-1,631,104	-1,603,198	-27,906
Results from ordinary operations	275,576	796,415	1,071,991	871,276	200,715
Extraordinary income	244,807	9,727	254,534	79,590	174,944
Extraordinary charges	-40,778	-2,779	-43,557	-44,817	1,260
Result before taxation	479,605	803,363	1,282,968	906,049	376,919
Income taxes for the year	70,324	51,167	121,491	190,212	-68,721
Result for the year	549,929	854,530	1,404,459	1,096,261	308,198

Section 18 – information on the non-life business technical account (i)

18.1 Premiums written

(in thousand euro)	Direct business	Reinsurance business	Total
Non-life	402,459	1,258,599	1,661,058
Life	225,180	1,483,156	1,708,336
Total	627,639	2,741,755	3,369,394

18.2 Summary of the non-life business technical account – Italian and foreign business – (attachment 19)

(in thousand euro)	Gross premiums	Gross prem.	Gross cost	Operating	(*) Reinsurers'
Direct insurance:					
Accident and Health	33,441	29,196	18,429	5,921	-5,542
Motor TPL	332	292	-216	22	-319
Material damage	2,595	4,410	4,783	126	635
Hull marine	12,930	13,655	7,907	3,867	-4,145
Fire and property other than fire	36,985	33,575	61,672	5,103	6,669
General liability	74,804	67,905	76,389	13,614	-7,703
Credit and suretyship	1,389	1,715	-399	275	-747
Pecuniary losses	13,017	12,134	7,024	1,574	1,438
Legal protection	4	4	-131	0	0
Assistance	107	106	1	2	0
Total direct insurance	175,604	162,992	175,459	30,504	-9,714
Reinsurance	194,431	184,892	100,350	23,852	-25,056
Total Italian portfolio	370,035	347,884	275,809	54,356	-34,770
Foreign portfolio	1,291,023	1,288,905	782,980	256,421	-147,177
Grand total	1,661,058	1,636,789	1,058,789	310,777	-181,947

(*) The reinsurers' share is the technical balance of cessions and retrocessions.

18.3 Statement concerning the transfer of the allocated investment return from the non- technical account and indication of the base applied for the calculation – Item 1.2

The net investment return assumed for the determination of the quota to be transferred to the non-life technical account arises from the amounts, registered in the non-technical account, of investment returns and related financial charges.

The percentage to be allocated to the technical account – in compliance with ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented– is calculated by applying to the net investment return, the ratio resulting between the average of (current and prior year) technical provisions, net of reinsurance and this same average

added to the average (current and prior year) of the shareholders' funds plus subordinated liabilities.

In 2017 the ratio was 13.212%, applied to the investment profit of 1,041,698 thousand, the sum allocated to the technical account was 137,629 thousand (123,337 thousand in 2016).

The division into single portfolios and lines of business of the allocated investment return to the technical account was also carried out on the basis of the above-mentioned ISVAP (now IVASS) ruling.

18.4 Other technical income net of reinsurance – Item 1.3

(in thousand euro)	2017
Reversal of commissions relating to devalued or cancelled premiums of previous years	13
Other technical income	561
Total of other technical income	574

18.5 Net provision for outstanding claims development result

The difference between the amount of the provision for outstanding claims recorded at the beginning of the year and the payment for claims accrued in previous years, as well as the amount of the relevant provision at the end of the year, produced a loss of 45,418 thousand, corresponding to 18% on the provision for outstanding claims.

18.6 Premium refunds and profit-sharing – *Item 1.6*

(in thousand euro)	2017
Premium refunds	41
Change in profit-sharing	0
Total	41

18.7 Reinsurance commissions and profit-sharing – *Item 1.7.f*

(in thousand euro)	2017
Commissions	57,764
Profit-sharing	284
Total	58,048

18.8 Other technical charges net of reinsurance – *Item 1.8*

(in thousand euro)	2017
Devaluation for uncollectable sums due towards policyholders for premiums	321
Cancellation of issued premiums of previous years	84
Negative components of the C.I.D. (Direct Refund Agreement)	6
Other technical charges	9,280
Total of other technical charges	9,691

The item other technical charges mainly consist of reversed commissions related to canceled reinsurance premiums.

18.9 Equalisation provisions – Item 1.9

(in thousand euro)	2017	2016	Change
Equalisation provision:			
Accident	1	1	0
Health	0	0	0
Motor material damage	0	0	0
Hull transport (trains)	0	0	0
Hull aviation	0	0	0
Hull marine	0	0	0
Cargo	0	0	0
Fire	306	190	116
Property other than fire	0	0	0
TPL Motor	0	0	0
TPL Aviation	0	0	0
TPL Marine	0	0	0
General liability	0	0	0
Credit	0	0	0
Suretyship	0	0	0
Pecuniary losses	7	7	0
Legal protection	0	0	0
Assistance	0	0	0
Total	314	198	116
Compensation provision for the credit sector	0	0	0
Total equalisation provisions	314	198	116

Section 19 – Information on the life business technical account (II)

19.1 Summary of the life business: premiums and reinsurers' share – (attachment 20)

(in thousand euro)	Direct business	Reinsurance	Total
Gross premiums:	225,180	1,483,156	1,708,336
a) 1. for individual policies	83,707	370,564	454,271
2. for group policies	141,473	1,112,592	1,254,065
b) 1. regular premiums	208,651	1,483,156	1,691,807
2. single premiums	16,529	0	16,529
c) 1. for non-profit-sharing contracts	174,870	1,483,156	1,658,026
2. for profit-sharing contracts	0	0	0
3. for contracts in which the investment risk is borne by policyholders and for contracts linked to pension funds	50,310	0	50,310
Reinsurers' share (*)	-4,533	-388	-4,921

(*) The reinsurers' share is the technical balance of cessions and retrocessions.

19.2 Details of investment income – *Item II.2 (attachment 21 – Life)*

(in thousand euro)	2017
from equities:	
Dividends and other income from equities of Group companies	1,001,314
Dividends and other income from equities of other companies	2,005
Total	1,003,319
Income from land and buildings	0
Income from other investments:	
Income from bonds of Group companies and companies in which a significant share is held	30
Interest on loans to Group companies and companies in which a significant share is held	17,473
Income from units of common investment funds	0
Income from bonds and other fixed-interest securities	61,981
Interest on loans	51
Income from participation in investment pools	0
Interest on deposits with credit institutions	673
Income from various financial investments	0
Interest on deposits with ceding companies	240,065
Total	320,273
Reversal value adjustments on investments relating to:	
Land and buildings	0
Equities of Group companies and companies in which a significant share is held	0
Bonds issued by Group companies and companies in which a significant share is held	16
Other equities	114
Other bonds	4,820
Other financial investments	0
Total	4,950
Gains on the realisation of investments:	
Gains from sale of land and buildings	0
Gains from equities of Group companies and companies in which a significant share is held	0
Gains from bonds issued by Group companies and companies in which a significant share is held	0
Gains from other equities	0
Gains from other bonds	10,865
Gains from other financial investments	0
Total	10,865
Grand total	1,339,407

19.3 Details of income and unrealized gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds – *Item II.3 (attachment 22)*

(in thousand euro)	2017
Income from:	
Land and buildings	0
Investments in Group companies and companies in which a significant share is held	67,088
Income from units of common investment funds	1
Other financial investments	1,069
- of which, income from bonds	1,061
Other assets	-54
Total	68,104
Gains from the realisation of investments	
Gains from sale of land and buildings	0
Gains from investments in Group comp. and comp. in which a significant share is held	0
Income from units of common investment funds	2,363
Gains from other financial investments	106
- of which, from bonds	99
Other income	0
Total	2,469
Unrealised gains	23,101
Grand total	93,674

19.4 Other technical income net of reinsurance – *Item II.4*

(in thousand euro)	2017
Reversal of commissions relating to devalued or cancelled premiums of previous years	843
Other technical income	15,993
Total of other technical income	16,836

The item other technical income consists, in particular, of the commissions collected from the internal funds of the Dubai Branch.

19.5 Outstanding payments provision development result

The difference between the amount of the reserve for outstanding claims existing at the beginning of the year and the amounts paid to the beneficiaries of the contracts during the period for claims incurred in previous years and the amount of the reserves at year-end is not significant.

19.6 Premium refunds and profit-sharing – *Item II.7*

(in migliaia di euro)	2017
Ristorni	0
Variazione delle partecipazioni agli utili	46.664
Totale	46.664

19.7 Reinsurance commissions and profit-sharing – *Item II.8.f*

(in thousand euro)	2017
Commissions	56,417
Profit-sharing	8,901
Total	65,318

19.8 Details of investment charges – *Item II.9 (attachment 23 – Life)*

(in thousand euro)	2017
Investments operating charges and other charges:	
Charges relating to equities	7,595
Charges relating to investments in land and buildings	0
Charges relating to bonds	4,051
Charges relating to units of common investment funds	0
Charges relating to shares in investment pools	0
Charges relating to other financial investments	828
Interest on deposits with reinsurers	5,241
Total	17,715
Value adjustments on investments relating to:	
Land and buildings	0
Equities in Group companies and companies in which a significant share is held	0
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	18
Other bonds	3,544
Other financial investments	6
Total	3,568
Losses on the realisation of investments:	
Losses from sale of land and buildings	0
Losses from equities	0
Losses from bonds	52
Losses from other financial investments	230
Total	282
Grand total	21,565

19.9 Details of financial charges and unrealised losses on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds – *Item II.10 (attachment 24)*

(in thousand euro)	2017
Charges relating to:	
Land and buildings	0
Investments in Group companies and companies in which a significant share is held	0
Units of common investment funds	0
Other financial investments	7
Other assets	67
Total	74
Losses on the realisation of investments	0
Losses from sale of land and buildings	0
Losses from investments in Group companies and companies in which a significant share is held	0
Losses from units of common investment funds	15
Losses from other financial investments	20
Other charges	1
Total	36
Unrealised losses	3,082
Grand total	3,192

19.10 Other technical charges net of reinsurance – *Item II.11*

(in thousand euro)	2017
Cancellation of issued premiums of previous years	582
Other technical charges	7,591
Total of other technical charges	8,173

The other technical charges mainly consist of residual items relating to reinsurance acceptances by Generali Paneurope dac.

19.11 Statement concerning the transfer of the allocated investment return to the non - technical account and indication of the base applied for the calculation – *Item II.12*

The investment return assumed for the determination of the quota to be transferred to the non-technical account arises from the amounts, registered in the technical account, of the investment profits and related financial charges. Profits and unrealised gains as well as charges and unrealised losses deriving from investments relating to item D (held for the benefit of policyholders who bear

the investment risk and relating to the administration of pension funds) are excluded. These items, therefore, continue to be accounted for in the technical account.

The quota to be allocated to the non-technical account – in compliance with ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented – is calculated by applying, to the investment return, the ratio resulting between:

- the average of (current and prior year) Shareholders' funds;
- the average of (current and prior year) Shareholders' funds plus the average of (current and prior year)

technical provisions, net of reinsurance.

If the investment return that remains allocated to the life technical account is lower than the investment profits contractually acknowledged with the policyholders during the year, the quota to be transferred to the non-technical account must be similarly reduced in the proportion of this lower value, and may even be cancelled if necessary.

For the 2017 financial statements, on the basis of the calculation methods explained in the previous paragraph, the quota to be applied to the total income for the year, equal to 1,317,841 thousand, was 55.361%, and involved an allocation to the non-technical account of 729,570 thousand (696,659 thousand in 2016).

The division into single portfolios and lines of business of the investment return quota relative to the technical account was calculated on the basis of their origin.

Section 20 – Development of technical items by line of business

20.1 Non-life insurance

20.1.1. Summary of technical accounts by line of business – Italian portfolio – (attachment 25)

(in thousand euro)	Isvap Class 01	Isvap Class 02	Isvap Class 03	Isvap Class 04	Isvap Class 05	Isvap Class 06
	Accident	Health	Motor material damage	Hull transport (trains)	Hull aviation	Hull marine
Gross direct business						
(+) Premiums written	3,183	30,258	2,595	320	1,594	4,640
(–) Change in unearned premium provision	–66	4,311	–1,815	0	24	–209
(–) Charges relating to claims	2,503	15,926	4,783	25	1,535	810
(–) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	0	–106	0	0	–21	–2
(–) Operating expenses	188	5,733	126	42	402	1,522
Technical balance of direct business	558	4,182	–499	253	–388	2,515
Result of ceded reinsurance	–13	–5,529	635	0	–1,097	–1,953
Net result of reinsurance	6,832	–4,818	–23	57	–62	2,258
(–) Change in equalisation provision	0	0	0	0	0	0
(+) Technical result	6,209	4,129	1,315	9	286	436
Risultato del conto tecnico	13,586	–2,036	1,428	319	–1,261	3,256

(in thousand euro)	Isvap Class 07	Isvap Class 08	Isvap Class 09	Isvap Class 10	Isvap Class 11	Isvap Class 12
	Cargo	Fire	Property other than fire	Motor TPL	Aviation TPL	Marine TPL
Gross direct business						
(+) Premiums written	5,361	20,010	16,975	332	1,015	0
(-) Change in unearned premium provision	-316	3,039	371	40	-224	0
(-) Charges relating to claims	6,030	39,828	21,844	-216	636	-1,129
(-) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	0	0	-70	-6	0	0
(-) Operating expenses	1,586	2,327	2,776	22	315	0
Technical balance of direct business	-1,939	-25,184	-8,086	480	288	1,129
Result of ceded reinsurance	113	3,294	3,375	-319	-64	-1,144
Net result of reinsurance	2,119	16,856	-2,703	4,647	-539	15
(-) Change in equalisation provision	0	116	0	0	0	0
(+) Positive share of investments allocated from the non-technical account	1,847	7,847	2,974	962	277	5
Technical result	2,140	2,697	-4,440	5,770	-38	5

(in thousand euro)	Isvap Class 13	Isvap Class 14	Isvap Class 15	Isvap Class 16	Isvap Class 17	Isvap Class 18
	General liability	Credit	Suretyship	Pecuniary losses	Legal protection	Assistance
Gross direct business						
(+) Premiums written	74,804	1	1,388	13,017	4	107
(-) Change in unearned premium provision	6,899	-1	-325	883	0	1
(-) Charges relating to claims	76,389	4	-403	7,024	-131	1
(-) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	-109	0	-1	0	0	0
(-) Operating expenses	13,614	0	275	1,574	0	2
Technical balance of direct business	-22,207	-2	1,840	3,536	135	103
Result of ceded reinsurance	-7,703	0	-747	1,438	0	0
Net result of reinsurance	-188	31	-395	11,494	55	0
(-) Change in equalisation provision	0	0	0	0	0	0
(+) Positive share of investments allocated from the non-technical account	16,427	22	913	803	41	9
Technical result	-13,671	51	1,611	17,271	231	112

Whenever possible, costs were charged to each specific line of business from the outset; common expenses are shared proportionally according to parameters (gross premiums, number of policies managed, commissions and claims paid) suitable for the different types of costs.

20.1.2. Summary of non-life business technical accounts – Italian portfolio – (attachment 26)

(in thousand euro)	Direct insurance		Reinsurance		Risks retained
	Direct risks	Ceded risks	Direct risks	Retroc. risks	
(+) Premiums written	175,604	44,576	194,431	84,753	240,706
(-) Change in unearned premium provision	12,612	1,910	9,539	14,131	6,110
(-) Charges relating to claims	175,459	27,551	100,350	39,233	209,025
(-) Change in other technical provisions	0	0	0	0	0
(+) Balance of other technical items	-315	39	0	3,061	-3,415
(-) Operating expenses	30,504	5,440	23,852	9,394	39,522
Technical balance	-43,286	9,714	60,690	25,056	-17,366
(-) Change in equalisation provisions					116
(+) Positive share of investments allocated from the non-technical account	27,446		17,066		44,512
Technical result	-15,840	9,714	77,756	25,056	27,030

20.2 Life insurance

20.2.1. Summary of technical accounts by line of business – Italian portfolio – (attachment 27)

(in thousand euro)	Isvap Class I	Isvap Class III	Isvap Class IV	Isvap Class V	Isvap Class VI
	Life	Investment funds	Health	Capitalisation	Pension funds
Gross direct business					
(+) Premiums written	81,873	21	24,346	61	0
(-) Charges relating to claims	102,503	4,602	54,918	4,735	0
(-) Change in mathematical and other provisions	-11,109	-3,158	-35,564	131	0
(+) Balance of other technical items	0	1	0	0	0
(-) Operating expenses	5,380	87	3,468	0	0
(+) Investment profit net of the quota allocated to the non-technical account	74,109	2,650	1,787	8,653	0
Technical balance	59,208	1,141	3,311	3,848	0
Result of ceded reinsurance	-5,566	-2	2,537	0	0
Net result of reinsurance	235,664	124	0	0	0
Technical result	289,306	1,263	5,848	3,848	0

For the attribution of the expenses to the lines of business please refer to point 20.1.1.

20.2.2. Summary of life technical accounts – Italian portfolio – (attachment 28)

(in thousand euro)	Direct insurance		Reinsurance		Risks retained
	Direct risks	Ceded risks	Direct risks	Retroc. risks	
(+) Premiums written	106,301	33,565	0	0	72,736
(-) Charges relating to claims	166,758	22,653	0	0	144,105
(-) Change in mathematical and other provisions	-49,700	2,972	0	0	-52,672
(+) Balance of other technical items	1	0	0	0	1
(-) Operating expenses	8,935	4,909	0	0	4,026
(+) Investment profit net of the quota allocated to the non-technical account	87,199		0		87,199
Technical result	67,508	3,031	0	0	64,477

20.3 Non - life and life insurance

20.3.1. Summary of non-life and life technical accounts – foreign portfolio – (attachment 29)

(in thousand euro)	Non life	Life
Gross direct business		
(+) Premiums written	226,854	118,879
(-) Change in non-life unearned premium provision	285	
(-) Charges relating to claims	142,394	72,602
(-) Change in mathematical and other provisions in life branches		62,142
(-) Change in other technical provisions in non-life branches	0	
(+) Balance of other technical items	526	13,771
(-) Operating expenses	56,218	25,830
(+) Investment profit of the life branch net of the quota allocated to the non-technical account		47,538
Technical balance of direct business	28,483	19,614
Result of ceded reinsurance	-14,864	-1,502
Net result of reinsurance	89,156	129,753
(-) Change in equalisation provisions for non-life branches	0	
(+) Quota of profits transferred from the non-technical account of the non-life branches	93,117	
Technical result	195,892	147,865

Section 21 – information on the non – technical account (III)

21.1 Details of investment income – Item III.3 (attachment 21 – non-life)

(in thousand euro)	2017
from equities:	
Dividends and other income from equities of Group companies	979,930
Dividends and other income from equities of other companies	607
Total	980,537
Income from land and buildings	4,944
Income from other investments:	
Income from bonds of Group companies and companies in which a significant share is held	0
Interest on loans to Group companies and companies in which a significant share is held	62,146
Income from units of common investment funds	2,265
Income from bonds and other fixed-interest securities	18,240
Interest on loans	55
Income from participation in investment pools	0
Interest on deposits with credit institutions	814
Income from various financial investments	4,906
Interest on deposits with ceding companies	2,662
Total	91,088
Reversal value adjustments on investments relating to:	
Land and buildings	0
Equities of Group companies and companies in which a significant share is held	0
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	0
Other bonds	1,172
Other financial investments	5,733
Total	6,905
Gains on the realisation of investments:	
Gains from sale of land and buildings	0
Gains from equities of Group companies and companies in which a significant share is held	19,610
Gains from bonds issued by Group companies and companies in which a significant share is held	0
Gains from other equities	966
Gains from other bonds	2,181
Gains from other financial investments	14,112
Total	36,869
Grand total	1,120,343

21.2 Details of investment charges – *Item III.5 (attachment 23 – Non-life)*

(in thousand euro)	2017
Investments operating charges and other charges:	
Charges relating to equities	6,871
Charges relating to investments in land and buildings	1,909
Charges relating to bonds	3,227
Charges relating to units of common investment funds	0
Charges relating to shares in investment pools	0
Charges relating to other financial investments	19,600
Interest on deposits with reinsurers	49
Total	31,656
Value adjustments on investments relating to:	
Land and buildings	3,607
Equities in Group companies and companies in which a significant share is held	2,997
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	264
Other bonds	5,068
Other financial investments	24,958
Total	36,894
Losses on the realisation of investments:	
Losses from sale of land and buildings	0
Losses from equities	202
Losses from bonds	341
Losses from other financial investments	9,555
Total	10,098
Grand total	78,648

21.3 Details of other income – *Item III.7*

(in thousand euro)	2017
Profit on exchange rates	235,924
Royalties for Generali's brand usage	60,430
Administration charges recovered from third parties	29,015
Withdrawal from provisions for tax litigation	26,505
Withdrawal from provisions for future charges	18,311
Withdrawal from provisions for indirect tax litigation	13,328
Commissions on guarantees provided to Group companies	5,947
Withdrawal from other provisions	4,544
Other	4,399
Total of other income	398,403

21.4 Details of other charges – *Item III.8*

(in thousand euro)	2017
Interests paid on subordinated liabilities	483,447
Steering and coordination expenses	411,528
Losses on exchange rates	347,088
Interests paid on bonds issue	155,565
Interest paid on other loans	75,757
Sums allocated to provisions	51,810
Administrative charges on behalf of third parties	29,622
Depreciation quota of intangible assets	20,198
Losses on credits	14,066
Tax charges	11,926
Interests paid on other loans	11,539
Interest and financial expenses	10,301
Other charges	8,259
Total of other charges	1,631,104

21.5 Details of extraordinary income – *Item III.10*

(in thousand euro)	2017
Adjustements on pre-paid and deferred taxation	39,510
Gains contingent	10,158
Gains from sales of real property and from securities	9,060
Other extraordinary income	195,806
Total of extraordinary income	254,534

The item other income is represented by the realized gain on the sale reinsurance of the non-life portfolio in run-off of the London branch, which prepared for future legal portfolio disposal. Since the reinsurance contract

does not qualify as protection, but as an integral part of the transaction as a whole, the related income has been classified as extraordinary items.

21.6 Details of extraordinary charges – *Item III.11*

(in thousand euro)	2017
Previous years taxes	20,283
Early retirement incentives	16,813
Contingent liabilities	3,411
Losses for sales of fixed assets	1,886
Other extraordinary charges	1,164
Total of extraordinary charges	43,557

21.7 Details of income taxes – *Item III.14*

(in thousand euro)	2017
Current taxes	–156,220
Change in pre-paid taxation	33,520
Change in deferred taxation	1,209
Income tax for the year	–121,491

The company complies, as a Parent Company, with the Corporate tax treatment, regulated by Title II, Chapter II, Section II of the TUIR (Art. 117-129). The number of subsidiaries that exercised the option with the Parent Company has equal to 20, unchanged compared to the previous year.

With reference to the significant terms and conditions of the agreements that regulate the relationship between the consolidating company and the consolidated companies, it should be noted that each consolidated company, in cases where it contributes to the formation of the total global income with its taxable income, must provide to the consolidating company an amount equal to the relative tax due; on the other hand, in case the consolidated company contributes to the formation of the consolidated total global income with a tax loss, an amount equal to the financial benefit due to the Parent Company on payment of the Group tax, will be granted.

By accepting the Corporate tax treatment, the company benefited from the immediate offsetting of the tax loss

of the tax period, thus recording an income in current taxes. The company also took over, as consolidating company, the positions of the consolidated companies for the taxable income for the period, net of the offset of all the current and previous fiscal losses, accounting for a debt towards the Tax Authorities of 135,030 thousand and a concomitant credit for the same amount towards the companies themselves.

Income taxes for the year show a positive balance of 121,491 thousand (190,212 the previous year), due to the following components:

- income for accrual IRES for 161,760 thousand (217,729 thousand in the previous year), in line with the increase of the net result of the dividend received from Group companies;
- accrual IRAP with a cost equal to 5,470 thousand;
- taxes due in Italy on income of certain foreign subsidiaries for 10,636 thousand (14,774 thousand in the previous year);
- taxes paid abroad for 24,163 thousand (9,445 thousand in the previous year).

Hereinafter the reconciliation between the theoretical tax rate and effective tax rate:

IRES ordinary rate	24.00%
Effect of permanent differences (increases and decreases) compared to the ordinary rate	
Permanent differences in increase:	
capital losses on non-deductible participations	0.02%
other differences	0.52%
Permanent differences in decrease:	2.68%
Permanent differences in decrease:	
excluded dividends	-27.39%
capital gains on exempt participations or subject to substitute tax	-8.21%
other differences	-4.23%
Total permanent differences	-36.61%
Actual tax rate IRES	-12.61%
Income tax of foreign subsidiaries and associates and other taxes paid abroad	2.71%
Accrual IRAP of the period	0.43%
Total tax rate	-9.47%

Pre-paid and deferred taxation

Pre-paid and deferred taxation relate to items that combine to form the income tax in a tax period other than that in which they are recognized in the income statement.

The movements of pre-paid and deferred taxation are determined using the IRES rate of 24% and the IRAP rate of 3.54%; they refer to the items that contribute to

forming the taxable income in a tax period different from that in which they are recorded in the income statement.

The breakdown of the main items and changes during the year is provided in the tables below; all amounts are recorded in the income statement.

Pre-paid taxation

(in thousand euro)	Initial balance		Changes over the year		Final balance	
	Temporary differences	Taxes	Temporary differences	Taxes	Temporary differences	Taxes
Assets for pre-paid taxes - IRES	0	0	0	0	0	0
Evaluation of securities	33,902	8,137	-7,319	-1,757	26,583	6,380
Depreciation (mainly goodwill)	84,836	20,361	-18,491	-4,438	66,345	15,923
Devaluations of credits due by policyholders	566,421	135,941	-47,699	-11,448	518,722	124,493
Other sums set aside and not deductible in the year	76,180	18,283	-19,741	-4,738	56,439	13,545
Change of provisions	96,308	23,114	-31,853	-7,645	64,455	15,469
Sundry	69,576	16,698	-10,365	-2,487	59,211	14,211
Total	927,223	222,534	-135,468	-32,513	791,755	190,021
Assets for pre-paid taxes - IRAP	0	0	0	0	0	0
Depreciation (mainly goodwill)	81,102	2,871	-17,887	-633	63,215	2,238
Devaluations of credits due by policyholders	8,963	317	-755	-26	8,208	291
Sundry	43,105	1,526	-9,815	-348	33,290	1,178
Total	133,170	4,714	-28,457	-1,007	104,713	3,707
Total early taxation	1,060,393	227,248	-163,925	-33,520	896,468	193,728

Deferred taxation

(in migliaia di euro)	Initial balance		Changes over the year		Final balance	
	Temporary differences	Taxes	Temporary differences	Taxes	Temporary differences	Taxes
Liabilities for deferred taxes - IRES	0	0	0	0		
Real estate	10,842	2,602	-6,923	-1,661	3,919	941
Gains installments	4,119	988	2,501	601	6,620	1,589
Sundry	7,639	1,834	9,461	2,269	17,100	4,103
Total	22,600	5,424	5,039	1,209	27,639	6,633
Liabilities for deferred taxes - IRAP	0	0	0	0		
Real estate	0	0	0	0	0	0
Total	0	0	0	0	0	0
Total deferred taxation	22,600	5,424	5,039	1,209	27,639	6,633

Section 22 – Other information on the profit and loss account

22.1 Outline of relations with Group companies and other companies in which a shareholding is held – (attachment 30)

(in thousand euro)	Parent company	Subsidiaries	Affiliates	Associated	Other	Total
INCOME						
Investment income:						
Income from land and buildings	0	38	0	0	0	38
Dividends and other income from equities	0	1,970,536	0	8,396	2,312	1,981,244
Income from bonds	0	30	0	0	0	30
Interest on loans	0	79,619	0	0	0	79,619
Income from other financial investments	0	38	0	0	0	38
Interest on deposits with ceding companies	0	230,625	0	12	0	230,637
Total	0	2,280,886	0	8,408	2,312	2,291,606
Unrealised income and gains on investments for the benefit of policyholders	0	67,088	0	0	0	67,088
Other income:						
Interest on amounts due	0	6,196	0	0	0	6,196
Recoveries of administration expenses and charges	0	28,854	0	0	0	28,854
	0	61,299	0	0	0	61,299
Total	0	96,349	0	0	0	96,349
Gains on the realisation of investments	0	19,610	0	0	0	19,610
Extraordinary income	0	588	0	0	0	588
Grand total	0	2,464,521	0	8,408	2,312	2,475,241
CHARGES						
Charges on investments administration and paid interest:						
Investments charges	0	14,634	0	0	0	14,634
Interest on subordinated liabilities	0	1,492	0	0	0	1,492
Interest on deposits from reinsurers	0	0	0	0	0	0
Interest on debts from direct insurance transactions	0	0	0	0	0	0
Interest on debts from reinsurance transactions	0	9,793	0	0	0	9,793
Interest on sums due to banks and financial institutions	0	1	0	0	0	1
Interest on guaranteed loans	0	0	0	0	0	0
Interest on other debts	0	75,757	0	0	0	75,757
Losses on credits	0	0	0	0	0	0
Administration charges and expenses for third parties	0	28,854	0	0	0	28,854
Other charges	0	43,282	0	0	0	43,282
Total	0	173,813	0	0	0	173,813
Unrealised charges and losses on investments for the benefit of policyholders	0	43	0	0	0	43
Losses on the realisation of investments	0	27	0	0	0	27
Extraordinary charges	0	840	0	0	0	840
Grand total	0	174,723	0	0	0	174,723

22.2 Summary of direct business premiums written – (attachment 31)

(in thousand euro)	Non-life		Life		Total	
	Branch	F.O.S.	Branch	F.O.S.	Branch	F.O.S.
Premiums written						
in Italy	43,872	1,076	11,056	0	54,928	1,076
in other EU Countries	126,056	4,593	95,245	0	221,301	4,593
in third Countries	226,854	8	118,879	0	345,733	8
Total	396,782	5,677	225,180	0	621,962	5,677

22.3 Personnel expenses and director and auditor fees – (attachment 32)

(in thousand euro)		Non life	Life	Total
I. Staff expenses				
Expenses related to employees:				
Italian portfolio:	Wages	139,715	4,675	144,390
	Social contributions	42,289	1,572	43,861
	Sums allocated to the provision for retirement	8,084	307	8,391
	Other employee costs	9,943	168	10,111
	Total	200,031	6,722	206,753
Foreign portfolio:	Wages	37,207	18,786	55,993
	Social contributions	10,082	6,789	16,871
	Other employee costs	2,473	2,312	4,785
	Total	49,762	27,887	77,649
Total		249,793	34,609	284,402
Costs of non-subordinate workforce:				
	Italian portfolio	4,232	199	4,431
	Foreign portfolio	898	9	907
	Total	5,130	208	5,338
Total cost of workforce				
		254,923	30,142	289,740
II. Details of items entered				
	Charges deriving from investments management	73	10	83
	Charges relating to claims	8,249	3,273	11,522
	Other acquisition costs	17,392	2,693	20,085
	Other administration costs	28,014	23,986	52,000
	Administrative charges and expenses on behalf of third parties	201,195	4,855	206,050
	Holding costs	0	0	0
	Total	254,923	34,817	289,740

	Number	Wages due (in thousand euro)
III. Average number of staff		
Manger	271	
Employees	1.574	
Salaried	0	
Other	45	
Total	1.890	
IV. Administrators and Auditors		
Administrators	13	3.935
Auditors	3	350

The amounts relating to remuneration paid to directors and auditors, differ from those reported in the Remuneration Report, which refer to the emoluments pursuant Article 78 of CONSOB Regulation No. 11971 dated 14 May 1999 and subsequent modifications, as they do not consider profit-sharing.

22.4 Transfer of securities from the durable to the non-durable classification and vice versa or sale of durable securities

During the year the Company has transferred securities from the non-durable to the durable portfolio for 11,679 thousand, with a positive impact in the profit and loss account for 154 thousand. They were also made transfers from durable to the non-durable portfolio for 43,649 thousands, without general impact in the profit and loss account.

The early disposal of durable securities determined net profits equal to 7,857 thousand, mainly from the sale of fixed income securities.

These transactions were carried out in line with the guidelines and restrictions contained in the framework resolution relating to investments adopted by the company administrative body, as required by IVASS Regulation No. 24.

22.5 Results from derivative operations

Hedging operations regarding assets and liabilities, and the other operations provided by the investment Policy adopted by the Board of Directors pursuant IVASS Regulation No. 24 dated 6 June 2016, as already specified in the Notes to the Accounts, have determined a total net loss of 38,945 thousand, relating to the realised economic components. This result is recognized as income from financial investments/charges for 30,012 thousand in the life business and 8,529 thousand in the non-life business and among other income for 1,169 in the life insurance business and other charges for 1,573 thousand in the non-life business.

A breakdown of the results of the various categories of derivative instruments by transaction concluded during the year and outstanding transactions at year end is provided below:

	Outstanding contracts	Closed contracts	Total
Swap	-29,233	-2,163	-31,396
Opzioni	0	-7,549	-7,549
Future	0	0	0
Equity Forward	0	0	0
Diritti	0	0	0
Totale	-29,233	-9,712	-38,945

The negative results of outstanding swap contracts, held primarily for hedging purposes, were determined by the exchange of periodic cash flows; those relating to closed positions were determined by closing transactions of currency swap. For the positions in future, the results arising from the settlement of variation margins and commissions on the hedging transactions concluded during the year.

The results of options were determined by sales transactions and abandoned premiums.

Emoluments in compliance with Article 78 of CONSOB Ruling No. 11971 dated 14 May 1999, as modified by CONSOB resolution No. 18049 dated 23 December 2011.

The information provided by the regulation in force, regarding Stock Options granted and the emoluments due to the Board of Directors and the Board of Auditors, to General Managers and Managers with strategic responsibilities of any type also including those of subsidiary companies, are indicated in the remuneration Report.

Furthermore, according to the above-mentioned CONSOB Ruling par. 1 bis Art. 78, as modified by CONSOB resolution No. 18049 dated 23 December 2011, no transactions have been carried out by the Company in order to favour the purchase and the subscription of shares pursuant to Art. 2358, Par. 3 of the Civil Code.

Part C – Other information

1. Shareholders' funds updated based on the profit distribution proposal

(in thousand euro)	Non life	Life	Total
Subscribed share capital	469,549	1,095,616	1,565,165
Share premiums reserve	1,070,475	2,497,775	3,568,250
Revaluation reserves	1,084,006	926,828	2,010,834
Legal reserve	93,910	219,123	313,033
Negative reserves for own shares	3,040	0	3,040
Other reserves	3,590,910	2,449,940	6,040,850
Total	6,305,810	7,189,282	13,495,092

Pursuant to art. 2427, c. 22-septies of Civil Code the proposed allocation of the profit of the year, for 1,404,459 thousands is as follow:

- for 671 thousands to Legal Reserve;
- for 1,330,391 thousands to dividend;
- for 73,397 to extraordinary reserve.

The increase in the legal reserve is needed in compliance with the provisions of Art. 2430, due to the expected share capital increase of 3,357 thousand for the assignment of an equal number of shares to the Group management, in accordance with the Long Term Incentive Plan 2015 (“LTI Plan 2015”).

2. Capital assigned

The Company has not allocated assets exclusively to a specific transaction, pursuant to Art. 2447 bis of the Civil Code.

3. Direction and coordination

No natural or legal person, directly and/or indirectly, jointly or severally, holds a sufficient number of shares enabling the said person to acquire a controlling stake in the Company. In the light of the recent measures introduced by the company law Reform, the Company is not subject to direction and co-ordination by any Italian or foreign body or company.

4. Information according to the Consob circular No. 6064293 dated 28 July 2006

a) Transactions with related parties

With regard to transactions with related parties, it should be noted that the main transactions, carried out at market or at cost prices, were undertaken through insurance, reinsurance and co-insurance relations, administration and management of the securities and real estate portfolio, leasing, loans and guarantees, administrative services, IT services, secondment of employees and claims settlement.

The above-mentioned services aim at ensuring the rationalization of operational functions, an economically efficient management, an adequate level of the services obtained and the use of synergies within the Group.

The remuneration due and shares held by members of the Board of Directors, Board of Auditors, General Managers and Managers with strategic responsibility, are shown, according to Consob regulation, in the “Remuneration Report”.

The results of transactions with related parties, classified in accordance with IAS 24, pursuant to the Consob circular dated 28 July 2006, are detailed in the following table.

(in thousand euro)	Classification of related parties is based on IAS 24					Impact on financial statements
	Parent company	Subsidiaries	Joint ventures	Other	Total	
Assets						
Investments	40,590,173	219,900	493	45,180	40,855,746	93.04
Credits and other operations	784,486	2,242	2,857	960	790,545	25.80
Total assets	41,374,659	222,142	3,350	46,140	41,646,291	88.65
Liabilities						
Financial liabilities	3,811,359	0	0	0	3,811,359	25.00
Technical provisions	10,208,405	6,211	492	0	10,215,108	80.64
Other debits and liabilities	2,227,632	2	2	759	2,228,395	12.62
Total liabilities	16,247,396	6,213	494	759	16,254,862	35.67
Incomes and charges						
From transactions with ceding companies(2)	428,005	34,870	5,436	0	468,311	292.82
Net incomes from investments(2)	2,119,273	-28,461	-314	2,594	2,093,092	94.83
Other incomes and charges	-62,830	0	0	-385	-63,215	5.13
Straordinary incomes and charges	-252	0	0	0	-252	-0.12

1) The interests from deposits with ceding companies are include in the item "Incomes and charges from transactions with ceding companies" instead of item "net of investments"

Transactions with the Group companies are part of the usual **activities of management of investments and management and coordination, management of the capital structure and Group reinsurance** and are subject to the specific control discipline by the Supervisory Authority (IVASS). No transactions have been carried out that are atypical with respect to the normal business of the company.

As part of the **management activities of the investments** the principal balances can be found on the side of the balance sheet as investments and on the side of the income statement under net income from investments, mainly with regard to dividends received. In relation to this area, it is noted, as a significant transaction carried out during the period, the acquisition of the residual portion of the investment in Generali Finance B.V. from its subsidiary Generali Italia S.p.A. for an amount of 199 million. The transaction was concluded at market values. Dividends received from Group companies totaled 1,981,244 thousand.

With regard to the **management of the capital structure** and liquidity, the main balances can be found between:

- receivables and payables and other income and charges with regard to the centralized management of liquidity: the direct pooling agreements allowed the deposit, as of 31 December 2017, with Assicurazioni Generali SpA of 1,953,805 thousand. The main counterparties are Generali Beteiligungs GmbH for 899,688 thousand, Participatie Maatschappij Graafschap Holland N.V. for 347,354 thousand, Generali Finance B.V. for 266,074 thousand, Generali Global Private Equity S.A. SICAR for 153,064 thousand, Generali Holding Vienna AG for 80,820 thousand, Lion River I N.V. for 69,542 thousand, Generali España, S.A. de Seguros y Reaseguros for 40,131 thousand, Generali Belgium S.A. for 33,001 thousand, L'Equité S.A. for 20,029 thousand, Generali Real Estate S.p.A. SGR for 15,005 thousand, Generali France S.A. for 9,930 thousand, Generali Asia N.V. for 8,311 thousand, Generali Shared Service S.c.a.r.l. for 7,989 thousand. On the other hand, the Company has a credit position of 271,192 thousand, of which 261,343 thousand to Generali Italia S.p.A. and 9,847 thousand to MyDrive Solutions Ltd. Interests due amount to 2,399 thousand, while interests income amount to 180 thousand;
- financial investments and liabilities and net in-

vestment income and other charges in relation to the management of loans and receivables: in particular, the Company has outstanding loans to Group companies of 1,187,500 thousand at 31 December 2017 to Generali Italia S.p.A., for 370,900 thousand to Generali Beteiligungs GmbH, for 57,500 thousand to Generali Schweiz Holding AG, for 24,983 thousand to Europ Assistance Holding SA for 15,000 thousand towards Generali PanEurope dac and 7,000 thousand towards Generali Vitality GmbH. On the liabilities side, there are loans from group companies to the following counterparties: Participatie Maatschappij Graafschap Holland N.V. for 3,158,778 thousand, Generali Holding Vienna for 484,501 thousand, Generali Investments S.p.A. for 55,000 thousand, Transocean Holding Corporation for 40,000 thousand, UMS Immobiliare Genova S.p.A. for 27,000 thousand, Generali Versicherung Ag for 18,080 thousand and Redoze Holding for 18,000 thousand. Interests income was recorded for 79,619 thousand, mainly attributable to Generali Italia S.p.A. (55,853 thousand) and Generali Beteiligungs GmbH (20,882 thousand) and interest due for 75,757 thousand, mainly related to Participatie Maatschappij Graafschap Holland N.V. (58,117 thousand) and Generali Holding Vienna for 7,976 thousand. In relation to the aforementioned loan to Generali Italia S.p.A. equal to 1,187,500 thousand, it should be noted that the same was purchased during the year by Generali Finance B.V. and the consideration was paid for by offsetting 381,100 thousands of a loan to the selling party and the remainder in cash;

- guarantees given to third parties in the interest of group companies in relation to the debt issued on the market by the subsidiary Generali Finance B.V. (guarantee for a nominal amount of 1,500,000 thousand);
- commitments, in relation to the subscription of ancillary own funds of the subsidiary Generali Vie S.A.. In particular, these commitments are divided into:
 - i) an "Equity commitment letter" with which the

Company has committed to subscribe for at market value, directly or indirectly, capital of the subsidiary for up to 250 million euros;

- ii) a "Commitment Letter to pay and subscribe for a full T2 item" with which the Company is instead committed to subscribe, directly or indirectly, bonds Tier 2 of the subsidiary at market value for up to 250 million euros;
- investments, relating to the capital increases carried out, described in section 2.2.1. of this note.

With regard to the Group's reinsurance business, the main items affected are those relating to technical provisions, receivables and payables linked to reinsurance transactions and technical items in the income statement which determine the income and charges relating to reinsurance transactions.

The charges deriving from the payments to pension funds of the Company's employees and managers amount to 10,394 thousand.

During the year the income deriving from the remuneration of the use of the trademark by companies belonging to the Group, recorded under other income, amounted to 60,430 thousand.

With reference to the other related parties, the most significant relationship is in place with the Mediobanca Group, in which bonds are held for 25,650 thousand.

With regard to Art. 18 of the Procedures on transactions with related parties approved by the Board of Directors in 2017, it should be noted that, beyond the aforementioned operations (i), no transactions of major significance have been completed in the period of reference (ii) no Transactions with related parties that have had a significant impact on the financial position or results of the Group have been completed (iii) there are no changes or developments of the Transactions described in the previous annual report that have had a significant effect on the situation balance sheet or results of the Company.

a) Events and significant operations not recurring

No events and significant operations not recurring have been made during 2017, compared to what was previously described.

b) Positions or transactions deriving from atypical and/or unusual operations.

No atypical and/or unusual operations have been made.

5. Information according to the CONSOB resolution No. 15915 dated 3 May 2007.

Pursuant to the above-mentioned resolution, sums due for services rendered during the year to Ernst & Young S.p.A., are indicated in the following table

(in thousand euro)	2017	
	E&Y Italia	E&Y network
Parent Company		
Audit	998	552
Other certificate Services	2,629	35
Other Services	9,027	0
Total	12,654	587
Parent Company subsidiaries		
Audit	2,599	16,463
Other certificate Services	2,805	5,166
Other services	0	0
Tax assistance		
Other	472	1,356
Total	5,876	22,985
Gran total	18,530	23,572

Cash Flow **Statement**

Company **Assicurazioni Generali S.p.A.**

Subscribed capital euro **1,561,808,262** Paid up euro **1,561,808,262**

Registered in **Trieste**

CASH FLOW STATEMENT

Year **2017**

(Amount in thousand euro)

	2017	2016
A. Cash flows from operating activities		
Result for the year	1,404,459	1,096,261
Interest paid for the year	711,274	672,782
Income taxes	-121,491	-190,212
Dividends	-1,983,856	-1,857,435
Adjustments arising from financing and investing activities	-44,477	-16,736
	-----	-----
1. Profit (loss) of the year before taxation, interests, dividends and capital gains/losses deriving from cession	-34,091	-295,340
<i>Increases (+) / Decreases (-) of non cash-items</i>		
Change in technical reserves	-798,396	46,660
Changes in provisions	2,255	12,608
Change in depreciation and amortization	24,869	24,465
Adjustments/Reversal to equity investments	28,606	59,380
Other adjustments for non monetary items	66,949	-242,226
	-----	-----
2. Cash flow before changes of the net current assets	-709,808	-393,453
<i>Changes in working capital</i>		
Decreases (+) / (increases) (-) in receivables	361,782	318,669
Decreases (+) / increases (-) in payables	232,891	289,137
Decreases (+) / (increases) (-) in prepaids and accrued income	-27,292	12,609
Decreases (+) / increases (-) in accrual and deferred income	-26,069	6,376
Decreases (+) / (increases) (-) in other assets	-2,536	-28,503
Decreases (+) / increases (-) in other liabilities	19,805	143,597
	-----	-----
3. Cash flow after changes of the net current assets	-151,227	348,433
<i>Other adjustments</i>		
Interest interest paid	-711,274	-672,782
Income taxes	240,691	155,571
Dividends collected	1,983,856	1,857,435
	-----	-----
Net cash flow from operating activities	A. 1,362,046	1,688,734
B. Cash flows from investing activities		
<i>Liquidity used for (-) / generated by (+) investing activities</i>		
Real estate	1,918	-1,062
Equity investments	-223,708	14,186
Stocks	-6,211	13,733
Bonds	60,675	-520,626
Loans	-910,226	-381,512
Deposits with banks	-14,549	5,585
Investments and pension funds	-30,163	-41,555
Other investments	445,825	670,963
	-----	-----
1. Cash flows from investing activities	-676,439	-240,288

		2017	2016
<i>Liquidity used for (-) / generated by (+) other items</i>			
Intangible assets		-17,230	-16,224
Acquisition of furniture and transport vehicles		-3,506	-6,750
2. Cash flows from other items		-20,736	-22,974
Cash flows from other items (1. + 2.)	B.	-697,175	-263,262
C. Cash flows from financing activities			
<i>Loan capitals</i>			
Increases (+) / (decreases) (-) in subordinated liabilities		0	445,829
Increases (+) / (decreases) (-) in bonds		-63,885	-63,885
Increases (+) / (decreases) (-) in payables to banks and financial institutions		375,886	-160,392
Increases (+) / (decreases) (-) in net payables for central treasury activity		171,015	-414,676
Increases (+) / (decreases) (-) in collateralised loans		0	0
Increases (+) / (decreases) (-) in other loans and financial payables		218,000	-7,683
1. Cash flows from loan capitals		701,016	-200,807
<i>Equity</i>			
Increase in capital and paid capital reserves		0	0
Use of capital reserves to pay dividends		-153,485	-192,172
Dividends paid to shareholders based on profits of the previous years		-1,095,876	-930,001
2. Cash flows from equity		-1,249,361	-1,122,173
Net Cash flows from financing activities (1. + 2.)	C.	-548,345	-1,322,980
Total Cash flows for the year	A. + B. + C.	116,526	102,414

Change in liquidity			
Liquidity at the end of previous year		655,065	549,905
Adjustment to current year exchange rates		-27,422	2,746
1. Liquidity at year-start		627,643	552,651
2. Liquidity at year-end		744,169	655,065
Change in the liquidity for the year	-1. + 2.	116,526	102,414

Appendices to the Notes

Company

Assicurazioni Generali S.p.A.

Subscribed capital euro

1,561,808,262

Paid up

1,561,808,262

Registered

Trieste

Attachments to the Notes to the Accounts

Year **2017**

(Amounts in thousand euro)

N.		Non Life *	Life *	Total *
1	Balance sheet - Non life business	1		
2	Balance sheet - Life business		1	
3	Breakdown of non-life and life result			1
4	Assets - changes in intangibles assets (item B) land and changes in land and buildings (Item C.I)			1
5	Assets - changes during the year of investments in Group companies and other companies where a significant interest is held: equities (item C.II.1). Bonds (item C.II.2) and loans (item C.II.3)			1
6	Assets -Breakdown of information on companies in which a significant interest is held			1
7	Assets - Details of investments in Group companies and other companies where a significant interest is held: equities			1
8	Assets - Breakdown on the basis of the utilisation of other financial investments: equities and common investment funds, debt securities and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1, 2, 3, 5, 7)			1
9	Assets - changes for the year of other durable financial investments: equities and shares, shares in common investment funds, debt securities and other fixed-income securities, participation in investment pools e other financial investments (items C.III.1, 2, 3, 5, 7)			1
10	Assets - changes for the year regarding loans and deposits with credit institutions (items C.III.4, 6)			1
11	Assets - detail of operations relating to contracts linked to investment funds and market index (item D.I)		6	
12	Assets arising out of the management of pension funds (item D.II)		0	
13	Liabilities - changes for the year of the components of the provision for unearned premiums (item C.I.1) and those of the provision for claims outstanding (item C.I.2) of non-life lines of business	1		
14	Liabilities - changes in the components of the mathematical provision for the year (item C.II.1) and in the components of the provision for profit sharing and premium refunds (item C.II.4)		1	
15	Liabilities -Change for the year in the provisions in the funds for risks and charges (item E) and change in the severance pay provisions (item G.VII)			1
16	Details of assets and liabilities referring to Group comp. and other companies in which a significant interest is held			1
17	Details of "guarantees, commitments and other memorandum accounts"			1
18	Breakdown of commitments regarding derivative transactions			1
19	Details of the non life business technical account	1		
20	Summary of life business: premiums and reinsurers' share.		1	
21	Income from investments (items II.2 e III.3)			1
22	Income and unrealised gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds (item II.3)		1	
23	Details of investment charges (items II.9 e III.5)			1
24	Expenses and unrealised losses relating to investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds (item II.10)		1	
25	Non-life business - summarised layout of technical account by branch - -Italian portfolio	1		
26	Summarised layout of technical accounts of non-life business - Italian portfolio	1		
27	Life business - summarised layout of technical account by branch - -Italian portfolio		1	
28	Summarised layout of technical accounts of life business - Italian portfolio		1	
29	Summarised layout of technical accounts of non-life and life business - Foreign portfolio			1
30	Relationships with Group companies and companies where a significant interest is held			1
31	Summary of direct business premiums written			1
32	Personnel expenses, directors and auditors fees			1

* Indicate the number of attachments actually filled in. Indicate 0 if the attachment, even if due, has not been filled in because all items are null. Indicate n.d. when the company is not obliged to fill in the attachment.

Notes on the account - Attachment 1

Company

Assicurazioni Generali S.p.A.**BALANCE SHEET - NON LIFE BUSINESS
ASSETS**

Current year

A.	SUBSCRIBED CAPITAL UNPAID				1	0
	of which called-up capital	2	0			
B.	INTANGIBLE ASSETS					
	1. Acquisition commissions to be amortised	4	0			
	2. Other acquisition costs	6	0			
	3. Formation and development expenses	7	0			
	4. Goodwill	8	0			
	5. Other intangible assets	9	26,845		10	26,845
C.	INVESTMENTS					
	I - Land and Buildings					
	1. Property used for own activities	11	7,716			
	2. Property used by third parties	12	97,110			
	3. Other properties	13	0			
	4. Other realty rights	14	0			
	5. Assets in progress and payments on account	15	1,787	16	106,613	
	II - Investments in affiliated companies and other shareholdings					
	1. Interests in					
	a) parent companies	17	0			
	b) affiliated companies	18	16,593,774			
	c) affiliates of parent companies	19	0			
	d) associated companies	20	219,431			
	e) other	21	20,530	22	16,833,735	
	2. Debt securities issued by					
	a) parent companies	23	0			
	b) affiliated companies	24	0			
	c) affiliates of parent companies	25	0			
	d) associated companies	26	0			
	e) other	27	0	28	0	
	3. Loans to					
	a) parent companies	29	0			
	b) affiliated companies	30	1,287,883			
	c) affiliates of parent companies	31	0			
	d) associated companies	32	0			
	e) other	33	0	34	1,287,883	35
					carried	18,121,618
						26,845

Year 2017

Previous year

			181	0
182	0			
184	0			
186	0			
187	0			
188	0			
189	31,927		190	31,927
191	8,796			
192	105,784			
193	0			
194	0			
195	1,696	196		116,276
197	0			
198	16,305,074			
199	0			
200	234,884			
201	20,561	202		16,560,519
203	0			
204	0			
205	0			
206	0			
207	0	208		0
209	0			
210	370,900			
211	0			
212	0			
213	0	214		370,900
		215		16,931,419
	carried forward			31,927

BALANCE SHEET - NON LIFE BUSINESS
ASSETS

Current year

		brought forward		Current year	
					26,845
C.	INVESTMENTS (follows)				
III	- Other financial investments				
	1. Equities				
	a) quoted shares	36	8,696		
	b) unquoted shares	37	7,543		
	c) other interests	38	577	39	16,816
	2. Shares in common investment funds			40	33,927
	3. Debt securities and other fixed-income securities				
	a) quoted	41	560,333		
	b) unquoted	42	17,830		
	c) convertible bonds	43	0	44	578,163
	4. Loans				
	a) mortgage loans	45	0		
	b) loans on policies	46	0		
	c) other loans	47	450	48	450
	5. Participation in investment pools			49	0
	6. Deposits with credit institutions			50	82,439
	7. Other			51	9,990
IV	- Deposits with ceding companies			52	721,785
				53	64,785
				54	19,014,801
D bis.	REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS				
	I - NON-LIFE INSURANCE BUSINESS				
	1. Provision for unearned premiums			58	124,702
	2. Provision for claims outstanding			59	733,252
	3. Provision for profit sharing and premium refunds			60	0
	4. Other technical provisions			61	0
					62
					857,954
					19,899,600
					carried forward

				Previous year	
			brought forward		31,927
216	9,021				
217	7,659				
218	577	219	17,257		
		220	468,070		
221	711,401				
222	21,117				
223	23,685	224	756,203		
225	0				
226	0				
227	1,248	228	1,248		
		229	0		
		230	91,811		
		231	7,549	232	1,342,138
				233	404,522
				234	18,794,355
		238	94,515		
		239	423,511		
		240	0		
		241	0	242	518,026
		carried forward			19,344,308

BALANCE SHEET - NON LIFE BUSINESS

ASSETS

Current year

		brought forward				19,899,600
E.	DEBTORS					
I	- Debtors arising out of direct insurance operations					
	1. Policyholders					
	a) for premiums - current year	71	89,289			
	b) for premiums - previous years	72	31,114	73	120,403	
	2. Insurance intermediaries			74	70,147	
	3. Current accounts with insurance companies			75	1,507	
	4. Policyholders and third parties for recoveries			76	8,387	77
						200,444
II	- Debtors arising out of reinsurance operations					
	1. Reinsurance companies			78	208,574	
	2. Reinsurance intermediaries			79	5,788	80
						214,362
III	- Other debtors					81
						963,591
						82
						1,378,397
F.	OTHER ASSETS					
I	- Tangible assets and stocks					
	1. Furniture, office equipment, internal transport vehicles			83	2,618	
	2. Vehicles listed in public registers			84	1,122	
	3. Equipment and appliances			85	0	
	4. Stocks and other goods			86	469	87
						4,209
II	- Tangible assets and stocks					
	1. Bank and postal deposits			88	664,002	
	2. Cheques and cash in hand			89	71	90
						664,073
IV	- Other					
	1. Deferred reinsurance items			92	5,681	
	2. Miscellaneous assets			93	228,301	94
						233,982
	of which Account linking to life business			901	173,643	95
						902,264
G.	PREPAYMENTS AND ACCRUED INCOME					
	1. Interests					96
						37,145
	2. Rents					97
						572
	3. Other prepayments and accrued income					98
						30,088
						99
						67,805
	TOTAL ASSETS					100
						22,248,066

Previous year

		brought forward			19,344,308
251	86,024				
252	8,658	253	94,682		
		254	4,560		
		255	1,919		
		256	6,135	257	107,296
		258	158,777		
		259	6,160	260	164,937
				261	1,034,946
				262	1,307,179
		263	3,052		
		264	1,349		
		265	0		
		266	472	267	4,873
		268	524,932		
		269	84	270	525,016
		272	6,065		
		273	222,392	274	228,457
		903	183,786	275	758,346
				276	11,717
				277	630
				278	43,238
				279	55,585
				280	21,465,418

BALANCE SHEET - NON LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

A. SHAREHOLDERS' FUNDS				
I	- Subscribed capital or equivalent funds	101	468,542	
II	- Share premium account	102	1,070,475	
III	- Revaluation reserve	103	1,084,006	
IV	- Legal reserve	104	93,708	
V	- Statutory reserve	105	0	
VI	- Reserve for parent company shares	400	0	
VII	- Other reserve	107	3,518,520	
VIII	- Profit or loss brought forward	108	0	
IX	- Profit or loss for the financial year	109	549,930	
X	- Negative reserve for own shares held	401	3,040	110 6,782,141
B. SUBORDINATED LIABILITIES				111 4,894,300
C. TECHNICAL PROVISIONS				
I	- NON-LIFE INSURANCE BUSINESS			
	1. Provision for unearned premiums	112	380,979	
	2. Provision for claims outstanding	113	1,916,612	
	3. Provision for profit sharing and premium refunds	114	0	
	4. Other provisions	115	0	
	5. Equalisation provision	116	314	117 2,297,905
			carried forward	13,974,345

Previous year

	281	467,965		
	282	1,070,475		
	283	1,084,006		
	284	93,593		
	285	0		
	500	0		
	287	3,600,901		
	288	0		
	289	293,060		
	501	3,040	290	6,606,960
			291	4,910,028
292	411,784			
293	2,197,022			
294	0			
295	0			
296	198		297	2,609,004
carried forward				14,125,992

BALANCE SHEET - NON LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

		brought forward				13,974,346	
E.	PROVISIONS FOR OTHER RISKS AND CHARGES						
1.	Provision for pensions and similar obligations	128	0				
2.	Provisions for taxation	129	7,146				
3.	Other provisions	130	57,063	131	64,209		
F.	DEPOSITS RECEIVED FROM REINSURERS					132	19,029
G.	CREDITORS						
I	- Creditors arising out of direct insurance operations						
1.	Insurance intermediaries	133	7,758				
2.	Current accounts with insurance companies	134	2,821				
3.	Premium deposits and premiums due to policyholders	135	3,175				
4.	Guarantee funds in favour of policyholders	136	0	137	13,754		
II	- Creditors arising out of reinsurance operations						
1.	Reinsurance companies	138	107,053				
2.	Reinsurance intermediaries	139	95,878	140	202,931		
III	- Debenture loans			141	1,250,000		
IV	- Amounts owed to credit institutions			142	1,184,917		
V	- Loans guaranteed by mortgages			143	0		
VI	- Other financial liabilities			144	2,686,581		
VII	- Provisions for severance pay			145	4,061		
VIII	- Other creditors						
1.	Premium taxes	146	4,579				
2.	Other tax liabilities	147	21,015				
3.	Social security	148	2,987				
4.	Sundry creditors	149	2,417,439	150	2,446,020		
IX	- Other liabilities						
1.	Deferred reinsurance items	151	468				
2.	Commissions for premiums in course of collection	152	12,240				
3.	Miscellaneous liabilities	153	221,840	154	234,548	155	8,022,812
	of which Account linking to life business	902	0				
	carried forward						22,080,396

Previous year

	brought forward			14,125,992
		308	0	
		309	38,235	
		310	28,149	311 66,384
				312 13,457
	313	8,188		
	314	1,250		
	315	5,314		
	316	0	317 14,752	
	318	120,768		
	319	37,315	320 158,083	
			321 1,250,000	
			322 838,945	
			323 0	
			324 2,468,581	
			325 4,545	
	326	3,152		
	327	25,235		
	328	399		
	329	2,128,445	330 2,157,231	
	331	2,265		
	332	11,608		
	333	157,002	334 170,875	335 7,063,012
	904	0		
	carried forward			21,268,845

BALANCE SHEET - NON LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

				Current year	
		brought forward		22,080,395	
H.	ACCRUALS AND DEFERRED INCOME				
	1. Interests	156	150,329		
	2. Rents	157	1,967		
	3. Other accruals and deferred income	158	15,375	159	167,671
	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			160	22,248,066

		Previous year	
brought forward			21,268,845
	336	147,824	
	337	1,958	
	338	46,791	339
			196,573
		340	21,465,418

Notes on the accounts - Attachment 2

Company

Assicurazioni Generali S.p.A.

BALANCE SHEET - LIFE BUSINESS

ASSETS

A. SUBSCRIBED CAPITAL UNPAID				1	0
of which called-up capital	2	0			
B. INTANGIBLE ASSETS					
1. Acquisition commissions to be amortised	3	0			
2. Other acquisition costs	6	0			
3. Formation and development expenses	7	0			
4. Goodwill	8	0			
5. Other intangible assets	9	3,282		10	3,282
C. INVESTMENTS					
I - Land and Buildings					
1. Property used for own activities	11	0			
2. Property used by third parties	12	0			
3. Other properties	13	0			
3. Other realty rights	14	0			
5. Assets in progress and payments on account	15	0	16	0	
II - Investments in affiliated companies and other shareholdings					
1. Interests in					
a) parent companies	17	0			
b) affiliated companies	18	12,898,083			
c) affiliates of parent companies	19	0			
d) associated companies	20	0			
e) other	21	0	22	12,898,083	
2. Debt securities issued by					
a) parent companies	23	0			
b) affiliated companies	24	650			
c) affiliates of parent companies	25	0			
d) associated companies	26	0			
e) other	27	0	28	650	
3. Loans to					
a) parent companies	29	0			
b) affiliated companies	30	375,000			
c) affiliates of parent companies	31	0			
d) associated companies	32	0			
e) other	33	0	34	375,000	35
				carried forward	13,273,733
					3,282

Year 2017

Previous year

			181	0
	182	0		
	183	0		
	186	0		
	187	0		
	188	0		
	189	1,270	190	1,270
	191	0		
	192	0		
	193	0		
	194	0		
	195	0	196	0
197	0			
198	13,078,476			
199	0			
200	0			
201	0	202	13,078,476	
203	0			
204	634			
205	0			
206	0			
207	0	208	634	
209	0			
210	381,100			
211	0			
212	0			
213	0	214	381,100	215
		carried forward		13,460,210
				1,270

BALANCE SHEET - LIFE BUSINESS

ASSETS

		brought forward		3,282
C. INVESTMENTS (follows)				
III	- Other financial investments			
	1. Equities			
	a) quoted shares	36 6,843		
	b) unquoted shares	37 5,279		
	c) other interests	38 4,732	39 16,854	
	2. Shares in common investment funds		40 6,387	
	3. Debt securities and other fixed-income securities			
	a) quoted	41 1,402,237		
	b) unquoted	42 18,544		
	c) convertible bonds	43 367	44 1,421,148	
	4. Loans			
	a) mortgage loans	45 0		
	b) loans on policies	46 760		
	c) other loans	47 1,696	48 2,456	
	5. Participation in investment pools		49 0	
	6. Deposits with credit institutions		50 46,361	
	7. Other		51 0	
IV	- Deposits with ceding companies		52 1,493,206	53 6,863,078
				54 21,630,017
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		55 3,268,077	
II	- Provisions relating to the administration of pension funds		56 0	57 3,268,077
D bis. REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS				
II - LIFE INSURANCE BUSINESS				
	1. Mathematical provision	63 36,165		
	2. Unearned premium provision for supplementary coverage	64 23,645		
	3. Provision for claims outstanding	65 341,307		
	4. Provision for profit sharing and premium refunds	66 19,424		
	5. Other provisions	67 0		
	6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds	68 0		69 420,541
		carried forward		25,321,917

Previous year

		brought forward			1,270
216	0				
217	4,937				
218	4,731	219	9,668		
		220	36,754		
221	1,364,556				
222	18,931				
223	382	224	1,383,869		
225	0				
226	789				
227	2,031	228	2,820		
		229	0		
		230	34,760		
		231	0	232	1,467,871
				233	7,275,871
				234	22,203,952
				235	3,456,300
				236	0
				237	3,456,300
		243	34,281		
		244	14,345		
		245	326,391		
		246	21,179		
		247	0		
		248	0	249	396,196
		carried forward			26,057,718

BALANCE SHEET - LIFE BUSINESS

ASSETS

Current year

		brought forward				Current year	
						25,321,917	
E. DEBTORS							
I - Debtors arising out of direct insurance operations							
1. Policyholders							
a) for premiums - current year	71	19,584					
b) for premiums - previous years	72	890	73	20,474			
2. Insurance intermediaries			74	66			
3. Current accounts with insurance companies			75	0			
4. Policyholders and third parties for recoveries			76	0	77	20,540	
II - Debtors arising out of reinsurance operations							
1. Reinsurance companies			78	280,396			
2. Reinsurance intermediaries			79	239	80	280,635	
III - Other debtors							
					81	169,978	
					82	471,153	
F. OTHER ASSETS							
I - Tangible assets and stocks							
1. Furniture, office equipment, internal transport vehicles			83	78			
2. Vehicles listed in public registers			84	56			
3. Equipment and appliances			85	0			
4. Stocks and other goods			86	0	87	134	
II - Tangible assets and stocks							
1. Bank and postal deposits			88	80,091			
2. Cheques and cash in hand			89	6	90	80,097	
IV - Other							
1. Deferred reinsurance items			92	1,901			
2. Miscellaneous assets			93	17,618	94	19,519	
of which Account linking to non-life business			901	0	95	99,750	
G. PREPAYMENTS AND ACCRUED INCOME							
1. Interests					96	29,916	
2. Rents					97	26	
3. Other prepayments and accrued income					98	84,166	
					99	114,108	
TOTAL ASSETS						100	26,006,928

Previous year

		brought forward			26,057,718
251	23,051				
252	768	253	23,819		
		254	102		
		255	0		
		256	0	257	23,921
		258	322,507		
		259	273	260	322,780
				261	105,901
				262	452,602
		263	92		
		264	60		
		265	0		
		266	0	267	152
		268	130,044		
		269	5	270	130,049
		272	3,483		
		273	21,108	274	24,591
		903	0	275	154,792
				276	25,074
				277	28
				278	77,419
				279	102,521
				280	26,767,633

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

A. SHAREHOLDERS' FUNDS				
I	- Subscribed capital or equivalent funds	101	1,093,266	
II	- Share premium account	102	2,497,775	
III	- Revaluation reserve	103	926,828	
IV	- Legal reserve	104	218,653	
V	- Statutory reserve	105	0	
VI	- Reserve for parent company shares	400	0	
VII	- Other reserve	107	2,452,290	
VIII	- Profit or loss brought forward	108	0	
IX	- Profit or loss for the financial year	109	854,530	
VI	- Negative reserve for own shares held	401	0	110 8,043,342
B. SUBORDINATED LIABILITIES				111 2,157,652
C. TECHNICAL PROVISIONS				
II - LIFE INSURANCE BUSINESS				
1.	Mathematical provision	118	7,026,151	
2.	Unearned premium provision for supplementary coverage	119	31,850	
3.	Provision for claims outstanding	120	1,230,942	
4.	Provision for profit sharing and premium refunds	121	84,475	
5.	Other provisions	122	17,895	123 8,391,313
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	125	3,265,804	
II	- Provisions relating to the administration of pension funds	126	0	127 3,265,804
	carried forward			21,858,111

Previous year

		281	1,091,918		
		282	2,497,775		
		283	926,828		
		284	218,384		
		285	0		
		500	0		
		287	2,525,318		
		288	0		
		289	803,201		
		501	0	290	8,063,424
				291	2,179,897
	298	7,622,002			
	299	28,469			
	300	1,141,831			
	301	99,294			
	302	18,305		303	8,909,901
		305	3,454,111		
		306	0	307	3,454,111
	carried forward				22,607,333

**BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS**

Current year

		brought forward		Current year	
				21,858,111	
E. PROVISIONS FOR OTHER RISKS AND CHARGES					
1.	Provision for pensions and similar obligations	128	0		
2.	Provisions for taxation	129	38,132		
3.	Other provisions	130	80	131	38,212
F. DEPOSITS RECEIVED FROM REINSURERS					
				132	312,181
G. CREDITORS					
I - Creditors arising out of direct insurance operations					
1.	Insurance intermediaries	133	5		
2.	Current accounts with insurance companies	134	2,086		
3.	Premium deposits and premiums due to policyholders	135	3,202		
4.	Guarantee funds in favour of policyholders	136	0	137	5,293
II - Creditors arising out of reinsurance operations					
1.	Reinsurance companies	138	65,527		
2.	Reinsurance intermediaries	139	269	140	65,796
III - Debenture loans					
				141	1,941,654
IV - Amounts owed to credit institutions					
				142	3,789
V - Loans guaranteed by mortgages					
				143	0
VI - Other financial liabilities					
				144	1,124,778
VII - Provisions for severance pay					
				145	685
VIII - Other creditors					
1.	Premium taxes	146	677		
2.	Other tax liabilities	147	12,031		
3.	Social security	148	949		
4.	Sundry creditors	149	188,852	150	202,509
IX - Other liabilities					
1.	Deferred reinsurance items	151	1,870		
2.	Commissions for premiums in course of collection	152	1,512		
3.	Miscellaneous liabilities	153	314,099	154	317,481
	of which Account linking to non-life business	902	173,643	155	3,661,985
					25,870,489
					carried forward

Previous year

brought forward			22,607,333
		308	0
		309	46,727
		310	187
			311 46,914
			312 294,186
313	5		
314	2,202		
315	2,395		
316	0	317	4,602
318	71,485		
319	284	320	71,769
		321	2,005,539
		322	17
		323	0
		324	1,124,778
		325	684
326	717		
327	11,377		
328	4,294		
329	95,522	330	111,910
331	3,897		
332	2,533		
333	357,607	334	364,037
904	183,786		335 3,683,336
carried forward			26,631,769

**BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS**

	brought forward		Current year
			25,870,489
H. ACCRUALS AND DEFERRED INCOME			
1. Interests	156	126,187	
2. Rents	157	0	
3. Other accruals and deferred income	158	10,251	159 136,438
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			160 26,006,928

Previous year

	brought forward			26,631,769
		336	127,534	
		337	0	
		338	8,330	339
				135,864
			340	26,767,633

Notes to the accounts - Attachment 3

Company

Assicurazioni Generali S.p.A.

Year 2017

Breakdown of non-life and life result

		Non-life business	Life business	Total
Technical result	1	222,924	²¹ 448,130	⁴¹ 671,054
Investment income	+ 2	1,120,345		⁴² 1,120,345
Investment charges	- 3	78,648		⁴³ 78,648
Allocated investment return transferred from the life technical account	+ 4		²⁴ 729,570	⁴⁴ 729,570
Allocated investment return transferred to the non-life technical account	- 5	137,629		⁴⁵ 137,629
Interim result	6	1,126,992	²⁶ 1,177,700	⁴⁶ 2,304,692
Other income	+ 7	299,888	²⁷ 98,515	⁴⁷ 398,403
Other charges	- 8	1,151,304	²⁸ 479,800	⁴⁸ 1,631,104
Extraordinary income	+ 9	244,807	²⁹ 9,727	⁴⁹ 254,534
Extraordinary charges	- 10	40,778	³⁰ 2,779	⁵⁰ 43,557
Result before taxation	11	479,605	³¹ 803,363	⁵¹ 1,282,968
Income taxes for the year	- 12	-70,324	³² -51,167	⁵² -121,491
Profit (loss) for the year	13	549,929	³³ 854,530	⁵³ 1,404,459

Notes on the accounts - Attachment 4

Company Assicurazioni Generali S.p.A. Year 2017

Assets - Changes in intangible assets (item B) and
changes in land and buildings (Item C1)

		Attivi immateriali B	Terreni e fabbricati C.I
	+		
Gross original cost	+	1 217,183	31 121,427
Increases for the year		2 17,230	32 340
due to:		3 17,230	33 340
readjustments		4 0	34 0
revaluations		5 0	35 0
other variations	-	6 0	36 0
Decreases for the year		7 85	37 9,174
due to:		8 0	38 4,085
permanent devaluations		9 0	39 2,453
other changes (**)		10 85	40 2,636
Gross final goodwill (a)		11 234,328	41 112,593
Amortisation:			
Initial goodwill	+	12 183,986	42 5,151
Increases for the year	+	13 20,258	43 1,154
for:		14 20,258	44 1,154
other changes		15 0	45 0
Decreases for the year	-	16 43	46 325
for:		17 0	47 217
other changes		18 43	48 108
Amortised final goodwill (b)		19 204,201	49 5,980
Book value (a - b)		20 30,127	50 106,613
Current value			51 114,663
Total revaluations		22 0	52 96,730
Total devaluations		23 0	53 19,070

Notes to the accounts - Attachment 5

Company **Assicurazioni Generali S.p.A.** Year **2017**

Assets - Variations in the year of investments in affiliated companies and other shareholdings:
equities (item C.II.1), debt securities (item C.II.2) and loans (item C.II.3)

		Equities C.II.1	Debt securities C.II.2	Loans C.II.3
Gross initial goodwill	+	1 29,638,995	21 634	41 752,000
Increases for the year	+	2 683,645	22 16	42 1,296,983
for: acquisitions, subscriptions, payments		3 269,973	23 0	43 1,296,983
readjustment of value		4 0	24 16	44 0
revaluations		5 0		
other variations		6 413,672	26 0	46 0
Decreases for the year:	-	7 590,821	27 0	47 386,100
for: sales and redemptions		8 1,192	28 0	48 386,100
devaluations		9 2,997	29 0	49 0
other variations		10 586,632	30 0	50 0
Book value		11 29,731,819	31 650	51 1,662,883
Current value		12 32,658,620	32 713	52 1,946,356
Total revaluations		13 698		
Total devaluations		14 1,069,105	34 0	54 0

The item C.II.2 includes:

Quoted debt securities	61	650
Unquoted debt securities	62	0
Book value	63	650
of which convertible debt securities	64	0

Company

Assicurazioni Generali S.p.A.

Assets - Information regarding associated companies (*)

N. ord. (**)	Type (1)	Quoted or unquoted (2)	Activity (3)	Company name and registration place	Currency
1	b	NQ	1	Aseguradora General S.A. GUATEMALA 10a. Calle 3-17, Zona 10 - GUATEMALA	GTQ
2	b	NQ	4	Assifimm S.r.l. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
3	b	NQ	2	Caja de Ahorro y Seguro S.A. BUENOS AIRES Fitz Roy 957 - ARGENTINA	ARS
4	b	NQ	9	CMN Global Inc. THORNHILL - ONTARIO 150 Commerce Valley Drive West, 9th Floor - CANADA	CAD
5	b	NQ	9	Donatello Intermediazione Srl ROMA Piazza Venezia, 11 - ITALIA	EUR
6	b	NQ	2	Europ Assistance Holding S.A. PARIGI 2 rue Pillet-Will - FRANCIA	EUR
7	b	NQ	1	FATA Asigurari S.A. BUCAREST Lt. Av. Marcel Andreescu, no 30 - ROMANIA	RON
8	b	NQ	9	GBS S.c.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
9	b	NQ	9	Genamerica Management Corp. NEW YORK 7 WTC, 250 Greenwich Street, 33rd Fl - STATI UNITI	USD
10	b	NQ	2	Generali (Schweiz) Holding AG ADLISWIL Soodmattenstrasse, 10 - SVIZZERA	CHF
11	b	NQ	2	Generali Beteiligungs-GmbH AQUISGRANA Maria Theresia Allee 38 - GERMANIA	EUR
12	b	NQ	2	Generali Beteiligungsverwalt. VIENNA Landskronngasse 1-3 - AUSTRIA	EUR
13	b	NQ	1	Generali Brasil Seguros S.A. RIO DE JANEIRO Avenida Rio Branco 128 - BRASILE	BRL
14	b	NQ	2	Generali CEE Holding B.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
15	b	NQ	1	Generali China Life Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP.	CNY
16	b	NQ	1	Generali Colombia S.A. BOGOTA' Carrera 7a. No. 72-13, Piso 8 - COLOMBIA	COP
17	b	NQ	1	Generali Colombia Vida S.A. BOGOTA' Carrera 10a 28/49 - COLOMBIA	COP
18	b	NQ	1	Generali Companhia de Seguros LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO	EUR
19	b	NQ	9	Generali Consulting Solutions WILMINGTON 1209 Orange Street - STATI UNITI D'AMERICA	USD
20	b	NQ	9	Generali CST S.r.l. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
21	b	NQ	2	Generali Deutschland AG MONACO Adenauerring 7 - GERMANIA	EUR
22	b	NQ	1	Generali Ecuador S.A. GUAYAQUIL WTC Torre B Piso 15, Avenida Francisco de Arellana - ECUADOR	USD
23	b	NQ	2	Generali España Holding S.A. MADRID Calle Orense 2 - SPAGNA	EUR
24	b	NQ	2	Generali Finance B.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
25	b	NQ	2	Generali Financial Asia Ltd HONG KONG 5/F, 14-18/F Generali Tower, 8 Queen's Road East - HONG KONG	HKD
26	b	NQ	2	Generali France S.A. PARIGI 2 rue Pillet-Will - FRANCIA	EUR
27	b	NQ	1	Generali Hellas A.A.E. ATENE 35-37 Ilia Iliou Street & Pytheou - GRECIA	EUR
28	b	NQ	1	Generali Italia S.p.A. MOGLIANO VENETO Via Marocchessa n. 14 - ITALIA	EUR
29	b	NQ	9	Generali Latam Ltda. SAN PAOLO Av. Presidente Juscelino Kubitschek, n° 1455 - 8° - BRASILE	BRL
30	b	NQ	9	Generali Link Limited DUBLINO GH Navan Business Park, Athlumney, Navan, Co.Meath - IRLANDA	EUR
31	b	NQ	1	Generali PanEurope dac DUBLINO Navan Business Park, Athlumney, Navan, Co. Meath - IRLANDA	EUR
32	b	NQ	9	Generali Real Estate S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
33	b	NQ	4	Generali Realities Ltd TEL AVIV 2, Hagdud Haivri Str. - ISRAELE	ILS
34	b	NQ	1	Generali Vida de Seguros S.A. LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO	EUR
35	b	NQ	1	Generali Vietnam Life Ins. HO CHI MINH CITY AB Tower, 76 Le Lai, District 1 - VIETNAM	VND
36	b	NQ	9	Generali Vitality GmbH MONACO Adenauerring 9 - GERMANIA	EUR
37	b	NQ	2	GI Holding S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
38	b	NQ	4	GLL GmbH & Co. Retail KG i.L. MONACO Lindwurmstr. 76 - GERMANIA	EUR
39	b	NQ	9	GSS - Generali Shared Services TRIESTE Piazza Duca degli Abruzzi, 2 - ITALIA	EUR
40	b	NQ	2	Lion River I N.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
41	b	NQ	2	Part. Maat. Graafschap Holland AMSTERDAM Diemerhof 42 - OLANDA	EUR
42	b	NQ	2	Redoze Holding N.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
43	b	NQ	2	Transocean Holding Corporation NEW YORK 7 World Trade Center 250 Greenwich Street 33rd Fl. - STATI	USD
44	b	NQ	9	Welion S.c.a.r.l. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
45	d	NQ	1	Assurances Maghreb S.A. TUNISI Angle 54,Rue De Palestine 22,Rue Royaume D'Arabia - TUNISIA	TND
46	d	NQ	1	Assurances Maghreb S.A. TUNISI Angle 54,Rue De Palestine 22,Rue Royaume D'Arabia - TUNISIA	TND

Notes on the accounts - Attachment 6

Year 2017

Paid up capital		Equity (***) (4)	Last year Gain or Loss (***) (4)	Share owned (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
0	0	0	0	0	0	
0	0	0	0	0	0	
269,000,000	2,690,000	399,831,465	-6,345,851	62.50	27.50	90.00
6,738,011	60,000,100	12,304,237	611,676	100.00	0	100.00
0	0	0	0	0	0	0
17,316,016	1,082,251	72,935,083	11,235,878	95.67	4.31	99.99
47,032,850	4,703,285	13,102,617	10,509,984	100.00	0	100.00
7,853,626	7,853,626	42,833,254	-553,946	1.22	98.78	100.00
50,000	50	2	-831	100.00	0	100.00
4,332,000	8,664	1,371,865,929	17,469,818	51.05	48.95	100.00
1,005,000	1,005,000	3,620,257,690	425,300,178	100.00	0	100.00
1,000,000	1,000,000	149,401,559	38,560,470	100.00	0	100.00
1,306,177,730	2,633,006	354,600,505	-76,701,351	98.89	1.11	100.00
100,000	100,000	154,021,276,378	8,389,116,110	100.00	0	100.00
3,700,000,000	3,700,000,000	4,463,410,868	385,752,696	50.00	0	50.00
34,244,441,700	16,306,877	74,983,565	-495,899	88.25	3.09	91.34
5,613,344,100	2,673,021	17,712,936	-2,809,783	11.56	88.24	99.80
73,000,000	292,000	66,650,782	1,223,513	100.00	0	100.00
156,420	156,420	110,009	-27,350	100.00	0	100.00
10,000	10,000	10,000	0	100.00	0	100.00
137,560,202	53,734,454	1,884,093,963	433,623,340	4.04	95.96	100.00
8,000,000	8,000,000	14,106,047	124,147	52.45	0	52.45
563,490,658	93,758,845	766,661,685	187,695,725	100.00	0	100.00
100,000,000	1,000,000	274,611,881	2,403,705	100.00	0	100.00
105,870,000	105,870,000	64,319,163	-2,760,021	100.00	0	100.00
114,547,490	498,032,566	3,065,129,785	276,585,872	67.82	32.18	100.00
22,776,198	3,796,033	71,403,777	6,550,861	100.00	0	100.00
1,618,628,450	3,237,256,900	11,290,284,618	839,968,113	100.00	0	100.00
150,000	10,000	8,712,021	1,717,768	99.99	0.01	100.00
2,000,001	2,000,001	2,000,001	1	100.00	0	100.00
61,134,869	61,000,000	175,520,660	17,900,518	0	100.00	100.00
780,000	1,500,000	37,135,157	9,315,460	100.00	0	100.00
2	20,000	15,013,485	15,013,482	100.00	0	100.00
14,000,000	56,000	25,783,071	987,791	86.60	13.39	99.99
3,522,600,000,000	3,522,600,000,000	1,769,368,067	-451,409,058	100.00	0	100.00
250,000	1	16,550,983	114,720	100.00	0	100.00
41,360,000	41,360,000	266,065,052	75,804,542	37.72	62.28	100.00
381,010,000	381,010,000	244,043,940	0	31.50	21.00	52.49
1,002,000	1,002,000	99,320,600	-642,981	47.90	52.10	100.00
608,006	608,006	2,643,891,250	16,261,868	28.47	69.55	98.02
1,784,509,360	115,450,936	6,457,138,128	373,756,816	52.43	47.57	100.00
22,689,011	500,000	361,347,018	3,705,277	6.02	93.98	100.00
243,000,000	1,949,806	310,492,369	55,875,207	100.00	0	100.00
10,000	10,000	131,000	0	1.00	99.00	100.00
30,000,000	3,000,000	67,724,169	8,250,721	44.17	0	44.17
10,000,000	1,000,000	38,628,033	6,745,175	22.08	0	22.08

N. ord. (**)	Type (1)	Quoted or unquoted (2)	Activity (3)	Company name and registration place	Currency
47	d	NQ	1	Generali China Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP. POPOLARE	CNY
48	d	NQ	2	Guotai Asset Management Co. SHANGAI 39F, World Financial Center, 100 Century Avenue - CINA REP.	CNY
49	d	NQ	2	NEIP II S.p.A. CONEGLIANO Via Vittorio Alfieri n. 01 - ITALIA	EUR
50	d	NQ	9	Servizi Tecnologici Avanzati BOLOGNA Via Paolo Nanni Costa, 30 - ITALIA	EUR
51	e	NQ	2	Emittenti Titoli S.p.A. MILANO Via Santa Maria Segreta, 6 - ITALIA	EUR
52	e	NQ	2	Fin. Priv. S.r.l. MILANO Via Filodrammatici, 8 - ITALIA	EUR
53	e	NQ	2	H2i S.p.A. ROMA Via Barberini 95 - ITALIA	EUR
54	e	NQ	9	Perils AG ZURIGO Marktgasse 3 - SVIZZERA	CHF
55	e	NQ	2	Perseo S.p.A. TORINO Via XX Settembre 31 - ITALIA	EUR
56	e	NQ	9	Protos S.p.A. ROMA Via Livenza, 3 - ITALIA	EUR
57	e	NQ	9	SOA Group S.p.A. ROMA Via Lovanio, 6 - ITALIA	EUR
58	e	NQ	8	Trieste Adriatic Maritime Srl TRIESTE Via Cassa di Risparmio 10 - ITALIA	EUR
59	e	NQ	2	Venice S.p.A. VICENZA Strada Statale Padana verso Verona, 6 - ITALIA	EUR

(*) Devono essere elencate le imprese del gruppo e le altre imprese in cui si detiene una partecipazione direttamente, anche per il tramite di società fiduciaria o per interposta persona.

(**) The order number must be greater than "0"

(1)

a = parent Companies
b = affiliated Companies
c = affiliates of parent Companies
d = associated Companies
e = Other

(2) Indicare Q per i titoli negoziati in mercati regolamentati e NQ per gli altri

(3) Activity

1 = Insurance Company
2 = Financial Company
3 = Credit Institution
4 = Real estate Company
5 = Trust Company
6 = Società di gestione o di distribuzione di fondi comuni di investimento
7 = Consorzio
8 = Impresa industriale
9 = Altra società o ente

(4) Amounts in original currency

(5) Indicate the total share owned

Paid up capital		Equity (***) (4)	Last year Gain or Loss (***) (4)	Share owned (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
1,300,000,000	1,300,000,000	852,166,552	-101,020,799	49.00	0	49.00
110,000,000	110,000,000	1,514,219,372	460,240,162	30.00	0	30.00
55,000	55,000	8,020,775	1,269,070	48.16	0	48.16
102,000	200,000	102,000	0	25.00	0	25.00
4,264,000	8,200,000	0	0	10.00	0	10.00
20,000	20,000	0	0	14.29	0	14.29
14,275,000	14,275,000	0	0	10.51	0	10.51
4,000,000	250	0	0	10.00	0	10.00
60,240,510	60,240,510	0	0	19.81	0	19.81
1,100,000	1,100,000	0	0	17.80	0	17.80
1,000,000	1,000,000	0	0	10.06	0	10.06
6,232,500	6,232,500	0	0	11.26	0	11.26
5,092,221	5,092,221	0	0	15.87	0	15.87

(***)To be filled only for subsidiaries and associates

Company **Assicurazioni Generali S.p.A.**

Assets - Details of investments in Group companies and other companies where a significant interest is held:
Equities

N. ord. (1)	Type (2)	(3)	Name of the company	Increases in the year		
				For purchases		Others increases
				Quantity	Value	
1	b	D	Aseguradora General S.A.	0	0	1,052
2	b	D	Assitimm S.r.l.	0	0	97
3	b	V	Caja de Ahorro y Seguro S.A. - Classe A	0	0	0
3	b	V	Caja de Ahorro y Seguro S.A. - Classe B	0	0	0
4	b	D	CMN Global Inc.	0	0	6,328
5	b	D	Donatello Intermediazione S.r.l.	0	0	0
6	b	D	Europ Assistance Holding	0	0	0
7	b	D	FATA Asigurari S.A.	0	0	0
8	b	D	GBS S.c.p.A.	0	0	0
9	b	D	Genamerica Management Corporation	0	0	0
10	b	D	Generali (Schweiz) Holding AG	0	0	0
10	b	V	Generali (Schweiz) Holding AG	0	0	0
11	b	D	Generali Beteiligungs-GmbH	0	0	0
11	b	V	Generali Beteiligungs-GmbH	0	0	0
12	b	V	Generali Beteiligungsverwaltung-GmbH	0	0	0
13	b	D	Generali Brasil Seguros S.A.	764,633	12,553	0
14	b	D	Generali CEE Holding B.V.	0	0	0
15	b	V	Generali China Life Insurance	0	0	0
16	b	D	Generali Colombia S.A.	0	0	0
17	b	D	Generali Colombia Vida S.A.	0	0	0
18	b	D	Generali Companhia de Seguros S.A.	128,000	0	0
19	b	D	Generali Consulting Solutions	0	0	0
20	b	D	Generali CST S.r.l.	10,000	10	1,400
21	b	D	Generali Deutschland Holding AG	0	0	0
21	b	V	Generali Deutschland Holding AG	0	0	0
22	b	D	Generali Ecuador S.A.	0	0	0
23	b	D	Generali España Holding S.A.	0	0	0
23	b	V	Generali España Holding S.A.	0	0	0
24	b	V	Generali Finance B.V.	740,000	199,251	0
25	b	D	Generali Financial Asia Ltd	11,645,700	447	731
26	b	D	Generali France S.A.	0	0	0
26	b	V	Generali France S.A.	0	0	0
27	b	D	Generali Hellas A.E.A.Z.	0	0	0
27	b	V	Generali Hellas A.E.A.Z.	0	0	0
28	b	D	Generali Italia S.p.A.	0	0	344,600
28	b	V	Generali Italia S.p.A.	0	0	0
29	b	D	Generali Latam Ltda	0	0	0
30	b	V	Generali Link Limited - Ord.	0	0	0
31	b	V	Generali PanEurope Limited - Ord.	0	0	35,000
31	b	V	Generali PanEurope Limited - Pref.	0	0	7,500
32	b	D	Generali Real Estate S.p.A.	0	0	0
33	b	D	Generali Realities Ltd	0	0	0
34	b	V	Generali Vida de Seguros S.A.	20,000	0	0
35	b	V	Generali Vietnam Life Insurance LLC	1,560,000,000,000	50,912	0
36	b	V	Generali Vitality-GmbH	0	0	10,800
37	b	D	Generali Investments Holding S.p.A.	0	0	0
38	b	V	GLL GmbH & Co. Retail KG	0	0	0

Notes to the accounts - Attachment 7

Year 2017

Decreases in the year			Accounting value (4)		Purchase cost	Current value
For sales		Others decreases	Quantity	Value		
Quantity	Value					
510,000	1,052	1,169	0	0	0	0
1	97	97	0	0	0	0
0	0	4,290	874,250	12,108	12,108	12,108
0	0	1,985	807,000	5,603	5,603	5,603
0	0	0	60,000,100	6,328	6,328	7,531
6,420	44	0	0	0	0	0
0	0	0	1,035,422	406,610	406,610	406,610
0	0	120	4,703,284	4,319	12,953	12,634
0	0	0	95,525	484	551	549
0	0	1	50	8	20	30
0	0	19,746	1,703	215,667	215,667	228,994
0	0	31,537	2,720	344,446	344,446	365,744
0	0	0	658,304	2,014,088	2,094,443	2,322,455
0	0	0	346,696	1,060,720	1,095,346	1,223,122
0	0	0	1,000,000	122,876	122,876	149,403
0	0	19,646	2,603,787	135,106	293,808	135,106
0	0	0	100,000	5,159,441	5,159,441	5,674,627
0	0	15,703	1,850,000,000	235,052	235,052	338,521
0	0	1,273	14,390,372	9,654	9,654	18,543
0	0	2	309,043	12	12	12
0	0	0	291,996	61,322	61,322	64,834
0	0	18	1	130	130	130
0	0	0	10,000	1,410	1,410	1,410
0	0	0	2,170,870	234,243	234,243	234,243
0	0	0	1,000	99	99	99
0	0	3	4,196,058	21	21	6,107
0	0	0	50,483,372	348,796	348,796	407,428
0	0	0	43,275,473	298,996	298,996	349,257
0	0	0	1,000,000	264,282	264,282	268,649
0	0	1,431	105,870,000	10,856	10,856	10,856
0	0	0	166,163,545	263,693	263,693	929,895
0	0	0	167,101,655	265,793	265,793	935,144
0	0	0	3,026,018	19,461	43,454	50,641
0	0	0	770,013	5,341	35,145	12,886
0	0	0	942,617,804	4,788,990	4,788,990	4,788,990
0	0	344,600	2,294,639,096	7,553,966	7,553,966	7,553,966
0	0	5	9,999	34	34	1,446
0	0	0	2,000,000	2,000	2,000	532
0	0	35,000	35,000,000	35,000	35,000	131,675
0	0	7,500	7,500,000	7,500	7,500	28,216
0	0	0	1,500,000	105,160	105,160	105,160
0	0	0	20,000	0	0	0
0	0	0	48,496	13,205	13,205	21,242
0	0	12,376	3,522,600,000,000	126,357	126,357	126,357
0	0	0	1	17,599	17,599	17,599
0	0	0	15,600,000	78,000	78,000	81,396
0	0	30,865	120,000,000	49,376	79,256	38,195

N. ord. (1)	Type (2)	(3)	Name of the company	Increases in the year		
				For purchases		Others increases
				Quantity	Value	
39	b	D	GSS - Generali Shared Services S.c.a.r.l.	0	0	0
40	b	D	Lion River I N.V. - Classe A	0	0	0
40	b	D	Lion River I N.V. - Classe B	0	0	34
40	b	D	Lion River I N.V. - Classe C	0	0	32
40	b	D	Lion River I N.V. - Classe D	0	0	0
40	b	D	Lion River I N.V. - Classe E	0	0	0
40	b	D	Lion River I N.V. - Classe F	0	0	0
40	b	D	Lion River I N.V. - Classe G	0	0	520
40	b	D	Lion River I N.V. - Classe H	0	0	0
40	b	D	Lion River I N.V. - Classe I	0	0	5
40	b	D	Lion River I N.V. - Classe J	0	0	0
40	b	D	Lion River I N.V. - Classe K	0	0	212
40	b	D	Lion River I N.V. - Classe L	0	0	5,133
40	b	D	Lion River I N.V. - Classe N	0	0	7
40	b	D	Lion River I N.V. - Classe O	0	0	48
40	b	D	Lion River I N.V. - Classe P	0	0	174
41	b	D	Participatie Maatschappij Graafschap Holland N.V. - Ord.	0	0	0
41	b	V	Participatie Maatschappij Graafschap Holland N.V. - Ord.	0	0	0
42	b	D	Redoze Holding N.V.	0	0	0
43	b	D	Transocean Holding Corporation	0	0	0
44	b	D	Welion S.c.a.r.l.	0	0	0
45	d	D	Assurance Maghreb S.A.	0	0	0
46	d	D	Assurance Maghreb Vie S.A.	0	0	0
47	d	D	Generali China Insurance	0	0	0
48	d	D	Guotai Asset Management Co.	0	0	0
49	d	D	NEIP II S.p.A.	0	0	0
50	d	D	Servizi Tecnologici Avanzati S.p.A.	0	0	0
51	e	D	Emittenti Titoli S.p.A.	0	0	0
52	e	D	Fin. Priv. S.r.l.	0	0	0
53	e	D	H2i S.p.A.	0	0	0
54	e	D	Perils AG	0	0	0
55	e	D	Perseo S.p.A.	0	0	0
56	e	D	Protos S.p.A.	0	0	0
57	e	D	SOA Group S.p.A.	0	0	0
58	e	D	Trieste Adriatic Maritime S.r.l.	0	0	0
59	e	D	Venice S.p.A. - Classe A	0	0	0
59	e	D	Venice S.p.A. - Classe B	0	0	0
			Total C.II.1		263,173	413,672
	a		Parent companies		0	0
	b		Affiliated companies		263,173	413,672
	c		Affiliated of parent companies		0	0
	d		Associated companies		0	0
	e		Other		0	0
			Totale D.I.		0	0
			Totale D.II.		0	0

(1) It must be equal to what indicated in the Attachment 6

(3) Indicate:

(2) Type

- a = parent Companies
- b = affiliated Companies
- c = affiliated of parent Companies
- d = associated Companies
- e = other Companies

D for investments allocated to the non life business (item C.II.1)
V for investments allocated to the life business (item C.II.1)
V1 for investments allocated to the life business (item D.I)
V2 for investments allocated to the life business (item D.2)
It must be given, however, the same order number to the participation, although divided.

Decreases in the year			Accounting value (4)		Purchase cost	Current value
For sales		Others decreases	Quantity	Value		
Quantity	Value					
0	0	0	480,000	48,502	55,818	47,344
0	0	126	150,000	24	150	24
0	0	1	1,666	34	14,841	34
0	0	0	1,666	5,365	5,365	5,608
0	0	371	5,000	7	14,459	7
0	0	0	2,000	2	14	2
0	0	0	1,666	2	2	2
0	0	0	1,666	86,805	86,805	123,067
0	0	0	1,666	2	2	2
0	0	0	1,666	3,912	3,912	5,703
0	0	0	1,666	2	115	2
0	0	10,324	1,000	31,972	31,972	37,963
0	0	0	1,000	10,103	10,103	18,027
0	0	3,465	1,000	1,853	6,160	1,853
0	0	1,013	430	8,632	11,192	8,632
0	0	0	1,000	29,149	29,149	37,180
0	0	0	45,085,614	2,307,196	2,308,758	2,307,196
0	0	0	48,475,773	2,477,765	2,502,365	2,477,765
0	0	0	30,113	18,155	19,145	21,582
0	0	24,679	1,949,806	178,225	178,225	242,124
0	0	0	100	0	0	0
0	0	1,056	1,325,058	4,477	4,477	4,477
0	0	218	220,843	926	926	926
0	0	5,441	637,000,000	81,438	81,438	81,438
0	0	8,737	33,000,000	130,784	130,784	130,784
0	0	0	26,486	1,806	3,130	1,806
0	0	0	50,000	0	0	0
0	0	0	820,000	424	424	8,167
0	0	0	2,857	14,352	14,352	14,123
0	0	0	1,500,000	1,050	1,500	499
0	0	31	25	342	342	785
0	0	0	11,935,400	402	36,140	9,115
0	0	0	195,790	60	60	1,114
0	0	0	100,608	93	93	242
0	0	0	701,757	575	713	655
0	0	0	400,964	1,616	5,894	1,214
0	0	0	400,964	1,616	5,894	1,214
	1,192	582,829		29,731,819	30,214,946	32,658,620
	0	0		0	0	0
	1,192	567,345		29,491,857	29,928,779	32,402,061
	0	0		0	0	0
	0	15,452		219,431	220,755	219,431
	0	31		20,530	65,412	37,128
	0	0		0	0	0
	0	0		0	0	0

(4) Point out with (*) if valued with the equity method (only for Type b and d)

Notes on the accounts - Attachment 8

Year 2017

Assicurazioni Generali S.p.A.

Company

Assets - Breakdown on the basis of the utilisation of other financial investments: equities and shares, shares in common investment funds, debt securities and other fixed securities, participation in investment pools e other financial investments (items C.III.1, 2, 3, 5, 7)

I - Non-life business

	Durable portfolio		Non durable portfolio		Total	
	Book Value	Current value	Book Value	Current value	Book Value	Current value
1. Equity and shares	10,623	21,977	41	6,193	81	16,816
a) listed shares	3,734	4,232	42	4,962	82	8,696
b) unlisted shares	6,312	6,106	43	1,231	83	7,543
c) units	577	11,639	44	0	84	577
2. Shares in common investment funds	0	0	45	33,927	85	33,927
3. Debt securities and other fixed-income	125,802	130,077	46	452,361	86	578,163
a1) listed governments bonds	51,373	53,819	47	325,706	87	377,079
a2) other listed securities	62,850	63,927	48	120,404	88	183,254
b1) unlisted government bonds	8,280	8,912	49	5,151	89	13,431
b2) other unlisted securities	3,299	3,419	50	1,100	90	4,399
c) convertible bonds	0	0	51	0	91	0
5. Participation in investment	0	0	52	0	92	0
7. Other	0	0	53	9,990	93	9,990

II - Life business

	Durable portfolio		Non durable portfolio		Total	
	Book Value	Current value	Book Value	Current value	Book Value	Current value
121. Equity and shares	5,889	44,598	161	10,966	201	16,855
a) listed shares	0	0	162	6,843	202	6,843
b) unlisted shares	1,157	38,141	163	4,123	203	5,280
c) units	4,732	6,457	164	0	204	4,732
125. Shares in common investment funds	0	0	165	6,387	205	6,387
3. Debt securities and other fixed-income	521,779	581,403	166	899,369	206	1,421,148
a1) listed governments bonds	223,363	252,074	167	418,357	207	641,720
a2) other listed securities	285,390	310,286	168	475,126	208	760,516
b1) unlisted government bonds	11,554	17,512	169	0	209	11,554
b2) other unlisted securities	1,472	1,531	170	5,519	210	6,991
c) convertible bonds	0	0	171	367	211	367
5. Participation in investment	0	0	172	0	212	0
7. Other	0	0	173	0	213	0
122. Equity and shares	0	0	181	10,966	221	16,855
a) listed shares	0	0	182	6,843	222	6,843
b) unlisted shares	1,157	38,141	183	4,123	223	5,280
c) units	4,732	6,457	184	0	224	4,732
125. Shares in common investment funds	0	0	185	6,387	225	6,387
3. Debt securities and other fixed-income	521,779	581,403	186	899,369	226	1,421,148
a1) listed governments bonds	223,363	252,074	187	418,357	227	641,720
a2) other listed securities	285,390	310,286	188	475,126	228	760,516
b1) unlisted government bonds	11,554	17,512	189	0	229	11,554
b2) other unlisted securities	1,472	1,531	190	5,519	230	6,991
c) convertible bonds	0	0	191	367	231	367
5. Participation in investment	0	0	192	0	232	0
7. Other	0	0	193	0	233	0

Notes on the accounts - Attachment 9

Year 2017

Company Assicurazioni Generali S.p.A.

Assets - Variation for the year of other durable financial investments: equities and shares, shares in common investment funds, debt securities and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1, 2, 3, 5, 7)

	Equities and shares C.III.1	Shares in common investment funds C.III.2	Debt securities and other fixed income securities C.III.3	Participation in investment pools C.III.5	Other financial investments C.III.7
Initial goodwill	1 16,555	21 0	41 523,610	81 0	101 0
Revaluations	2 914	22 0	42 218,054	82 0	102 0
for: acquisitions	3 858	23 0	43 203,264	83 0	103 0
reversal value	4 0	24 0	44 0	84 0	104 0
transfers from the non-durable portfolio	5 0	25 0	45 0	85 0	105 0
other changes	6 56	26 0	46 14,790	86 0	106 0
Devaluations	7 957	27 0	47 94,083	87 0	107 0
for: sales	8 957	28 0	48 53,981	88 0	108 0
devaluations	9 0	29 0	49 0	89 0	109 0
transfers from the non-durable portfolio	10 0	30 0	50 0	90 0	110 0
other changes	11 0	31 0	51 40,102	91 0	111 0
Book value	12 16,512	32 0	52 647,581	92 0	112 0
Current value	13 66,576	33 0	53 711,481	93 0	113 0

Notes on the accounts - Attachment 10

Company **Assicurazioni Generali S.p.A.**

Year

2017

Assets - Variations for the year regarding loans and deposits with credit institutions (items C.III.4, 6)

		Loans C.III.4		Deposits with credit institutions C.III.6
Initial goodwill	+	1	4,068	²¹ 126,571
Revaluations for the year	+	2	110	²² 366,263
for: payments		3	110	
reversal value		4	0	
other changes		5	0	
Devaluations for the year	-	6	1,273	²⁶ 364,035
for: redemptions		7	768	
devaluations		8	0	
other changes		9	505	
Book value		10	2,905	³⁰ 128,799

Notes on the accounts - Attachment 11
Year 2017

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.I)

TOTAL OF INVESTMENT FUNDS

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	0	0	0
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	0	0	0
2. Debt securities and other fixed-income securities	0	0	0	0
3. Loans	0	0	0	0
III. Shares in common investment funds	145,131	126,671	125,019	123,626
IV. Other financial investments:				
1. Equities	233	203	210	187
2. Debt securities and other fixed-income securities	45,962	51,397	34,705	39,732
3. Deposits with credit institutions	0	0	0	0
4. Other financial investments	0	0	0	0
V. Other assets	509	617	509	617
VI. Cash at bank and in hand	2,256	2,033	2,256	2,033
Other liabilities	-1,191	-1,114	-1,191	-1,114
Deposits with ceding companies	3,075,177	3,276,493	3,075,177	3,276,493
Total	3,268,077	3,456,300	3,236,685	3,441,574

Notes on the accounts - Attachment I1
Year 2017

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.I)

Lifetime income bond

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	21	0	61
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	22	0	62
2. Debt securities and other fixed-income securities	0	23	0	63
3. Loans	0	24	0	64
III. Shares in common investment funds	0	25	0	65
IV. Other financial investments:				
1. Equities	0	26	0	66
2. Debt securities and other fixed-income securities	45,520	27	50,870	67
3. Deposits with credit institutions	0	28	0	68
4. Other financial investments	0	29	0	69
V. Other assets	433	30	496	70
VI. Cash at bank and in hand	268	31	518	71
Other liabilities	0	32	0	72
Deposits with ceding companies	0	33	0	73
Total	46,221	34	51,884	74
			34,952	40,220

Notes on the accounts - Attachment 11
Year 2017Company
Assicurazioni Generali

Assets relating to contracts linked to investment funds and market index (item D.I)

Managed Funds

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	0	0	0
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	0	0	0
2. Debt securities and other fixed-income securities	0	0	0	0
3. Loans	0	0	0	0
III. Shares in common investment funds	4,633	4,712	2,769	3,089
IV. Other financial investments:				
1. Equities	0	0	0	0
2. Debt securities and other fixed-income securities	389	468	400	466
3. Deposits with credit institutions	0	0	0	0
4. Other financial investments	0	0	0	0
V. Other assets	53	56	53	56
VI. Cash at bank and in hand	604	646	604	646
Other liabilities	-1,191	-1,113	-1,191	-1,113
Deposits with ceding companies	0	0	0	0
Total	4,488	4,769	2,635	3,144

Notes on the accounts - Attachment 11
Year 2017

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.I)

Lavoro Indiretto

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	21	0	61
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	22	0	62
2. Debt securities and other fixed-income securities	0	23	0	63
3. Loans	0	24	0	64
III. Shares in common investment funds	0	25	0	65
IV. Other financial investments:				
1. Equities	0	26	0	66
2. Debt securities and other fixed-income securities	0	27	0	67
3. Deposits with credit institutions	0	28	0	68
4. Other financial investments	0	29	0	69
V. Other assets	0	30	0	70
VI. Cash at bank and in hand	0	31	0	71
Other liabilities	0	32	0	72
Deposits with ceding companies	3,075,177	33	3,075,177	73
Total	3,075,177	34	3,075,177	74
			3,276,493	3,276,493

Notes on the accounts - Attachment 11
Year 2017

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.I)

Unit vision choice

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	21	0	41
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	22	0	42
2. Debt securities and other fixed-income securities	0	23	0	43
3. Loans	0	24	0	44
III. Shares in common investment funds	140,498	25	121,959	45
IV. Other financial investments:				
1. Equities	0	26	0	46
2. Debt securities and other fixed-income securities	0	27	0	47
3. Deposits with credit institutions	0	28	0	48
4. Other financial investments	0	29	0	49
V. Other assets	22	30	64	50
VI. Cash at bank and in hand	1,381	31	860	51
Other liabilities	0	32	0	52
Deposits with ceding companies	0	33	0	53
Total	141,901	34	122,883	54
			123,653	74
				121,461

Notes on the accounts - Attachment 11
Year 2017

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.I)

AG European Equity Fund

	Current value		Acquisition cost	
	Current year	Previous year	Current year	Previous year
I. Lands and buildings	0	21	0	61
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0	22	0	62
2. Debt securities and other fixed-income securities	0	23	0	63
3. Loans	0	24	0	64
III. Shares in common investment funds	0	25	0	65
IV. Other financial investments:				
1. Equities	233	26	203	66
2. Debt securities and other fixed-income securities	53	27	59	67
3. Deposits with credit institutions	0	28	0	68
4. Other financial investments	0	29	0	69
V. Other assets	1	30	1	70
VI. Cash at bank and in hand	2	31	9	71
Other liabilities	0	32	-1	72
Other liabilities	0	33	0	73
Total	289	34	271	256

Notes on the accounts - Attachment 13

Company **Assicurazioni Generali S.p.A.** Year **2017**

Liabilities - Variation for the year of the components of the provision for unearned premiums (item C.I.1) and those of the provision for claims outstanding (item C.I.2) of non-life lines of business

Typology	Current year	Previous year	Variation
Premium reserve:			
Unearned premium reserve	1 380,272	11 406,226	21 -25,954
Unexpired risk reserve	2 707	12 5,558	22 -4,851
Book value	3 380,979	13 411,784	23 -30,805
Provision for claims outstanding:			
Provision for refunds and direct expenses ...	4 1,285,719	14 1,487,984	24 -202,265
Provision for claim settlement costs ...	5 52,707	15 46,914	25 5,793
IBNR provision	6 578,186	16 662,124	26 -83,938
Book value	7 1,916,612	17 2,197,022	27 -280,410

Notes on the accounts - Attachment 14

Company **Assicurazioni Generali S.p.A.** Year **2017**

Liabilities - Changes in the components of the mathematical provision for the year (item C.II.1) and in the components of the provision for profit sharing and premium refunds (item C.II.4)

Typology		Current year		Previous year		Variation
Mathematical reserve for pure premiums	1	6,390,145	11	6,933,683	21	-543,538
Premiums brought forward	2	179,753	12	189,382	22	-9,629
Demographical risk reserve	3	0	13	0	23	0
Integration provisions	4	456,253	14	498,937	24	-42,684
Book value	5	7,026,151	15	7,622,002	25	-595,851
Provision for profit sharing and premium refunds	6	84,475	16	99,294	26	-14,819

Notes on the accounts - Attachment 15

Company **Assicurazioni Generali S.p.A.**Year **2017**

Liabilities - Change for the year in the provisions in the funds for risks and charges (item E) and change in the severance pay provisions (item G.VII)

		Provisions for retirement and similar obligations	Provisions for taxes	Other provision	Change in the severance pay provisions
Initial amounts	+	0	84,962	28,336	5,229
Sums set aside for the year	+	0	149	51,662	104
Other increases	+	0	0	0	680
Other utilisations for the year	-	0	39,833	22,855	338
Other decreases	-	0	0	0	929
Book value		0	45,278	57,143	4,746

Notes on the accounts - Attachment 16
Year 2017

Company Assicurazioni Generali S.p.A.

Details of assets and liabilities referring to group companies and other companies in which a significant interest is held

I: Assets

	Parent companies	Affiliated companies	Affiliated of parent companies	Associated companies	Other	Total
Shares and interests	1 0	2 29,491,857	3 0	4 219,431	5 20,530	6 29,731,818
Debt securities	7 0	8 650	9 0	10 0	11 0	12 650
Loans	13 0	14 1,662,883	15 0	16 0	17 0	18 1,662,883
Participation in investment pools	19 0	20 0	21 0	22 0	23 0	24 0
Deposits with credit institutions	25 0	26 10,000	27 0	28 0	29 0	30 10,000
Other financial investments	31 0	32 0	33 0	34 0	35 0	36 0
Deposits with ceding companies	37 0	38 6,355,099	39 0	40 469	41 0	42 6,355,568
Investments relating to contracts linked to investment funds and market index	43 0	44 3,067,604	45 0	46 0	47 0	48 3,067,604
Investments relating to the administration of pension funds	49 0	50 0	51 0	52 0	53 0	54 0
Debtors arising out of direct insurance operations	55 0	56 1,805	57 0	58 0	59 0	60 1,805
Debtors arising out of reinsurance operations	61 0	62 228,883	63 0	64 2,242	65 0	66 231,125
Other debtors	67 0	68 467,799	69 0	70 0	71 0	72 467,799
Bank and postal deposits	73 0	74 6,317	75 0	76 0	77 0	78 6,317
Other	79 0	80 39,754	81 0	82 0	83 0	84 39,754
Total	85 0	86 41,332,651	87 0	88 222,142	89 20,530	90 41,575,323
of which subordinated activities	91 0	92 0	93 0	94 0	95 0	96 0

Details of assets and liabilities referring to group companies and other companies in which a significant interest is held

II: Liabilities

	Parent companies	Affiliated companies	Affiliated of parent companies	Associated companies	Other	Total
Subordinated liabilities	97 0	98 0	99 0	100 0	101 0	102 0
Deposits received from reinsurers	103 0	104 963	105 963	106 0	107 0	108 963
Creditors arising out of direct insurance operations	109 0	110 3,906	111 3,906	112 0	113 0	114 3,906
Creditors arising out of reinsurance operations	115 0	116 165,100	117 165,100	118 0	119 0	120 165,100
Amounts owed to credit institutions	121 0	122 0	123 0	124 0	125 0	126 0
Loans guaranteed by mortgages	127 0	128 0	129 0	130 0	131 0	132 0
Other financial liabilities	133 0	134 3,811,359	135 3,811,359	136 0	137 0	138 3,811,359
Other liabilities	139 0	140 2,023,694	141 2,023,694	142 2	143 0	144 2,023,696
Miscellaneous liabilities	145 0	146 19	147 19	148 0	149 0	150 19
Total	151 0	152 6,005,041	153 6,005,041	154 2	155 0	156 6,005,043

Notes on the accounts - Attachment 17

Company **Assicurazioni Generali S.p.A.** Year **2017**

Details of classes I, II, III, IV of "guarantees, commitments and other evidence accounts"

	Current year	Previous year
I. Guarantees issued:		
a) fidejussions and endorsements issued in the interest of parent companies, affiliated companies and affiliates of parent companies	1 0	31 269,500
b) fidejussions and endorsements issued in the interest of associated companies and other companies in which a significant interest is held	2 0	32 0
c) fidejussions and endorsements issued in the interest of third parties	3 0	33 0
d) other personal guarantees issued in the interest of parent companies, affiliated companies and affiliates of parent companies	4 1,895,083	34 2,369,000
e) other personal guarantees issued in the interest of associated companies and other companies	5 0	35 0
f) other personal guarantees issued in the interest of third parties	6 0	36 0
g) guarantees secured by mortgages for obligations of parent companies, affiliated companies and affiliates of parent companies	7 0	37 0
h) guarantees secured by mortgages for obligations of associated companies and companies in which a significant interest is held	8 0	38 0
i) guarantees secured by mortgages for third parties obligations	9 0	39 0
l) guarantees issued for obligations of the Company	10 45,315	40 47,578
m) assets deposited for accepted reinsurance operations	11 118,458	41 131,806
Total	12 2,058,856	42 2,817,884
II. Guarantees received:		
a) from group companies, associated companies and other	13 0	43 0
b) from third parties	14 549,871	44 376,396
Total	15 549,871	45 376,396
III. Guarantees issued by third parties in the interest of the Company:		
a) from group companies, associated companies and other	16 0	46 0
b) from third parties	17 90,475	47 97,958
Total	18 90,475	48 97,958
IV. Commitments:		
a) commitments for acquisitions with obligation to resale	19 0	49 0
b) commitments for sales with obligation to buy back	20 197,898	50 0
c) other commitments	21 2,889,024	51 3,156,189
Total	22 3,086,922	52 3,156,189
V. Assets relating to pension funds managed in the name and on behalf of third parties	23 0	53 0
VI. Securities deposited with third parties	24 14,143,372	54 6,882,753
Totale	25 14,143,372	55 6,882,753

Breakdown of derivatives according to type of contracts

Derivatives contracts	Current year				Previous year					
	Purchases		Sales		Purchases		Sales			
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)		
Futures:										
on shares	1	0	21	0	41	0	61	0	161	
on debt securities	2	0	22	0	42	0	62	0	162	
on currencies	3	0	23	0	43	0	63	0	163	
on rates	4	0	24	0	44	0	64	0	164	
others	5	0	25	0	45	0	65	0	165	
Options:										
on shares	6	0	26	0	46	0	66	0	166	
on debt securities	7	0	27	0	47	0	67	0	167	
on currencies	8	0	28	0	48	0	68	0	168	
on rates	9	0	29	0	49	0	69	0	169	
others	10	0	30	0	50	0	70	0	170	
Swaps:										
on currencies	11	1,283,166	31	482,958	51	1,299,213	71	469,812	171	-815
on rates	12	0	32	341,654	52	0	72	605,539	172	-34,890
others	13	0	33	255,000	53	0	73	255,000	173	0
Other operations:										
	14	0	34	0	54	0	74	0	174	
Total	15	1,283,166	35	1,079,612	55	1,299,213	75	1,330,351	175	-35,705

Only transactions on derivatives extant at the balance sheet date and that represent commitments for the Company must be included. In the event of a contract not belonging precisely to the above-mentioned types or a contract which has characteristics of different types of contracts, the contract must be included in the nearest type. Items compensations are not allowed, unless they refer to purchase/sale transactions referring to the same type of contract (same content, deadline, underlying asset...)

Contracts providing for currency swaps must be shown only once, with conventional reference to the currency to be purchased. Contracts that allow both currency swaps and interest rate swaps must be reported exclusively among currency contracts. Derivative contracts providing for interest rate swaps are conventionally classified as "purchases" or "sales" depending on whether they commit the insurance company to purchase or sell the fixed rate.

(1) For derivatives that imply or could imply futures contracts, the settlement price of the contracts has to be indicated; in all other cases, the nominal value of the reference capital has to be indicated.

(2) Indicate the fair value of derivatives

Notes on the accounts - Attachment 19

Year 2017

Company Assicurazioni Generali S.p.A.

Details of the non life business technical account

	Gross written premiums	Earned written premiums	Gross cost of claims	Operating expenses	Reinsurance balance
Direct insurance:					
Accident and Health (class of insurance 1 and 2)	1 33,441 2	29,196 3	18,429 4	5,921 5	-5,542
Motor TPL (class of insurance 10)	6 332 7	292 8	-216 9	22 10	-319
Motor, other classes (class of insurance 3)	11 2,595 12	4,410 13	4,783 14	126 15	635
Marine, aviation and transport (classes of insurance 4, 5, 6, 7, 11 and 12)	16 12,930 17	13,655 18	7,907 19	3,867 20	-4,145
Fire and other damage to property (classes of insurance 8 and General liability (class of insurance 13)	21 36,985 22	33,575 23	61,672 24	5,103 25	6,669
Credit and suretyship (classes of insurance 14 and 15)	26 74,804 27	67,905 28	76,389 29	13,614 30	-7,703
Miscellaneous financial loss (class of insurance 16)	31 1,389 32	1,715 33	-399 34	275 35	-747
Legal expenses (class of insurance 17)	36 13,017 37	12,134 38	7,024 39	1,574 40	1,438
Assistance (class of insurance 18)	41 4 42	4 43	-131 44	0 45	0
Total direct insurance	46 107 47	106 48	1 49	2 50	0
Inward reinsurance	51 175,604 52	162,992 53	175,459 54	30,504 55	-9,714
Total Italian portfolio	56 194,431 57	184,892 58	100,350 59	23,851 60	-25,056
Foreign portfolio	61 370,035 62	347,884 63	275,809 64	54,355 65	-34,770
Total	66 1,291,023 67	1,288,905 68	782,980 69	256,421 70	-147,177
	71 1,661,058 72	1,636,789 73	1,058,789 74	310,776 75	-181,947

Notes on the accounts - Attachment 20

Company **Assicurazioni Generali S.p.A.** Year **2017**

Summary of life business: premiums and reinsurers' share.

	Direct business	Reinsurance	Total
Gross premiums:	¹ 225,180	¹¹ 1,483,156	²¹ 1,708,336
a) 1. individual policies	² 83,707	¹² 370,564	²² 454,271
2. group policies	³ 141,473	¹³ 1,112,592	²³ 1,254,065
b) 1. regular premiums	⁴ 208,651	¹⁴ 1,483,156	²⁴ 1,691,807
2. single premiums	⁵ 16,529	¹⁵ 0	²⁵ 16,529
c) 1. policies without profit sharing	⁶ 174,870	¹⁶ 1,483,156	²⁶ 1,658,026
2. policies with profit sharing	⁷ 0	¹⁷ 0	²⁷ 0
3. policies where the investment risk is borne by the policyholders and relating to the administration of pension funds	⁸ 50,310	¹⁸ 0	²⁸ 50,310
Reinsurance balance	⁹ -4,533	¹⁹ -388	²⁹ -4,921

Notes on the accounts - Attachment 21

Company

Assicurazioni Generali S.p.A.

Year 2017

Income from investments (items II.2 e III.3)

	Non-life business	Life business	Total
Income from equities:			
Dividends and other income from shares and participations in group companies and other companies in which a significant interest is held	1 979,930	41 1,001,314	81 1,981,244
Dividends and other income from equities	2 607	42 2,005	82 2,612
Total	3 980,537	43 1,003,319	83 1,983,856
Income from land and buildings	4 4,944	44 0	84 4,944
Income from other investments:			
Income from debt securities of group companies and other companies in which a significant interest is held	5 0	45 30	85 30
Income from loans to group companies and other companies in which a significant interest is held	6 62,146	46 17,473	86 79,619
Income from shares in common investment funds	7 2,265	47 0	87 2,265
Income from debt securities and other fixed-income securities	8 18,240	48 61,981	88 80,221
Interests on loans	9 55	49 51	89 106
Income from participation in investment pools	10 0	50 0	90 0
Interests on deposits with credit institutions	11 814	51 673	91 1,487
Income from other financial investments	12 4,906	52 0	92 4,906
Interests on deposits with ceding companies	13 2,662	53 240,065	93 242,727
Total	14 91,088	54 320,273	94 411,361
Value re-adjustments on other investments:			
Land and buildings	15 0	55 0	95 0
Shares and participations in group companies and other companies ...	16 0	56 0	96 0
Debt securities issued by affiliated companies and other companies in which a significant interest is held	17 0	57 16	97 16
Other equities	18 0	58 114	98 114
Other debt securities	19 1,172	59 4,820	99 5,992
Other financial investments	20 5,733	60 0	100 5,733
Total	21 6,905	61 4,950	101 11,855
Gains on the realisation of investments:			
Surplus on the sale of land and buildings	22 0	62 0	102 0
Gains on shares and participations in group companies and other companies in which a significant interest is held	23 19,610	63 0	103 19,610
Gains on debt securities issued by group companies and other companies in which a significant interest is held	24 0	64 0	104 0
Gains on other equities	25 966	65 0	105 966
Gains on other debt securities	26 2,181	66 10,865	106 13,046
Gains on other financial investments	27 14,112	67 0	107 14,112
Total	28 36,869	68 10,865	108 47,734
GRAND TOTAL	29 1,120,343	69 1,339,407	109 2,459,750

Notes on the accounts - Attachment 22

Company **Assicurazioni Generali S.p.A.**Year **2017**

Income and unrelises gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds (item II.3)

I. Investments relating to investment funds and market index

	Amounts	
Income arising from:		
..... Land and buildings	1	0
..... Investments in group companies and other companies in which a significant interest is held	2	67,088
..... Shares in common investment funds	3	1
..... Other financial investments	4	1,069
..... - of which income from debt securities		1,061
..... Other	6	-54
Total	7	68,104
Gains on the realisation of investments:		
..... Surplus on the sale of land and buildings	8	0
..... Gains on invest. in group companies and other companies in which a significant interest is held	9	0
..... Gains on common investment funds	10	2,363
..... Gains on other financial investments	11	106
..... - of which debt securities		99
..... Other income	13	0
Total	14	2,469
Unrealised gains	15	23,101
GRAND TOTAL	16	93,674

II. Investments relating to the management of pension funds

	Amounts	
Income arising from:		
..... Investments in group companies and other companies in which a significant interest is held	21	0
..... Other financial investments	22	0
..... - of which income from debt securities		0
..... Other assets	24	0
Total	25	0
Profits on the realisation of investments:		
..... Investments in group companies and companies where a significant interest is held	26	0
..... Profits on other financial investments	27	0
..... - of which debt securities		0
..... Other income	29	0
Total	30	0
Unrealised gains	31	0
GRAND TOTAL	32	0

Notes on the accounts - Attachment 23

Company

Assicurazioni Generali S.p.A.

Year 2017

Details of investment charges (items II.9 e III.5)

	Non-life business	Life business	Total
Investment management charges and other charges:			
..... Charges referring to equities	1 6,871	31 7,595	61 14,466
..... Charges referring to investment in land and buildings	2 1,909	32 0	62 1,909
..... Charges referring to debt securities	3 3,227	33 4,051	63 7,278
..... Charges referring to shares in common investment funds	4 0	34 0	64 0
..... Charges referring to shares in common investments	5 0	35 0	65 0
..... Charges referring to other financial investments	6 19,600	36 828	66 20,428
..... Interests on deposits received from reinsurers	7 49	37 5,241	67 5,290
Total	8 31,656	38 17,715	68 49,371
Value re-adjustments on investments referring to:			
..... Land and buildings	9 3,607	39 0	69 3,607
..... Shares and participations in group comp. and other companies	10 2,997	40 0	70 2,997
..... Debt securities issued by group companies and other companies	11 0	41 0	71 0
..... Other equities	12 264	42 18	72 282
..... Other debt securities	13 5,068	43 3,544	73 8,612
..... Other financial investments	14 24,958	44 6	74 24,964
Total	15 36,894	45 3,568	75 40,462
Losses on the realisation of investments:			
..... Losses on the sale of land and buildings	16 0	46 0	76 0
..... Losses on equities	17 202	47 0	77 202
..... Losses on debt securities	18 341	48 52	78 393
..... Losses on other financial investments	19 9,555	49 230	79 9,785
Total	20 10,098	50 282	80 10,380
GRAND TOTAL	21 78,648	51 21,565	81 100,213

Notes on the accounts - Attachment 24

Company **Assicurazioni Generali S.p.A.**Year **2017**

Investment charges and unrealised losses relating to investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds (item II.10)

I. Investments relating to investment funds and market index

	Amounts	
Charges arising from:		
..... Land and buildings	1	0
..... Investments in group comp. and other companies in which a significant interest is held	2	0
..... Shares in common investment funds	3	0
..... Other financial investments	4	7
..... Other activities	5	67
Total	6	74
Losses on the realisation of investments:		
..... Losses on the sale of land and buildings	7	0
..... Losses on investments in group companies and other companies in which a significant interest is held	8	0
..... Losses on common investment funds	9	15
..... Losses on other financial investments	10	20
..... Other losses	11	1
Total	12	36
Unrealised losses	13	3,082
GRAND TOTAL	14	3,192

II. Investments relating to the pension funds management

	Amounts	
Charges arising from:		
..... Investments in group comp. and other companies in which a significant interest is held	21	0
..... Other financial investments	22	0
..... Other activities	23	0
Total	24	0
Losses on the realisation of investments:		
..... Losses on investments in group companies and other companies in which a significant interest is held	25	0
..... Losses on other financial investments	26	0
..... Other losses	27	0
Total	28	0
Unrealised losses	29	0
GRAND TOTAL	30	0

Company

Assicurazioni Generali S.p.A.

Summary layout of technical account

	Lob 01		Lob 02		
	Accident		Health		
Direct business gross of reinsurance					
Written premiums	+	1	3,183	1	30,258
Change in the provision for unearned premiums (+ o -)	-	2	-66	2	4,311
Claims incurred	-	3	2,503	3	15,926
Change in other technical provisions (+ o -)	-	4	0	4	0
Balance of other technical income and charges (+ o -)	+	5	0	5	-106
Operating expenses	-	6	188	6	5,733
Balance on the technical account for direct business (+ o -)	A	7	558	7	4,182
Balance of reinsurance ceded (+ o -)	B	8	-13	8	-5,529
Net balance of accepted business (+ o -)	C	9	6,832	9	-4,818
Change in the equalisation provision (+ o -)	D	10	0	10	0
Allocated investment return transf. from the non-technical account	E	11	6,209	11	4,129
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12	13,586	12	-2,036

	Lob 07		Lob 08		
	Cargo		Fire and natural events		
Direct business gross of reinsurance					
Written premiums	+	1	5,361	1	20,010
Change in the provision for unearned premiums (+ o -)	-	2	-316	2	3,039
Claims incurred	-	3	6,030	3	39,828
Change in other technical provisions (+ o -)	-	4	0	4	0
Balance of other technical income and charges (+ o -)	+	5	0	5	0
Operating expenses	-	6	1,586	6	2,327
Balance on the technical account for direct business (+ o -)	A	7	-1,939	7	-25,184
Balance of reinsurance ceded (+ o -)	B	8	113	8	3,294
Net balance of accepted business (+ o -)	C	9	2,119	9	16,856
Change in the equalisation provision (+ o -)	D	10	0	10	116
Allocated investment return transf. from the non-technical account	E	11	1,847	11	7,847
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12	2,140	12	2,697

	Lob 13		Lob 14		
	General liability		Credit		
Direct business gross of reinsurance					
Written premiums	+	1	74,804	1	1
Change in the provision for unearned premiums (+ o -)	-	2	6,899	2	-1
Claims incurred	-	3	76,389	3	4
Change in other technical provisions (+ o -)	-	4	0	4	0
Balance of other technical income and charges (+ o -)	+	5	-109	5	0
Operating expenses	-	6	13,614	6	0
Balance on the technical account for direct business (+ o -)	A	7	-22,207	7	-2
Balance of reinsurance ceded (+ o -)	B	8	-7,703	8	0
Net balance of accepted business (+ o -)	C	9	-188	9	31
Change in the equalisation provision (+ o -)	D	10	0	10	0
Allocated investment return transf. from the non-technical account	E	11	16,427	11	22
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12	-13,671	12	51

Notes on the accounts - Attachment 25

Year 2017

by branch - Non-life business -Italian portfolio

Lob 03 Motor, other classes		Lob 04 Trains		Lob 05 Aircrafts		Lob 06 Watercrafts	
1	2,595	1	320	1	1,594	1	4,640
2	-1,815	2	0	2	24	2	-209
3	4,783	3	25	3	1,535	3	810
4	0	4	0	4	0	4	0
5	0	5	0	5	-21	5	-2
6	126	6	42	6	402	6	1,522
7	-499	7	253	7	-388	7	2,515
8	635	8	0	8	-1,097	8	-1,953
9	-23	9	57	9	-62	9	2,258
10	0	10	0	10	0	10	0
11	1,315	11	9	11	286	11	436
12	1,428	12	319	12	-1,261	12	3,256

Lob 09 Other damage		Lob 10 Motor TPL		Lob 11 Aviation TPL		Lob 12 Watercrafts TPL	
1	16,975	1	332	1	1,015	1	0
2	371	2	40	2	-224	2	0
3	21,844	3	-216	3	636	3	-1,129
4	0	4	0	4	0	4	0
5	-70	5	-6	5	0	5	0
6	2,776	6	22	6	315	6	0
7	-8,086	7	480	7	288	7	1,129
8	3,375	8	-319	8	-64	8	-1,144
9	-2,703	9	4,647	9	-539	9	15
10	0	10	0	10	0	10	0
11	2,974	11	962	11	277	11	5
12	-4,440	12	5,770	12	-38	12	5

Lob 15 Suretyship		Lob 16 Miscell. financial loss		Lob 17 Legal expenses		Lob 18 Assistance	
1	1,388	1	13,017	1	4	1	107
2	-325	2	883	2	0	2	1
3	-403	3	7,024	3	-131	3	1
4	0	4	0	4	0	4	0
5	-1	5	0	5	0	5	0
6	275	6	1,574	6	0	6	2
7	1,840	7	3,536	7	135	7	103
8	-747	8	1,438	8	0	8	0
9	-395	9	11,494	9	55	9	0
10	0	10	0	10	0	10	0
11	913	11	803	11	41	11	9
12	1,611	12	17,271	12	231	12	112

Notes on the accounts - Attachment 26

Company

Assicurazioni Generali S.p.A.

Year 2017

Summary layout of technical accounts of non-life business

Italian portfolio

	Direct insurance		Reinsurance		Risks retained Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Ceded risks 2	Risks accepted 3	Retrocessions 4	
Written premiums	1 175,604	11 44,576	21 194,431	31 84,753	41 240,706
Change in the provision for unearned premiums (+ o -)	2 12,612	12 1,910	22 9,539	32 14,131	42 6,110
Claims incurred	3 175,459	13 27,551	23 100,350	33 39,233	43 209,025
Change in other technical provisions (+ o -)	4 0	14 0	24 0	34 0	44 0
Balance of other technical income and charges (+ o -)	5 -315	15 39	25 0	35 3,061	45 -3,415
Operating expenses	6 30,504	16 5,440	26 23,851	36 9,394	46 39,521
Technical balance (+ o -)	7 -43,286	17 9,714	27 60,691	37 25,056	47 -17,365
Change in the equalisation provision (+ o -)					48 116
Allocated investment return transf. from the non-technical account	9 27,446	29 17,066			49 44,512
Balance on the technical account (+ o -)	10 -15,840	20 9,714	30 77,757	40 25,056	50 27,031

Notes on the accounts - Attachment 27

Year 2017

Assicurazioni Generali S.p.A.

Life insurance - Summary layout of technical accounts by branch - Italian portfolio

	Lob 01 Life	Lob 02 Marriage and birth	Lob 03 Unit linked
Direct business gross of reinsurance			
Written premiums	81,873	0	0
Claims incurred	102,503	0	21
Change in mathematical provision and in other technical provisions (+ o -)	11,108	0	4,602
Balance of other technical income and charges (+ o -)	0	0	-3,158
Operating expenses	5,380	0	87
Allocated investment return transferred to the non-technical account (*)	74,109	0	2,650
Balance of direct business gross of reinsurance(+ o -)	59,207	0	1,141
Balance of reinsurance ceded (+ o -)	-5,566	0	-2
Net balance of accepted business (+ o -)	235,664	0	124
Balance of direct business gross of reinsurance (+ o -)	289,305	0	1,263
	Lob 04 Health	Lob 05 Capitalisation	Lob 06 Pension funds
Direct business gross of reinsurance			
Written premiums	24,346	61	1
Claims incurred	54,918	4,735	2
Change in mathematical provision and in other technical provisions (+ o -)	-35,564	131	3
Balance of other technical income and charges (+ o -)	0	0	4
Operating expenses	3,468	0	5
Allocated investment return transferred to the non-technical account (*)	1,787	8,653	6
Balance of direct business gross of reinsurance(+ o -)	3,311	3,848	7
Balance of reinsurance ceded (+ o -)	2,537	0	0
Net balance of accepted business (+ o -)	0	0	0
Balance of direct business gross of reinsurance (+ o -)	5,848	3,848	0

(*) Sum of the items relating to the Italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 28

Company

Assicurazioni Generali S.p.A.

Year 2017

Summary layout of technical accounts of life business

Italian portfolio

	Direct insurance		Reinsurance		Risks retained Total 5 = 1 - 2 + 3 - 4
	Direct risks 1	Ceded risks 2	Risks accepted 3	Retrocessions 4	
Written premiums	106,301	33,565	246,755	1,161	318,330
Cost of claims	166,758	22,653	740,099	0	884,204
Change in mathematical provision and in other technical provisions(+ o -)	-49,699	2,972	-465,437	0	-518,108
Balance of other technical income and charges (+ o -)	1	0	-37	0	-36
Operating expenses	8,935	4,909	22,960	-128	27,114
Allocated investment return transferred to the non-technical account (*)	87,199		287,980		375,179
Balance on the technical account (+ o -)	67,507	3,031	237,076	1,289	300,263

(*) Sum of the items relating to the Italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.11, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 29

Company

Assicurazioni Generali S.p.A.

Year

2017

Summary layout of technical accounts of non-life and life business - Foreign portfolio

Section I: Non Life Business

		Total lines of business	
Direct business gross of reinsurance			
Written premiums	+	1	226,854
Change in the provision for unearned premiums (+ o -)	-	2	285
Claims incurred	-	3	142,394
Change in other technical provisions (+ o -)	-	4	0
Balance of other technical income and charges (+ o -)	+	5	526
Operating expenses	-	6	56,218
Balance on the technical account for direct business (+ o -)	A	7	28,483
Balance of reinsurance ceded (+ o -)	B	8	-14,864
Net balance of accepted business (+ o -)	C	9	89,156
Change in the equalisation provision (+ o -)	D	10	0
Allocated investment return transferred from the non-technical account	E	11	93,117
Balance on the technical account for direct business (+ o -)	(A+B+C-D+E)	12	195,892

Section II: Life Business

		Total lines of business	
Direct business gross of reinsurance			
Written premiums	+	1	118,879
Claims incurred	-	2	72,602
Change in mathematical provision and in other technical provisions(+ o -)	-	3	62,142
Balance of other technical income and charges (+ o -)	+	4	13,771
Operating expenses	-	5	25,830
Allocated investment return transferred to the non-technical account (1)	+	6	47,538
Balance of direct business gross of reinsurance(+ o -)	A	7	19,614
Balance of reinsurance ceded (+ o -)	B	8	-1,502
Net balance of accepted business (+ o -)	C	9	129,753
Balance on the technical account (+ o -)	(A+B+C-D+E)	10	147,865

(1) 'Sum of the items relating to the Italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 30

Company Assicurazioni Generali S.p.A.

Year 2017

Layout of the links with Group companies and companies where a significant interest is held

I: Income

	Parent companies	Affiliated companies	Affiliated of parent companies	Associated companies	Other	Total
Investment income						
Income from land and buildings	1 0	2 38	3 0	4 0	5 0	6 38
Income from equities	7 0	8 1,970,536	9 0	10 8,396	11 2,312	12 1,981,244
Income from debt securities	13 0	14 30	15 0	16 0	17 0	18 30
Interests on loans	19 0	20 79,619	21 0	22 0	23 0	24 79,619
Income from other financial investments	25 0	26 38	27 0	28 0	29 0	30 38
Interests on deposits with ceding companies	31 0	32 230,625	33 0	34 12	35 0	36 230,637
Total	37 0	38 2,280,886	39 0	40 8,408	41 2,312	42 2,291,606
Unrealised income and gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds						
Other income						
Interests on credits	43 0	44 67,088	45 0	46 0	47 0	48 67,088
Recoveries of administration expenses and charges	49 0	50 6,196	51 0	52 0	53 0	54 6,196
Other income and recoveries	55 0	56 28,854	57 0	58 0	59 0	60 28,854
Total	61 0	62 61,299	63 0	64 0	65 0	66 61,299
Profits on realisation of investments (*)	67 0	68 96,349	69 0	70 0	71 0	72 96,349
Extraordinary income	73 0	74 19,610	75 0	76 0	77 0	78 19,610
GRAND TOTAL	79 0	80 588	81 0	82 0	83 0	84 588
	85 0	86 2,464,521	87 0	88 8,408	89 2,312	90 2,475,241

Layout of the links with Group companies and companies where a significant interest is held
II: Charges

	Parent companies	Affiliated companies	Affiliated of parent companies	Associated companies	Other	Total
Charges on investments and passive interests:						
Investment charges	91 0	92 14,634	93 0	94 0	95 0	96 14,634
Interests on subordinated liabilities	97 0	98 1,492	99 0	100 0	101 0	102 1,492
Interests on deposits from reinsurers	103 0	104 0	105 0	106 0	107 0	108 0
Interests on debits from direct insurance operations	109 0	110 0	111 0	112 0	113 0	114 0
Interests on debits from reinsurance operations	115 0	116 9,793	117 0	118 0	119 0	120 9,793
Interests on debits towards banks and financial institutions	121 0	122 1	123 0	124 0	125 0	126 1
Interests on mortgages	127 0	128 0	129 0	130 0	131 0	132 0
Interests on other debits	133 0	134 75,757	135 0	136 0	137 0	138 75,757
Administration charges and charges for third parties	139 0	140 0	141 0	142 0	143 0	144 0
Other charges	145 0	146 28,854	147 0	148 0	149 0	150 28,854
Total	151 0	152 43,282	153 0	154 0	155 0	156 43,282
	157 0	158 173,813	159 0	160 0	161 0	162 173,813
Unrealised charges and losses on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds	163 0	164 43	165 0	166 0	167 0	168 43
Losses on realisation of investments (*)	169 0	170 27	171 0	172 0	173 0	174 27
Extraordinary charges	175 0	176 840	177 0	178 0	179 0	180 840
GRAND TOTAL	181 0	182 174,723	183 0	184 0	185 0	186 174,723

(*) with reference to the counterpart in the operation

Notes on the accounts - Attachment 31

Company Assicurazioni Generali S.p.A.

Year 2017

Summary layout of direct business premiums written

	Non-life		Life		Total	
	Affiliates	FoS	Affiliates	FoS	Affiliates	FoS
Written premiums:						
in Italy	1 43,872 ⁵	1,076	11,056 ¹⁵	0	54,928 ²⁵	1,076
in other EU countries	2 126,056 ⁶	4,593 ¹²	95,245 ¹⁶	0	221,301 ²⁶	4,593
in third countries	3 226,854 ⁷	8 ¹³	118,879 ¹⁷	0	345,733 ²⁷	8
Total	4 396,782⁸	5,677¹⁴	225,180¹⁸	0²⁴	621,962²⁸	5,677

Notes on the accounts - Attachment 32

Company Assicurazioni Generali S.p.A.

Year 2017

Layout of costs with regard to staff, administrators and auditors

I: Staff costs

Employees' costs:	Non-life business		Life business		Total	
Italian portfolio:						
- Wages	1	139,715	31	4,675	61	144,390
- Social contributions	2	42,289	32	1,572	62	43,861
- Severance payments and other obligations	3	8,084	33	307	63	8,391
- Other employee costs	4	9,943	34	168	64	10,111
Total	5	200,031	35	6,722	65	206,753
Foreign portfolio:						
- Wages	6	37,207	36	18,786	66	55,993
- Social contributions	7	10,082	37	6,789	67	16,871
- Other employee costs	8	2,473	38	2,312	68	4,785
Totale	9	49,762	39	27,887	69	77,649
Grand total	10	249,793	40	34,609	70	284,402
Costs of non subordinate workforce:						
Italian portfolio	11	4,232	41	199	71	4,431
Foreign portfolio	12	898	42	9	72	907
Total	13	5,130	43	208	73	5,338
Total cost of workforce	14	254,923	44	34,817	74	289,740

II: Details of items entered

	Non-life business		Life business		Total	
Investments charges	15	73	45	10	75	83
Costs of claims	16	8,249	46	3,273	76	11,522
Other acquisition costs	17	17,392	47	2,693	77	20,085
Other administration costs	18	28,014	48	23,986	78	52,000
Administrative charges and charges for third parties	19	201,195	49	4,855	79	206,050
Holding costs	20	0	50	0	80	0
Total	21	254,923	51	34,817	81	289,740

III: Average number of staff

	Number	
Managers	91	271
Employees	92	1,574
Salaried	93	0
Others	94	45
Total	95	1,890

IV: Administrators and auditors

	Number	Wages due		
Administrators	96	13	98	3,935
Auditors	97	3	99	350

Securities and **urban
real estate** on which
revaluation have been

Securities on which revaluations have been carried out (Art. 10 of Law 19/3/1983 n. 72)

(values in euro)

Name	Entered value 2017	Monetary revaluations	Other revaluations
GENERALI (SCHWEIZ) HOLDING AG	655,416,360	85,639	-
GENERALI FRANCE	529,486,198	110,443	502,204
Total	1,184,902,557	196,082	502,204

Urban real estate on which revaluations have been carried out

Place ITALY	Total book values at 31/12/2017 ^(*)	(Art. 10 of Law 19/3/83 n. 72)	
		Monetary revaluations	Other revaluations
BARLETTA	240,000	11,517	366,050
BOLOGNA	3,259,874	-	4,499,215
BUSTO ARSIZIO	274,220	23,756	464,515
CALTAGIRONE	88,551	-	65,067
CALTANISSETTA	98,023	6,881	122,469
CASALECCHIO DI RENO	186,087	13,189	174,214
CASORIA	127,278	9,086	235,396
CATANIA	240,000	-	58,172
CATANZARO	310,000	-	387,942
FABRIANO	1,793,462	-	1,529,568
FERMO	215,743	-	296,271
FIGLINE VALDARNO	303,622	17,552	594,504
FOGGIA	244,803	114	273,458
FOLIGNO	932,737	16,828	591,561
FUCECCHIO	196,195	-	267,018
LATINA	323,214	26,004	363,491
MATERA	160,000	10,770	293,961
MELEGNANO	270,000	22,450	450,438
MONSELICE	254,670	19,291	274,227
MUGGIA	714,392	-	-
PADUA	16,372,986	308,881	13,805,894
PERUGIA	78,523	-	111,393
PESCARA	724,727	-	1,123,300
PISTOIA	1,294,980	-	1,145,810
RAGUSA	353,657	-	274,118
REGGIO DI CALABRIA	200,000	-	391,385
REGGIO NELL'EMILIA	1,362,244	-	2,727,637
ROMA	52,157,060	-	39,588,421
SASSARI	127,275	18,722	155,838
SERIATE	88,304	-	141,501
SIGNA	215,402	14,689	327,729
TRAPANI	117,692	-	79,562
TREVIGLIO	215,568	9,936	326,621
TRIESTE	2,854,620	-	4,696,432
VENICE	1,136,092	50,109	1,031,994
VOLTERRA	147,056	-	144,443
TOTAL ITALY	87,679,058	579,775	77,379,613

* total book value includes as amount of Euro 1,787,491 for work in progress

Urban real estate on which revaluations have been carried out

Place FOREIGN COUNTRY	Total book values at 31/12/2017	(Art. 10 Legge 19/3/83 n. 72)	
		Monetary revaluations	Voluntary Revaluations
GREAT BRITAIN - LONDON	534,677	0	670,973
FRANCE - PARIS	1,792,000	0	75,567
MAROCCO - CASABLANCA	934,885	232,929	676,022
EGYPT - CAIRO	2,411,941	64,328	11,757,511
LEBANON - BEIRUT	6,079,285	12,865	5,281,190
TOTAL ABROAD	11,752,787	310,123	18,461,262

SUMMARY (in euro)

BUILDINGS IN CITIES ITALY	87,679,058	579,775	77,379,613
BUILDINGS IN CITIES ABROAD	11,752,787	310,123	18,461,262
GRAND TOTAL	99,431,845	889,897	95,840,875

Attestation of the Financial Statements

persuant to the provision of the article 154-bis of Legislative Decree
58 February, 1998 and Consob regulations 11971 of May 14,1999





Attestation of the 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 and following amendments and integrations

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Luigi Lubelli, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
 - the adequacy in relation to the characteristics of the Company and
 - the effective implementationof the administrative and accounting procedures for the preparation of the financial statements over the course of the period from 1 January to 31 December 2017.
2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at 31 December 2017 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 financial statements as at 31 December 2017:
 - a) are prepared in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of the Italian Civil Code, of Legislative Decree No. 173 of 26 May 1997, 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;
 - 3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertain situations to which it is exposed. .

Milan, 15 March 2018

Dott. Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.



Dott. Luigi Lubelli
*Manager in charge of preparing
the Company's financial reports and Group CFO*

ASSICURAZIONI GENERALI S.p.A.



Board of Statutory Auditors' Report



Statutory Auditors' Report to the General Meeting of Assicurazioni Generali S.p.A. called to approve the Financial Statements as at 31 December 2017 pursuant to s. 153 of Legislative Decree 58/1998

Ladies and Gentlemen,

in compliance with s. 153 of Legislative Decree no. 58 of 24 February 1998 (CFBA) and the indications contained in Consob notice no. 1025564 of 6 April 2001, as amended, and having regard to the code of conduct recommended by the National Accountants' and Bookkeepers' Council, the Board of Statutory Auditors of Assicurazioni Generali S.p.A. reports on the supervisory activities conducted during the 2017 financial year.

1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2017 (point 10 of Consob Notice no. 1025564/01)

The Board of Statutory Auditors (BSA) performed the activities falling within its remit during the 2017 financial year by holding 24 meetings, with an average duration of approximately two hours.

The BSA also:

- attended the 14 meetings of the Board of Directors (BoD);
- attended the 13 meetings of the Risk and Control Committee (RCC);
- attended the 3 meetings of the Related-Party Transactions Committee (RPTC);
- attended, in the person of its Chairman and/or another statutory auditor, the 8 meetings of the Appointments and Remuneration Committee (ARC), with specific reference to remuneration matters;
- attended, in the person of its Chairman and/or another statutory auditor, the 14 meetings of the Investments and Strategic Operations Committee (ISOC);
- attended, in the person of its Chairman and/or another statutory auditor, the 8 meetings of the Corporate Governance and Social and Environmental Sustainability Committee (GSC).
- In addition to the above activities, in the course of its activity plan, the Board of Statutory Auditors, among other things:
 - held meetings with, and obtained information from, the Group CEO, also in his role as Internal Control and Risk Management Director, the Group Audit Manager, the Group Compliance Manager, the Risk Management Manager, the Group Actuarial Manager, the Group Financial Crime Manager, the Manager in Charge of Preparation of the Company's Financial Reports, Group General Counsel and the Corporate Affairs Manager,

and the managers of the Company's functions affected by the supervisory activities of the BSA at various times;

- met members of the Surveillance Body instituted pursuant to Legislative Decree no. 231/2001 for a useful exchange of information;
- pursuant to ss. 151.1 and 151.2 of the CFBA, held meetings and exchanged information with the Board of statutory auditors or supervisory bodies of the main subsidiaries (Generali Italia S.p.A., Generali Investment Europe S.p.A., Banca Generali S.p.A., Generali France Assurances, Generali Deutschland Holding AG, Alleanza Assicurazioni S.p.A., Genertel S.p.A., GenertelLife S.p.A. and Europe Assistance Italia S.p.A.);
- in the course of the statutory dealings between the BSA and the auditors, held periodic meetings with the external auditors EY S.p.A., at which data and information relevant to the performance of their respective duties were exchanged.

2. Transactions having a significant impact on the economic, financial and assets position. Other noteworthy events (point 1 of Consob Notice no. 1025564/01)

2.1 Activities performed by the BSA

The BSA monitored compliance by the Company with the legislation and the Articles of Association and observance of the principles of correct administration, with special reference to transactions having a significant impact on the economic, financial and assets position, by regularly attending meetings of the Board of Directors and examining the documentation provided.

In this context, the BSA received information from the Managing Director and the Board of Directors about the activities performed and transactions with a significant impact on the economic, financial and assets position conducted by the Company, including through directly or indirectly controlled companies.

On the basis of the information provided, the BSA reasonably concludes that the said transactions can be deemed to comply with the legislation, the Articles of Association and principles of sound management, and that they do not appear to be manifestly imprudent, rash or in conflict with the resolutions passed by the General Meeting, or such as to prejudice the integrity of the Company's assets.

In particular, the BSA was informed about transactions

in which Directors declared an interest, on their own account or on behalf of third parties, and has no comments to make about the compliance of the corresponding resolutions with the legislation and regulations.

2.2 Most significant events

The most significant events involving the Company and the Group in 2017 are also reported on in the 2017 Integrated Annual Report and Consolidated Financial Statements. They include the following events.

- On 23 January 2017 the Company purchased the voting rights to 505 million Intesa Sanpaolo S.p.A. shares, namely 3.01% of the share capital, by means of a stock loan; on 17 February 2017 the Company purchased 510 million Intesa Sanpaolo S.p.A. ordinary shares, namely 3.04% of its share capital, and at the same time began the procedure for terminating the stock loan. A transaction in collateralised derivative instruments was conducted to hedge the whole of the economic risk associated with the purchase of the said shares. Subsequently, on 30 May 2017, the Company sold all the 510 million Intesa Sanpaolo S.p.A. shares previously purchased, and at the same time terminated the hedging transaction in collateralised derivative instruments.
- On 25 January 2017 the Board of Directors resolved to terminate the contract of employment of General Manager and Group CFO Alberto Minali, and having heard the favourable opinion of the Board of Statutory Auditors (pursuant to s. 154-bis.1 of the CFBA and art. 40.2 of the Company's Articles of Association), appointed Luigi Lubelli as Group Chief Financial Officer, Manager in Charge of Preparation of the Company's Financial Reports, and member of the Group Management Committee. All the first-level company functions that had reported to the General Manager were required to report directly to Group CEO Philippe Donnet.
- Also on 25 January 2017, the Board of Directors resolved to extend the responsibilities of the Investment Committee to include operations with a strategic value, and therefore changed its name to the Investments and Strategic Operations Committee.
- On 8 February 2017 Generali Finance B.V. exercised the option of early repayment of a perpetual subordinated bond amounting to € 869 million.
- On 20 April 2017 Assicurazioni Generali S.p.A. increased the share capital by way of implementation of the Long-Term Incentive Plan approved by the General Meeting on 30 April 2014. Following the said increase, which involved the issue of 1,924,724 shares, the fully subscribed and paid-up share capital of Assicurazioni Generali S.p.A. amounts to € 1,561,808,262.
- In June 2017, Assicurazioni Generali S.p.A. entered into a reinsurance agreement with Lion II Re DAC, an Irish special-purpose company, which will cover the possible catastrophe losses incurred by the Generali Group as a result of storms and floods in Europe and earthquakes in Italy for four years. Lion II Re DAC has issued a € 200 million tranche of bonds to finance the commitments undertaken pursuant to the reinsurance agreement, thereby transferring part of the risk to the bondholders.
- On 19 July 2017 the Company signed an Agreement with the Talanx Group for the sale of shareholdings in two Colombian insurance companies, Generali Seguros and Generali Vida, amounting to 91.3% and 93.3% respectively. The transaction is conditional on the approval of the competent authorities. The sale of the holding in the Company's Guatemalan subsidiary, Aseguradora General S.A., to the Neutze family, our long-standing local partner, was also completed. On 7 August 2017 an agreement was also signed for the sale of the assets held by the Company in Panama to ASSA Compania de Seguros S.A. for a consideration of USD 172 million, subject to adjustment on closing of the transaction; that transaction is also conditional on the approval of the competent authorities
- On 13 September 2017 the Company signed an agreement for the sale of its entire holding in Generali Nederland N.V. for an initial consideration of € 143 million, subject to adjustment on closing of the transaction. Authorisations having been obtained from the competent authorities, that transaction was completed in February 2018.
- On 18 December 2017 an agreement was signed for the sale to Life Company Consolidation Group of the entire holding in Generali PanEurope for an initial consideration of € 230 million, subject to adjustment on closing of the transaction. The transaction is conditional on (*inter alia*) the approval of the competent authorities, and is expected to be completed in the first half of 2018.
- On 19 December 2017 the Company signed an agreement for the sale of the Non-life portfolio in run-off of its English subsidiary to Compre Group, a company specialising in the management of claims portfolios in run-off.

2.3 Litigation

As regards the ongoing litigation relating to former Company executives Giovanni Perissinotto and Raf-

faele Agrusti, the Board of Statutory Auditors received periodic updates on the progress of the proceedings at meetings of the Board of Directors. The BSA took note of the Board of Directors' decision of 13 June 2017, which concluded that the conditions for usefully continuing, in the Company's interests, the proceedings previously commenced against the Company's former executives, did not exist, and consequently resolved to discontinue the corresponding lawsuits.

As already stated in the 2016 Integrated Annual Report and Consolidated Financial Statements, the Brazilian company Banco BTG Pactual S.A. ("BTG") commenced arbitration proceedings in 2016 relating to certain claims for compensation made by BTG pursuant to an agreement whereby the sale to the latter of Banca della Svizzera Italiana S.A. ("BSI") by a Generali subsidiary was concluded in September 2015.

In this context, the Board of Statutory Auditors received periodic updates about the development of the litigation at meetings of the Board of Directors and the Risk and Control Committee, examining the opinions prepared by the external lawyers and focusing in particular, insofar as falls within its remit, on the analyses requested from those lawyers, with a view to obtaining evidence of alleged irregularities by executives and/or employees of the Generali Group before the sale of BSI. These analyses are undergoing progressive, regular updating, partly in view of the extensive documentation produced during the arbitration proceedings.

The Board of Statutory Auditors also met the Manager in charge of Preparation of the Company's Financial Reports and the Company's other relevant internal functions, together with External Auditors EY S.p.A., with a view to monitoring the process conducted by them, insofar as falls within their respective remits, for the purpose of conducting the necessary evaluations relating to possible provisions pursuant to IAS 37, and the corresponding disclosure.

As stated in the 2017 Integrated Annual Report and Consolidated Financial Statements, the Company, on the basis of its evaluations including discussions with the External Auditors, taking into account the status of the arbitration proceedings and the legal opinions obtained, decided that the conditions of probability and ability to make the reliable estimate required by IAS 37 for risk provisions associated with BTG's said claim for damages were not fulfilled.

3. Related-party and intercompany transactions. Atypical and/or unusual transactions (*points 2 and 3 of Consob Notice no. 1025564/01*)

The Company has introduced "Related-Party Transaction Procedures" ("RPT Procedures"), adopted in compliance with Consob Regulation 17221/2010, as amended, and s. 2391-*bis* of the Civil Code, which are also applicable to transactions performed by subsidiaries.

As stated in the Report of the Board of Statutory Auditors pursuant to s. 153 of Legislative Decree 58/1998 issued on 31 March 2017, the Related-Party Transactions Committee, on request (*inter alia*) by the Board of Statutory Auditors, commissioned an external adviser to analyse some questions regarding relations between the Related-Party Transactions Committee and the other Board Committees; this activity indicated the advisability of a refinement to the RPT Procedures and the Regulation of the Board of Directors and the Board Committees to ensure better interaction between the various Board committees and a complete flow of information to the Related-Party Transactions Committee. The new text of the RPT Procedures, incorporating the refinements suggested by the external adviser, was approved by the Board of Directors on 15 February 2017, after obtaining a favourable opinion from the Related-Party Transactions Committee. On the same date, the Board of Directors also approved the corresponding amendments to the Regulation of the Board of Directors and the Board Committees.

Also in the context of the said RPT Procedure updating activity, following the request by the Board of Statutory Auditors to the Group Audit Function, an audit activity regarding specific aspects of the concrete operation of the RPT Procedures in the parent company and subsidiaries was added to the first half of the 2017 Audit Plan. That activity related to (i) the operation of the Related-Party Transactions Committee and (ii) the compliance of the activities performed by the internal functions in support of the said Committee with the Company's procedures and the applicable legislation. The said auditing activity was monitored by the BSA in the ambit of periodic updates with the Group Audit Function, and the resulting suggestions were incorporated in the above-mentioned review of the RPT Procedures approved on 15 February 2017, and in the associated amendments to the Regulation of the Board of Directors and the Board Committees.

In view of the factors set out above, the Board of Statutory Auditors concludes that the Company's RPT Proce-

dures comply with Consob Regulation 17221/2010, as amended; the BSA monitored the Company's compliance with the said Procedures during the year.

Assicurazioni Generali's 2017 Annual Financial Statements and the 2017 Integrated Annual Report and Consolidated Financial Statements illustrate the economic and asset-related effects of the related-party transactions, and describe the most significant relationships.

No transactions classifiable as major transactions pursuant to the above-mentioned Procedures were submitted for the attention of the Related-Party Transactions Committee during the 2017 financial year, nor were any urgent related-party transactions performed.

With regard to intercompany transactions during the year, on 26 October 2016 IVASS issued the new Regulation no. 30/2016 on intercompany operations and risk concentrations, which replaces the previous Regulation no. 25/2008. The new Regulation no. 30/2016, which significantly amended the provisions governing intercompany operations, came into force on 1 December 2016. The Group Compliance Function supported the preparation of the new Group policy pursuant to the said IVASS Regulation 30/2016, designed to provide the Generali Group's internal control and risk management system with processes and procedures for the identification, measurement, monitoring, management and reporting of intercompany transactions, in compliance with the said regulatory provisions. Finally, the Company's Board of Directors, at the meeting held on 15 March 2017, approved the new Policy on Intra-Group Transactions.

On the basis of the supervisory activities of the BSA, intercompany transactions were conducted during the year in compliance with the said policies approved by the Board of Directors. The main intercompany activities, with payment at market prices or at cost, were conducted by means of reinsurance and coinsurance agreements, administration and management of securities and real estate, claims management and settlement, IT and administrative services, loans and guarantees, and personnel loans. The said services allowed the rationalisation of the operational functions and a better level of services.

The BSA also concluded that the information provided by the Board of Directors in the 2017 Annual Financial Statements of Assicurazioni Generali relating to intercompany and related-party transactions was adequate. As far as we are aware, no atypical and/or unusual transactions were conducted.

4. Organisational structure of the Company and the Group *(point 12 of Consob Notice no. 1025564/01)*

The organisational structure of the Company and the Group and its developments are described in detail in the Corporate Governance and Share Ownership Report. The Group's organisational structure is confirmed in its Functions, and promotes the integration of best practices regarding insurance, financial and investment techniques, activation of Group synergies and focus on operational efficiency at global level, including through Centres of Expertise supporting the entire organisation.

The Group's organisational structure is based on two dimensions: Group Head Office (GHO) and the Business Units. GHO acts as the strategic policy, guidance and coordination structure for the Business Units. The Business Units promote local entrepreneurship and autonomies, and provide international control.

The organisational governance is ensured by integration and coordination mechanisms between the Business Units and the Group Head Office functions, represented by:

- the Group Management Committee (GMC), namely the group of top management executives which discusses the main strategic decisions;
- the Quarterly Business Review processes, which ensure alignment between GHO and the Business Units in terms of strategic objectives and the results trend;
- three main cross-functional committees that support the Group CEO in guiding the Group's strategic decisions: the Balance Sheet Committee, Finance Committee and Product & Underwriting Committee;
- the Functional Guidelines and Functional Councils, through which functional coordination is implemented at global level;
- a matrix system of reporting lines, classified as "solid" or "dotted" according to the intensity of guidance and coordination between the GHO Functions and the corresponding functions in the Business Units. The "solid" Functions, namely those in which the guidance and coordination activity is most intensive, are the Group CRO, Group General Counsel, including Group Compliance, and Group Audit; the other Group Functions are "dotted".

Some organisational changes in the organisational structure of Group Head Office and the Group Management Committee took place in 2017, as described in the Corporate Governance and Share Ownership Report. The main such changes included the following:

- with effect from 1 December 2017 the Board of Directors appointed Marco Sesana as Country Manager for Italy (who maintains his position as Managing Director and General Manager of Generali Italia). Marco Sesana also became a member of the Group Management Committee;
- with effect from 9 January 2017, the Board of Directors appointed Timothy Ryan as new Group Chief Investment Officer, and he also became a member of the Group Management Committee;
- on 25 January 2017 the Board of Directors resolved to terminate the contract of employment of General Manager and Group CFO Alberto Minali, and appointed as new Group CFO Luigi Lubelli, who became a member of the Group Management Committee. All the first-level company functions that reported to the General Manager were required to report directly to Group CEO Philippe Donnet.
- with effect from 1 June 2017, the Board resolved to appoint Jean-Laurent Granier as new Country Manager for France, and he became a member of the Group Management Committee;
- with effect from 1 July 2017, Bruno Scaroni was appointed Group Strategy & Business Accelerator Director;
- with effect from 1 October 2017 the Board of Directors, having heard the favourable opinion of the Board of Statutory Auditors, appointed Nora Gürtler as Group Audit Manager;
- on 18 October 2017 the Board of Directors updated the composition of the Group Management Committee, resolving to appoint Group Chief HR & Organisation Officer Monica Alessandra Possa and Group Chief Marketing & Customer Officer Isabelle Marguerite Conner as GMC members;
- on 13 December 2017 the Board of Directors instituted, with effect from 1 January 2018, the new role of Group Chief Operating & Insurance Officer, appointing to that position Jaime Anchustegui, who became a member of the Group Management Committee from that date.

The Board of Statutory Auditors, by means of the activity described in paragraph 1 above, monitored the adequacy of the overall organisational structure of the Company and the Group and the adequacy of the instructions issued by the Company to its subsidiaries pursuant to s. 114.2 of the CFBA, to ensure rapid acquisition of the information required to meet the statutory communication obligations.

The BSA also established, pursuant to s. 15 of the Market Regulation of 28 December 2017, that the Company's organisation and the procedures adopted enable the

Company to establish that the companies controlled and incorporated by it which are governed by the legislation of countries not belonging to the European Union and are required to comply with the Consob regulations have an administrative/accounting system suitable to supply the Company's management and external auditors regularly with the economic, capital and financial data required to draw up the consolidated financial statements. As at 31 December 2017, the non-EU companies to which the Market Regulation applies were: Generali Personenversicherungen AG, Generali (Schweiz) Holding AG e Generali China Life Insurance Co. Ltd.

No noteworthy information emerged from examination of the reports of the supervisory bodies of the subsidiaries, and/or the information sent by them to the BSA following specific requests.

5. Internal Control and Risk Management System, administrative/accounting system and financial reporting process (points 13 and 14 of Consob Notice no. 1025564/01)

5.1. Internal Control and Risk Management System

The main characteristics of the Internal Control and Risk Management System are described in the Corporate Governance and Share Ownership Report.

The Company has an internal regulatory system applicable to the whole Group, called the Generali Internal Regulation System (GIRS). That system is structured on three levels:

- Group Policies, approved by the Board of Directors;
- Group Guidelines, approved by the Group CEO or the managers of the Control Functions;
- Group Operating Procedures, approved by the relevant functions of Group Head Office.

The company functions operate in accordance with an organisational model based on three levels of control:

- the managers of the operational areas (risk owners);
- the functions of the second level of control, in particular Group Risk Management, Group Compliance and the Group Actuarial Function;
- Group Audit.

The Group CEO also holds the position of Internal Control and Risk Management Director.

In the development of the Internal Control and Risk Management System (ICRMS), the Company performs its activities in accordance with the terms of Solvency II, including delegated acts and guidelines issued on the subject by EIOPA, and with the legislative and regulatory provisions transposed at national level.

Following the issue by the Regulator of authorisation to use a "Partial Internal Model" (PIM) to calculate the Solvency Capital Requirement (SCR) as required by Solvency II, the Group is allowed to use the PIM to determine the SCR of the Group and the main Business Units for the Italian, German, French and Czech companies. For further details, see the Group Risk Report.

In the ambit of credit risk measurement a system of rules and procedures was implemented at Group level, designed to guarantee monitoring in terms of internal ratings of creditworthiness, thus reducing the sole use of external ratings.

Moreover, to maintain compliance with Solvency II, the Company has updated and/or introduced internal Group policies having the following objectives:

- formalising the ICRMS by establishing the roles and responsibilities of the Control Functions;
- establishing the processes associated with the management of specific risks (investment, underwriting and operational risks) and the main business processes (including capital management, the asset liability management (ALM) process and the product approval process).

The Company monitored legislative developments during the year, activated compliance-checking plans and continued its ongoing reinforcement of the procedural structure, as described in the parent company's Risk Report and Financial Statements. The Internal Control and Risk Management System policies are also adopted by the main subsidiaries, having regard to the specific legislation in each country in which the Group operates, and any special features of the business. These policies are continuously updated.

In the context of constant development and reinforcement of controls, in accordance with the applicable industry regulations, the Board of Statutory Auditors has constantly monitored the adequacy of the ICRMS of the Company and its Group. In particular, the BSA:

- i) took note of the favourable opinion of the adequacy of the ICRMS issued half-yearly by the Board of Directors after consulting the Risk and Control Committee;
- ii) examined the summary document regarding the assessment of the adequacy and efficacy of the Internal Control and Risk Management System

drawn up by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions;

- iii) attended all meetings of the Risk and Control Committee, obtaining information about the initiatives that the Committee has decided to promote or request on specific subjects;
- iv) obtained information about the development of the corresponding organisational structures and the activities performed by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions, partly by means of discussions with the managers concerned;
- v) examined the reports on the activities of the Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the Risk and Control Committee and the Board of Directors;
- vi) examined the Group Audit Manager's half-yearly Complaint Reports;
- vii) examined the Audit Plan drawn up by the Group Audit Function and approved by the Board of Directors, observed that it had been complied with, and received information about the audit results;
- viii) obtained information about the activities of the Supervision and Control Committee instituted by the Company in compliance with Legislative Decree no. 231/2001, by means of specific reports and update meetings regarding the activities performed by it;
- ix) obtained information from the managers of the respective company functions;
- x) exchanged information with the supervisory bodies of the subsidiaries, as required by ss. 151.1 and 151.2 of the CFBA;
- xi) met and exchanged information with the Executive Director responsible for supervising the ICRMS;
- xii) obtained information about the development of the Group's regulatory system, in particular the Company's structure of policies, regulations, guidelines and procedures designed to ensure compliance with the specific regulations of the insurance industry and listed companies applicable to or approved by the Company.

In the course of its supervisory activities over the ICRMS, the BSA, in 2017 as in the preceding financial years, paid particular attention to compliance with the money-laundering legislation.

As stated in the Report pursuant to s. 153 of the CFBA relating to the 2016 financial year, issued on 31 March 2017, in the first few months of the last financial year the major project adopted by the Company regarding

money-laundering and anti-terrorism measures was substantially finalised, including the introduction of the new “Group Anti-Money Laundering & Counter-Terrorism Financing (AML/CTF) Policy”.

During the 2017 financial year the BSA continued to monitor the implementation of the AML/CTF Policy in the individual Group companies, in liaison with the boards of statutory auditors or supervisory bodies of the subsidiaries concerned, taking into account also the different and variegated legislative situations.

In November 2017, the Company approved an update to the said Group AML/CTF Policy, which takes account of the changes in the legislative picture since the 4th European AML Directive came into force during the year. The innovations introduced by the new version of the policy include, in particular, the provision that where national legislation does not allow the requirements laid down by the policy to be introduced, the Group companies concerned are specifically required to identify and adopt additional measures to deal with the local limitations, in order to ensure effective AML/CTF risk management.

Also during the financial year that has just ended, following the Letter to the Market dated 5 June 2017 in which IVASS requested life insurance companies to conduct a self-assessment of the risk of money-laundering and financing of terrorism with reference to the 2016 financial year, 44 Group companies operating in the life sectors conducted the said self-assessment activity. This self-assessment process was conducted on the basis of the specific methodologies indicated by IVASS, requiring the risk to be measured by analysing and evaluating the following aspects: (i) the intrinsic risk associated with the nature of the business actually carried on; (ii) the ability of the internal control system to mitigate the intrinsic risk; (iii) the residual risk to the company after evaluating the effective ability of the internal control system to mitigate the intrinsic risk.

On the basis of the results, actions designed to further mitigate the money-laundering and financing of terrorism risks were identified, to be implemented in the 2018 financial year by the Company and the Group. The risk mitigation actions planned for the 2018 financial year, delineated by the Company following the said self-assessment activity, were approved by the Board of Directors on 13 December 2017, after consulting the Risk and Control Committee and the Board of Statutory Auditors. The BSA will regularly monitor its implementation during the coming financial year.

The Board of Statutory Auditors, in liaison with the Risk and Control Committee, also monitored the trend of ac-

tual implementation of the actions and projects deriving from audit activities. In the preceding year, this aspect represented an area requiring attention, as indicated by the Risk and Control Committee and the Board of Directors, which agreed on the importance of drawing the attention of the management to ensuring that the action plans resulting from audit activities are completed in the scheduled times, informing the said bodies of the reasons for any delay, and rescheduling the corresponding time limits. After that request, the process significantly improved; however, this aspect is still considered to be an area requiring attention by both the BSA and the BoD, which has reminded management of its importance to ensure timely completion of the planned actions. The BSA will also continue its regular monitoring of this area.

In 2017, the Board of Directors and the Risk and Control Committee promoted actions involving further reinforcement of the internal control system to take account of the new requirements introduced by the European legislation governing privacy and data protection, insurance distribution and Packaged Retail Investment-based Insurance Products (PRIIPS). For that purpose, it was agreed that the internal control system must be further updated and strengthened to take account of the higher risk profile, in particular as regards penalties, deriving from the new legislative and regulatory requirements. In view of the extent of the legislative innovations, the BSA suggested specific induction and training activities for Board members.

Finally, the Risk and Control Committee and the Board of Directors monitored the implementation of the overall IT programme commenced in 2016, with a view to progressive reinforcement of the associated controls, and mitigation of the risks involved. This activity was conducted on the basis of the activities of the Control Functions and information supplied by the IT management, promoting accelerated implementation of the programme as far as possible. In particular, the Company intends to complete the cyber risk mitigation and prevention programme a year earlier than originally forecast. In this context, the refinement of systems and procedures suitable to prevent and reduce the said risk remains an area of attention subject to regular monitoring by the Board of Statutory Auditors.

In the light of all the above information and having regard to the above-mentioned areas of attention, no factors emerged from the analyses conducted or the information obtained that could lead this BSA to consider the Company's Internal Control and Risk Management System as not adequate as a whole.

In view of the evolutionary nature of any internal control system, specific updates were planned for 2018, as part of the process of ongoing improvement of the efficacy of the system pursued by the Company.

5.2. Administrative accounting system and financial reporting process.

As regards the administrative accounting system and the financial reporting process, the Board of Statutory Auditors monitored (*inter alia*) the Company's activities designed to assess their adequacy continuously.

This objective was pursued by the Company by adopting a "financial reporting model" consisting of a set of principles, rules and procedures designed to guarantee an adequate administrative and accounting system.

The Corporate Governance and Share Ownership Report describes the main characteristics of the model, as defined by the Manager in Charge of Preparation of the Company's Financial Reports, who is supported by the Financial Reporting Risk structure.

Data and information relevant to the performance of their respective tasks pursuant to s. 150 of the CFBA were exchanged with the managers of the External Auditors, and no noteworthy aspects emerged.

In particular, no significant deficiencies in the internal control system relating to the financial reporting process emerged from the additional report issued by EY S.p.A. pursuant to art. 11 of EU Regulation 537/2014. That report was discussed and analysed during information exchanges between the Board of Statutory Auditors and the External Auditors.

From September 2016, consistently with the development of the applicable legislative situation, the Company decided to develop its quarterly financial reporting, as from the third quarter of 2016, by producing a more concise representation of its business, focusing on relevant information.

5.3. Consolidated Non-Financial Statement.

With reference to the 2017 financial year, the Company is required, for the first time, to prepare and publish a Consolidated Non-Financial Statement ("CNFS") in accordance with the terms of Legislative Decree no. 254/2016 and its Implementing Regulation issued by CONSOB in Resolution no. 20267 of 18 January 2018. As required by s. 4 of Legislative Decree no. 254/2016, the said Statement provides non-financial information relating to the

Company and its subsidiaries "to the extent required to ensure comprehension of the group's business, trend and results, and the impact produced by it".

As specified in s. 3.7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors, in the performance of its statutory functions, monitored compliance with the legislation governing the preparation and publication of the CNFS.

In particular, the BSA monitored the adequacy of the organisational structures adopted by the Group in accordance with the strategic objectives pursued by it in the socioenvironmental field.

The BSA also monitored the adequacy of the processes and structures which, in the Group, control production, reporting, measurement and representation of the non-financial information and results.

For this purpose, the BSA examined the documentation made available by the Company and met, in various sessions, the Function responsible for drafting the CNFS identified in the ambit of the Group CFO Function, and the representatives of the External Auditors responsible for certification (EY), who were also instructed to issue a specific report containing the certification of conformity required by s. 3.10 of Legislative Decree no. 254/2016.

In continuity with the Group's well-established methodological decisions regarding integrated reporting, the Board of Directors prepared the CNFS, approved by the Board of Directors on 14 March 2018, in accordance with the Guiding Principles and Content Elements of the International <IR> Framework, approved by the International Integrated Reporting Council (IIRC). The standard adopted for reporting on the material subjects identified by the Group is represented by the GRI Sustainability Reporting Standard, published in 2016 by GRI Global Reporting Initiative (GRI – Referenced claim) with reference to selected GRI Standards and indicators of GRI G4 Financial Services Sector Disclosures.

The BSA further noted that the External Auditors issued the said report on 27 March 2018. In the said report, EY certified that on the basis of the work performed, no information had come to its attention suggesting that the CNFS was not drawn up, in all significant respects, in compliance with the terms of ss. 3 and 4 of Legislative Decree no. 254/2016 and the reporting standard used by the Group to prepare the CNFS.

The Board of Statutory Auditors observes that in the course of the controls conducted and specified above, no evidence of non-conformity by the CNFS with the legislative provisions governing its preparation and publication came to its attention.

When drawing up the Consolidated Non-Financial Statement, the Company did not exercise the option to omit

information concerning imminent developments and transactions under negotiation allowed by s. 3.8 of Legislative Decree 254/2016.

Finally, the BSA emphasises that in view of the recent introduction of the legislation governing non-financial information reporting, it will continue to monitor with particular attention the development of its practical application and the actions performed by the Company with the aim of further improving the degree of formalisation of the socioenvironmental policies implemented and the related processes.

6. Other activities performed by the Board of Statutory Auditors

In addition to the matters described above, the Board of Statutory Auditors performed further specific periodic checks in accordance with the statutory and regulatory provisions applicable to the insurance industry.

In particular the BSA, partly by attending meetings of the Risk and Control Committee:

- monitored compliance with the investment policy guidelines resolved on, following the issue of ISVAP Regulation no. 36 of 31 January 2011, by the Board of Directors on 13 May 2011, and updated in 2012, 2013, 2014, 2015 and finally in September 2016, after IVASS Regulation no. 24 of 6 June 2016 came into force;
- checked that transactions in derivative financial instruments complied with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly submitted periodic communications to IVASS;
- analysed the administrative procedures adopted for handling, safekeeping and accounting of financial instruments, checking the instructions issued to depositaries regarding periodic despatch of statements of account with suitable indications of any encumbrances;
- checked that the assets destined for covering the technical reserves were free of encumbrances and fully available;
- checked on correspondence with the register of assets destined to cover the technical reserves.

In the Notes to the Financial Statements, the Company supplied a report on share-based payment agreements, in particular the incentive plans based on equity instruments allocated by the parent company and other companies belonging to the Group.

7. Organisational and Management Model pursuant to Legislative Decree no. 231/2001

The Board of Statutory Auditors has perused and obtained information about the organisational and procedural activities conducted pursuant to Legislative Decree 231/2001, as amended, regarding the administrative liability of organisations. The main aspects connected with the organisational and procedural activities conducted by the Company pursuant to Legislative Decree 231/2001 are illustrated in the Corporate Governance and Share Ownership Report.

No noteworthy facts and/or circumstances emerged from the report submitted by the Surveillance Body instituted pursuant to Legislative Decree no. 231/2001 regarding the activities performed.

8. Ratification of the Corporate Governance Code, Composition of the Board of Directors, and remuneration (point 17 of Consob Notice no. 1025564/01)

The Company has ratified the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. This BSA has evaluated the procedures for concrete implementation of the Code in question, with reference to the principles and application criteria, and has no comments to make on them.

The Board of Statutory Auditors notes that the Board of Directors has evaluated the operation, size and composition of the Board of Directors and the Board Committees. The Board Review process for the 2017 financial year, which involved all Directors and the Chair of the BSA, was conducted by means of a questionnaire based on the model developed for the preceding financial year by a leading firm of consultants. The answers were addressed to the Chair of the Board of Statutory Auditors to ensure their confidentiality and monitor the consolidation process (as regards those concerning the BSA, the answers were handled by the Secretary to the Board of Directors). The final self-assessment report formed the subject of a detailed discussion, first by the GSC and then by the Board of Directors.

The Board of Statutory Auditors reports that having regard (*inter alia*) to the terms of Legislative Decree no. 254/2016, the BoD, at the meeting held on 13 December 2017, approved a specific diversity policy for members

of the Company's corporate bodies, which combines in a single text the provisions already contained in other legislative and regulatory sources internal and external to the Company, with the aim of formalising the objectives pursued and the commitment to promoting generally recognised principles of non-discrimination. The Company also acknowledges and welcomes the value of the legislation and the generally accepted principles of diversity and inclusion in line with the European Commission's Guidelines on communication of non-financial information.

The Board of Statutory Auditors also checked on the correct application of the criteria and process initiated by the Board of Directors to assess the independence of directors classed as "independent"; it also established that its own independence requirements were met.

With reference to subjects connected with establishing that directors meet the independence requirements, the activities commenced in 2015, following requests by the BSA for analysis and action, as illustrated in the Board of Statutory Auditors report issued pursuant to s. 153 of the Legislative Decree 58/1998 relating to the two preceding financial years, continued in the 2017 financial year.

In particular, in order to provide the Board of Directors and the GSC with the most comprehensive possible information about the independence assessments, the additional provisions introduced into the Regulation of the Board of Directors and the Board Committees for the conduct and formalisation of the assessment process were finalised and implemented, as from the assessment conducted in May 2016; specific internal operational guidelines requested by the BSA were then concretely implemented, as from the assessment conducted in June 2017, with a view to ensuring, by means of formal processes for the collection of the relevant information from the various company functions involved, that the said information is made available to the bodies responsible for the independence assessments.

In that context, and also in the light of the new policies and operating guidelines, the Board of Directors conducted its assessments of whether the independence requirement is met on the basis of all the information available to the Company in any way, and on the basis of specific supplementary declarations, designed to obtain from Directors stating themselves as independent precise, accurate information about the existence of any commercial, financial or professional relations, relations involving self-employment or employment or other pecuniary or professional relations, which are relevant as defined in the Corporate Governance Code and the CFBA.

The BSA notes that the Board of Directors has adopted a specific top management succession policy and plan.

The BSA has no comments to make about the consistency of the remuneration policy with the recommendations of the Corporate Governance Code and its compliance with ISVAP Regulation no. 39 of 9 June 2011.

9. External audit (points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)

The firm EY S.p.A. was appointed as External Auditors to audit the financial statements of Assicurazioni Generali S.p.A. and the consolidated financial statements of the Group; during the 2017 financial year the said External Auditors checked that the Company's accounts were properly kept and transactions properly recorded in the books of account.

On 27 March 2018, the External Auditors issued the reports required by ss. 14 and 16 of Legislative Decree 39/2010 relating to the financial statements and the consolidated financial statements of the Group as at 31 December 2017. The said reports indicate that the financial statements are drawn up clearly and truthfully and correctly represent the assets and financial situation, profit and cash flows for the year ending on that date, in compliance with the applicable standards and regulations.

The Manager in Charge of Preparation of the Company's Financial Reports and the Managing Director and Group CEO issued the declarations and certifications required by s. 154-*bis* of the CFBA with reference to the financial statements and the consolidated financial statements of Assicurazioni Generali S.p.A. as at 31 December 2017.

The BSA monitored, within the terms of its remit, the general layout of the financial statements and the consolidated financial statements in accordance with the legislation and specific regulations governing drafting of insurance companies' financial statements. The BSA declares that the consolidated financial statements of the Assicurazioni Generali Group were drawn up in compliance with the IAS/IFRS International Accounting Standards issued by the IASB and approved by the European Union, in compliance with EU Regulation no. 1606 of 19 July 2002 and the CFBA, and Legislative Decree 209/2005, as amended. The consolidated financial statements were also drawn up as required by ISVAP Regulation no. 7 of 13 July 2007, as amended, and contain the information required by Consob Notice no. 6064293 of 28 July 2006.

The Notes to the Financial Statements illustrate the evaluation criteria used, and provide the information required by the applicable legislation.

The Directors' Report annexed to the draft financial statements of the parent company illustrates the business trend, indicating current and prospective developments, and the Group's development and reorganisation process.

The Board of Statutory Auditors also declares that it was consulted, together with the External Auditors, by the Risk and Control Committee in the course of the evaluations falling within that Committee's remit, together with the Manager in Charge of Preparation of the Company's Financial Reports, regarding the correct use of the accounting standards and the uniformity of their use for the purpose of preparing the consolidated financial statements.

On 27 March 2018, EY S.p.A. issued its additional report pursuant to art. 11 of EU Regulation 537/2014 to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee. In compliance with the terms of s. 19.1.a of Legislative Decree 39/2010, the BSA sent that report promptly to the Board of Directors, without formulating any observations.

The BSA also held meetings with the managers of External Auditors EY S.p.A. pursuant (*inter alia*) to s. 150.3 of the CFBA, during which useful exchanges of data and information relevant to the performance of their respective tasks took place, and no noteworthy facts or situations emerged. In that context, in the ambit of the supervision referred to in s. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also obtained information from EY S.p.A. regarding the planning and conduct of its auditing activities.

Pursuant to s. 19.1.e of Legislative Decree 39/2010, the Board of Statutory Auditors, again in its capacity as Internal Control and Audit Committee, checked and monitored the independence of the External Auditors. In the performance of those checks, no situations were found that prejudiced the independence of the External Auditors or constituted grounds for incompatibility pursuant to the applicable legislation. This is confirmed by the statement issued by EY S.p.a pursuant to art. 6.2.a of EU Regulation 537/2014.

With reference to non-audit services, at the request and with the support of the BSA, on 1 January 2017 the Company adopted a specific procedure for the approval of the commissioning from the External Auditors and a company belonging to their network of permitted services other than audits ("*Guideline for the assignment of non-audit services to auditors*").

During the year, the BSA asked for further control processes to be implemented and established further refinements to the said procedure to take account of interpretative developments in the current legislation and practical application.

In compliance with the terms of s. 19.1.e of Legislative Decree 39/2010 and art. 5.4 of EU Regulation 537/2014, and by way of application of the Company's Guideline, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, examined in advance the proposal to commission non-audit services from the External Auditors or a company belonging to their network, evaluating in particular the compatibility of the said services with the prohibitions laid down in art. 5 of EU Regulation 537/2014 and the absence of potential risks to the auditors' independence deriving from the performance of the said services. As the statutory pre-requisites were fulfilled, the BSA approved the commissioning of the service from EY S.p.A. or other companies belonging to its network.

The fees for non-audit services provided by the External Auditors or other companies belonging to their network for parent company Assicurazioni Generali and its subsidiaries in the 2017 financial year are disclosed in detail in the Notes to the Financial Statements. During the year, the Board of Statutory Auditors, in the legal capacity of Audit Committee, supervised the trend of the said fees.

10. Opinions issued by the Board of Statutory Auditors during the financial year (*point 9 of Consob Notice no. 1025564/01*)

During the year, the Board of Statutory Auditors also issued the opinions, comments and attestations required by the applicable legislation.

In particular, at the meeting of the Board of Directors held on 25 January 2017, the Board of Statutory Auditors expressed, pursuant to s. 154-*bis*.1 of the CFBA and art. 40.2 of the Company's Articles of Association, a favourable opinion of the proposed appointment of Luigi Lubelli as new Manager in Charge of Preparation of the Company's Financial Reports.

At the meeting of the Board of Directors held on 15 February 2017, the Board of Statutory Auditors expressed a favourable opinion of the remuneration of the Group Audit Manager (meeting of 2016 targets and setting of 2017 targets) and the Audit Plan for 2017.

The BSA expressed a favourable opinion of the appointment and remuneration of the new Group Audit Manager,

Nora Gürtler, appointed by the Board of Directors on 6 July 2017 (with effect from 1 October 2017) to replace Anne Jaeger, who resigned on 31 July 2017. On 1 August 2017, the BSA also expressed a favourable opinion of the proposal that the Functions which reported directly to Anne Jaeger should be coordinated on an interim basis by the Chairman of the Board of Directors, assisted by the Chair of the Risk and Control Committee, until the date on which the new Group Audit Manager, Nora Gürtler, takes office. In the interim, the BSA constantly monitored the correct operation and continued independence of the Group Audit Function by means of periodic contacts with its main representatives.

In March 2017, the BSA expressed a favourable opinion pursuant to s. 2389 of the Civil Code of the proposed allocation of newly issued shares to the Managing Director (Group CEO) in the ambit of the resolution to increase the share capital for the purposes of the LTI Plan 2014, and a favourable opinion of the adjustment process relating to the 2016 incentive plans for the Group CEO. Again with reference to the Group CEO's remuneration, in July 2017 the Board of Statutory Auditors, expressed a favourable opinion of the Group CEO's remuneration taking the form of participation in the LTI Plan 2017.

During the 2017 financial year the BSA also regularly commented on the Half-Year Reports on complaints prepared by the Group Audit Function in compliance with ISVAP Regulation no. 24 of 19 May 2008, as amended. The reports did not highlight any particular problems or organisational deficiencies. The BSA also checked that the Company sent the reports and associated comments by the BSA promptly to IVASS.

11. Complaints pursuant to s. 2408 of the Civil Code. Omissions, reprehensible actions or irregularities found (points 5, 6 and 18 of Consob Notice no. 1025564/01)

The Board of Statutory Auditors received two communications pursuant to s. 2408 of the Civil Code during the 2017 financial year.

On 7 May 2017, shareholder Marco Bava sent the Company's Board of Statutory Auditors, with a copy for information to CONSOB, a letter relating to news reported in the press about the alleged involvement of BSI, a subsidiary of the Generali Group until 15 September 2015, in the affair involving the Malaysian fund 1MDB, a former

customer of the bank, in 2015. The shareholder referred to audits conducted in October 2016 by the Bank of Italy at the Italian subsidiary of BSI, during which breaches of the anti-money-laundering legislation are said to have emerged, and asked the Company's Board of Statutory Auditors to establish whether the alleged irregularities found by the Bank of Italy took place while BSI was controlled by Assicurazioni Generali.

As stated in para. 2.3 above, the holding in BSI was sold by the Generali Group to the Brazilian company BTG in September 2015, as a result of a divestment process commenced by the Company in early 2014, and BTG subsequently transferred the holding to the Luxembourg company EFG International in 2016.

As clarified by the Bank of Italy in the press release dated 5 May 2017 cited by the shareholder, its audits were conducted in October 2016, when BSI had not belonged to the Generali Group for over a year. The Company is therefore not entitled to obtain detailed information about the purpose of the audit or the nature and timing of the alleged breaches of the money-laundering legislation. Moreover, according to the information obtained at the Company's internal offices in the course of the ongoing litigation with BTG regarding claims for damages made by the latter (see para. 2.3 above), the alleged breaches to which the Bank of Italy's audit relates involve conduct and facts which took place after 15 September 2015, the closing date of the sale of BSI to BTG.

Moreover, the Bank of Italy, in a subsequent press release dated 13 November 2017, announced its Order of 26 October 2017 whereby it revoked the prohibition on performing new operations and cancelled the procedure for closing the Italian subsidiary of BSI, previously initiated by Order dated 26 April 2017.

With reference to BSI's position in the Generali Group before its divestment, the BSA has made the appropriate checks at the relevant offices of the Company, and found that the information flows between the subsidiary BSI and the parent company Generali were subject to significant limitations. Firstly, the said limitations were connected with the regulatory and legislative provisions applicable to Swiss banks, in particular those governing banking secrecy, and secondly, when the acquisition of BSI by Generali was authorised, the Swiss authorities expressly required the bank to maintain an independent position within the Generali Group, adopting specific measures to protect its independence.

More generally, since this Board of Statutory Auditors took office in April 2014, it has always paid specific attention to monitoring activities relating to preventing and reducing the risk of money-laundering, which was defined as one of the Group's top priorities. In the 2017 financial

year, as in earlier years, the BSA regularly monitored the implementation and application of suitable controls and actions against that risk at Group level, and received regular reports on the subject from the appropriate company structures. For a more detailed illustration of the initiatives undertaken in this respect, see para. 5.1 above, and the corresponding paragraphs of the similar reports for the 2015 and 2016 financial years.

On 28 May 2017, shareholder Tommaso Marino sent a complaint pursuant to s. 2408 of the Civil Code, forwarded to the Company by certified e-mail and addressed to the Board of Statutory Auditors, the Board of Directors of Assicurazioni Generali S.p.A. and the Competition and Market Regulator (AGCM). He complained that he had not received a full answer at the General Meeting to a pre-meeting question he had asked.

Mr Marino had asked whether *“a cartel had been set up with other insurance companies”*, naming the Unipol Group in particular, in connection with other questions on the subject of the investigation by the Antitrust Authority of a possible agreement in restraint of competition in the third-party vehicle insurance field.

The BSA notes that the Group CEO had given a negative answer to his question, specifying that: *“no agreement has been signed by Group companies to prevent competition from other parties in the third-party vehicle*

insurance field”; however, Mr Marino objected that his question had a broader scope.

The BSA therefore agreed, following a discussion at a Board meeting, on a clarification of the answer given to Mr Marino, specifying that the companies belonging to the Group have never entered into any agreements to restrict competition with any party in any field. The clarification in reply to the shareholder was published on the Company's website, as a supplementary reply to the pre-meeting questions.

No complaints pursuant to s. 2408 of the Civil Code were received in the first few months of the 2018 financial year. No reprehensible actions, omissions or irregularities requiring reports to the Regulators emerged from the supervisory activities performed.

On the basis of all the factors set out in this Report, the Board of Statutory Auditors finds no reason to object to the approval of the Annual Financial Statements of Assicurazioni Generali S.p.A. for the financial year ending on 31 December 2017, as submitted to you by the Board of Directors, and expresses a favourable opinion of the proposed dividend distribution, funded entirely by the profit for the year.

Trieste, 27 March 2018

Board of Statutory Auditors

Carolyn Dittmeier, Chair
Lorenzo Pozza
Antonia Di Bella

Independent Auditor's **Report**







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Independent auditor's report in accordance with article 14 of Legislative Decree n. 39, dated 27 January 2010, with article 10 of EU Regulation n. 537/2014 and with article 102 of Legislative Decree n. 209, dated 7 September 2005
(Translation from the original Italian text)

To the shareholders of
Assicurazioni Generali S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Assicurazioni Generali S.p.A. (the Company), which comprise the balance sheet as at December 31, 2017, the income statement for the year then ended, and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance for the year then ended, in accordance with Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.

Sede Legale: Via Po, 32 - 00198 Roma

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We identified the following key audit matters:

Key Audit Matters	Audit Responses
<p>Valuation of interests in affiliated companies</p> <p>Interests in affiliated companies are recorded in the financial statements at 31 December 2017, for an amount of Eur 29,731,819 thousand, representing around 60% of the total assets. At least annually, Management evaluates any presence of indicators of impairment losses for each interest in affiliated companies, and in case of occurrence, an impairment test is carried out. The possible impairment loss is determined by comparing the carrying amount of the interest in affiliated companies with its recoverable amount, estimated based on future benefits which are expected to flow to the Company. Processes and valuation methods for determining the recoverable amounts require the use of methodologies, sometimes complex, which imply, by their nature, to make use of management judgment when choosing the assumptions. For these reasons, we considered this aspect a key matter for our audit. The financial statement information relating to interests in affiliated companies is reported in the explanatory notes in "Part A - Evaluation criteria - Explanation of the evaluation criteria" and in "Part B - Information on the balance sheet and income statement" in Section 2.2.1.</p>	<p>The audit response included several procedures, the most relevant of which are outlined below:</p> <ul style="list-style-type: none"> • The understanding of management process of interests in affiliated companies designed by the Company and of related key controls, as well as the performance of test of these controls, in particular with reference to the process used to identify indicators of impairment losses and to evaluate these investments; • The performance of test of details on movements related to these investments occurred during the financial year; • The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used to determine the recoverable amounts and the check of relating results. <p>We also involved valuation specialists to assist us in performing our audit procedures. Finally, we assessed the adequacy of the disclosures relating to the interests in affiliated companies given in the explanatory notes.</p>
<p>Non-life technical provisions estimation</p> <p>The technical provisions of the non-life segment are recorded at 31 December 2017 for an amount equal to Eur 2,297,906 thousand, of which around 70% represented by indirect business. The estimation of the non-life technical provisions is a well-structured estimating process that requires the use of complex statistical and actuarial methodologies and calculation models, characterized by a high level of subjectivity when choosing the assumptions, such as the frequency and average cost of the</p>	<p>The audit response included several procedures, the most relevant of which are outlined below.</p> <ul style="list-style-type: none"> • The understanding of estimation process of technical provisions designed by the Company and of related key controls, as well as the performance of test these controls; this procedure has been carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the non-life technical provisions;



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claims, used as input to develop the estimate. This is further highlighted in long-tail business such as general liability segment, which is one of the main line of business of the Company. For these reasons, we considered this aspect a key matter for our audit. The financial statement information relating to non-life technical provisions is disclosed in the explanatory notes in "Part A - Evaluation criteria" and in "Part B - Information on the balance sheet and income statement" in Section 10.

- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used to estimates non-life technical provisions, included additional technical provisions;
- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the values expected and the results determined in previous financial years;
- test of details on basic data, included the information from the ceding companies;
- the check that the estimated amount of the technical provisions is included in a range of acceptable values, also through independently reperforming of the actuarial calculation, when applicable.

We also involved actuarial specialists to assist us in performing our audit procedures.

Further, we assessed the adequacy of the disclosures relating to the non-life insurance provisions given in the explanatory notes.

Life technical provisions estimation

The technical provisions of the life segment are recorded at 31 December 2017 for an amount equal to Eur 8,391,312 thousand, of which around 85% represented by indirect business. The estimation of the life technical provisions is a well-structured estimating process that requires the use of complex statistical and actuarial methodologies and calculation models, characterized by a high level of subjectivity when choosing the assumptions used to develop the estimate. Furthermore, determining the technical provisions of the life segment requires the use of consistent databases whose completeness and accuracy are essential to determine the result.

For these reasons, we considered this aspect a key matter for our audit.

The financial statement information relating to life insurance provisions is disclosed in the explanatory notes in "Part A - Evaluation

The audit response included several procedures, the most relevant of which are outlined below: Subsequently, we understood the operation of the In this context, we also considered what was done by the Company's actuarial function.

- The understanding of estimation process of life technical provisions designed by the Company and of related key controls, as well as the performance of test of these controls; this procedure has been carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the life technical provisions, taking into consideration also the control activities performed by the actuarial function of the Company and the related results;
 - The evaluation of the appropriateness of
-



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criteria" and in "Part B – Information on the balance sheet and income statement" in Section 10.

the methodologies and the reasonableness of the assumptions used to estimate non-life technical provisions, included additional technical provisions;

- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, the values expected and the results determined in previous financial years;
- test of details on basic data, included the information from the ceding companies;
- recalculation of the mathematical provision for pure premiums, for a representative sample of policies;
- the development, of an independent range of acceptable values, also through sensitivity analyses, representative of the level of uncertainty in setting the assumptions underlying the estimation of life technical provisions, and verifying that these were included in that range.

We also involved an actuarial specialist to assist us in performing our audit procedures.

Further, we assessed the adequacy of the disclosures relating to the life technical provisions given in the explanatory notes.



Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; have designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Assicurazioni Generali S.p.A., in the general meeting held on April 30, 2011, engaged us to perform the audits of the financial statements of each year ending December 31, 2012 to December 31, 2020.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared in accordance with article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Assicurazioni Generali S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.



Opinion pursuant to the article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005 of the non-life segment

In performing the engagement assigned by Assicurazioni Generali S.p.A., we tested, in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, the accounts related to the non-life technical provisions recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017. The Directors are responsible for establishing sufficient technical provisions in respect of commitments arising from insurance and reinsurance contracts. Based on the procedures performed in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, ISVAP Regulation n. 22, dated 4 April 2008, and the related application guidance included in the explanatory guidance published on the IVASS website on 31 January 2017, the above-mentioned technical provisions, recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017, are sufficient in conformity with the applicable laws and regulations and generally accepted actuarial principles and practices, which comply with the application rules as per ISVAP Regulation n. 22, dated 4 April 2008.

Opinion pursuant to the article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005 of the life segment

In performing the engagement assigned by Assicurazioni Generali S.p.A., we tested, in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, the accounts related to the life technical provisions recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017. The Directors are responsible for establishing sufficient technical provisions in respect of commitments arising from insurance and reinsurance contracts. Based on the procedures performed in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, ISVAP Regulation n. 22, dated 4 April 2008, and the related application guidance included in the explanatory guidance published on the IVASS website on 31 January 2017, the above-mentioned technical provisions, recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December, 31 2017, are sufficient in conformity with the applicable laws and regulations and generally accepted actuarial principles and practices, which comply with the application rules as per ISVAP Regulation n. 22, dated 4 April 2008.

Other aspects

The determination of the technical provisions is a complex estimation process that involves many subjective variables for which any change thereof may have an effect on the results. For this reason, we developed a range of reasonably possible outcomes, distinctively for non-life and life segments, in order to take into consideration the uncertainty of these subjective variables. In assessing the sufficiency of the above-mentioned technical provisions, we tested that those provisions fall within such ranges.

Trieste, 27 March 2018

EY S.p.A.

Signed by: Paolo Ratti, partner

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

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Photos on page 6, 7, 14, 36, 37

Giuliano Koren

Image on page 12

Marco Moro (1854)
Collezione Stelio e Tity Davia, Trieste

Photo on page 12

Collezione Archivio Fotografico Generali

Photo on page 12

Alessandra Chemollo

Image on page 13

**Achille Beltrame (1916),
Foto Duccio Zennaro**

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