

187th year

Management Report and Parent Company Financial Statements 2018



Management Report and
Parent Company
Financial Statements 2018

Corporate bodies

at 13 March 2019

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 (Chariwoman)
Antonia Di Bella
Lorenzo Pozza
Francesco Di Carlo (Substitute auditor)
Silvia Olivotto (Substitute auditor)

General Manager

Frédéric de Courtois

Board secretary

Giuseppe Catalano

ISIN: IT0000062072
Reuters: GASLMI
Bloomberg: G:IM

Assicurazioni Generali S.p.A.
Company established in Trieste in 1831
Share capital € 1,565,165,364 fully paid-up
Registered office in Trieste, piazza Duca degli Abruzzi, 2
Fiscal code, VAT and Venezia Giulia Companies' 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
assicurazionigenerali@pec.generaligroup.com



Contacts available at the end of the document

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pursuant to art. 154-bis of legislative decree of 24 February 1998, no. 58 and art. 81-ter of Consob regulation of 14 May 1999, no. 11971 as amended

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The integrated overview of our reports

The Group reporting approach is based on the integrated thinking and Core&More¹ concept also this year the **Annual Integrated Report** is our **Core** report, centred on material financial and non-financial information while **other reports and channels of communication (More)** present more detailed information, some of which targets a specialized audience.



Annual Integrated Report and Consolidated Financial Statements

It expands the content of the Annual Integrated Report, providing details of the Group's financial performance in compliance with national and international regulations.



Group Annual Integrated Report

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



Corporate Governance and Share Ownership Report

It outlines the corporate governance system of Assicurazioni Generali and its ownership structure.



Remuneration Report

It provides specific information on the remuneration policy adopted by the Group and its implementation.



generali.com

for further information on the Group.



Annual Integrated Report and Consolidated Financial Statements 2018, Consolidated Non-Financial Statement, p. 119

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.

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 2018.

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.



Management Report and Parent Company Financial Statements

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

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

Letter from the Chairman and the Group CEO



Gabriele Galateri di Genola
Chairman



Philippe Donnet
Group CEO

Dear reader, dear Generali shareholder,

Although 2018 was a challenging year for many economies, especially in Europe, Generali has once again achieved excellent results. The Group closed the year with improvements in premium income, technical and operating performance and net profit. These results made it possible to meet, and in some cases even exceed, the expectations of the 2016-2018 strategic plan, demonstrating the Group's excellent execution capacity and its tireless commitment to excellence.

Indeed, the Group optimised its geographical positioning by concentrating its presence within the most promising markets in which it has - or expects to have - a leadership position, while also generating considerably more proceeds from disposals than estimated. It streamlined its operating machine, generating synergies and boosting productivity, resulting in a faster than expected reduction in operating costs in mature markets. It improved its technical capacities, consolidating performance leadership with respect to its competitors, and rebalanced the portfolio towards capital-light products within a low interest rate environment. It also started to implement its asset management strategy. By so doing, Generali strengthened its profitability and resilience in the face of market fluctuations and was able to improve customer loyalty and the degree of preference for the brand.

In line with the Group's culture of sustainability and long-term outlooks, and with the mutualistic approach at the basis of the insurance business, Generali published its Annual Integrated Report for the sixth consecutive year. Aside from the usual financial information, the Report provides a non-financial disclosure on social, environmental and governance matters, the importance of which is also reflected in the Group's purpose: enable people to shape a safer future by caring for their lives and dreams.

The turnaround plan was accordingly supported by measures intended to improve governance and promote social responsibility. For example, we afforded greater autonomy to employees and simplified processes and lines of reporting. The Human Safety Net, the awareness-raising and concrete aid programme designed for the communities in which the Group carries on business at global level, was extended to 18 countries. The climate change strategy was also launched, to reduce direct and indirect impacts on the environment, including through investments in 'green' projects and disinvestments in the coal sector, promoting a shift towards more sustainable practices on the part of stakeholders.

At 31 December 2018, Generali reached and surpassed its financial targets of more than € 7 billion in cumulative net operating cash in the 2015-2018 period and an average operating return on equity of more than 13%. The proposed 2019 dividend per share will enable Generali to reach and exceed the target of more than € 5 billion in cumulative dividends in the 2015-2018 period.

On 21 November 2018, Generali presented Generali 2021, the new 2019-2021 strategic plan which aims to exploit the Group's strengths to accelerate its growth. Generali aspires to become a partner for life for its customers, offering innovative and customized solutions relying on its unequalled distribution network. Generali strives to be a leader in the European insurance market for private individuals, professionals and SMEs, while also developing a global and focused asset management platform and taking advantage of opportunities in high-potential markets. Lastly, Generali 2021 is aligned with the Charter of Sustainability Commitments approved by the Board of Directors in 2017.

We are certain that Generali will reach its goals for 2021. Our confidence lies in the Group's current position of strength demonstrated, inter alia, by its leadership position in Europe, its undeniable path of success and the clarity and robustness of the actions set forth in its new plan. Even more importantly, our confidence is based on the talented team consisting of roughly 70,000 employees and more than 150,000 agents and distributors present all over the world, who with their energy, commitment, skill and proud sense of belonging contribute to making the difference. Our sincerest gratitude goes out to them and their families.

Gabriele Galateri di Genola

Philippe Donnet





We, Generali

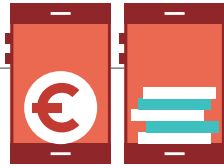
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Company highlights

NET PROFIT

+4.9%

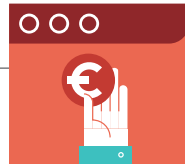
€ 1,473 mln



TOTAL DIVIDEND PROPOSED

+6.2%

€ 1,413 mln



DIVIDEND FOR SHARE PROPOSED

+5.9%

€ 0.90

TOTAL GROSS PREMIUMS

-1.7%

€ 3.311 mln

LIFE GROSS PREMIUMS

-4.5%

€ 1,631 mln



NON LIFE GROSS PREMIUMS

+1.1%

€ 1,680 mln



NON LIFE COMBINED RATIO

+0.6%

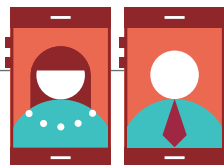
92.5%



EMPLOYEE

-15.8%

1,686



+1.0%

1,102 Total staff in Italy

-36.0%

584 Foreign branches staff

SHAREHOLDERS' FUND

+1.0%

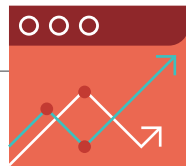
€ 14,977 mln



TOTAL ASSETS

-5.9%

€ 45,354 mln



SHAREHOLDINGS IN GROUP COMPANIES

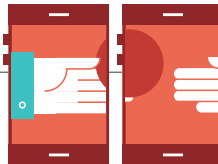
-0.7%

€ 29,533 mln

NET TECHNICAL PROVISIONS

-36.5%

€ 8,054 mln



LIFE NET TECHNICAL PROVISIONS

-42.8%

€ 6,428 mln

NON LIFE NET TECHNICAL PROVISIONS

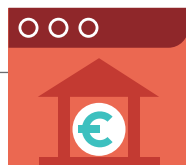
+13.0%

€ 1,627 mln

DEBT

+15.3%

€ 16,199 mln



2018 key facts

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

February

The **Net Promoter Score** programme of Generali was recognized as the **world's best one** by Medallia during the Experience Europe 2017 event held in London. The programme enables to listen to client feedback in real time and act on that feedback in order to resolve issues and improve services. It covers retail and corporate customers as well as distributors.

Sale completed of the entire shareholding in Generali Nederland N.V. (and its subsidiaries). Generali remains active in the Netherlands through Europ Assistance and its Global Business Lines, continuing to provide insurance services to its international customers.


During the Board of Directors' meeting on 21 February, Generali approved its **climate change strategy** including actions in its core activities, i.e. investments and underwriting.

 **The Generali 2021 strategy, p. 21**

March

Launch of Generali Global Infrastructure (GGI), a cornerstone of the Group's multi-boutique asset management strategy. It is a platform that employs internal know-how and also creates partnerships to invest in infrastructure debt across a wide geographical and sectorial investment scope and develop a range of products and solutions for investors.

The investment selection approach is rigorous both from a credit quality and ESG (Environmental, Social, and Governance) factors perspective.

 **Annual Integrated Report and Consolidated Financial Statements 2018, Investment, Asset & Wealth Management, p. 67**

April

Sale completed of operations both in Panama and Colombia, countries where Generali is still present through Europ Assistance and its Global Business Lines.



On 19 April, the **Shareholders' Meeting of Assicurazioni Generali** approved the 2017 financial statements, the remuneration policy, the 2018 Group Long Term Incentive Plan (LTIP) and the amendments to the Articles of Association. It also approved the proposal to delegate the Board of Directors to increase the share capital with free issues in one or several transactions, for the purposes of the 2018 LTIP. For the first time, Generali transmitted via streaming the initial speeches, thus confirming its focus on digital development and the integration of technology into the business.



In execution of the 2015 Long Term Incentive Plan the **share capital of Assicurazioni Generali increased to € 1,565,165,364.**

May

Geographical presence pushed forward in the Central and Eastern European countries acquiring control of Concordia Capital SA e Concordia Polska TUW, Polish Life and P&C companies respectively, as well as acquiring the entire capital of Adriatic Slovenica and its subsidiaries providing a full suite of P&C, health, life and pension products. The former transaction was approved in November and the latter was completed in February 2019

 **Annual Integrated Report and Consolidated Financial Statements 2018, Austria, CEE & Russia, p. 62**

Revolving credit facilities renewed, initially signed in 2013 and last renewed in 2015, increasing their overall amount and adopting innovative sustainable and green features: their cost is linked both to targets on green investments and to progress made on sustainability initiatives.

2018

June

Generali CEE Holding B.V. and UniCredit signed a bancassurance agreement for the distribution of insurance solutions in Central and Eastern Europe.

Sale completed of the entire shareholding in Generali PanEurope. Generali remains active in Ireland through its Global Business Lines.



July

Sale launched of 89.9% of Generali Leben and transaction signed with Viridium Gruppe, with which Generali established a broader industrial partnership in the German insurance market. The transaction is subject to the approval by the German Federal Financial Supervisory Authority (BaFin) and to the clearance by the competent German antitrust authorities.

Announcement of the Group's new organizational structure, which will boost the Group's capacity to face the significant challenges of the 2019-2021 strategic plan. Amongst the other organizational modifications in force as of 1 September, the position of General Manager was created, reporting directly to the Group CEO, assigned to Frédéric de Courtois, and Cristiano Borean was appointed to the position of Group CFO and joined the Group Management Committee (GMC). Luigi Lubelli resigned from the Group at the end of the year.

 Corporate Governance and Share Ownership Report 2018, p. 30-33

September

Generali included in the Dow Jones Sustainability World Index (DJSI), the most prestigious international index that identifies leading businesses based on their sustainability performance. Generali is the only Italian insurance company in this index.

A new innovative asset management company headquartered in New York launched with Aperture Investors, aligning client and manager interests through an innovative performance-linked fee model.



October

New function dedicated to Cyber Insurance launched along with a start-up to satisfy client needs in the field of cyber risks. The new function will combine broad-scale insurance offerings in the IT realm with the support of a tech start-up, GeneraliCyberSecurTech, wholly owned by the Group and created to offer clients innovative cyber risk assessment methods.

 Challenges and opportunities of the external context, p. 32

Option of early redemption announced on all perpetual subordinated notes outstanding belonging to ISIN XS0399861326 exercised in November. The exercise of this option was authorized by the Italian insurance regulatory agency (IVASS) and will take place with respect to all notes outstanding, in compliance with the respective terms and conditions. Another early redemption relating to notes belonging to ISIN XS0406159623 was exercised in December.

Agreement signed for the acquisition of 100% of the Polish asset management company Union Investments TFI S.A., that will significantly strengthen Generali's position in asset management in central and eastern Europe. The transaction is subject to the approval of the regulatory authorities.

Moody's confirmed the IFS rating of Assicurazioni Generali at Baa1 and of the notes issued or guaranteed by Generali (Baa2 senior debt; Baa3 senior subordinated debt; Ba1(hyb) junior subordinated debt). The outlook is stable.

2018

Significant events after 31 December 2018

November

Launch of **Generali Global Pension**, a new business unit capable of offering innovative long-term asset management and environmental, social and governance (ESG) skills, funds for multi-boutique platforms, cross-border services and a new generation of defined contribution plans and selective risk transfer.

The **Generali Group's new strategy** presented to investors, in line with the Group's desire to become a life-time partner for its customers, offering innovative and customized solutions relying on its unequalled distribution network; and to be a leader in the European insurance market for private individuals, professionals and SMEs, while also creating a global and focused asset management platform and pursuing opportunities in high-potential markets.



The Generali 2021 strategy, p. 16-17



The Italian insurance regulatory agency (IVASS) **authorized the extension of the scope of application of the Group's internal model to Austria and Switzerland** as of December 2018.

December

100% of CM Investment Solutions Limited acquired. This transaction represents an acceleration of Generali's multi-boutique strategy, strengthening its capacity to reach sophisticated clients and distribution partners in Europe and worldwide.

Completion of the process of transferring the P&C portfolio of the UK branch announced after the Italian insurance regulatory agency (IVASS) expressed its favourable opinion.

Generali was amongst the main investors in the project for the construction of the new **Trieste Convention Centre**, the multifunctional centre which aims to become a hub of innovation and knowledge amongst research and training entities and businesses in Central and Eastern Europe as well as the Balkans.

Share held in the Indian insurance joint ventures with Future Group increased to 49%. Through this transaction Generali will accelerate the leverage of the far-reaching distribution network of Future Group to offer insurance protection solutions in the Indian market with a focus on digital.

January

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

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

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

Option of **early redemption** announced **on all perpetual subordinated notes outstanding** belonging to ISINs XS0415966786 and XS0416148202, to be exercised in March. The exercise of this option was authorized by the Italian insurance regulatory agency (IVASS) and will take place with respect to all notes outstanding, in compliance with the respective terms and conditions.



February

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

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

and 2019 corporate event calendar

2019

March

Following an agreement signed in July 2018, **closed the sale of the entire shareholding in Generali Worldwide Insurance Company Limited**, that has its headquarters in Guernsey and specializes in offering Life-insurance-based wealth management and employee benefit solutions to a global audience, **and in Generali Link**, an Irish company providing shared services in fund and policy administration. However, Generali Worldwide will continue to act as the partner of the employee benefits network of Generali and the latter will manage its health portfolio in the Caribbean, as to maintain its presence in the region with the aim to further reinforce it in line with its strategy of sustainable growth and excellence in service.

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

13 March 2019

Board of Directors

Approval of the Annual Integrated Report and Consolidated Financial Statements, the Parent Company Financial Statements Proposal and the Corporate Governance and Share Ownership Report at 31 December 2018 and the Remuneration Report

14 March 2019

Publication of the results
at 31 December 2018

May

7 May 2019

Shareholders' Meeting

Approval of the Parent Company Financial Statements at 31 December 2018 and the Remuneration policy as well as the other agenda items

15 May 2019

Board of Directors

Approval of the Financial Information at 31 March 2019

16 May 2019

Publication of the results

at 31 March 2019

22 May 2019

Dividend pay-out

on the share of Assicurazioni Generali

24 May 2019

Exploring Generali Conference

July

31 July 2019

Board of Directors

Approval of the Consolidated Half-Yearly Financial Report at 30 June 2019

August

1 August 2019

Publication of the results

at 30 June 2019

November

6 November 2019

Board of Directors

Approval of the Financial Information at 30 September 2019

7 November 2019

Publication of the results

at 30 September 2019



The Generali 2021 strategy

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

Profitable Growth

STRENGTHEN LEADERSHIP IN EUROPE:

reinforce #1 market position²

FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:

15%-25% earnings CAGR 2018-2021 depending on country/segment

Capital Management and Financial Optimization

INCREASE CAPITAL GENERATION:

> € 10,5 billion cumulative capital generation 2019-2021

ENHANCE CASH REMITTANCE:

+35% cumulative cash remitted to holding 2019-2021 compared to period 2016-2018

Innovation and Digital Transformation

BECOME LIFE-TIME PARTNER TO CUSTOMERS

ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION

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

Three key enablers which will drive the execution of the strategy:

1. our people

2. a strong brand



Our people, p. 18-20



A strong brand, p. 21

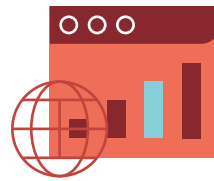
Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

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

REDUCE DEBT LEVEL AND COST:
€ 1,5-2,0 billion debt reduction by 2021;
€ 70-140 million reduction in annual gross interest expense by 2021 vs 2017

TRANSFORM AND DIGITALIZE OPERATING MODEL

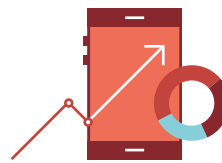
Generali 2021 – Financial Targets



GROWING EARNINGS PER SHARE:

6%-8%

EPS CAGR range³ 2018-2021



GROWING DIVIDEND:

55%-65%

dividend pay-out range⁴ 2019-2021



HIGHER RETURN FOR SHAREHOLDERS:

>11,5%

average return on equity⁵ 2019-2021



3. a continuous commitment to sustainability



A continuous commitment to sustainability, p. 21-23

2 Based on IAS-IFRS gross written premiums in Europe at year-end 2017.
3 3 year CAGR; adjusted for impact of gains and losses related to disposals.
4 Adjusted for impact of gains and losses related to disposals.
5 Based on IFRS Equity excluding OCI and on total net result.

1. Our people



70.734
employees
(-0.8%)

50.8% (+1 pps)
49.2% (-1 pps)

The Generali People Strategy, based on four priorities, ensures the execution of the business strategy while respecting our values.



Each priority is supported by specific Group initiatives, the results of which are measured and monitored over time to ensure continuous improvement.



To **measure and promote the engagement of our people**, in June 2017 we carried out the second edition of the **Generali Global Engagement Survey**, a managerial tool for continuous improvement. In the course of 2018, leveraging our strengths, we established specific action plans for the opportunities for improvement. The priorities mainly identified in the local action plans were::

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

Since January 2018, more than 390 local actions were planned, initiated and communicated. At the end of December 2018, 92% of these were already implemented, with a view to launching 100% of the actions by the end of June 2019, coinciding with the third edition of the Generali Global Engagement Survey.

To **create and spread a culture focusing on the empowerment of our people**, in 2017 we designed and rolled out the **Managerial Acceleration Program (MAP)**. MAP fosters and strengthens a managerial culture capable of engaging and boosting the accountability of our people in line with the eight key managerial behaviours of the **Generali Empowerment Manifesto (GEM)**.

MAP is dedicated to the management population and fully facilitated by Group managers who have participated in special training and coaching initiatives (189 trainers trained in 2018).

In 2018, 4,218 managers participated in the MAP. The goal is to train 8,900 of them by the end of 2019.

Increasing the accountability of our people also means **boosting a performance culture**. Through **Group Performance Management** we focus our efforts on spreading this culture while also strengthening transparency and meritocracy in line with what our people asked in the Generali Global Engagement Survey.

In 2018, 99%¹³ of our people participated in a programme involving: defining objectives, assessing performance, feedback and individual development plans.

6 The data exclusively refer to Group companies, equal to 54,743 employees (77.4% of the total), within the scope of the Group Performance Management process.

Lastly, we **promote a culture of inclusion** which **ascribes value to individuals and diversity of all types**, particularly with regard to four types of diversity: cultural, gender, generational and disability. Our targets in terms of diversity and inclusion at Group level have been revised with a view to supporting the new strategy, coming into line with market best practices and collecting the points arising from continuous dialogue with business leaders. The Group's plan is joined by local plans developed on the basis of local requirements.

Amongst the main Group actions, diversity and inclusion training has been reinforced for the top international leaders. Particular focus has been dedicated to the topic of unconscious bias, i.e., the unconscious stereotypes and prejudices that can guide decisions with significant impacts on the business and people alike. The Group also launched the #BeBoldForInclusion initiative, with the participation of more than 40 CEOs on 8 March, which provided the occasion for an effective awareness-raising and promotion campaign with respect to Generali's diversity and inclusion strategy, with a particular focus on gender diversity. The initiative opened up dialogue on this topic, collecting feedback from all employees.

These and many other activities were shared and supported by the Group D&I Council, led by the Group D&I Sponsor Frédéric de Courtois, and consisting of business leaders acting as D&I champions.



We develop the managerial skills of our leaders and talents to **favour their development and internal growth**. To achieve this objective, we offer mentoring and international **training programmes** in partnership with the best business schools in the world.

To enhance strategic thinking and leadership skills, a number of ad hoc training programmes were launched in 2018, including:

- Step Up, a 4-day residential programme at the Lausanne campus in collaboration with IMD and dedicated to 70 Group Talent Directors. This initiative is intended to provide the Group's future leaders with the necessary leadership capabilities in the digital age;
- Global Mentoring Program, the third edition of which was launched in October 2018, involving 82 participants including members of the Generali Leadership Group (GLG) and young managers from throughout the Group. The Global Mentoring community now consists of more than 200 people and the Group initiative paved the way for multiple regional and local mentoring initiatives;
- Strategic Study Tour 2018, an immersive study tour in the ecosystem of Singapore on the topic of digital innovation and business model transformation, supporting Generali 2021 strategic cycle planning and dedicated to a select group of 35 senior leaders.



The Group's organization is a fundamental tool for ensuring the proper execution of the strategy and the achievement of business objectives. Thus, we periodically analyse the Group's organizational structure to ensure that it is aligned with business challenges. We believe in a clear and simple organizational model that is based on shared rules, local empowerment and integration mechanisms. Furthermore, we promote a new way of working which, also thanks to the use of technology, is efficient, effective and capable of leveraging the organization's collective intelligence. Within this context, we **support smart working**, including through trade union agreements.

96.6% (+7.9 pps)
people trained*

35 average hours
(+6.4%) of training per capita*

€ 55.8 mln (+2.0%)
training costs*

Developing and improving upon the technical skills of all of our people has always been one of our objectives and is now more important than ever in today's rapidly evolving business environment. **Generali Advanced Technical Education (GATE)** is our international training programme that aims to ensure the consolidation, updating and innovation of technical skills and business knowledge. GATE relies on the contribution of MIB - School of Management of Trieste instructors as well as the Generali Group Faculty, roughly 60 internal instructors and lecturers. 39 training initiatives were carried out in 2018.



We believe it is fundamental to build an organization focused on the customer, with a limited number of decision-making levels and strong inter-functional transversality. We implemented a **Net Promoter Score (NPS) programme** in 58 Group's business units, which facilitated reimagining key processes for the benefit of end customers. Furthermore, we favour the customer-centricity of all of our people by means of consistent incentive systems, training programmes and onboarding processes that call for client-facing experience.



Challenges and opportunities of the external context, p. 33



Glossary available at the end of Annual Integrated Report and Consolidated Financial Statement 2018

Confirming the centrality of people in the Group's strategy, we held 8 meetings with the European Works Council - the representative body for Group employees - at the permanent forum dedicated to social dialogue.

In line with the launch of a new strategic cycle and the new business priorities, in 2018 we developed the new Generali People Strategy which will guide the Group's priorities and initiatives in 2019-2021. The new Generali People Strategy was defined through a co-creation process involving more than 400 of the Group's people at various organizational levels. The result was the definition of **five lines of transformation**:

- promote a culture of innovation, customer-centricity and inclusion;
- build and develop key competencies for the digital age;
- become a simple, agile and efficient organization;
- leverage excellence and the creation of sustainable value;
- favour the development of leaders and global talent.

These lines of transformation will be supported by specific global and local initiatives and targets defined and monitored in line with the Generali 2021 strategic plan.

We have developed a framework for the assessment and management of **operational risks** inspired by international best practices and consistent with the requirements of the Solvency II directive. As part of the assessment conducted every year by the Group companies, the risks that could impact areas concerning our people were identified and precisely analysed, and the initiatives implemented with a view to mitigating such risks were evaluated. The areas of analysis regarded the following specific categories:

- employment relationships, with a particular focus on matters relating to key people and business ethics;
- safety at work;
- discrimination, diversity and inclusion.

The assessment is satisfactory also in light of the initiatives implemented within the Generali People Strategy described and the centrality of our people within the Group strategy.

* Data and related changes also refer to companies non-consolidated line-by-line.

2. A strong brand



Generali strives to create a brand experience aligned with the Group's goal of becoming a life-time partner to its customers.

We strive to be proactive and focused on customer relationships and integrate protection, prevention and assistance, creating tailor-made products and services that meet our clients' needs. Our agents are at the very heart of this transformation. Data and technology are the crucial levers that give our distribution networks the opportunity to customize and adapt our products and services. Continuous connectivity and real-time support will enable us to create faster and more consistent experiences that will delight our clients.

Being a life-time partner to customers allows us to transform our role from a mere product vendor to a provider of integrated solutions that add genuine value to people's lives, their health, their home, their mobility and their work.

We are committed to strengthening our brand¹⁴ to **become 1st choice in the Relationship Net Promoter Score among our European international peers** by the end of 2021, to foster new business development. We thus must get consumers to consider, prefer and acquire Generali, and connect them with our agents. Our goal is to have a **higher brand preference than our market share**.



Challenges and opportunities of the external context, p. 33



Glossary available at the end of Annual Integrated Report and Consolidated Financial Statement 2018

3. A continuous commitment to sustainability



The Group's new strategy is aligned with our sustainability commitments. Generali has undertaken to **increase premiums from social and green products by 7%-9% and allocate € 4.5 billion for green and sustainable investments by the end of 2021**.

Transition towards a low environmental impact company

As stated in our climate change strategy approved by the Board of Directors in February 2018 and explained in more detail in the technical note published by the Group in November 2018, our commitment calls for specific actions with regard to the direct impact of our activities as well as investments and underwriting, and identifies stakeholder dialogue and engagement as the instruments to support our transition.



www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate

With respect to **investments**, as already announced, the Group has suspended all new investments in companies linked to the coal sector. As regards its existing exposure, estimated at around € 2 billion at the start of 2018, Generali is completing the disposal of its equity investments by the planned deadline of April 2019 and gradually disinvesting from bonds, by holding them to maturity and/or assessing the possibility of disposing of them before they mature if market conditions are favourable.

In terms of green and sustainable investments, the internally planned objectives of the 2018 investment plan were successfully met. As expected, the Group decided to revise its initial commitment of € 3.5 billion in new investments by the end of 2020 up to € 4.5 billion by the end of 2021.

In terms of **underwriting**, in 2018 we did not increase our minimal insurance exposure to coal-related businesses, which represent roughly 0.1% of all P&C premiums, also thanks to our commitment not to insure any new coal customer or any new mine or coal-fuelled power plant construction.

With reference to the renewable energy sector, in which Generali already has a strong presence, the Group is defining concrete actions to transfer knowledge and best practices in all geographical areas. It is also considering the possibility of defining a dedicated industrial practice.

⁷ Scope: Generali in Europe, Asia, Argentina and Turkey.

As regards the process of engagement of counterparties associated with the coal sector in countries which are highly dependent on coal, in line with the Just Transition principles, we involved the 6 companies to which the Group has exposure, which are part of the 120 companies identified as Top Coal Plant Developers by the Urgewald organization and currently taken as a reference. We are evaluating their transition plans to decide whether to continue or suspend the business.

t 107,394 CO₂e⁸
(-13.8% vs base year 2013)

We are also committed to reducing our **direct impacts** through the responsible management of the relevant activities. In 2014, we defined an objective for reducing our Carbon Footprint by 20% within 2020 (base year 2013).

In 2018, purchased renewable energy was equal to 88% of the total acquired energy.

Insofar as our public commitment goes, in 2018 we declared our support for the Task Force on Climate-related Financial Disclosure (TCFD) and launched an internal process for the management of key aspects and the development of a reporting framework. We also participate in the UNEP FI Principles for Sustainable Insurance (PSI) work group on the implementation of the TCFD Recommendations by insurers and the Investor Leadership Network, promoted as part of the G7 Investor Global Initiatives, in which we also dig deep into the topic of climate change with the main financial sector operators.

The Group's new strategy features a considerable sustainability component amongst its key initiatives:

Responsible consumers

Generali will create a distinctive offer dedicated to responsible consumers who want to have a positive impact on the environment and society. The offer will include **social and green products** and **sustainable investments** to meet the expectations and satisfy the consumption choices of the consumers of today and tomorrow. We are committed to promoting responsible behaviours by engaging and training our sales channels.

We have already identified specific products which, given the type of customer or due to their promotion of responsible behaviours or based on provided coverage, meet specific social and environmental needs.



Annual Integrated Report and Consolidated Financial Statement 2018, p. 43



Glossary available at the end of Annual Integrated Report and Consolidated Financial Statement 2018

EnterPrize

EnterPrize is an initiative based on our successful experience with Entrepreneur d'Avenir in France and PMI-Welfare Index in Italy. In line with our strategic focus on SMEs, Generali will create a **prize** at domestic and international level **for the most sustainable SMEs based on their performance with respect to environmental and social matters**, to boost awareness of the competitive advantage that sustainability can provide, with the ultimate goal of contributing towards building a more resilient economy.

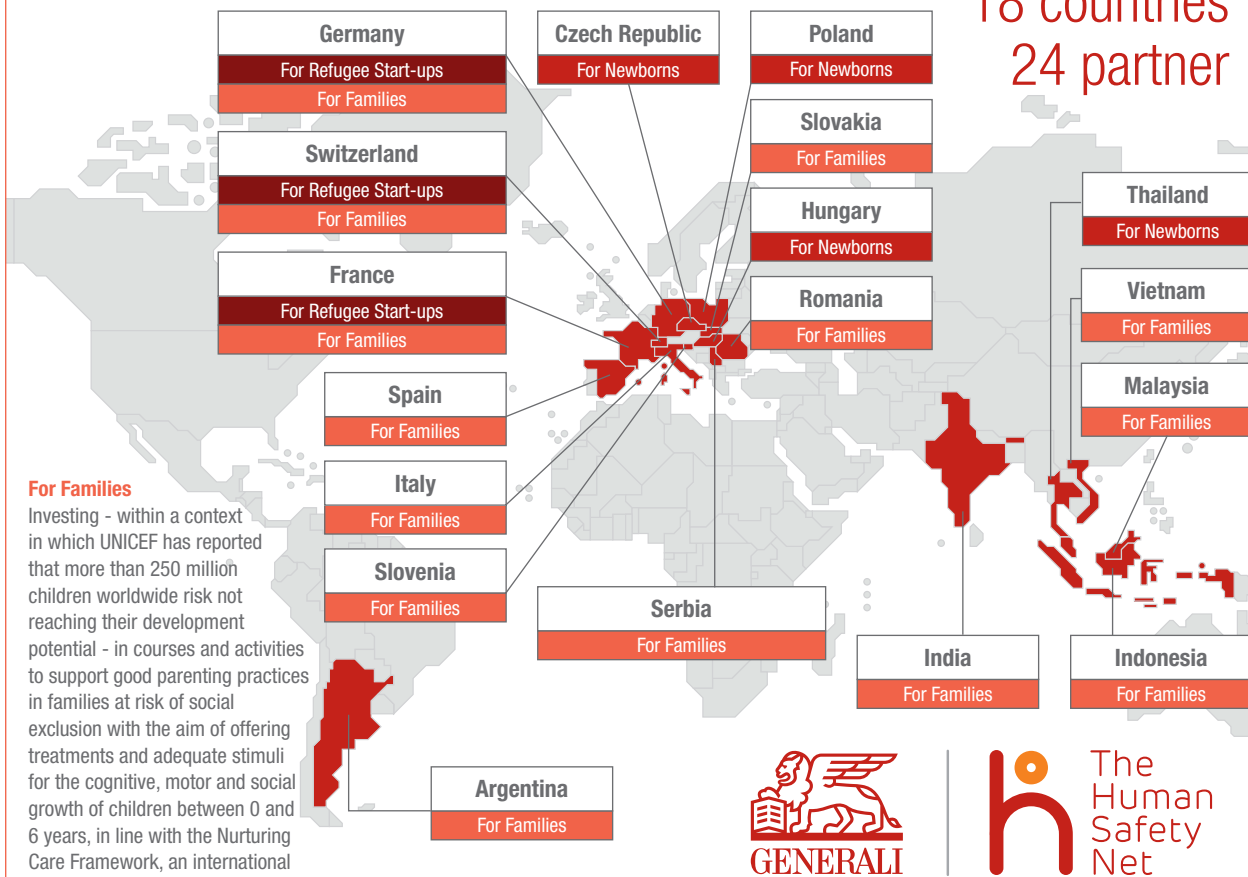
Thanks to this prize, it will be possible for SMEs to increase their knowledge of sustainability and competitiveness in general, while also gaining international visibility and improving their reputation amongst their main stakeholders.

⁸ Total emissions refer to 42% of the total Group employees in the following countries: Austria, France, Germany, Italy, Czech Republic, Spain and Switzerland. They are calculated according to the location-based method; they are also disclosed according to the market-based method on our website.

The Human Safety Net

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

18 countries
24 partner



For Families
Investing - within a context in which UNICEF has reported that more than 250 million children worldwide risk not reaching their development potential - in courses and activities to support good parenting practices in families at risk of social exclusion with the aim of offering treatments and adequate stimuli for the cognitive, motor and social growth of children between 0 and 6 years, in line with the Nurturing Care Framework, an international document that promotes the development of early childhood.

For Refugee Start-ups
Offering to those who have received refugee status - more than 2.3 million have arrived in Europe since 2015 - the tools they need to launch independent businesses enabling them and their families to create new livelihoods, contribute to the local economy and thus regain their dignity as well as encourage social integration.

For Newborns
Contributing to combatting neonatal asphyxia, a condition that impacts almost one million newborns at the moment of birth every year all over the world, and can cause serious and permanent injury to the child's brain.

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

[Glossary available at the end of Annual Integrated Report and Consolidated Financial Statement 2018](#)

In the coming three years, our ambition is to further extend The Human Safety Net through active engagement of employees and agents, including volunteering activities, as well as of customers and other third-party organizations that share its approach and mission.

www.thehumansafetynet.org for further information on the initiative

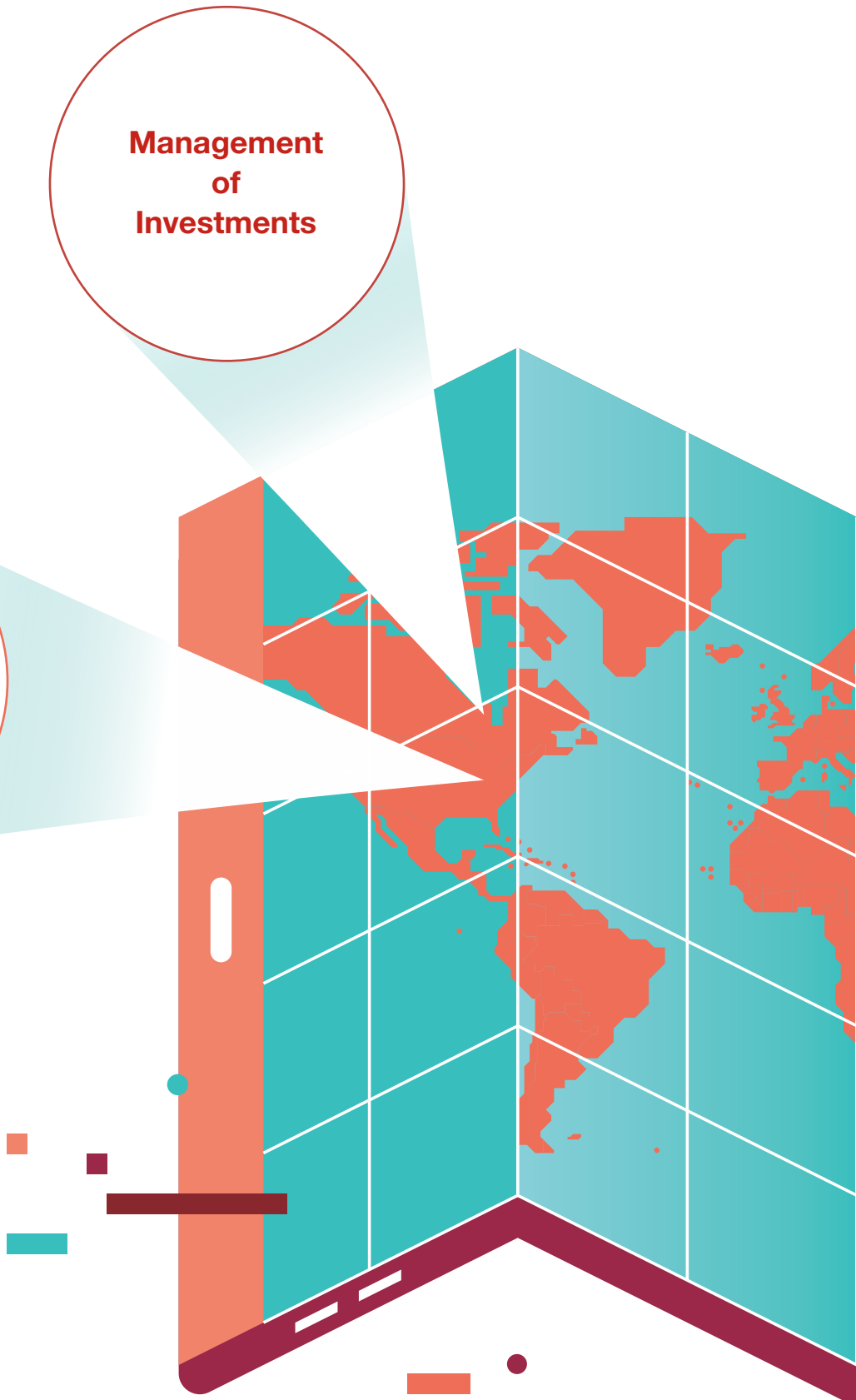
Business model of Assicurazioni Generali S.p.A.

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

Management of Investments

Management of capital structure

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





**Direction and
coordination
activities**

The parent company sets guidelines to improve efficiency in operational management

**Insurance and
reinsurance
activity**

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

Our rules for running business with integrity

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

Running a sustainable business, pursuing excellence in our internal processes, and living the community, playing an active role where we operate, beyond our day-to-day business, represent our commitments to stakeholders and the society as a whole. We have renewed them in the **Charter of Sustainability Commitments**.



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

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

Group Policy for the Environment and Climate that contains the guiding principles for the strategies and objectives of environmental management

Responsible Investment Guideline that codifies the responsible investment activities at Group level

Responsible Underwriting Group Guideline that outlines principles and rules aimed at assessing environmental, social and governance features of the prospective and insured clients in the P&C underwriting process


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



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

Together, these Group policies and guidelines contribute to ensuring **respect for human rights**, a topic which we began to focus on in 2017. The goal is to identify, prevent and mitigate the main direct risks of human rights violations to which the Group is exposed, while also identifying areas and activities for improvement. In line with the principles and instruments in place at international level, a due diligence process was initiated to evaluate human rights on the basis of direct business risk and country risk, and also allowed for an initial assessment in countries with potentially greater exposure. The Group is defining a long-term action plan based on these results.

We also have a structured **internal Group regulatory system**, regulated by the Generali Internal Regulation System (GIRS) Policy. The Group regulations cover the internal control system and governance as well as the risk management system - in particular, linked to monitoring solvency (Solvency II) - in addition to the primary areas of financial and non-financial risk.

 [Corporate Governance and Share Ownership Report 2018, p. 34-35](#)

The primary compliance risks are monitored through specific programs spread throughout the Group. We regularly monitor - by means of specific risk assessment activities - our exposure to these risks with the aim of minimizing potential reputational and economic damages deriving from the violation of regulatory provisions, including those which aim to prevent corruption.

We condemn and combat all forms of **corruption** and financial crime. We have made available communication channels (Group Compliance Helpline) to our employees, customers and suppliers, even in anonymous format, which ensure an objective and independent management of reports of behaviour or actions which might violate law, the Code of Conduct and the related Group Rules or other internal rules, in accordance with the **Process on managing reported concerns** and the **whistleblowing policy** which we have been applying for years. These channels are active 24 hours a day. We have also adopted a rigorous **policy against retaliations**.

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

136 (-8.7%)
managed reports

1 Compliance Week

Risk is no joke! Awareness is the key to managing risks in your daily activities. Your commitment is essential!

was the motto of the most recent edition of Compliance Week, during which the concept of risk was explored and the importance was underscored of providing the Group with an increasingly robust and effective Compliance Management System intended to prevent compliance risks. The role that every employee can play was emphasised throughout this prevention campaign

We are committing to rendering our HR training system increasingly effective.

We continue to work in activities for creating awareness and training on the different themes of the Code.

The implementation of specific training programs - both online as well as in the classroom - combined with a global communication program aims to create full awareness within all employees of the importance of the Code and their responsibility to report each violation that one becomes aware of. Everybody is encouraged to voice their concerns or request clarifications on any topic handled by the Code.

56,787 (-3.8%) employees*
have completed the training course on the Code of Conduct

* The employees trained, also belonging to companies non-consolidated line-by-line, represent 80.3% of the total. The change is calculated at constant scope pursuant to IFRS 5.

Our purpose and the value creation

EXTERNAL


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



 The Generali 2021 strategy, p. 17

Our strategy

Our governance

 Our governance and remuneration policy, p. 36

In defining its new strategic plan, Generali has identified a new purpose representing an evolution of its previous vision and mission:

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

It is the essence of what Generali does for its clients every day.

Our **sustainable value creation** is reflected in an integrated offering of Life, P&C and Asset Management products, which is fundamental for customers who seek complete solutions to protect their quality of life, now and in the future.


We distribute our products and we offer our services based on a multi-channel strategy: the guidance of our agents will be essential to provide our customers with customized products that meet their needs, including with the support of new technologies.

BRAND

LIFE-TIME PARTNER


Social and relationship capital
Natural capital

 The Generali 2021 strategy, p. 21

 Challenges and opportunities of the market context, p. 33

 Glossary available at the end of the Annual Integrated Report and Consolidated Financial Statements 2018

C O N T E X T

 Challenges and opportunities of the market context, p. 30

VALUES


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

CULTURAL TRANSFORMATIONAL AREAS

Ownership
Simplification
Human touch
Innovation

Intellectual capital
Manufactured capital
Human capital

 The Generali 2021 strategy, p. 16-20

 www.generali.com/our-responsibilities/our-commitment-to-the-environment-and-climate/real-estate-investments for further information on sustainable real estate investments


Deliver on the promise

At 31 December 2018, Generali reached and surpassed its financial targets of more than € 7 billion in cumulative net operating cash in the 2015-2018 period and an average operating return on equity of more than 13%. The proposed 2019 dividend per share will enable Generali to reach and exceed the target of more than € 5 billion in cumulative dividends in the 2015-2018 period.

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



Financial capital

 www.generali.com/investors/investing-in-generali/goals-and-results for further details on the achievement of 2015-2018 strategic objectives

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.



Human capital

 The Generali 2021 strategy, p. 18-20

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.



Social and relationship capital
Natural capital

 The Generali 2021 strategy, p. 21-23

Be open

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



Social and relationship capital
Intellectual capital

 The Generali 2021 strategy, p. 16-17

 Challenges and opportunities of the market context, p. 32

Challenges and opportunities of the market context

We are an international player of the insurance sector and the centre of interest and expectations for a large number of stakeholders. The factors of the context in which we operate represent challenges and opportunities that we continuously assess in order to guarantee adequate monitoring of the risks that can arise from them. We manage our business in an integrated manner, taking it into account in our strategy and pursuing the value creation over time.



Risk Report, p. 93 of the Annual Integrated Report and Consolidated Financial Statements 2018 for more detailed information on the risk management model and on the capital requirement

Uncertain financial and macro-economic landscape

In 2018, **global GDP** is expected to increase to 3.6%. The global macro-economic and political landscape was affected by topics that aroused significant concern also on the markets during the year, such as the budget law in Italy, the escalation of trade friction (especially between the USA and China), the worsening of the crisis in the more fragile emerging markets and the protests of the Yellow Vests in France.

Growth of real GDP of the Eurozone in 2018 is forecast to be 1.9%, down compared to 2017 (2.5%). The unemployment rate dropped to the minimum low of the last decade, with an acceleration of wages in spite of the inflation rate being low. The European Central Bank (ECB) ended the quantitative easing during the year, but will continue to reinvest bonds on maturity; the ECB's first increase in rates will be subordinate to the changes in inflation. The major important topics for the financial

markets during 2018 within the Eurozone were Brexit and developments on the Italian political scene. As regards concern for the latter, the rating agencies Fitch and Moody's lowered their creditworthiness opinion while alarm on Italy's public finance pushed the ten-year BTP-Bund spread up, and it closed 2018 at 253 bps.

In the USA, the tax reform kept up the confidence level; growth of real GDP in 2018 should settle at 2.9%, up by 2.2% over 2017, while the unemployment rate fell to the lowest level of the last 50 years. The Federal Reserve raised the reference rates four times during 2018, and additional increases are forecast for 2019 as well.

With reference to the **insurance sector**, the Life business in Italy, France and Germany registered an upswing following a difficult period, thanks not only to the sale of unit-linked products, but also to recovery in traditional policies that increased to rates higher than those of the unit-linked ones. Income in the P&C market in the major Eurozone countries improved, with particularly good performance recorded in the health business.

and our management

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**, in line with the Solvency II principles. The regulatory system and the continued low interest in a global context of growing uncertainty render it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. Geographical diversification and selective focus on alternative investments (private equity and private debt) and real assets (real estate assets and/or infrastructural assets, both direct and indirect) are important factors in current 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.

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

Regulatory evolution

The insurance sector continues to be affected by continuous changes in the national and international regulatory system.

IVASS Regulation, no. 38 was issued in 2018, and it entails an in-depth revision of the Group's corporate system and a few important corporate processes.

The **IDD, the insurance intermediation directive**, was also applied in 2018.

Other important Regulation proposals completing the regulatory framework introduced by the **General Personal Data Protection Regulation (GDPR)** are presently being discussed. They touch on themes such as the protection of electronic communications (ePrivacy) and the free circulation of non-personal data.

In a perspective of growth and creation of a true single European market, discussions focused on defining rules governing the **PEPPs**, the European voluntary pension products that will join the already existing national pension instruments, continue.

The European Commission also launched several

packages of measures: the **sustainable finance action plan** (including the obligation for asset managers to take into account sustainability factors in the investment processes), the one on opportunities that technological innovation in the financial services (**Fintech**) offers and lastly, a number of measures aimed at bolstering consumer protection (**New Deal for Consumers**).

The **revision of the Solvency II Directive** and the **Key Information Document (KID)** for the **PRIPs**, the insurance investment products, is currently in progress.

At the global level, the **Common Framework (ComFrame)** works launched by the International Association of Insurance Supervisors (IAIS) in order to develop standard capital requirements for insurance groups operating globally are continuing.

Lastly, as regards the new international accounting standards, the International Accounting Standards Board (IASB) has decided to postpone the entry into force of the new accounting standard **IFRS 17** (insurance contracts) by one year, from 2021 to 2022, and to postpone also exemption from applying the standard **IFRS 9** (financial instruments) for insurance companies until 2022.

and our 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 are implementing the requirements set out in the new **IVASS Regulation, no. 38**, on the subject of corporate governance, and we have adapted our business model to the **IDD** and **GDPR** rules.

We are closing following developments in the proposals put forward by the various institutions in order to assess their possible risks and impacts, and also the opening of new business scenarios and opportunities.

After having implemented the **Solvency II** requirements and those concerning transparency of investment

products, we are closely monitoring the revision of these two important regulations for the sector.

We are engaged in the various tests carried out by the International Association of Insurance Supervisors (IAIS) to determine the final architecture and calibrations of the supervisory requirement.

We are also following the developments of the new international accounting standards entailing sizeable operational impacts for the companies. As regards these topics, we have developed an integrated Group programme called **Finance NEXT** (Navigate to Excellence Transformation) with the goal of optimally coordinating the plans to implement the new **IFRS** accounting standards (specifically, **IFRS 9** on investments and **IFRS 17** on insurance contracts) and of speeding up the reporting processes in line with the new regulatory deadlines. This will allow the Group to manage the new regulatory obligations that will have a very sizeable impact over the years to come in an integrated manner.

Technological evolution

We are facing a **profound change** caused by the interaction and the cumulative effects of various developments in technology: Internet of Things, cloud services, cognitive computing, advanced analytics, Robotic Process Automation (RPA), artificial intelligence and the development of mobile networks are elements that contribute to creating a renewed environment in which to operate in order to optimise efficiency, operations and proximity with our customers. The spread of public and context data, the progressive digitalisation of customers, the growing appetite for personalised products, the computing power available at low prices that doubles one year after the next allow insurance companies to transform their way of doing business and to step into

the so-called world of ecosystems, where the borderlines between businesses at one time different and distinct are becoming fainter and fainter in order to offer customers a service in addition to a product.

Technological evolution also involves exponential growth in **cyber** threats, such as attacks aimed at stealing information or blocking operational processes. Adequate management of this risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data which are frequently sensitive. The issue is also increasingly relevant for regulators which have introduced specific safety measures as well as reporting processes in the case of violation of the personal data (**General Personal Data Protection Regulation**).

and our management

Data analysis is increasingly part of the DNA of the Group's production processes, from the systems for improving fraud identification to personalisation of the offer, from the automation of processes to anticipating customers' needs.

The formulations and analyses necessary for this new era of customer relations are carried out - while guaranteeing anonymity - both by the single business units on their own and with the Group's support through an analytical platform. Consolidated in 2018, the platform now lets us leverage synergies coming from the RPA and the cognitive technologies, thus allowing increasingly complex processes to be automated which increases quality and efficiency. Nevertheless, in the perspective of ongoing improvement we are continuing to scout platforms both based on traditional integration technologies (API) and the Blockchain/Distributed Ledger type that lead the way to new digital ecosystems.

We are in step with the new technologies and are protecting ourselves from the new threats. We are continuing to **enhance our ability to prevent, detect and respond to potential cyber attacks** while implementing

the most innovative security solutions and constantly improving our response processes. More specifically, we have set up a Security Operation Center (SOC) to monitor all events recorded by our security solutions 24/7, detect potential incidents and step in with containment and restoration actions. SOC's performance are monitored in a structured manner through specific indicators, that are not reported due to security reasons. In agreement with the **operational risk** management model, we have introduced an intervention assessment and prioritisation framework supported by an IT tool available to our countries. The Group governance model has also been reinforced by defining a **regulatory corpus concerning the security of the information**, in line with the major reference standards (NIST, ISO 27001, etc.) and with the sector's best practices. Lastly, we are busy consolidating the security ethos in the Group via many communication and training initiatives, such as the publication of practical advice for managing information security during one's work activity.

We are measuring operational risk following the regulatory standards and with qualitative and quantitative models that allow us to grasp our most important exposures and to define the adequacy of the existing controls.

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, and **economic uncertainty**, which has changed spending on savings

and other insurance products.

Customers currently place greater focus on service quality: 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. However, the role of the agent is still crucial in the purchase of an insurance product.

and our management

Our ambition is to **be a life-time partner to our customers** by combining simplicity and innovation with empathy and care along the entire customer journey, at all touchpoints and channels. We strive to be proactive and focused on customer relationships and integrate protection, prevention and assistance, creating tailor-made products and services that meet our clients' needs.

We will therefore focus on **5 transformation actions**:

1. we will digitally enable our advisory distribution network: through the Agent Hub, we will provide distributors with adequate digital tools, training and the mindset to become true life-time partners, and we will provide our agents with a commercial dashboard that will include:

- 360° view of the customer, including all of their products and the past interactions;
- needs-based assessment tools to advice clients based on their stage of life;
- the possibility to personally involve the

customer through the digital and social channels;


– campaign management tools that allow Generali to manage new solution launches;

2. we will offer the best in class proposition and service innovations with the benefit of digital and data analytics;

3. we will seamlessly connect Generali, our agents and customers together on mobile and web (Mobile and Web Hub);

4. we will continue to listen to our customers and to act based on their feedback in order to improve the service offered across all touchpoints;

5. we will strengthen our brand¹² to become 1st choice in the Relationship Net Promoter Score among our European international peers by 2021.

 [The Generali 2021 strategy, p. 16-17 and p. 21](#)

 [Glossary available at the end of the Annual Integrated Report and Consolidated Financial Statements 2018](#)

Customers⁹

61 mln
(+7.0%)

Distributors¹⁰

155
thousand (n.m.)

Customer
T-NPS rolled-out

in **58**
business unit
(+7.4%)

Distribution
NPS rolled-out

in **35**
business unit
(+34.6%)¹¹

Agent Hub is an initiative focused on supporting the digitalisation of our distribution network, strengthening the advisory activity addressed to the customer and digital interaction with the customers.

Mobile & Web Hub is an initiative focused on supporting relationships with our customers, on making management of the key insurance operations easier (e.g. claims management) and on making good use of the many platforms. It offers customers a simple and quick consultation of their policies using different devices, it emphasises the centrality of the relationship with the network of agents and exploits the connectivity and geolocation potentials in order to offer personalised services.

Germany, France, Switzerland, Spain, Italy, Austria, Argentina, Turkey, Portugal and India have joined the initiative. The first markets have launched the My Generali application in the stores and soon also the versions of the remaining countries will be developed and published. The platform, which is continuously evolving with the collaboration provided by the member countries, will also be extended to other business units.

⁹ The number of customers refers to all entities with core insurance business, banks and pension funds (line-by-line consolidated entities, few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings and specific Europ Assistance entities with relevant direct BTC business in Belgium, Italy, France, Spain and USA).

¹⁰ The number of distributors refers to all entities with core insurance business with relevant traditional distribution networks (line by line consolidated entities and few insurance entities in Asia measured with the equity method where Generali has relevant shareholdings).

¹¹ The methodology to calculate the KPI has been improved including country split for the following business units: Generali Corporate & Commercial and Europ Assistance.

¹² Scope: Generali in Europa, Asia, Argentina and Turkey.

Environmental challenges

Climate changes, a consequence of the global warming caused by the anthropic emissions of greenhouse gases, will produce direct or indirect effects that will become increasingly evident as time goes by. This will lead to increased risks. On the one hand, it is a question of **physical risks** that involve not only increased volatility of the weather events, but also ecological consequences, which without adequate countermeasures might become irreversible and have incalculable economic and social effects. The insurance sector as well would be impacted,

with increased claims in coverage tied to the phenomena influenced by the climate and, as a result, costs for the related products. On the other hand, there will also be **transition risks** for coping with the change. They include new financial risks (e.g. creation of stranded assets), lower revenues if leaving the segments tied to fossil fuels were not to be offset by new flows, for example those arriving from the production of sustainable energy or carbon capture and storage. The environmental challenges also pose **reputational risks** for those players that do not manage them in the best way possible

and our management

Considering our social role as insurer and institutional investor and the underwriting risks to which we are exposed, climate change is one of the major trends under way for us, and is singled out as one of the emerging risks for the insurance sector. In order to cope with this situation, we constantly monitor the main perils and territories to which the Group is exposed, using **actuarial models** to estimate the damage that could result from natural phenomena and thereby optimize our underwriting strategy. We also measure the **underwriting risks** and the **risk arising from catastrophes** using the Group's internal model, which allows us to better capture our risk profile. We also adopt **sustainability criteria for selecting our investments and for the underwriting of new insurance policies** that are in line with the best and universally recognized 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. We then utilize internal and external **monitoring processes of greenhouse gas emissions** associated with the activities in our investment portfolios and of the insurance exposure to high carbon intensity sectors.

We have published our **climate change strategy** that includes concrete actions on our core business and that explains our stance on coal and identifies 'green' opportunities in the investment and insurance activities. We also take part in **multi-stakeholder initiatives** and in **technical round table discussions** that facilitates the analysis of the climate change's impact in the insurance sector and that undertake to promote the transition to a low environmental impact society.



The Generali 2021 strategy, p. 21-22

MACRO-ECONOMIC
CONTEXT
FINANCIAL
REGULATORY MARKETS
DEVELOPMENTS
TECHNOLOGY AND
DIGITALIZATION
BIG DATA
CLIMATE CHANGE
DEMOGRAPHIC
CHANGE

Demographic and social change

Modern communities continue to be influenced by distinct demographic and social phenomena with a strong impact on their socio-economic balances.

In Europe, we are witnessing a continual process of **population aging**, driven by an **increase in life expectancy** and a **decrease in birth rates**. The international **migration phenomena** only partially counter-balance this trend, which is in any case otherwise influenced by socio-political initiatives adopted locally. Outside of Europe, we are noticing similar phenomena, though of a lower scope compared to the European situation and in any case significant on a broader time horizon.

In the more mature economies, the younger age groups

are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system. The result is increasingly unbalanced communities where higher post-retirement pension and healthcare requirements are no longer properly financed and covered by the public system, 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.

In this context of profound changes, the matter of human rights grows in importance, especially in the less mature economies, where labour law is under development.

and our management

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. This is why we develop and offer **flexible and modular pension and welfare solutions** for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. In particular, we are focusing on the senior customers segment with modular solutions that combine savings, protection and services in a welfare perspective. We also undertake to strengthen dialogue with individuals during their entire period of interaction with our companies through services accessible 24/7.

We provide customers with **complete and easily accessible information on products and services** while helping them to understand the primary factors that may affect their income capacity and 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.

Life products, including pension and welfare products, imply Generali's acceptance of **biometric underwriting risks**, typically mortality, longevity and health. We therefore need to manage them through the underwriting processes that currently exist, which are based on an updated assessment of the socio-demographic conditions of the population whose purpose is to understand their relative trends. We also have **pricing and product approval processes** that offer a preliminary analysis of the cases regarding the biometric factors and a structured governance defined in the **Life underwriting policy**, which is applied at Group level. Lastly, we measure the mortality, longevity and health risks using the Group's internal risk model.

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



The Generali 2021 strategy, p. 21-22

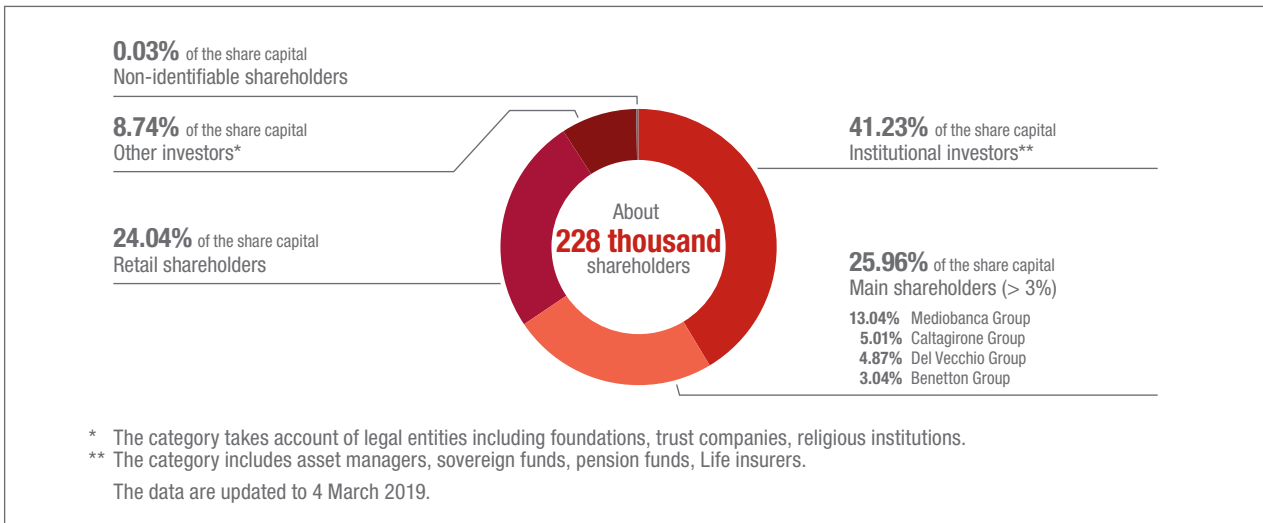


Our rules for running business with integrity, p. 26

Our governance and remuneration policy

Our governance

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



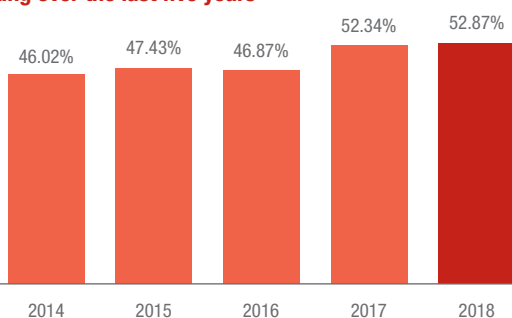
There is no stock ownership system for employees and there are no shareholder agreements on shares. It should, however, be noted that the Company facilitates participation in Shareholders' Meetings for beneficiaries of long term incentive (LTI) plans - which are based on Generali shares - by providing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

 Share performance, p. 70 for further information on the share

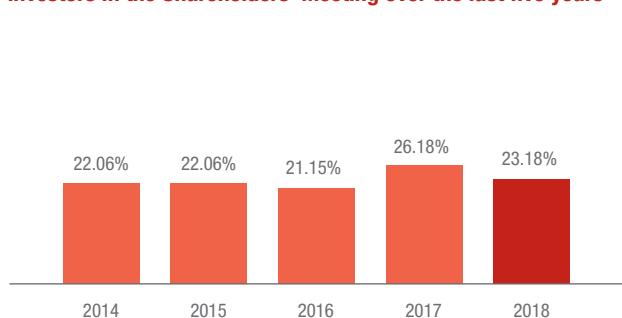
The Company maintains **continuing relations with all external stakeholders**: institutional investors, proxy advisors, financial analysts and retail shareholders. Its intense relationship activities consist of various types of interaction with individual stakeholders or groups, as part of roadshows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

 Annual Integrated Report and Consolidated Financial Statements 2018, p. 130 for further information on stakeholder relations

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

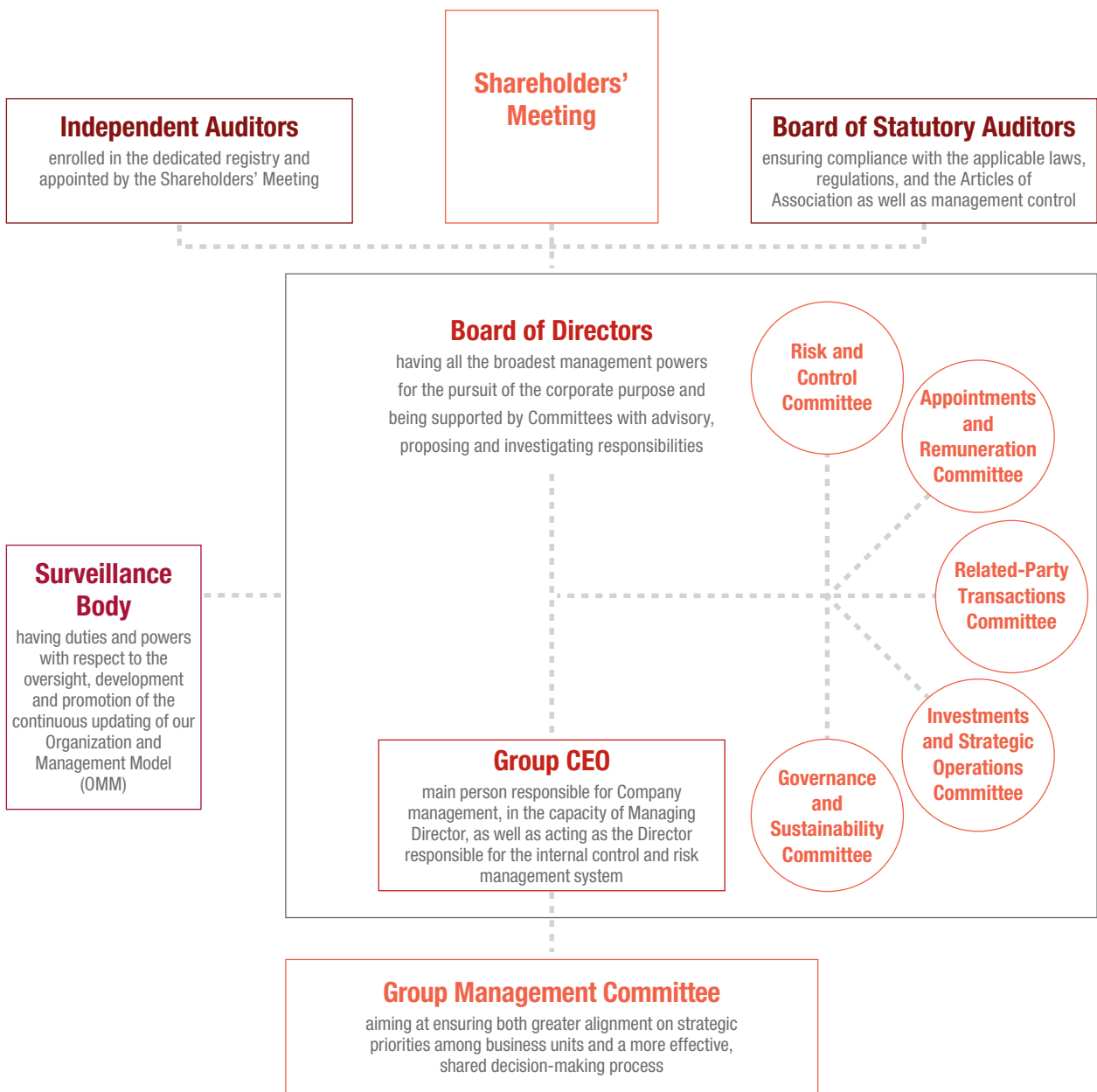


Percentage of share capital represented by institutional investors in the Shareholders' Meeting over the last five years


























In 2016, we launched the **Shareholders' Meeting Extended Inclusion** program to facilitate participation in the Shareholders' Meeting to those with motor and sensory disability: some dedicated services are provided to overcome any physical, communication and sensory barriers, like simultaneous translation into many languages, sign language and captioning in Italian, reception and check-in, as well as professional medical assistance.

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




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	71	75	54	58	40	65
Nationality	Italian	Italian	Italian	French	Italian	Monegasque
Professional background	manager	imprenditore	manager	manager	manager	entrepreneur
In office since	8 April 2011	28 April 2007, Vice-Chairman since 30 April 2010	1 May 2012, Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	30 April 2013
Board Committee	   	 	 	   	 	  
Independent ¹³					✓	✓
Executive				✓		


 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

 Committee Chairman

59.5
average age

38%
female directors

61,5%
independence level

1
executive director

95%
average attendance at meetings

14
meetings

In early 2019 induction sessions were held on the impacts of the future application of IFRS 9 and IFRS 17 and IT impacts on the insurance sector (Insurtech).

Skills and experiences

62%
international experience

62%
managerial experience

23%
entrepreneurial skills

38%
academic experience

62%
knowledge of legal context and regulatory requirements

77%
financial and accounting skills

77%
insurance experience

62%
industrial experience

54%
experience in large cap companies

¹³ As defined in the listed companies' Corporate Governance Code.



Corporate Governance and Share Ownership Report 2018,
p. 59-60 for further information on the diversity of
administration, management and control bodies

Paolo Di Benedetto	Alberta Figari	Diva Moriani	Lorenzo Pelliccioli	Roberto Perotti	Sabrina Pucci	Paola Sapienza
Director	Director	Director	Director	Director	Director	Director
71	54	50	67	57	51	53
Italian	Italian	Italian	Italian	Italian	Italian	Italian
lawyer	lawyer	manager	manager	docente	professor	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
✓	✓	✓		✓	✓	✓

Focus on the Board of Statutory Auditors

in office until 2020 annual Shareholders' Meeting

	Carolyn Dittmeier	Antonia Di Bella	Lorenzo Pozza	Francesco Di Carlo	Silvia Olivotto
	Presidente	Sindaco	Sindaco	Supplente	Supplente
Age	62	53	52	49	68
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

57

average age

60%

female auditors

95%

average attendance at Board meetings

97%

average attendance at meetings

34

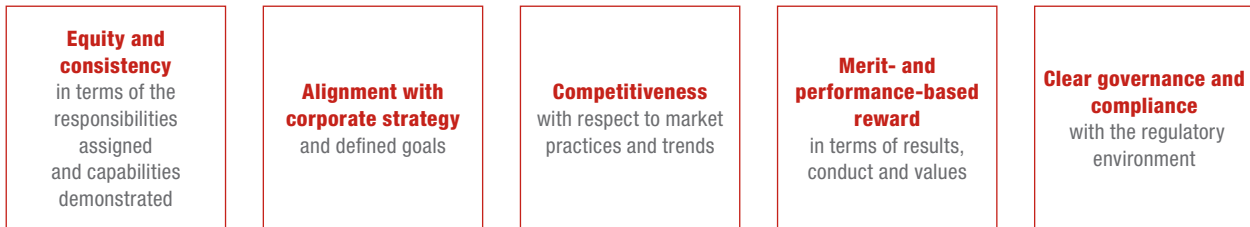
meetings

The Board of Statutory Auditors attended induction held for the Board

Our remuneration policy

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

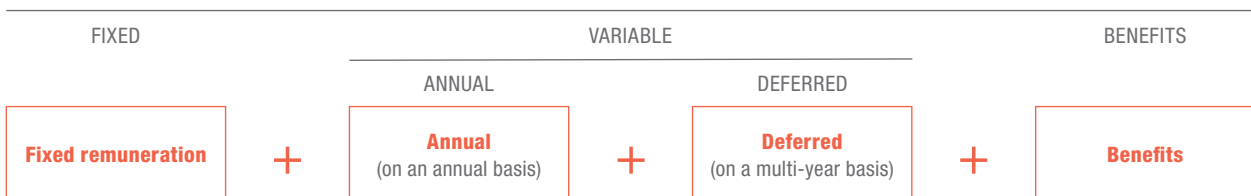
Our policy is based on the following principles that steer remuneration programs and related actions:



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 (except for those who are also executives of the Generali Group), in accordance with the powers conferred to those Committees and the commitment required in terms of number of meetings and preparation activities involved. This remuneration is established by the Board of Directors. In line with the best international market practices, there is no variable remuneration.

The **Managing Director/Group CEO**, 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 remuneration¹⁴

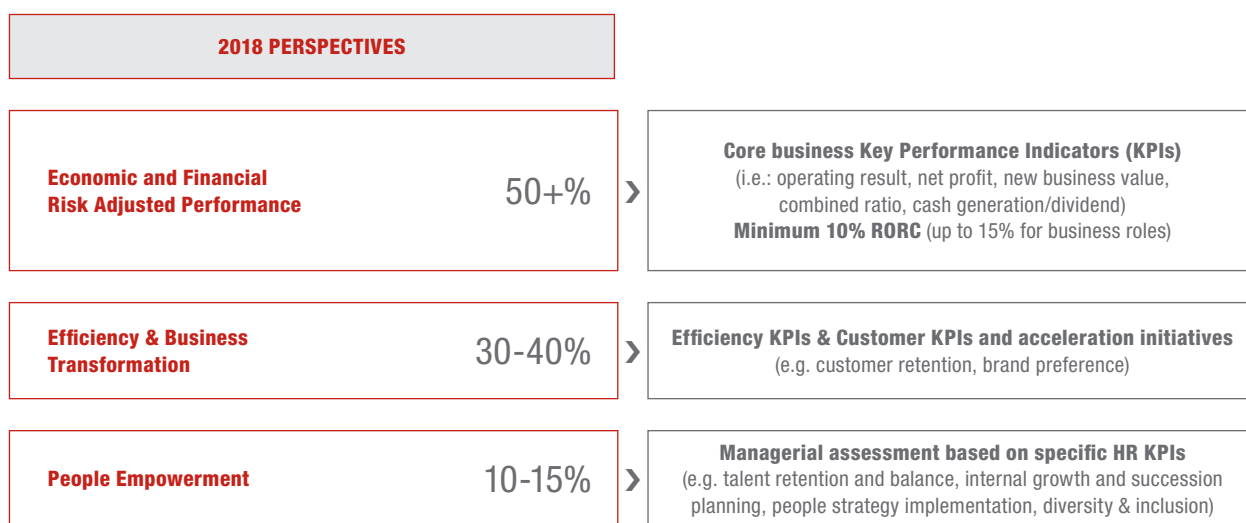


¹⁴ It represents the remuneration package for all those described, except for the executives with key responsibilities in control functions to whom specific remuneration policy and rules are applied.

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

The annual variable remuneration is based on an incentive system, whereby a cash bonus ranging from 0% to 200% of the individual target baseline can be accrued depending on:

- the Group funding, connected with results achieved in terms of Group operating result and adjusted net profit as well as the surpassing of a minimum Regulatory Solvency Ratio level;
- the achievement of the objectives defined in the individual balanced scorecards, which establish from 5 to 7 objectives at Group, Region, country, business/function and individual level - as appropriate - based on the following perspectives:



An **internal path valuing and focusing on sustainability topics** has been enhanced since 2018 with the aim of embedding key environmental, social and governance (ESG) drivers in the balanced scorecards of the Group's top management. Specifically, the balanced scorecards of the top managers in Investment and Insurance functions include specific sustainability KPIs, focused on updating the responsible investment strategy on the most relevant topics (e.g. fossil fuels and tobacco) and implementing a responsible underwriting policy, respectively.

The deferred variable remuneration is built on a multi-year plan based on Assicurazioni Generali shares and annually approved by the Shareholders' Meeting. The maximum potential bonus to be disbursed in shares amounts to 175% of the fixed remuneration of the participants (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 Regulatory Solvency Ratio 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.



Additional information in the Notes of the Annual Integrated Report and Consolidated Financial Statements 2018 for further information on pension benefits of the Group employees



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



Management Report

44	Part A – Result of operations
75	Part B – Risk report Company
89	Appendix to the Management Report

Part A – Result of operations

Foreword

This report was prepared in accordance with the provisions of Italian Legislative Decree 209/2005, Consob communications and other regulatory provisions. This report has been reviewed for consistency with the financial statements 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, which 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 Italian 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.

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

Significant operations

- During the month of February, the Generali Group completed the sale of assets in the Netherlands through the holding company Participatie Maatschappij Graafschap Holland N.V. As part of the transaction, the Parent Company reinsurance ceased its reinsurance support provided to the insurance subsidiaries of Generali Nederland, with a consequent outlay of technical reserves amounting to about 1.6 billion and the same amount in deposits with assignor companies (of which about 0.4 billion pertaining to portfolios referring to products for which the investment risk is supported by the policyholders).
- Since 1 April 2018, Assicurazioni Generali S.p.A. has commenced a stage preparatory for transferring the insurance portfolio of the Japanese branch to Mitsui Sumitomo Insurance Group (MSIG) which provides the possibility, offered to the policyholders, to directly renew with the acquiring third-party Company their insurance policies expiring after 1 April 2018. This stage will end on 31 March 2019 and will be followed by the transfer of the remaining insurance portfolio and resulting closing of the branch.
- On 19 April 2018, Assicurazioni Generali S.p.A. completed the share capital increase to 1,565,165,364, in execution of the Long Term Incentive Plan adopted by the Shareholders' Meeting of the Company on 30 April 2015.
- In April, Assicurazioni Generali S.p.A. finalised transfer of the assets and liabilities of the Panama branch, including the insurance portfolio. The transaction generated a gross capital gain of 77 million against a transfer price stated in US \$ 172 million.
- In April, Assicurazioni Generali S.p.A. finalised the merger by incorporation of the Dutch subsidiary Generali Finance B.V., directly held 100%. The transaction, whose accounting effects are backdated to 1 January 2018, mainly consists of incorporating inter-company loans receivable for 1,500 million and loans payable issued on the market for the same amount. This transaction generated the entry of a merger surplus reserve totalling 8.4 million.
- In April, the Generali Group finalised 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 was equal respectively to 88.2% and 11.5%. The transaction generated 13.9 million in gross capital gain.
- In May, Assicurazioni Generali S.p.A. set up a new branch in the Grand Duchy of Luxembourg under the right of establishment dedicated to the Employee Benefits business (GEB). The new Generali branch will be operational in the Group reinsurance sector starting from 2019.
- In June, Assicurazioni Generali S.p.A. completed disposal of its investments in the subsidiaries Assurances Maghreb S.A. and Assurances Maghreb Vie S.A., of which it held 44.2% and 22.1% of the share capital, respectively. The transaction generated 4.9 million in gross total capital gain.
- Also in the month of June, the Generali Group finalised the transfer of its subsidiary Generali PanEurope dac, in which Assicurazioni Generali S.p.A. held 69.5% of the share capital. The transaction generated 121 million in gross total capital gain. As part of the transaction, withdrawal of several accepted portfolios relating to the major reinsurance treaties was finalised, involving the outlay of technical reserves amounting to about 2.6 billion and the same amount in deposits with assignor companies, almost totally pertaining to portfolios referring to products for which the investment risk is supported by the policyholders.
- The new Group organisational structure came into force on 1 September and it will increase the Group's ability to pursue the important challenges of the 2019-2021 Strategic Plan. One of the organisation-

al changes was creation of the position of General Manager, who reports directly to the Group CEO. This position was assigned to Frédéric de Courtois. Cristiano Borean was appointed Group CFO, and he joins the Group Management Committee (GMC). Luigi Lubelli left the Group at the end of the year.

- In October, Assicurazioni Generali S.p.A. announced that it will exercise the option of early repayment of the 7.678% Perpetual Fixed/Floating Rate Notes for the amount of 150 million (option exercise date 19 November 2018).
- In November, investors were presented the new Generali Group strategy called Generali 2021, in line with the Group's ambition to be a "lifetime partner" for its customers by offering innovative and personalised solutions thanks to its unequalled distribution network; and to be the European insurance market leader for private customers, professionals and the

SMEs while at the same time creating a global and focused asset management platform and pursuing high potential opportunities in the markets.

- In November, Assicurazioni Generali S.p.A. announced that it will exercise the option of early repayment of the 7.898% Perpetual Fixed/Floating Rate Notes for the amount of 100 million (option exercise date 19 December 2018).
- The legal transfer of the Non-Life portfolio in run-off of the London branch was completed in December following the favourable opinion given by IVASS. This portfolio transfer came after a reinsurance transfer to the transferee Company in the previous year and relevant surfacing of 196 million in gross capital gain. The legal transfer of the portfolio led to a reduction in the Company's gross technical reserves in 2018 that amounted to 322 million.

Overall economic performance

Net profit

+68,824 thousand

€ 1,473,283 thousand

Net profit for the period amounted to 1,473,283 thousand, an increase compared to 1,404,459 thousand versus the previous year. The increase is characterized by:

– An increase in the profit from ordinary operations of 63,853 thousand, impacted by:

- an increase in ordinary financial operations, net of technical interest attributed to the net Life underwriting balance, of 213,870 thousand. This increase is primarily due to greater dividends coming from the subsidiaries, and, to a lesser extent, to higher interest receivable from subsidiaries following the incorporation of the Generali Finance B.V. loans receivable.

Profit from ordinary operations

+63,853 thousand

€ 1,135,525 thousand

- a decrease in the net underwriting balance of 155,113 thousand. The drop concerned both the Life segment (-137,537 thousand) and the Non-Life segment (-17,575 thousand). The contraction of the Life segment is mainly due to the reinsurance accepted directly by the Parent Company, by Generali Employee Benefits and by the London branch. The decrease in the Non-Life segment considerably worsened the result of the reinsurance accepted directly by the Parent Company, for the most part offset by the improved result of the London branch.

Profit from extraordinary operations

-20,337 thousand

€ 190,641 thousand

- a decrease in ordinary net costs of 5,095 thousand. Particularly impacting this trend is the improved exchange difference, offset by greater costs tied to provisions for risks and charges and greater interest on debt payable.

– The profit from extraordinary operations decreased by 20,337 thousand, and is mainly due to an increase in income tax costs regarding previous years, partially offset by higher realized gains.

Income taxes

+25,307 thousand

€ 146,798 thousand

– Greater tax income of 25,307 thousand, referring primarily to the rise in income from the relevant IRES.

(in thousand euro)	2018	2017
Net premiums	2,343,644	2,516,534
Change in technical provisions (a)	433,915	657,652
Claims, maturities and surrenders	-2,409,668	-2,852,559
Operating costs	-434,643	-466,502
Other technical income and charges	7,965	-454
Technical interests of the life segment	142,671	384,326
Net underwriting balance	83,884	238,997
Income allocated to technical accounts	469,282	432,058
Net technical result	553,166	671,053
Financial result (b)	2,422,237	2,450,022
minus income allocated to technical accounts	-611,953	-816,384
Other ordinary income and charges	-1,227,606	-1,232,701
Profit from ordinary operations	1,135,844	1,071,991
Profits and losses on the realisation of other durable invest.	159,435	8,099
Other extraordinary income and charges	31,206	202,878
Result before taxation	1,326,485	1,282,969
Income tax	146,798	121,491
Profit for the year	1,473,283	1,404,459

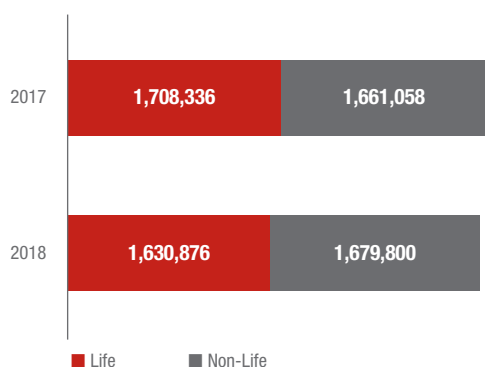
(a) Including mathematical provisions

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

%	2018	2017
Total expense ratio	18.5	18.5
Combined ratio	92.5	91.9

Gross premiums collection

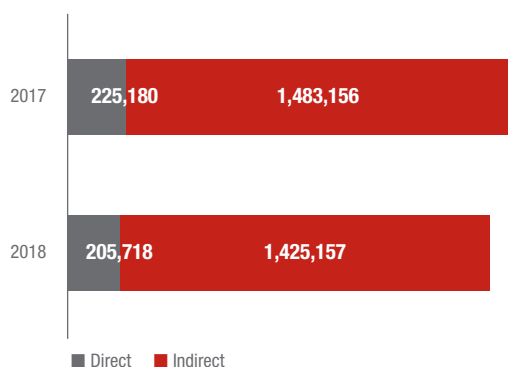
Total premiums



Gross written premiums amounted to 3,310,676 thousand, a decline from the 3,369,394 thousand of the previous year. In detail, the premium income from the Life segment amounted to 1,630,876 thousand (1,708,336 thousand in the previous year) while that of the Non-Life segment totaled 1,679,800 thousand (1,661,058 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 8,839 thousand was collected in premiums.

Life premiums



The gross premium collection from the Life segment amounted to a total of 1,630,876 thousand (1,708,336 thousand in the previous year).

The premiums from indirect business were mostly underwritten by the Generali Employee Benefits unit for 1,042,671 thousand (1,034,002 thousand in the previous year) and by the Parent Company Reinsurance unit for 369,109 thousand (448,403 thousand in the previous year).

The branches of the Company contributed with 13,377 thousand (751 thousand in the previous year). Almost all of the production was concentrated in line of business I (Life) of the Hong Kong branch (13,186 thousand, compared to 86 thousand of the previous year), which over

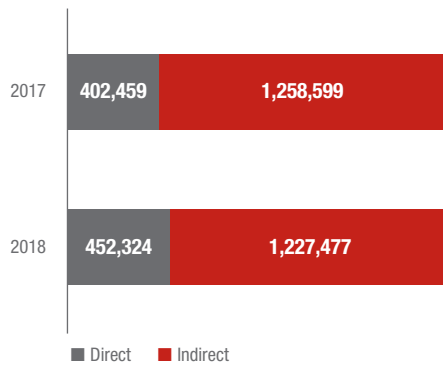
the year launched a new considerable reinsurance acceptance in the Employee Benefits segment.

The lower number of gross premiums accepted directly by the Parent Company was significantly affected by the termination of the reinsurance relationship with the subsidiary Generali Levensverzekering Maatschappij N.V. (-38,383 thousand) following its transfer to third parties, and by the automatic contraction of the volumes of the reinsurance acceptances in run-off treaties by the subsidiary Alleanza Assicurazioni S.p.A. (-35,833 thousand).

With reference to the premiums from the direct business, about half of the premiums collected in the year is concentrated in the London branch (109,177 thousand compared with 95,245 thousand of the previous year) under the collective policies for the cases of death and permanent disability of the Employee Benefits segment. The other branches active in the direct business are: Dubai, Hong Kong, Panama until the month of April, to which the Head Office's direct portfolio must be added.

The decline in the total collection from direct business of 19,462 thousand (from 225,180 thousand to 205,718 thousand) was particularly affected by the divestment of the Panama branch last April (-27,500 thousand), which was only partly offset by the growth of production in the Employee Benefits segment of the London branch (+13,932 thousand) mentioned above.

Non-Life premiums



The gross collection of the Non-Life segment amounted to a total of 1,679,800 thousand (1,661,058 thousand in the previous year).

The collection from indirect business comes primarily from the reinsurance that is directly accepted by the Parent Company (521,215 thousand versus 521,804 thousand of the previous year) and from the London branch (423,689 thousand compared with 434,524 thousand of the previous year).

To be added also are the premiums accepted in reinsurance by the Generali Employee Benefits unit (180,392 thousand versus 198,623 thousand of the previous year) and by the Hong Kong branch (97,925 thousand versus 98,391 thousand in the previous year).

The other branches of the Company and the Head Office portfolio contributed with 4,255 thousand (5,256 thousand in the previous year).

As regards the mostly significant changes, the decline in premium collection of the Generali Employee Benefits unit was particularly affected by the fewer premiums accepted by the Swiss subsidiary Generali Assurances Generales S.A. for 15,852 thousand, resulting from the non-renewal of several important insurance contracts with several multinational customers.

As far as the decline in premiums collected by the London branch is concerned, fewer premiums accepted by other Group Companies were recorded: in the Group Corporate & Commercial segment for 35,258 thousand, partially offset by greater premiums accepted in the health segment Generali Global Health for 24,423 thousand.

The premium collection from direct business is distributed between the various branches of the Company, to which the Head Office's direct portfolio should be added. The branches that mostly impacted the total of the collection are the London branch (174,273 thousand versus 131,608 thousand in the previous year), the New York branch (125,847 thousand compared to 95,290 in the previous year) and the Hong Kong branch (80,239 thousand versus 64,443 thousand in the previous year). The growth in the London branch's premiums volume was driven by the General liability line of business and by the health line of business as regards the Generali Global Health segment. The growth in premiums collected by the New York and Hong Kong branches was mostly concentrated on the Global, Corporate & Commercial segment, which affected several businesses.

The other branches reported a total premium collection of 71,965 thousand compared with 111,117 thousand of the previous year, broken down as follows: Head Office portfolio for 52,275 thousand (43,996 thousand in the previous year), first quarter of the former Panama branch for 16,054 thousand (49,370 thousand in the previous year) and the Tokyo branch for 3,636 thousand (17,750 thousand in the previous year). Growth of the Head Office portfolio production was particularly concentrated in the Global Corporate & Commercial segment. As regards the contractions, they came from the transfer of the insurance activities of the Panama branch in April, and from the gradual divestment of the Japanese insurance portfolio that began in the second quarter of the year.

Life net underwriting result

Technical result

(in thousand euro)	2018	2017
Net premiums	1,209,144	1,344,757
Change in technical provisions (a)	461,490	658,729
Claims, maturities and surrenders	-1,610,243	-2,028,999
Operating costs	-204,807	-213,774
Other technical income and charges	17,909	8,663
Technical interests of the life segment	142,671	384,326
Net underwriting balance	16,164	153,701
Income allocated to technical accounts	330,422	294,429
Net technical result	346,586	448,130

%	2018	2017
Total expense ratio	16.9	15.9
Acquisition costs / net premium	13.0	13.0
Administration costs / net premiums	3.9	2.9

Net technical result amounted to 346,586 thousand, appreciably down compared with the previous year (448,130 thousand). The result is comprised of the net underwriting balance, down by 137,537 thousand compared to the previous year, and of the financial income transferred to the technical account, net of technical interest, up by 35,993 thousand compared to the previous year.

The lower results generated by the reinsurance directly accepted by the Parent Company, the Generali Employee Benefits unit and the London branch significantly affect the decrease in the net underwriting balance.

Gross financial income transferred to the technical account fell by 205,662 thousand (from 678,755 thousand to 473,093 thousand). This decline is closely related with the downturn in technical provisions following the transfer of the reinsurance contracts with the Group Companies divested during the year and the automatic contrac-

tion of the portfolio accepted by the Subsidiary Alleanza Assicurazioni S.p.A. The technical interests of the Life segments considerably fell by 241,655 thousand (from 384,326 thousand to 142,671 thousand), in this case as well mainly following the transfer of the reinsurance treaties with the Companies divested during the year, to which lower financial profitability of the portfolios accepted in reinsurance by Alleanza Assicurazioni S.p.A. and of the portfolios of the Dubai and London branches is added. Therefore, the income allocated to the technical account, defined as the difference between the gross financial income transferred to the technical accounts and the technical interests of the Life segments, increased by 35,993 thousand (from 294,429 thousand to 330,422 thousand).

Following are further details on the net underwriting balance.

Net underwriting balance by branch

(in thousand euro)	2018	2017
Reinsurance accepted directly by the Parent Company	14,227	89,919
Generali Employee Benefits	-18,532	25,767
United Kingdom	6,805	27,793
Other branches	13,664	10,223
Totale	16,164	153,701

As with reference to the reinsurance accepted directly by the Parent Company, for almost all of the other Group Companies the result shows a decline from 89,919 thousand to 14,227 thousand, against a decline in the premium collection of 79,294 thousand (from 448,403 thousand to 369,109 thousand).

The reinsurance acceptances that significantly affected these performances refer to the Companies Generali Levensverzekering Maatschappij N.V. and Alleanza Assicurazioni S.p.A..

With reference to the reinsurance accepted by Generali Levensverzekering Maatschappij N.V., the reinsurance contract terminated in the early months of the year after the Company was sold. The lower contribution of result and premiums totalled 14,190 thousand and 38,383 thousand, respectively.

As regards the reinsurance acceptance by Alleanza Assicurazioni S.p.A., the results showed a 62,844 thousand decline (from 89,494 thousand to 26,651 thousand) due both to the automatic contraction in volumes of the run off treaties and to the lower recognised financial profitability. The reduction in accepted premiums stood at 35,833 thousand (from 223,002 thousand of the previous year to 187,169 thousand).

With reference to the Generali Employee Benefits unit, the reinsurance contribution from both the companies of the Group and outside of the group showed an underwriting result falling by 44,298 thousand (from 25,767 thousand of the previous year to -18,532 thousand) against a rise in gross collection (from 1,034,003 thousand in the previous year to 1,042,671 thousand). The worsening of the transferred reinsurance results (from 3,587 thousand of the previous year to 49,097 thousand) particularly made

an impact on the decline in the result. The gross result instead went up by 1,212 thousand (from 29,354 thousand to 30,565 thousand).

Administration costs of the Generali Employee Benefits unit rose by 6,464 thousand (from 22,166 thousand of the previous year to 28,630 thousand) in connection with the unit's reorganisation plan. This increase significantly affected growth in the incidence of administration costs on the premiums of the entire Life segment of the Company.

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 balance went down by 27,793 thousand to 6,804 thousand. Both portfolios affected the decline. The Employee Benefits segment showed lower net underwriting balance, from 13,087 thousand to 5,305 thousand, due to the worsening of the transferred reinsurance result. The individual annuities and unit linked in run off segment fell by 14,707 thousand to 1,499 thousand because of a lower mortality profit in the individual annuities segment.

The remaining part of the underwriting result, which stood at 13,664 thousand (10,223 thousand in the previous year) was generated by the Hong Kong, Dubai, Panama (until divestment) branches, to which the Head Office portfolio is added.

Not including the former Panama branch, which left the Company's scope in April, the other portfolios showed an underwriting result considerably on the rise compared to the previous year (from 5,654 thousand to 12,920 thousand), supported by growth in the premium collection (from 90,716 thousand to 97,924 thousand).

Non Life net underwriting result

Technical result

(in thousand euro)	2018	2017
Net premiums	1,134,500	1,171,777
Change in technical provisions (a)	-27,576	-1,077
Claims, maturities and surrenders	-799,425	-823,560
Operating costs	-229,836	-252,728
Other technical income and charges	-9,944	-9,117
Net underwriting balance	67,720	85,295
Income allocated to technical accounts	138,861	137,629
Net technical result	206,581	222,924

%	2018	2017
Loss ratio	72.2	70.3
Total expense ratio	20.3	21.6
Acquisition costs / net premium	15.4	17.2
Administration costs / net premiums	4.8	4.4
Combined ratio	92.4	91.9

Net technical result amounted to 206,581 thousand, down by 16,343 thousand compared with the previous year (222,924 thousand). The result is comprised of the net underwriting balance, down by 17,575 thousand (from 85,295 thousand to 67,720 thousand), and of the allocated financial income transferred to the technical account, slightly up by 1,232 thousand (from 137,629 thousand to 138,861 thousand).

The considerably lower results generated by the reinsurance directly accepted by the Parent Company, a good part of which offset by the substantial improvement in the result posted by the London branch as itemized below, significantly affected the decrease in the net underwriting balance.

Net underwriting balance by branch

(in thousand euro)	2018	2017
Reinsurance accepted directly by the Parent Company	70,454	171,451
Generali Employee Benefits	7,017	6,761
United Kingdom	-12,661	-100,355
Other branches	2,910	7,438
Totale	67,720	85,295

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, individually represent the most significant items in the technical underwriting of the Non-Life segment of the Company. The item "Other branches" includes the underwriting results from the Hong Kong, Japan, Dubai, USA and Panama (until the divestment date) branches as well as the Head Office's portfolio.

The reinsurance directly accepted by the Parent Company, primarily from other companies of the Group, posted a result of 70,454 thousand, down by 100,997 thousand compared with the previous year (171,451 thousand). The decline was affected by claims, maturities and surrenders, from 115,965 thousand in the previous year to 171,815 thousand, and a growth in premiums earned transferred to reinsurers (from 191,296 thousand to 236,656 thousand). Gross accepted premiums fell slightly, from 521,804 thousand of the previous year to 521,215 thousand.

Claims, maturities and surrenders for the year, marked by a higher rate of Man Made claims and by a limited impact of Natural Catastrophe claims, are compared against an exceptionally favourable 2017.

The greater premiums earned transferred to reinsurers mainly come from the strengthening of the catastrophe reinsurance protection and the increased premiums replenishing reinsurance maximums paid to the reinsurers following a higher frequency of Man Made claims during the year.

The claims ratio stood at 61.2% compared with 35.5% of the previous year.

Operating costs total 29,633 thousand (30,562 thousand in 2017), and the ratio on net premiums stands at 10.1% (9.9% in the previous year).

Overall, the combined ratio of the reinsurance directly accepted by the Parent Company stood at 71.3% versus the 45.3% 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 occupational accidents and health segments showed an underwriting result increasing from 6,761 thousand in the previous year to 7,017 thousand, with gross premiums down from 198,623 thousand to 180,392 thousand.

Claims, maturities and surrenders, net of the transferred reinsurance, were down (from 111,515 thousand to 101,324 thousand), with claims affecting premiums improved, from 78.5% to 75%.

Operating costs showed a total increase of 3,053 thousand (from 23,752 thousand to 26,804 thousand), mainly due to the greater profit sharing recognized to the Group's transferee companies in reinsurance receivable contracts, with the ratio on net premiums standing at 20.9% (16.5% in the previous year).

Overall, the combined ratio of the Generali Employee Benefits unit stood at 95.8% (95% the previous year).

As regards the London branch, the underwriting result stood at -12,661 thousand, showing a healthy improvement compared to the previous year (-100,355 thousand), with a gross premium collection up from 566,132 thousand to 597,962 thousand.

The improved underwriting result concerned the Global Corporate & Commercial segment, including the reinsurance acceptances by other companies of the Group, particularly affected by claims related to catastrophic events in the previous year. The result of the segment improved from -97,870 thousand to -8,729 thousand, with a premium collection standing at 455,385 thousand (468,816 thousand in the previous year).

The Generali Global Health segment of the London branch recorded negative results of -3,932 thousand (-2,485 thousand in the previous year) with a gross collection of 142,561 (97,250 thousand in the previous year).

In general terms, the claims/premiums ratio of the London branch stood at 77.1% (92.4% of the previous year). The ratio of operating costs/premiums of the London branch was 24.2% compared to 28.9% in the prior year. This latter significant reduction mainly results from the revision of reinsurance structure with the subsidiary

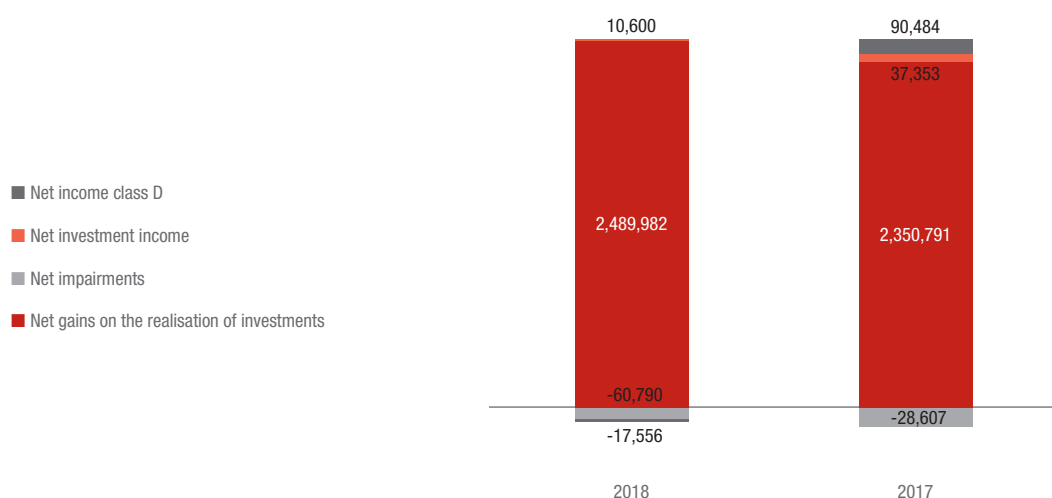
Generali IARD from which, among other things, a lower commission burden arises. The combined ratio stood at 101.3% compared with 121.3% of the previous year.

The “Other branches” item showed a decline of 4,528 thousand (from 7,438 thousand of the previous year to 2,910 thousand). The reduction is mainly due to the transfer of the Panama branch (-13,713 thousand), only partly offset by the growth in the result of the New York branch and of the Head Office portfolio in the Global Corporate & Commercial segment (+8,339 thousand, overall).

Financial result

The results of the ordinary financial operations amount to 2,422,237 thousand for the year and 2,450,022 thousand in the prior year. Income allocated to technical accounts amounts to 611,953 thousand for the year and 816,384 thousand in the prior year.

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



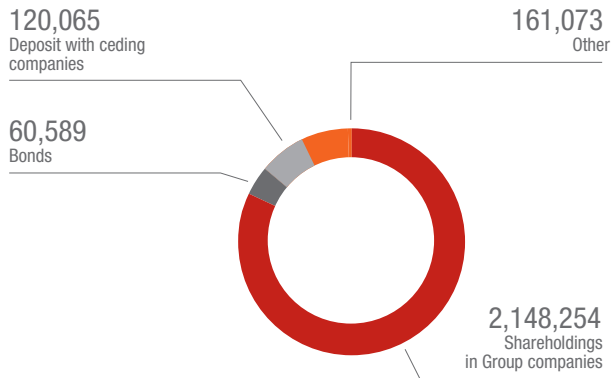
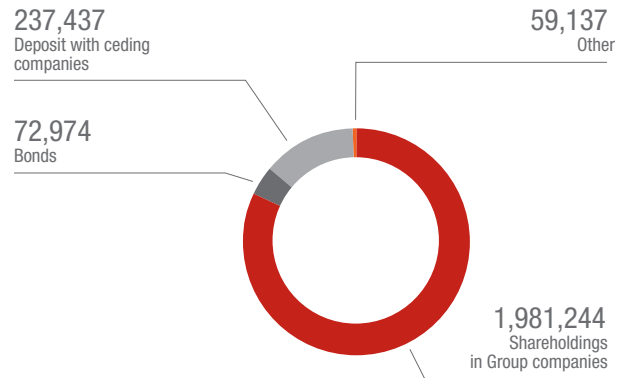
The class D net expense amounted to 17,556 thousand, down compared to the 90,484 thousand income of the previous year. The decrease is mostly due to the interest receivable on reinsurance deposits (68,889 thousand change) and, in particular, to interest related to reinsurance deposits concerning the company Generali PanEurope dac, transferred during the first half of 2018. The residual change can mainly be attributed to net unrealized capital losses, which amounted to 16,261 thousand compared to the net unrealized capital gains of 18,598 thousand of the previous year, for the most part on mutual fund units.

Investment adjustments, net of the gains and losses for the year, amounted to 60,790 thousand compared with 28,607 thousand in 2017. The amount mainly comes from value adjustments of bonds recognised in the short-term segment for 18,189 thousand (2,604 thousand in 2017) and in the equity segment for 16,433 thousand (3,165 thousand in 2017). The equity value adjustment concerns the company GLL GmbH & Co. Retail for a value of 9,537 thousand. The value adjustments of derivative financial instruments also contribute for 23,364 thousand (17,884 thousand in 2017), mainly regarding greater value adjust-

ments on options and domestic currency swaps. Of note inside this time is the value adjustment of 19,175 thousand regarding the coverage of Motor TPL 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.

Realized gains and losses were positive for 10,600 thousand; in the previous year they amounted to 37,353 thousand. In the current year, realized gains and losses mainly arising from the closing of several positions of derivative financial instruments were recorded for 12,881 thousand and from gains on the bond portfolio for 1,155 thousand (12,653 thousand in 2017), partially offset by net realized losses on mutual fund units for 3,914 thousand (2,049 thousand in 2017). The previous year, on the other hand, was affected by the realized gains deriving from the sale of the equity stake not classified in the long-term segment in the subsidiary Guatemala Aseguradora General S.A. for 19,610 thousand.

Details of the net income from investments, totalling 2,489,982 thousand (2,350,791 thousand in the previous year), are provided below.

Net investment income 2018**Net investment income 2017**

The dividends received from the companies of the Group totalled 2,148,254 thousand, an increase of 167,010 thousand compared with the previous year (1,981,244 thousand). The main income from the shareholdings is the dividend received from Generali Italia, totalling 1,000,000 thousand (in line with the previous year).

Net interest on reinsurance deposits amounted to 120,065 thousand, decreasing compared with the previous year (237,437 thousand). The decrease is to be attributed primarily to the sale of the subsidiary Generali Levensverzekering Maatschappij N.V. (negative change of 54,003 thousand) and the acceptance of reinsurance in run-off by the subsidiary Alleanza Assicurazioni S.p.A. (negative change of 58,780 thousand), which also showed lower financial returns.

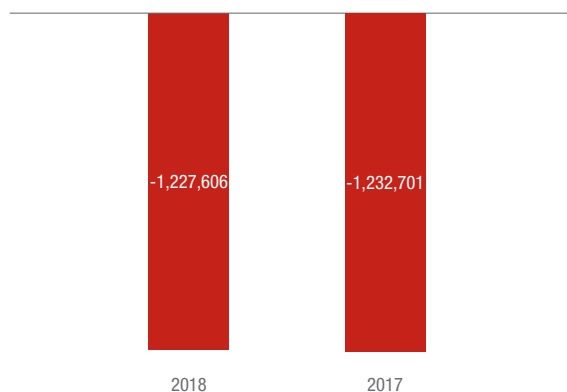
Income from bonds is equal to 60,589 thousand (72,974 thousand in the previous year), of which 24,149 thousand deriving from government bonds (32,555 thousand in 2017) and 36,440 thousand deriving from corporate bonds (40,419 thousand in 2017). The decline is mainly

associated with the exit of the Panama securities portfolio, in addition to the repayments of investments in short-term government bonds on the head office portfolios, whose liquidity flows were used in monetary instruments.

Other income net of other expense rose from 59,137 thousand to 161,073 thousand. The increase is mainly attributable to greater interest on loans with companies of the Group (change of 78,468 thousand) against incorporated loans following the above-mentioned merger of Generali Finance B.V. and, in particular, with the counterparties Generali Beteiligungs GmbH and Generali Deutschland AG. The increase is also due to lower costs on derivative financial instruments (change of 6,022 thousand) and to lower tax costs on property transfers tied to the repurchase of the minority interests in the subsidiary Generali Deutschland AG, which took place in 2015 (change of 16,310 thousand).

Ordinary return on investments, determined on the basis of the average rate of return, therefore stands at 6.1% (5.8% in 2017).

Other ordinary income and charges



Other ordinary income and charges show a negative balance of 1,227,606 thousand, slightly down compared to the 1,232,701 thousand of the previous year, likewise negative.

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

(in thousand euro)	2018	2017
Interest expenses on financial debt	-768,591	-714,768
Allocation to non-technical provisions	-30,003	10,878
Holding expenses	-365,212	-351,705
Amortisation of intangible assets	-15,950	-20,198
Other	-47,850	-156,907
Total	-1,227,606	-1,232,701

A discussion on the items of the above table is provided below, with exception made for the interest expenses on financial debt that is specifically discussed in the next section.

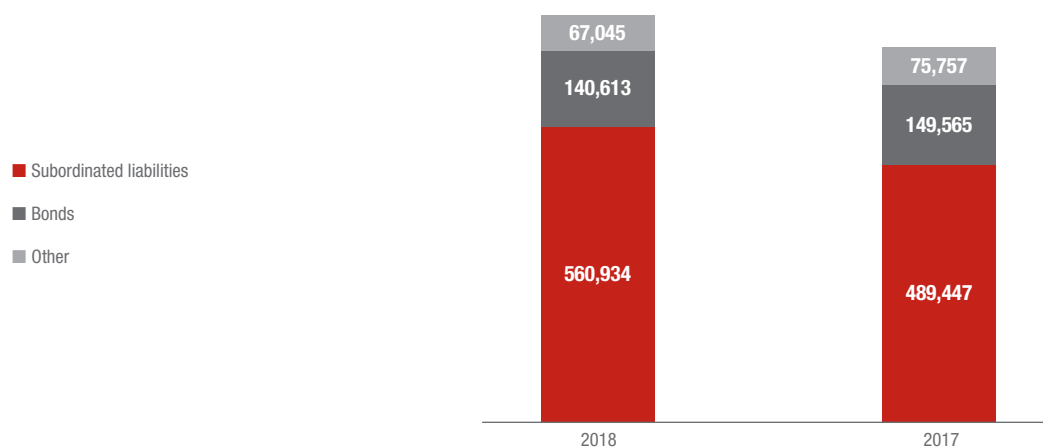
The net expense resulting from the allocations to provisions for other future risks and charges amounted to 30,003 thousand, compared to the net income of 10,878 thousand of the previous year. This change is to be attributed to:

- net expense tied to the allocation of the solidarity provision (INPS Circular number 56 of 10 March 2015) for 13,469 thousand (expense of 773 thousand in 2017);
- net expense relating to allocations to the provision for other future risks and charges, which amounted to 20,203 thousand (31,259 thousand in 2017). The most significant changes concerned allocations for the transfer of the insurance portfolio of the Japanese branch (10,773 thousand) and the opening of the Luxembourg branch (10,928 thousand).

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 365,212 thousand, up versus the same figure of the previous year (351,705 thousand). The increase is mainly due to costs borne for the M&A activities carried out during the year.

As for the remaining items of the table, the item Other improved by 109,057 thousand. Please note that the exchange rate trend led to a charge of 7,548 thousand (charge of 111,164 thousand in 2017). This impact is intrinsic in the business model of the Company, which operates in foreign currencies in both managing shareholdings and in the insurance and reinsurance business carried out by the Head Office structure and the foreign branches. The negative impact of the previous year was primarily linked to the net exposure in Chinese Renminbi, Swiss Francs and Brazilian Reals which 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 768,591 thousand, an increase from 714,768 thousand in 2017.

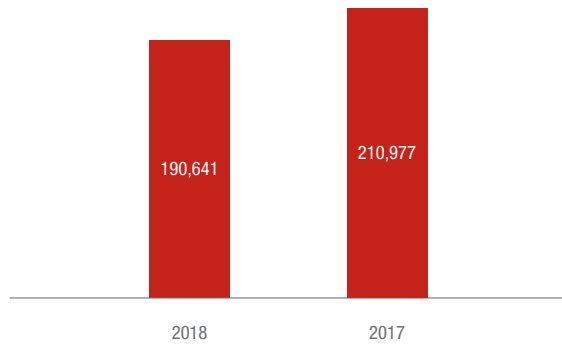
The increase is attributable to the interest on subordinate liabilities (from 489,447 thousand in the previous year to 560,934 thousand), mainly against the loan taken over by Assicurazioni Generali following the incorporation of Generali Finance B.V..

As a partial offset, a decrease of the interest on debenture loans was recorded (from 149,565 thousand in 2017

to 140,613 thousand) due to a partial early repayment of the principal of the debenture loan falling due in December 2020.

The interest paid on other loans decreased (67,045 thousand compared to 75,757 thousand in 2017) by virtue of the lower interest rate to pay on the new positions compared to those paid back during the year, whose effect is greater than the increase in overall debt exposure.

Extraordinary operations



The results from extraordinary operations are positive, at 190,641 thousand (210,977 thousand in the previous year).

Income taxes

Income taxes for the year show an overall income of 146,798 thousand (121,491 thousand in the previous year). The increase is primarily due to deferred IRES taxes, which was up from 161,760 thousand in the previous year to 189,612 thousand.

Specifically, deferred IRES taxes amounted to 189,612 thousand (161,760 thousand in 2017). Taxes also include deferred IRAP taxes of 4,827 thousand (compared to a

Mainly contributing to the formation of this result are the realized gains coming from the transfer of the Panama branch (77,459 thousand) and of the shareholdings in the following companies: Generali PanEurope dac (120,667 thousand), Generali Colombia Seguros Generales S.A. and Generali Colombia Vida - Compañía de Seguros S.A. (13,896 thousand), Assurances Maghreb S.A. and Assurances Maghreb Vie S.A. (4,911 thousand), Sara Assicurazioni (12,243 thousand).

This result is partially offset by the income tax costs relating to prior years for 30,434 thousand (19,228 thousand income in 2017) in connection with the supplementary returns submitted during the year.

What primarily affected the result of the previous year were the realized gains deriving from the transfer of the Non-Life portfolio in run-off of the London and New York branches for 195,625 thousand.

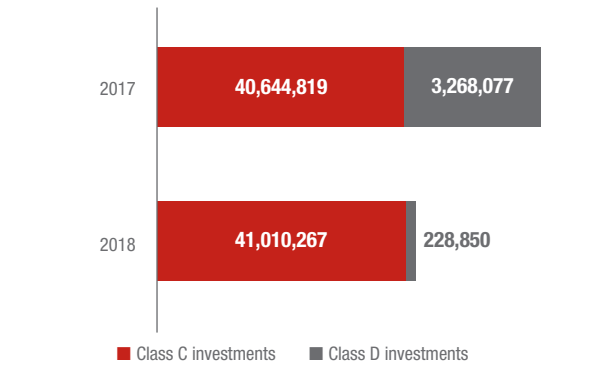
5,470 thousand charge in the previous year), a charge for taxes due in Italy on the income of some Group subsidiaries overseas (Controlled Foreign Companies – CFC) of 21,728 thousand (10,636 thousand last year), an 855 thousand charge for other substitute taxes on contributions of real estate in real estate funds, and lastly, a charge for taxes paid abroad amounting to 25,058 thousand (24,163 thousand in the last year).

Asset and financial management

(in thousand euro)		2018	2017
Intangible assets		39,193	30,127
Investments		41,010,267	40,644,819
Class D investments		228,850	3,268,077
Reinsurers' share of technical provisions	Non-life	539,846	857,954
	Life	551,801	420,541
Total		1,091,647	1,278,495
Debtors		1,837,675	1,849,551
Other assets		966,024	1,002,012
Accrued income and deferred charges		180,815	181,913
TOTAL ASSETS		45,354,471	48,254,994
Provisions for other risks and charges		132,149	102,420
Deposits received from reinsurers		518,396	331,210
Creditors and other liabilities		11,973,307	11,684,798
Accrued expenses and deferred income		317,339	304,109
Technical provisions non life		2,166,273	2,297,906
Technical provisions life	class C	6,753,491	8,391,312
	class D	225,895	3,265,804
Total		9,145,659	13,955,022
Subordinated liabilities		8,290,802	7,051,952
Shareholders' funds			
Subscribed share capital or equivalent fund		1,565,165	1,561,808
Reserves		11,938,372	11,859,216
Profit for the year (a)		1,473,283	1,404,459
Total		14,976,820	14,825,483
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		45,354,471	48,254,994

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



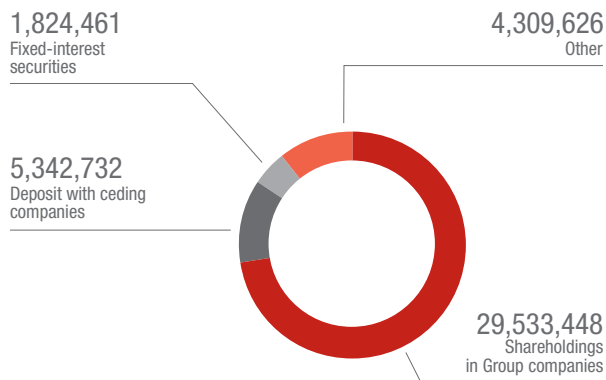
Total amounted to 41,239,117 thousand, compared to 43,912,896 thousand of the previous year.

Class C investments, i.e. the investments of the Company excluding those benefiting the Life-insurance policyholders who bear the risk, show an increase from 40,664,819 thousand to 41,010,267 thousand.

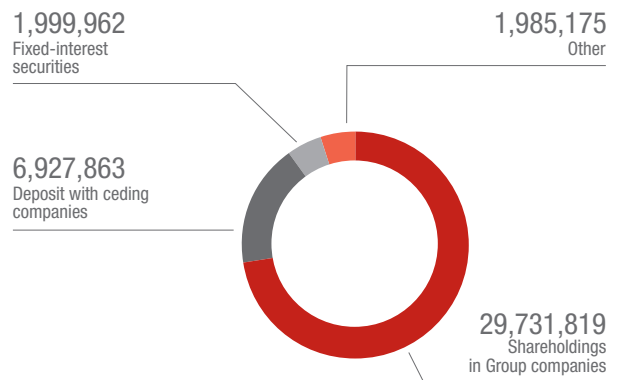
Class D investments, i.e. the investments of the Company benefiting the Life-insurance policyholders who bear the risk, show a decrease from 3,268,077 thousand to 228,850 thousand.

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

Class C Investments 2018



Class C Investments 2017



Shareholdings in Group companies decreased from 29,731,819 thousand to 29,533,448 thousand. This change is primarily to be attributed to:

- merger by incorporation of the Dutch subsidiary Generali Finance B.V. (-264,282 thousand);
- sale of the subsidiary Generali PanEurope dac (-42,500 thousand), of the shareholdings in Generali Colombia Seguros Generales S.A. and Generali Colombia Vida - Compañía de Seguros S.A. (-9,666 thousand) and in Assurances Maghreb S.A. and Assurances Maghreb Vie S.A. (-5,403 thousand);
- increase in the value of the shareholding interest in Europe Assistance Holding (+60,576 thousand) and in Generali Vietnam Life Insurance (+54,289 thousand), primarily for increases in the share capital carried out during the year.

Reinsurance deposits decreased from 6,927,863 thousand to 5,342,732 thousand, mainly due to the termination of the reinsurance contract with the company Generali Levensverzekering Maatschappij N.V. (-1,254,449 thousand) and to the ongoing contraction of the portfolio in run-off accepted by the subsidiary Alleanza Assicurazioni S.p.A. (-499,847 thousand) in the Life segment.

The item “Other” increased from 1,985,176 thousand to 4,309,626 thousand. The change is mainly due to the greater loans to the companies of the Generali Beteiligungs-GmbH Group (change of 1,186,002 thousand) and Generali Deutschland AG (change of 313,997 thousand) following the merger with Generali Finance B.V.. The increase in this item is also attributable to greater units of

mutual funds (change of 850,112 thousand), almost entirely due to the sale of units of the Generali Money Market fund.

Bond investments amounted to 1,824,461 thousand, down from the previous year (1,999,962 thousand). This decrease can be attributed to lower investments in government bonds (change of 127,128 thousand) and to in-

vestments in corporate bonds (change of 48,372 thousand).

Class D investments declined from 3,268,077 thousand to 228,850 thousand, primarily as a result of the reduction in reinsurance deposits received from Generali Levensverzekering Maatschappij N.V. and Generali PanEurope following the above-mentioned sale.

Net technical Provisions

(in thousand euro)	Amount		Change	Incidence %	
	2018	2017		2018	2017
Technical provision of life business	6,427,585	11,236,576	-42.8	79.8	88.7
Mathematical provision	5,211,738	6,989,987	-25.4	64.1	54.8
Provision for claims outstanding	868,160	889,635	-2.4	10.8	7.0
Provisions relating to contracts linked to investments funds and market index and relating to the administration of pension funds	225,895	3,265,804	-93.1	2.8	25.8
Other provisions	121,792	91,150	33.6	2.1	1.1
Technical provision of non life business	1,626,427	1,439,951	13.0	20.2	11.3
Provision for unearned premiums	271,744	256,277	6.0	3.4	2.0
Provision for claims outstanding	1,354,216	1,183,360	14.4	16.8	9.3
Other provisions	467	314	48.6	0	0
Total life and non life business	8,054,012	12,676,527	-36.5	100.0	100.0

As With regard to the technical provision of Life segment, the most important changes concerned the mathematical provision and provisions linked to the management of internal funds (down by 1,778,249 thousand and 3,039,909 thousand, respectively).

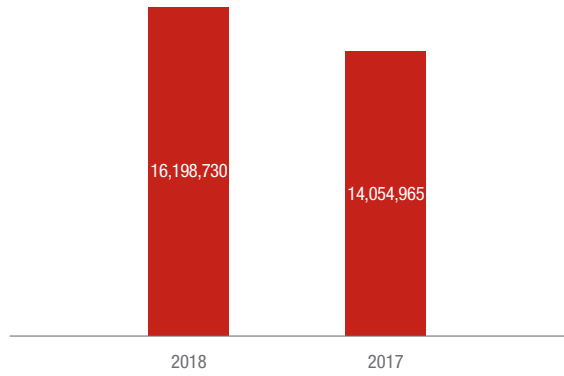
The reduction of the mathematical provisions primarily derived from the transfer of the reinsurance contracts with the company Generali Levensverzekering Maatschappij N.V. following its divestment (-1,243,385 thousand) and from the ongoing contraction of the portfolio in run-off with the subsidiary Alleanza Assicurazioni S.p.A. (-505,755 thousand).

With regard to technical provisions tied to the management of internal funds, the considerable reduction mainly was

caused by the termination of the reinsurance contracts with the companies Generali Levensverzekering Maatschappij N.V. (-390,683 thousand) and Generali PanEurope dac. (-2,634,672 thousand), divested during the year.

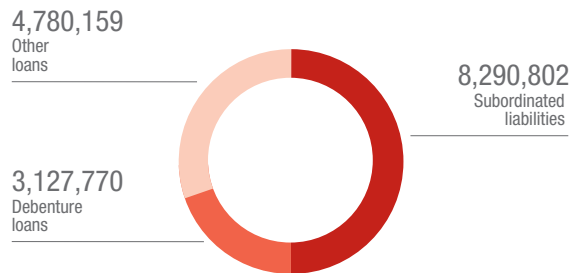
Non-Life technical provisions increased by 186,476 thousand (from 1,439,951 thousand to 1,626,427 thousand). Particularly affecting this increase were the provision for claims outstanding that increased by 170,856 thousand (from 1,183,360 thousand to 1,354,216 thousand), main with reference to the following components: London branch for 72,948 thousand, reinsurance accepted directly by Head Office for 67,339 thousand and Hong Kong branch for 33,196 thousand, in line with the performance of the technical result described above.

Debt management

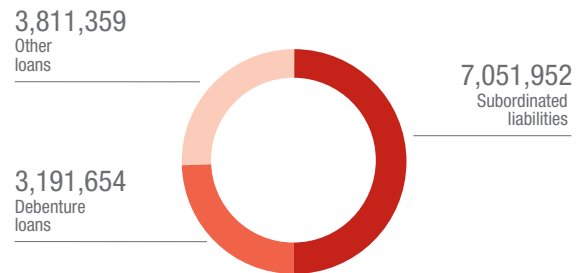


The total debt of the Company increased by 2,143,765 thousand, from 14,054,965 thousand to 16,198,730 thousand, primarily due to the increase in subordinated liabilities linked to the incorporation of Generali Finance B.V..

Debt 2018



Debt 2017



Subordinated liabilities went up by 1,238,850 thousand in connection with the incorporation of Generali Finance B.V..

Other loans increased by 968,800 thousand, mainly to Participatie Maatschappij Graafschap Holland N.V..

Debenture loans decreased with the payment of the annual portion of 63,885 thousand of the senior bond issued to fund the tax recognition of goodwill relating to Alleanza Assicurazioni S.p.A..

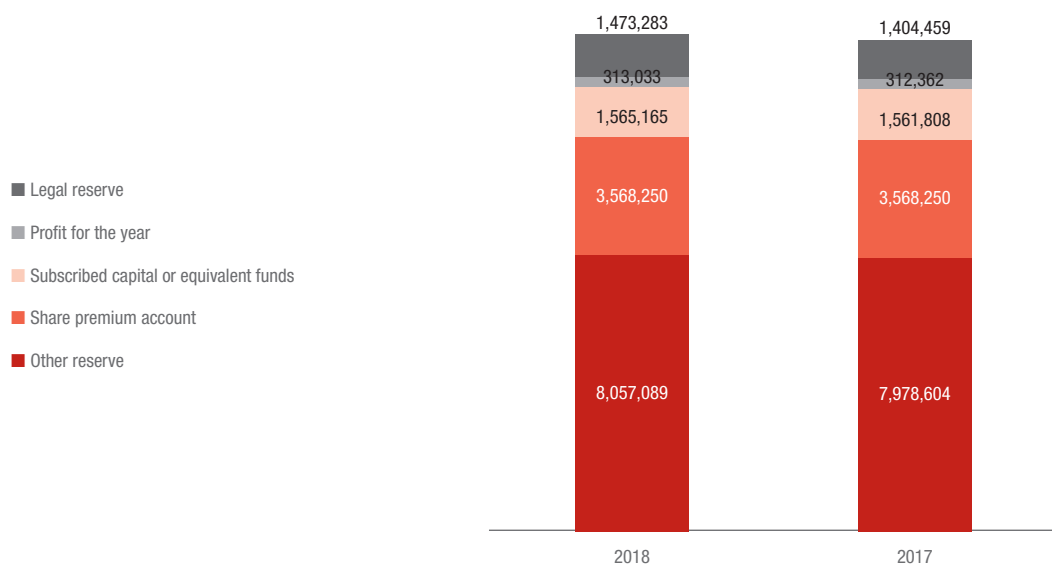
Subordinated liabilities

Nominal interest rate	Nominal value	Currency	Book value	Issue date	Call	Expiration date
6.27%	350.0	GBP	390.0	16/06/2006	16/06/2026	PERP
6.42%	495.0	GBP	551.5	08/02/2007	08/02/2022	PERP
4.60%	1,500.0	EUR	1,499.4	21/11/2014	21/11/2025	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	02/05/2014	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	127.8	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 14,976,820 thousand, compared with 14,825,483 thousand in the previous year.

The major changes concerned distribution of the dividend (1,330,299 thousand) and recognition of the merger surplus arising from the transaction with Generali Finance B.V. (8,353 thousand), plus the profit for the year (1,473,283 thousand).

During the year, the subscribed share capital rose by 3,357 thousand following the assignment of Generali shares in favour of Group management on 19 April 2018, in implementation of the Long Term Incentive Plan 2015. The increase took place by drawing from the other reserve.

Other information

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 2018, the Company employs a workforce of 1,686 units (2,003 units as at 31 December 2017), including a total of 584 staff employed in the foreign branches (912 as at 31 December 2017). The considerable decrease in staff employed in the foreign branches is attributable to the transfer of the Panama branch.

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 2018 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. The 2018 Strategic Study Tour initiatives took place during the year under review: Singapore, reserved to the GLG (Generali Leadership Group) and Step Up 2.0, reserved to the Group Talent managers.

In the year in question, the training programme Managerial Acceleration Program, started in 2017, continued 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

1,686
employees

3,143
man-days
training

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.

As a major component of the People Strategy of the Group, there have been several Diversity & Inclusion initiatives in 2018, including events, workshops and seminars, in order to maximise the value of diversity, teamwork and inclusion.

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.

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.

As regards mandatory training, the classes for a better understanding of security measures to be adopted for the processing of personal information (Italian Legislative Decree 196/2003) and for the control of aspects related to occupational health and safety (Italian 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 Italian Legislative Decree 231/2001, and courses on anti-money laundering as required by Italian Legislative Decree 231/2007 and regulatory provisions of the sector's supervisory authority, also continued.

With respect to training on laws and regulations, employees were required to participate in specific e-learning classes regarding 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 2018, the average gross salary of administrative personnel amounted to 111,000 euro, (106,052 euro in 2017). The average cost amounted to 158,800 euro (152,002 euro in 2017).

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.

In the **environmental field**, we plan to play an active role in order to support the transition toward a more sustainable economy and society. Consistent with what is declared in our Group Policy regarding Environment and Climate, we continue to monitor and reduce our direct and indirect impacts through our products, services and investments, by dialoguing and cooperating with Governments and Associations.

As declared in our climate change strategy, approved by the Board of Directors in February 2018, and described in further detail in the technical note published by the Group in November 2018, our commitment to contribute to the transition entails specific actions regarding investments and underwriting, increasing exposure to green activities, and defining a clear stance on coal-linked

€ 111,000
gross average
remuneration

€ 158,800
average cost

companies. It also identifies dialogue and involvement of our interlocutors as the tool for fostering the transition.

As regards direct impacts, for years we have been 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 try to reduce travelling and to enhance further the tools used for remote communication, and to encourage smart working. All our initiatives are focused on minimizing our greenhouse gas emissions and reaching our objective of a further 20% reduction by 2020 (base year 2013).



As for our public commitment, we have supported several important international initiatives for years (Paris Pledge for Action, The Geneva Association - Climate Risk Statement, European Financial Services Round Table), and in 2018 we declared our support to the Task Force on Climate-related Financial Disclosure (TCFD), starting up an internal process for handling key aspects and the definition of a reporting framework. We actively participate in international work round tables, including the UNEP FI work group Principles for Sustainable Insurance (PSI) on implementation of the TCFD Recommendations by insurers and the Investor Leadership Network, promoted in G7 Investor Global Initiatives, in which we also study climate change in depth with the leading actors of the financial sector.

As proof of our commitment to the environment, we have undertaken to increase environmental and social product premiums by 7%-9% and to allocate 4.5 billion in green and sustainable investments by 2021.



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

Outward reinsurance

With reference to outward reinsurance, the business model adopted by the Group calls for, in principle, centralisation of the transfer of the treaties of the subsidiaries of the Parent Company, except for any exceptions due to local legislation or regulations. The Parent Company acquires appropriate protection on behalf of the entire Group, in this way benefitting from advantages coming from the breadth of the portfolio and from the scale economies.

The reinsurance disposals 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 recourse to 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.

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	66.7	25.0
Motor material damage	83.9	83.6
Accident	27.0	50.0
Health	94.2	96.2
Fire	23.4	50.7
Property other than fire	33.8	54.2
General Liability	34.9	32.2
Marine, aviation and transport (a)	69.5	35.1
Other LOB (b)	45.5	63.8
Total	92.3	71.5

(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

The disputes in which the Company is involved, whose risk of losing is probable and for which a reliable estimate of the amount of the obligation was made, are described in detail in the Explanatory Notes, section 12 - Provisions for other risks and charges.

With reference to the main outstanding litigation proceedings, it should be noted that during 2016 Generali received from Banco BTG Pactual S.A. requests for damages, by means of a notice arbitration, as provided by the Share and Purchase Agreement of BSI S.A.. In this regard, the following main developments are summarised with respect to those already reported in previous financial statements.

On 5 October 2018, Banco BTG Pactual SA filed a further brief in which it reiterated its claims for damages arising, 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..

Within the deadline set by the Arbitral Tribunal, Generali then filed further briefs in which it reiterated the firm objection, both in fact and in law, of the opposing claims, reiterating the preliminary exceptions raised.

Taking into account the status of the arbitration proceeding and the legal opinions acquired in this regard, it is considered that the conditions of probability and ability to make a reliable estimate that are required by IAS 37 to make any provisions for risks related to the above-mentioned request for damages are not met.

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. 16191/2007, 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

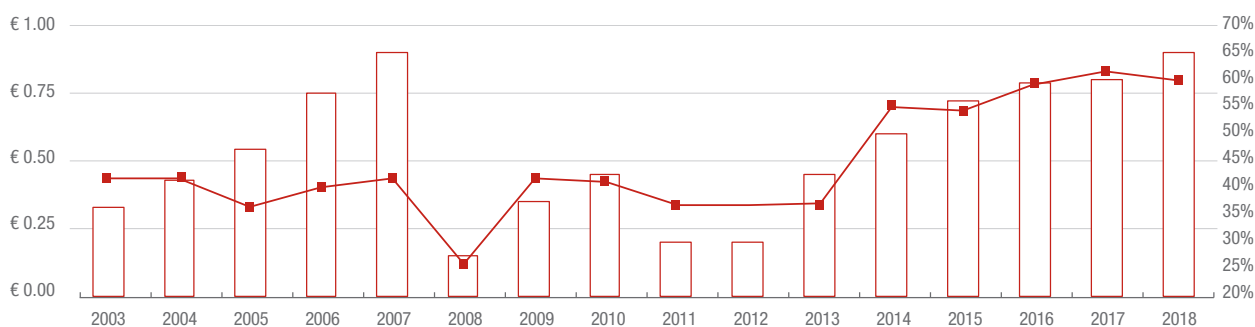
No legal or natural person, directly or indirectly, individually or jointly, holds a number of shares sufficient to give such person a controlling interest in the Company. Under the provisions introduced with the Reform of Company Law, the Company is not subject to the direction and coordination of any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

Stock performance

The trade price of the security Generali as at 31 December 2018 was 14.6 euro. The security has recorded, from early 2018, a minimum of 13.75 euro on 24 October 2018 and a maximum of 17.06 euro on 24 April 2018. Market capitalisation as at 31 December 2018, was 22,851,414 thousand euro.



Dividend per share and payout ratio²



Main indicators per share

	2018	2017
Per share informations		
EPS	1.48	1.35
Operating earning per share	1.64	1.67
DPS	0.90	0.85
Payout ratio	61.2%	63.0%
Total dividend (in € million)	1,413	1,330
Share price information (in euro)		
Share price	14.60	15.20
Minimum share price	13.75	13.52
Maximum share price	17.06	16.02
Average share price	15.07	14.91
Share volume information		
Weighted average number of ordinary shares outstanding	1,563,742,903	1,560,771,499
Market capitalization (in € million)	22,851	23,739
Average daily number of traded shares	5,778,912	7,179,293
Total shareholders' return (*)	1.39	13.54

(*) (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.

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.

Information regarding own shares

As at 31 December 2018, the Company held 107,256 own shares with a nominal value of 1 euro each, the same as the previous year.

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 Italian 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 Non-Financial Statement, prepared by the Generali Group pursuant to article 4.

Please also note that, taking into account the results of the referendum held in the United Kingdom in 2017, after which the procedure for this country to quit the European Union began, Assicurazioni Generali S.p.A. started, from September of that same year, an activity with the topmost purpose being that of taking all actions necessary so that the operations of the company in the United Kingdom carried forward under the right of establishment through its branch located in London would not be impaired, even in the case of withdrawal without an agreement. The results of this activity in terms of solutions singled out to meet the capital, governance and structural needs were approved by the Board of Directors on 7 November 2018. Following this resolution, the necessary authorisation petitions were submitted in 2019. Among other things, they include the establishment of two branches, one for the Life segment and one for the Non-Life segment, in place of the current mixed branch.

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, constitute 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 Italian 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 the Explanatory Notes. The balance sheet and annexes 5, 16, 17, 30 and Part C of the Explanatory Notes 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 Italian 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 re-

port attached to the financial statements. Based on the above and on the calculations made by the Company, no amounts are to be disclosed for 2018.

Group highlights

Economic highlights

(in thousand euro)	2018	2017
Gross written premiums	66,691	64,381
Consolidated operating result	4,857	4,713
Operating return on equity	12.6%	12.8%
Result of the period	2,309	2,110

Financial highlights

(in thousand euro)	2018	2017
Total investments	488,327	474,502
Total third parties asset under management	72,332	67,474
Regulatory Solvency II	216%	207%

The Generali Group's consolidated financial statements as at 31 December 2018 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, Italian Legislative Decree No. 58/1998 and Italian Legislative Decree No. 209/2005, as amended by Italian Legislative Decree No. 32/2007.

Consolidated entities were 455 as at 31 December 2018 compared to 423 as at 31 December 2017. In detail, entities consolidated line by line increased from 388 to 419 and those valued at equity went up from 35 to 36.

More complete information of the Group's data and significant indices is provided in the 2018 Integrated Annual Report and Consolidated Financial Statements.

Significant events after 31 december 2018

- In January, Assicurazioni Generali S.p.A. launched a subordinated bond issue in the bullet format with ten-year expiry for a total amount of 500 million, addressed to institutional investors. The issu-

ance, which is a tier 2 regulatory capital instrument, is intended to partially refinance 750 million of the subordinated Group debt with the first call date in 2019, early repayment which, by law, obtained prior authorization by IVASS.

- In January, Assicurazioni Generali S.p.A. announced that it will exercise the option of early repayment of the 7.236% Perpetual Fixed/Floating Rate Notes for the amount of 350 million (early repayment date 4 March 2019).
- In January, Assicurazioni Generali S.p.A. reported that it will exercise the option of early repayment of the 8.5% Perpetual Fixed/Floating Rate Notes for the amount of 350 million (early repayment date 6 March 2019).
- On 24 January 2019, the authorisation petitions necessary to establish two branches in the United Kingdom, one for the Life segment and one for the Non-Life segment, in place of the current mixed branch located in London. These petitions meet the regulatory requirements provided for by applicable legislation due to the United Kingdom's exit from the European Union, as previously described in the paragraph on "Other information". The authorisation petitions submitted to the United Kingdom Regulator

are still pending. Instead, the authorisations petition submitted to IVASS was approved on 1 April 2019, but such approval is subordinated to the effective exit by United Kingdom from European Union and to the submission by the Company of a declaration, at the occasion of the effective exit date, on the persistence of the requirements assessed by IVASS.

Conclusion and outlook for operations

An overall slowdown in the current economic growth dynamics is forecast in 2019. GDP growth should drop to 1.0% from 1.9% in 2018 in the Eurozone. Several critical issues might in any case impact this trend to a considerable extent: Brexit, the renewed tensions on the Italian government spread, trade relations between the USA and China, and the US tariffs on European cars. In this setting, we expect that the European Central Bank will carefully monitor inflation in order to decide the timing for the first rate hike, which might take place toward not before mid-2020.

In the United States, a slowdown in the current expansion stage is forecast owing to the more restrictive monetary policy and the failed tax stimulus. The labour market, at the full employment level, will continue to sustain growth in salaries. The Federal Reserve announced a less aggressive path of standardization of the monetary policy for the future; a fence-sitting attitude tied to future performance of the economic indicators, and hence less foreseeable, will prevail.

With reference to the financial markets, increased long-term rates are expected in the bond sector. For the stock markets, intense volatility is expected during the year because of the reduced monetary stimulus, the higher bond yields, expectations of less economic growth and various exogenous risks that weigh on the political and economic scene.

With regard to the insurance sector, slightly weaker performance than what was recorded in 2018 is expected in the Life segment in 2019, with growth of the unit linked products at rates lower than those of recent years, while the traditional products, backed by the rise in rates, might find renewed interest. Growth in the Non-Life segment in the major Eurozone countries will continue, despite the slight slowdown forecast in economic growth.

The international insurance market recorded a certain frequency of significant natural catastrophe claims in 2018 as well. They also considerably affected the reinsurance segment, particularly in the second half of the year: the hurricanes in the US-Caribbean area, the typhoons in Asia and the devastating forest fires in California. The reinsurance segment proved itself able to absorb this new wave of claims recording moderate increases in the retrocession market, although selectively and tied to the results attained. The Group was able to benefit from favourable conditions by virtue of a centralised reinsurance structure that permits increased control of the risk retention levels and good diversification in the portfolios of reinsurers. Minimum increases were encountered or will be seen in 2019 only on treaties characterised by a higher frequency of claims, in addition to a higher cost to reinsure corporate risks, even if with broader coverage aimed at enhanced control of the result's volatility.

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 expected to show growth, both in the Life and Non-Life segments.

Based on the scenarios described above an increase in net profit is expected for the Company compared to 2018.

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.

In terms of risk profile representation, the Company uses the Partial Internal Model (PIM) of Generali Group. The use of the PIM has been approved by the Supervisory Authority for the Solvency Capital Requirement calculation. 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 Solvency Ratio, estimated on the basis of preliminary data, is equal to 256.9% , in line with the previous year (257.0% as at 31 December 2017).

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 reinsurance accepted mainly from Group companies, from the Generali Employee Benefits and from the 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 Risk Report sections are structured as follows:

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

B. Risk Management System

System of Governance

The system of governance, which includes the internal control and risk management system, consists of the roles and responsibilities of the Board of Directors (BoD), Senior Management and Key Functions. Furthermore, it consists of policies, administrative and accounting procedures and organizational structures aimed at identifying, assessing, measuring, managing and monitoring the main risks.

The key elements of the system are:

- internal control environment;
- internal control activities;
- awareness;
- monitoring and reporting.

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

- Operating Functions ("risk owners"), which represent the first line of defence and have ultimate responsibility for risks relating to their area of competence;
- 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 "Key Functions".

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

- the BoD is responsible to ensure the overall consistency of the System of governance and of the internal control and risk management system with all the applicable regulations, the Directives and Policies on internal control and risk management; it defines, with the support of the Risk and Control Committee (RCC) and of the Key Functions, the Group Directives on the System of Governance assessing their

³ In this Report, the SCR and MCR values are intended as preliminary estimates, as provided by IVASS Provvedimento n. 53, 2016. The final capital requirement will be provided in the Solvency and Financial Condition Report (SFCR). The comparative amount for YE2017 represents the final regulatory position.

adequacy, effectiveness and functioning at least annually. It also defines, with the support of the RCC, the organizational set-up, establishes the Key Functions defining their mandate and the reporting lines as well as, where applicable, any supporting committee and approves their annual activity plans, adopts the internal control and risk management Policies, approves the ORSA Report results and, based on them, defines the risk appetite;

- the Senior Management is responsible for the implementation, maintenance and monitoring of the System of governance both at local and Group level, according to the BoD directives;
- the Key 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 assessing, at local and Group level that the organization and the internal procedures are adequate to manage the potential risk of incurring in administrative or judiciary fines, economic losses or reputational damage as a consequence of the non-compliance with laws, regulations, provisions issued by the Supervisory Authorities or with the internal regulations, as well as the risk deriving from unfavorable changes in the law or judicial orientation (compliance risk);
 - the Actuarial Function supports the BoD in accordance with Solvency II regulation, carrying out co-

ordination 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 system of governance, 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 Key Functions report functionally to the BoD except for the heads of the Group Internal Audit who report hierarchically and functionally to the BoD.

Key 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 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 system consists in the following phases:



⁴ The 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; P&C Underwriting and Reserving Policy; 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, Supervisory Reporting and Public Disclosure AG Policy, etc. All policies are updated on annual basis.

1. Risk identification

The purpose of the risk identification is to ensure that all material risks to which the Company is or could be exposed are properly identified. The Risk Management 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.

The categorization of the identified risks is consistent with the structure provided by IVASS Regulation n. 38 of 3 July 2018, Art. 19.

2. Risk measurement

Identified risks are measured through their contribution to the capital requirement (for the so-called quantifiable risks), complemented by other modelling techniques (for the so-called non-quantifiable risks) deemed appropriate and proportionate to better reflect the Company's risk profile. Using the capital metric ensures that each risk is covered by an adequate amount of capital that could absorb the losses incurred if the risks materialize.

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 Company's risks are managed in line with the "risk appetite" defined by the BoD within the Group's Risk Appetite Framework (RAF). The RAF defines the level of risk

considered acceptable in conducting business and provides the overall framework for embedding risk management into business processes. In particular, the RAF includes the risk appetite statement, risk preferences, risk metrics, tolerance and target 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 to limit excessive risk-taking, as well as by a target operating range to provide indications on the solvency level at which the Company aims to operate. Tolerance and target levels are referred to 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 processes 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 reporting process is to keep Senior Management, BoD and the Supervisory Authority informed on an ongoing basis on the development of the risk profile, the trends of the single risks and about the breaches of risk tolerances.

The Own Risk and Solvency Assessment (ORSA) Report is produced on an annual basis. This is the main risk reporting process with the purpose to assess and provide a reporting of the risk profile and of the overall solvency needs on a current and forward-looking basis. The main risks are assessed and documented in the ORSA process, also on a 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, supported by other Functions for what concerns the own funds, technical provisions and other risks.

The ORSA Report is produced on an annual basis. The results of the ORSA, together with the indication of the methods used, are submitted once a year to the BoD for discussion and approval.

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, remains stable from 257.0% at 31 December 2017 to 256.9% at 31 December 2018.

The own funds decrease as a result of the reduction of the value of the participations mainly due to the worsening of the financial market conditions.

The solvency requirement consequently decreases in line with the reduction in the value of the participations.

Preliminary SCR Coverage

(in thousand euro)	2018	2017
EOF to cover SCR ⁵	44,020,190	45,454,215
SCR	17,138,333	17,688,505
Solvency Ratio	256.9%	257.0%

EOF to cover SCR are calculated based on the net equity, revaluating 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 € 8.6 billion (more details on financial debt are presented in the Balance sheet).

Own funds (OF) are classified into Tiers, representing different levels of quality with respect to loss-absorption 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 € 0.90.

⁶ Solvency II technical provisions reliability and adequacy are assessed 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

(in thousand euro)	2018	2017
Tier 1	34,894,328	37,481,118
Tier 1 (restricted)	3,250,204	2,194,826
Tier 2	5,349,418	5,327,828
Tier 3	526,240	450,443
Total	44,020,190	45,454,215

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

(in thousand euro)	2018	2017
EOF to cover MCR	39,001,448	40,560,369
MCR	4,284,583	4,422,126
Solvency Ratio	910.3%	917.2%

The EOF to cover MCR are presented below:

Total EOF to meet the MCR

(in thousand euro)	2018	2017
Tier 1	34,894,328	37,481,118
Tier 1 (restricted)	3,250,204	2,194,826
Tier 2	856,917	884,425
Total	39,001,448	40,560,369

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

The Group PIM is deemed to be the most appropriate way of assessing the 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. Group PIM Methodology

In implementing the PIM, 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. Group 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 Group Internal Model Change Policy has been also defined with the aim to specify roles and responsibilities in the implementation of major and minor changes.

A dedicated committee, the Internal Model Committee, has been established to approve PIM calibrations, to support the Chief Risk Officer (CRO) in the decision-making process 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, 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 appropriately reflect the risk profile. The CRO is also responsible for defining the methodology of each model component, on the basis of 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 of Assicurazioni Generali S.p.A..

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 material changes have occurred during the period with reference to the PIM governance.

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 improvement areas where PIM presents 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, the results obtained during previous validation cycles are also 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 validation procedures also serve as an incentive mechanism to ensure timely and accurate incorporation of PIM 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 Risk

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

The life portfolio is given by traditional products, including mainly savings products, pure risk and health covers, and annuity portfolios.

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

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

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.

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 insurance liabilities before and after the application of the stress.

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

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 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.

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 Actuarial Function Group Policy and related guidelines.

Non-Life Underwriting Risk

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, Hong Kong and United States) 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. extreme or exceptional events in case of

catastrophic 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 posted 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, given the nature of the business of Assicurazioni Generali, whose balance sheet is mainly composed by investments in 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. The Company's non-life reinsurance strategy is embedded into the broader Group strategy and it is developed consistently with the risk appetite and the risk preferences defined in the RAF, taking into account the reinsurance. The Company has historically preferred traditional reinsurance as the main non-life catastrophe risk mitigating technique.

However, with the purpose to optimize the reinsurance purchases and to continuously develop know-how in the most innovative risk transfer techniques, part of the Italian earthquake and European windstorms / floods exposures were placed in the more competitive Insurance-Linked Securities (ILS) market with a consequent optimization of the overall pricing.

Alternative risk transfer solutions are continuously analyzed. As an example, in addition to traditional reinsurance, a protection is in place to reduce the impact of an unexpected high Loss Ratio for the Group Motor liability portfolio. Such transfer represents a partial transfer of pricing risk to the special purpose vehicle called Horse.

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

Further limits, related to the underwriting risks management and the reinsurance counterparty default risk at Group level, have been defined in the Risk Concentrations Management Group Policy – Reinsurance and Underwriting Exposure.

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.

In addition to the equity risk driven by participations, as a result of its insurance activity, the Company invests the collected premiums in a wide variety of financial assets, with the purpose of honouring 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 cash of maturing bonds are reinvested at unfavourable market conditions, such as low interest rates.

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

In addition to equity risk, the Company is also exposed to interest rate risk, arising from investments in bonds, and 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-Euro area, mainly in Central-Eastern Europe.

The Company manages its assets according to the so-called "Prudent Person Principle", and strives to optimize their return 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" and related regulations, 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 predefined time horizon, identifying a target variable 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, expressed in terms of investment limits. This technique contributes to an appropriate mitigation of financial risks.

Monitoring on assets and liabilities matching and compliance with the limits defined in the ALM&SAA, as well as on risk limits, is performed on a regular basis.

Regarding the investments, a reporting process is foreseen in order 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, Risk Management coordinates the reporting on compliance with limits set and on the derivatives 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 Strategic Plan. Operations in derivatives are subject to a regular monitoring and reporting process, and in terms of governance specific authorization before entering into derivatives transactions is required.

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 risk includes:

- spread widening risk, defined as the risk of adverse changes in the market value of debt securities assets. Spread widening can be linked either to the market's assessment of the creditworthiness of the specific obligor (often implying a decrease in rating), or to a market-wide systemic reduction in the price of credit assets;
- default risk, defined as the risk of incurring in losses because of the inability of a counterparty to honor its financial obligations. This risk includes default on bond portfolio and 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 internal regulation, 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 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. The Company actively manages the counterparty default risk also by using collateralisation strategies 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; a specific reporting on the compliance with limits defined and on derivative exposures is in place.

Further limits, related to the management of risk concentrations in investments and exposures to reinsurance counterparties, have been defined in the Risk Concentration Management Group Policy – Investment Exposures.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The operational risks to which the Generali Group is exposed are identified and declined within the Risk Map defined in the Risk Management Policy and in the Operational Risk Management Policy. These risks include also compliance risks and financial reporting risks, while strategic and reputational risks are excluded.

Although the ultimate responsibility for managing risk sits in the first line of defence (so-called risk owners), the Risk Management 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.

Since 2015, the Group has been exchanging economic loss data related to operational risk, properly anonymized, 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 the Group risk management 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 IT (cyber risk) and the risk of non-compliance with sectorial regulatory developments. These risks are currently managed through specific Group projects.

Operational risk is measured by means of standard formula and it is also assessed using a quanti-qualitative approach defined in a structured framework that identifies the main operational risk scenarios. Through this process the priorities of the actions to be undertaken and the allocation of resources to critical areas are established. To further strengthen the risk management system and in addition to the usual risk owners’ responsibilities, the Company established specialized units within the first line of defence with the scope of dealing with specific threats (e.g. IT risk, fraud risk, risk of financial reporting) 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 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 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.

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 activities, dividend policy, financing and investing activities.

The operating activity generates cash flows related to the direct insurance business, reinsurance activities towards Group companies and subsequent cessions to external reinsurers, in addition to administrative expenses and taxes.

The liquidity sources not related to the Company's operating activity are the dividends received from the subsidiaries, loans obtained, interest income on loans and credits and other cash flows linked to disposals and investments.

Main liquidity uses, not arising from operating activity, are represented by the payment of dividends to shareholders, investments, repayments of loans and payment of interest expenses.

In addition to the financial flows above mentioned, the Company bears the implicit liquidity risk arising from the issuance of guarantees and commitments in favor 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.

The expected cash flows are closely monitored, in particular through the planning and control tool called "Annual Liquidity Forecast", represented by a cash flow projection over a time period corresponding to the end of the current period, updated on a weekly basis and with a high level of detail of expected cash flows.

The Annual Liquidity Forecast for the current period is the main quantitative support for determining future cash flows, potential liquidity buffers to be held and any source of financing to be activated.

Finally, the investment limits set allow for the control of risk concentrations, taking into account a number of dimensions, including asset class, counterparty, rating, commodity sector and geographic area, given that significant concentrations of liquidity risk could derive from large exposures to individual counterparties and/or groups.

Generally, within the liquidity risk monitoring and management the broader Group's perimeter is considered, in order to identify potential liquidity risks at Group companies' level. In case of potential critical issues, Group companies promptly inform the relevant Company's Functions.

Assicurazioni Generali S.p.A., being the Group Parent Company, coordinates and monitors the centralized management of the Group liquidity through the Group treasury. In particular, the centralized cash pooling allows increased flexibility in transferring cash and reduces the potential risks related to short-term liquidity needs, both at company level and at Group level.

Reputational and emerging risks

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

Reputational risks refer to potential losses arising from a deterioration or a negative perception of the Assicurazioni Generali S.p.A. image or increasing conflicts with policyholders (e.g. due to poor quality of the services offered, placement of inadequate policies and behavior during sales, post-sales and liquidation phases).

Emerging risks arise from new trends or evolving risks which are difficult to perceive and quantify, although typically systemic. These typically refer to environmental trends (climate change), technological changes (big data), geopolitical developments. For the assessment of these risks and to raise the awareness on the implications of the main observed trends, the Risk Management Function engages with a dedicated network, including specialists from business functions (e.g. Insurance, Investment, Sustainability and Social Responsibility, Marketing, Strategy, etc.). The Group also participates to the Emerging Risk Initiative (ERI), a dedicated working group of the CRO Forum. Within ERI emerging risks common to the insurance industry are discussed and specific studies are conducted on single risks.

Result for the year and proposed Shareholders' resolutions

Dear Shareholders,

the profit for the year amounts to 1,473,283,234 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 13, 2019. With such a resolution the Board of Directors has approved the assignment of Generali's shares in favor of the "Long Term Incentive Plan 2016" (LTI Plan 2016). For the purpose of assigning the shares to the management of the Group, the expected increase in Shareholders Capital amounts to 4,435,531 euro.

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

887,106 euro to Legal Reserve, in accordance with Art. 2430 of the Italian Civil Code, for 1,412,640,806 euro to dividend distribution and for 59,755,322 to extraordinary reserve

The total proposed dividend for each share amounts to 0.90 euro, for a total maximum pay-out of 1,412,640,806 euro.

The amount of the dividend to the shares currently in the market is 1,408,552,297 euro with an additional amount of 3,981,978 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 13, 2019.

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

(in euro)	2018
profit for the year	1,473,283,234
to legal reserve	887,106
to dividend	1,412,640,806
to extraordinary reserve	59,755,322

The dividend will be paid, net of applicable withholding taxes, as from 22 May 2019 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 20 May, 2019.

Milan, March 13th 2019

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 income statement and balance sheet formats required by regulations of the sector, the Company also prepares statements representing the economic performance and financial position of the years, on the basis of which the comments and comparison indexes of the Management Report are drawn up. The income statement is reclassified since it aggregates the balances

of many balance sheet items and divides the result of extraordinary operations into its main components. A “net underwriting balance” is also shown, and is to be considered an alternative performance indicator in so far as it is not expressly required by the official financial statement formats. This indicator shows the balance of the purely technical items, including operating costs and technical interest contractually paid to the life policyholders, and is deemed more representative of the actual technical results of the sector since unlike the “net technical result” required in the official formats, it is not affected by the performance of financial operations.

The structure of the financial position statement is briefer than that of the mandatory format since it is based on showing balance sheet figures grouped by “macro class” rather than by single “items”, and so it provides an immediate analysis of the data that are not reclassified.

(in thousand euro)			2018	
Compulsory profit and loss account			Riclassified profit and loss account	
Item	Sign	Amount	Item	Amount
001	+	1,679,800		
002	-	545,300		
030	+	1,630,876		
031	-	421,732		
Total		2,343,644	Net premiums	2,343,644
003	-	32,811		
004	+	5,388		
018	-	0		
028	-	153		
064	-	-461,490		
Total		433,915	Change in technical provisions	433,915
017	-	799,384		
019	-	41		
051	-	1,537,735		
065	-	72,507		
Total		-2,409,668	Claims, maturities and surrenders	-2,409,668
026	-	229,836		
072	-	204,807		
Total		-434,643	Operating costs	-434,643
007	+	891		
027	-	10,834		
044	+	18,628		
078	-	720		
Total		7,965	Other technical income and changes	7,965
			Technical interests of the life segment (*)	142,671
			Net underwriting balance (**)	83,884

(continues)

(segue)

(in thousand euro)			2018	
Conto economico			Conto economico riclassificato	
Item	Sign	Amount	Item	Amount
006	+	138,861		
042	+	1,293,672		
043	+	3,095		
076	-	43,263		
077	-	20,650		
079	-	759,761		
Total		611,953		
minus tech. int. life		142,671		
Total		469,282	Allocated investment returns	469,282
029	+	206,581		
080	+	346,586		
Total		553,166	Net technical result	553,166
042	+	1,293,672		
043	+	3,095		
076	-	43,263		
077	-	20,650		
092	+	1,248,898		
097	-	59,515		
Total		2,422,237	Financial result	2,422,237
006	-	138,861		
042	-	1,293,672		
043	-	3,095		
076	+	43,263		
077	+	20,650		
079	+	759,761		
Total		-611,953	minus allocated investment returns transferred to technical accounts and technical interests	-611,953
099	+	281,096		
100	-	1,508,703		
Total		-1,227,606	Other ordinary income and changes	-1,227,606
101	+		Profit from ordinary operations	1,135,844
102		238,793	Profits and losses on the realisation of other durable investments	159,435
103	+	48,153	Other extraordinary income and charges	31,206
Total	-	190,641	Total	190,641
105		1,326,485	Result before taxation	1,326,485
106	-	146,798	Income tax	146,798
107		1,473,283	Profit for the year	1,473,283

(*) 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 on reclassified statements and alternative performance indicators presented pursuant to the Consob recommendation of 28 July 2006 are aimed at providing a better understanding of the data and of the company's operational performance for the users of the financial statements. In this perspective, we deemed it opportune to provide further elements for assessing the underwriting results of the company, by describing the criteria adopted in the formation of the key technical performance indexes generally used by the Company when drawing up the statement concerning the "significant data" of the year 2018, 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

It is the sum of the percentage of claims with that of total incidence of costs on the premiums. It is essentially important in order to analyse the technical performance of the Non-Life segments because it represents the percentage of absorption that the technical costs (claims and operating costs) have compared to the premiums. The combined ratio is closely related to the "net underwriting balance" since it is not affected by the income of the investments. The less the combined ratio compared to 100%, the greater will be the "net underwriting balance" coming from insurance operations.

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	799,384		
019	Premium refunds and profit sharing, net of reinsurance	41		
Total		799,425		
Denominator				
005	Earned premiums, net of reinsurance	1,107,077		
018	Change in other technical provisions, net of reinsurance	0		
028	Change in the equalisation provision	-153		
Total		1,106,924		
Index		72.2%		
EXPENSE RATIO				
Numerator				
026 / 072	Operating expense	229,836	204,807	434,643
Denominator				
001 / 030	Gross premiums written	1,679,800	1,630,876	3,310,676
002 / 031	(-) Outward reinsurance premiums	545,300	421,732	967,032
Total		1,134,500	1,209,144	2,343,644
Index		20.3%	16.9%	18.5%
COMBINED RATIO				
For the non-life business is the sum of the loss ratio and of the index of costs on premiums		92.5%		

The average rate of return on investments

The average rate of return on investments is the ratio of income for the period to half the sum of investments at book value for the year and that of the previous year.



Parent Company Financial Statements

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Parent Company Balance sheet and the Profit and loss account

Company

Assicurazioni Generali S.p.A.

Subscribed capital euro **1,565,165,364** Paid up euro **1,565,165,364**

FINANCIAL STATEMENTS**Balance Sheet**Year **2018**

(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	39,193,311		10	39,193,311
C. INVESTMENTS						
I - Land and Buildings						
1. Property used for own activities		11	304,136			
2. Property used by third		12	97,191,512			
3. Other properties		13	0			
4. Other realty rights		14	0			
5. Assets in progress and payments on account		15	2,370,747	16	99,866,395	
II - Investments in affiliated companies and other shareholdings						
1. Interests in:						
a) parent companies	17	0				
b) affiliated companies	18	29,302,963,046				
c) affiliates of parent	19	0				
d) associated companies	20	213,246,727				
e) other	21	17,238,292	22	29,533,448,065		
2. Debt securities issued by:						
a) parent companies	23	0				
b) affiliated companies	24	0				
c) affiliates of parent	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	3,131,928,635				
c) affiliates of parent	31	0				
d) associated companies	32	0				
e) other	33	0	34	3,131,928,635	35	32,665,376,700
				carried forward		39,193,311

Pag.1
Previous Year

					181	0
		182	0			
183	0					
184	0	185	0			
		186	0			
		187	0			
		188	0			
		189	30,126,589		190	30,126,589
		191	7,716,266			
		192	97,109,674			
		193	0			
		194	0			
		195	1,787,491	196	106,613,431	
197	0					
198	29,491,857,152					
199	0					
200	219,431,138					
201	20,530,263	202	29,731,818,553			
203	0					
204	650,000					
205	0					
206	0					
207	0	208	650,000			
209	0					
210	1,662,883,344					
211	0					
212	0					
213	0	214	1,662,883,344	215	31,395,351,897	
			carried forward			30,126,589

BALANCE SHEET
ASSETS

Current Year

		brought forward				39,193,311
C. INVESTMENTS (follows)						
III - Other financial investments						
1. Equities						
a) quoted shares	36	15,760,342				
b) unquoted shares	37	11,876,933				
c) other interests	38	7,628,991	39	35,266,266		
2. Shares in common investment funds			40	890,425,386		
3. Debt securities and other fixed-income securities						
a) quoted	41	1,807,390,767				
b) unquoted	42	15,907,204				
c) convertible bonds	43	1,163,211	44	1,824,461,182		
4. Loans						
a) mortgage loans	45	0				
b) loans on policies	46	349,664				
c) other loans	47	393,381	48	743,045		
5. Participation in investment			49	0		
6. Deposits with credit			50	142,059,510		
7. Other			51	9,336,882	52	2,902,292,271
IV - Deposits with ceding					53	5,342,731,980
D. INVESTMENTS FOR THE BENEFIT OF LIFE-ASSURANCE POLICYHOLDERS						
THE INVESTMENT RISK AND RELATING TO THE						
ADMINISTRATION OF PENSION FUNDS						
I - Investments relating to contracts linked to investments funds and market index			55	228,849,741		
II - Investments relating to the administration of pension funds			56	0	57	228,849,741
REINSURANCE AMOUNTS OF TECHNICAL						
I - NON-LIFE INSURANCE						
1. Provision for unearned premiums	58	131,011,356				
2. Provision for claims outstanding	59	408,834,248				
3. Provision for profit sharing and premium refunds	60	0				
4. Other technical provisions	61	0	62	539,845,604		
II - LIFE INSURANCE						
1. Mathematical provision	63	163,629,377				
2. Unearned premium provision for supplementary	64	25,293,839				
3. Provision for claims outstanding	65	362,126,743				
4. Provision for profit sharing and premium refunds	66	751,173				
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	551,801,132	70	1,091,646,736
		carried forward				42,369,957,134

Pag.2
Previous Year

		brought forward			30,126,589
216	15,539,645				
217	12,822,091				
218	5,308,254	219	33,669,990		
		220	40,313,704		
221	1,962,569,799				
222	36,374,794				
223	367,262	224	1,999,311,855		
225	0				
226	759,550				
227	2,145,868	228	2,905,418		
		229	0		
		230	128,799,437		
		231	9,990,387	232	2,214,990,791
				233	6,927,862,914
				234	40,644,819,033
				235	3,268,076,561
				236	0
				237	3,268,076,561
		238	124,702,437		
		239	733,251,755		
		240	0		
		241	0	242	857,954,192
		243	36,164,603		
		244	23,644,723		
		245	341,306,727		
		246	19,424,495		
		247	0		
		248	0	249	420,540,548
		carried forward		250	1,278,494,740
					45,221,516,923

**BALANCE SHEET
ASSETS**

Current Year

		brought forward				Current Year	
						42,369,957,134	
E. DEBTORS							
I - Debtors arising out of direct insurance operations							
1. Policyholders							
a) for premiums - current	71	130,068,519					
b) for premiums - previous	72	16,807,304	73	146,875,823			
2. Insurance intermediaries			74	6,125,380			
3. Current accounts with insurance companies			75	1,920,601			
4. Policyholders and third parties for recoveries			76	3,764,881	77	158,686,685	
II - Debtors arising out of reinsurance operations							
1. Reinsurance companies			78	594,627,512			
2. Reinsurance intermediaries			79	8,612,472	80	603,239,984	
III - Other debtors							
					81	1,075,748,666	82 1,837,675,335
F. OTHER ASSETS							
I - Tangible assets and stocks							
1. Furniture, office equipment, internal transport			83	2,113,054			
2. Vehicles listed in public registers			84	1,169,148			
3. Equipment and appliances			85	0			
4. Stocks and other goods			86	447,098	87	3,729,300	
II - Cash at bank and in hand							
1. Bank and postal deposits			88	757,284,595			
2. Cheques and cash in hand			89	67,808	90	757,352,403	
IV - Other							
1. Deferred reinsurance items			92	5,640,425			
2. Miscellaneous assets			93	199,301,805	94	204,942,230	95 966,023,933
G. PREPAYMENTS AND ACCRUED							
1. Interests					96	70,678,907	
2. Rents					97	559,230	
3. Other prepayments and accrued income					98	109,576,818	99 180,814,955
TOTAL ASSETS							100 45,354,471,357

Pag.3

Previous Year

		brought forward			45,221,516,923
251	108,873,795				
252	32,004,719	253	140,878,514		
		254	70,213,474		
		255	1,506,994		
		256	8,386,826	257	220,985,808
		258	488,970,429		
		259	6,026,752	260	494,997,181
				261	1,133,568,346
				262	1,849,551,335
		263	2,696,081		
		264	1,178,251		
		265	0		
		266	468,641	267	4,342,973
		268	744,092,935		
		269	76,312	270	744,169,247
		272	7,582,122		
		273	245,918,613	274	253,500,735
				275	1,002,012,955
				276	67,061,066
				277	598,045
				278	114,253,922
				279	181,913,033
				280	48,254,994,246

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

A. SHAREHOLDERS' FUNDS				
- Subscribed capital or equivalent funds		101	1,565,165,364	
- Share premium account		102	3,568,250,216	
- Revaluation reserve		103	2,010,834,652	
- Legal reserve		104	313,033,073	
- Statutory reserve		105	0	
- Reserve for parent company shares		400	0	
- Other reserve		107	6,049,294,314	
- Profit or loss brought forward		108	0	
- Profit or loss for the financial year		109	1,473,283,235	
- Negative reserve for own shares held		401	3,040,355	110 14,976,820,499
B. SUBORDINATED LIABILITIES				111 8,290,801,730
C. TECHNICAL PROVISIONS				
I - NON-LIFE INSURANCE				
1. Provision for unearned premiums	112	402,755,611		
2. Provision for claims outstanding	113	1,763,050,263		
3. Provision for profit sharing and premium refunds	114	0		
4. Other provisions	115	0		
5. Equalisation provision	116	466,957	117 2,166,272,831	
II - LIFE INSURANCE BUSINESS				
1. Mathematical provision	118	5,375,367,001		
2. Unearned premium provision for supplementary	119	46,556,819		
3. Provision for claims outstanding	120	1,230,286,390		
4. Provision for profit sharing and premium refunds	121	81,609,401		
5. Other provisions	122	19,671,165	123 6,753,490,776	124 8,919,763,607
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	225,895,413	
II - Provisions relating to the administration of pension funds				
		126	0	127 225,895,413
	carried forward			32,413,281,249

Pag.4
Previous Year

		281	1,561,808,262			
		282	3,568,250,216			
		283	2,010,834,652			
		284	312,361,653			
		285	0			
		286	0			
		287	5,970,809,745			
		288	0			
		289	1,404,459,285			
		501	3,040,355	290	14,825,483,458	
				291	7,051,951,783	
	292	380,979,080				
	293	1,916,612,111				
	294	0				
	295	0				
	296	314,317	297	2,297,905,508		
	298	7,026,151,430				
	299	31,849,560				
	300	1,230,941,823				
	301	84,474,749				
	302	17,894,655	303	8,391,312,217	304	10,689,217,725
			305	3,265,803,783		
			306	0	307	3,265,803,783
	carried forward				35,832,456,749	

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

		brought forward			32,413,281,249
E. PROVISIONS FOR OTHER RISKS AND CHARGES					
1.	Provision for pensions and similar obligations		128	0	
2.	Provisions for taxation		129	34,656,456	
3.	Other provisions		130	97,492,102	131 132,148,558
F. DEPOSITS RECEIVED FROM REINSURERS					
G. CREDITORS					
I - Creditors arising out of direct insurance operations					
1.	Insurance intermediaries	133	12,126,849		
2.	Current accounts with insurance companies	134	6,598,193		
3.	Premium deposits and premiums due to	135	10,806,823		
4.	Guarantee funds in favour of policyholders	136	0	137	29,531,865
II - Creditors arising out of reinsurance operations					
1.	Reinsurance companies	138	200,103,166		
2.	Reinsurance intermediaries	139	43,451,685	140	243,554,851
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	5,453,468		
2.	Other tax liabilities	147	27,816,234		
3.	Social security	148	3,632,974		
4.	Sundry creditors	149	2,302,637,902	150	2,339,540,578
IX - Other liabilities					
1.	Deferred reinsurance items	151	3,640,554		
2.	Commissions for premiums in course of collection	152	19,668,013		
3.	Miscellaneous liabilities	153	437,241,538	154	460,550,105
			carried forward		155 11,973,306,605
					45,037,132,281

Pag.5

Previous Year

brought forward			35,832,456,749
		308	0
		309	45,277,681
		310	57,142,809
		311	102,420,490
		312	331,210,483
313	7,763,918		
314	4,906,752		
315	6,377,282		
316	0	317	19,047,952
318	172,579,900		
319	96,147,407	320	268,727,307
		321	3,191,654,359
		322	1,188,705,670
		323	0
		324	3,811,359,165
		325	4,746,128
326	5,256,241		
327	33,045,762		
328	3,935,295		
329	2,606,291,540	330	2,648,528,838
331	2,338,236		
332	13,751,411		
333	535,938,954	334	552,028,601
	carried forward	335	11,684,798,020
			47,950,885,742

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

	brought forward	Current Year	
			45,037,132,281
H. ACCRUALS AND DEFERRED			
1. Interests	156 271,979,583		
2. Rents	157 1,911,237		
3. Other accruals and deferred income	158 43,448,256	159	317,339,076
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		160	45,354,471,357

		Previous Year	
	brought forward		47,950,885,742
		336 276,515,201	
		337 1,966,872	
		338 25,626,431	339 304,108,504
			340 48,254,994,246

Company **Assicurazioni Generali S.p.A.**

Subscribed capital euro **1,565,165,364** Paid up euro **1,565,165,364**

FINANCIAL STATEMENTS

Profit and Loss Account

Year **2018**

(Amounts in Euro)

PROFIT AND LOSS ACCOUNT

Current Year

				Current Year
I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE BUSINESS				
1.	EARNED PREMIUMS, NET OF REINSURANCE:			
	a) Gross premiums written	¹	1,679,800,451	
	b) (-) Outward reinsurance premiums	²	545,300,146	
	c) Change in the gross provision for unearned premiums	³	32,810,531	
	d) Change in the provision for unearned premiums, reinsurers' share	⁴	5,387,618	⁵ 1,107,077,392
2.	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE NON-TECHNICAL ACCOUNT			⁶ 138,860,547
3.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			⁷ 890,936
4.	CLAIMS INCURRED, NET OF RECOVERIES AND REINSURANCE			
	a) Claims paid			
	aa) Gross amount	⁸	847,137,970	
	bb) (-) Reinsurers' share	⁹	222,078,333	¹⁰ 625,059,637
	b) Recoveries net of reinsurance			
	aa) Gross amount	¹¹	2,076,893	
	bb) (-) Reinsurers' share	¹²	2,224,302	¹³ -147,409
	c) Change in the provision for claims outstanding			
	aa) Gross amount	¹⁴	164,742,692	
	bb) (-) Reinsurers' share	¹⁵	-9,434,413	¹⁶ 174,177,105
5.	CHANGE IN OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE			¹⁷ 799,384,151
6.	PREMIUM REFUNDS AND PROFIT SHARING, NET OF REINSURANCE			¹⁸ 0
7.	OPERATING EXPENSES			¹⁹ 40,910
	a) Acquisition commissions	²⁰	204,037,638	
	b) Other acquisition costs	²¹	28,870,183	
	c) Change in commissions and other acquisition costs to be amortised	²²	0	
	d) Collecting commissions	²³	792,740	
	e) Other administrative expenses	²⁴	54,934,662	
	f) (-) Reinsurance commissions and profit sharing	²⁵	58,799,141	²⁶ 229,836,082
8.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			²⁷ 10,834,483
9.	CHANGE IN THE EQUALISATION PROVISION			²⁸ 152,640
10.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS			²⁹ 206,580,609

Pag.1
Previous Year

		111	1,661,058,089	
		112	489,281,052	
		113	24,269,406	
		114	23,308,927	115
				1,170,816,558
				116
				137,629,116
				117
				573,795
	118	914,862,815		
	119	223,335,305	120	691,527,510
	121	11,563,028		
	122	3,704,776	123	7,858,252
	124	155,489,553		
	125	15,639,484	126	139,850,069
				127
				823,519,327
				128
				0
				129
				40,948
		130	230,160,873	
		131	28,850,320	
		132	0	
		133	752,764	
		134	51,011,682	
		135	58,047,870	136
				252,727,769
				137
				9,691,278
				138
				116,288
				139
				222,923,859

PROFIT AND LOSS ACCOUNT

Current Year

II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS				Current Year
1.	PREMIUMS WRITTEN, NET OF REINSURANCE			
	a) Gross premiums written	30	1,630,875,675	
	b) (-) Outward reinsurance premiums	31	421,731,981	32 1,209,143,694
2.	INVESTMENT INCOME:			
	a) From participating interests	33	1,010,116,659	
	(of which, income from Group companies	34	1,006,300,379)	
	b) From other investments			
	aa) income from land and buildings	35	0	
	bb) from other investments	36	279,690,045	
	(of which, income from Group companies	37	279,690,045	
		38	209,128,243)	
	c) Value re-adjustments on investment	39	2,277,638	
	d) Gains on the realisation of investments	40	1,587,387	
	(of which, income from Group companies	41	0)	42 1,293,671,729
3.	INCOME AND UNREALISED GAINS ON INVESTMENTS FOR THE BENEFIT OF POLICYHOLDERS THE INVESTMENT RISK AND ON INVESTMENT RELATING TO THE ADMINISTRATION OF PENSION FUNDS			43 3,094,880
4.	OTHER TECHNICAL INCOME, NET OF REINSURANCE			44 18,628,478
5.	CLAIMS INCURRED, NET OF REINSURANCE			
	a) Claims paid			
	aa) gross amount	45	1,765,013,077	
	bb) (-) reinsurers' share	46	285,298,852	47 1,479,714,225
	b) Change in the provision for claims outstanding			
	aa) gross amount	48	89,072,278	
	bb) (-) reinsurers' share	49	31,051,162	50 58,021,116
		51	1,537,735,341	
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	-483,764,839	
	bb) (-) reinsurers' share	53	-8,063,180	54 -475,701,659
	b) Change in the provision for claims outstanding			
	aa) gross amount	55	15,503,432	
	bb) (-) reinsurers' share	56	1,489,147	57 14,014,285
	c) Other provisions			
	aa) gross amount	58	6,129,720	
	bb) (-) reinsurers' share	59	0	60 6,129,720
	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	-5,932,711	
	bb) (-) reinsurers' share	62	0	63 -5,932,711
		64	-461,490,365	

Pag.2
Previous Year

	140	1,708,336,285		
	141	363,579,773	142	1,344,756,512
	143	1,003,318,838		
(of which, income from Group companies	144	1,001,313,784)		
	145	0		
	146	320,272,901	147	320,272,901
(of which, income from Group companies	148	245,750,599)		
	149	4,949,387		
	150	10,865,146		
(of which, income from Group companies	151	0)	152	1,339,406,272
			153	93,674,335
			154	16,835,736
	155	2,104,367,322		
	156	236,247,909	157	1,868,119,413
	158	154,923,663		
	159	40,707,687	160	114,215,976
	161		161	1,982,335,389
	162	-478,603,710		
	163	5,662,766	164	-484,266,476
	165	5,358,486		
	166	10,246,661	167	-4,888,175
	168	227,533		
	169	0	170	227,533
	171	-169,801,698		
	172	0	173	-169,801,698
			174	-658,728,816

PROFIT AND LOSS ACCOUNT

Current Year

7.	PREMIUM REFUNDS AND PROFIT-SHARING, NET OF REINSURANCE			65	72,507,298
8.	OPERATING EXPENSES				
	a) Acquisition commissions	66	219,043,522		
	b) Other acquisition costs	67	10,396,917		
	c) Change in commissions and other acquisition costs to be amortised	68	0		
	d) Collecting commissions	69	93		
	e) Other administrative expenses	70	47,715,884		
	f) (-) Reinsurance commissions and profit sharing	71	72,349,389	72	204,807,027
9.	INVESTMENT CHARGES				
	a) Investment administration charges, including interest	73	15,735,039		
	b) Value adjustments on investments	74	26,779,386		
	c) Losses on the realisation of investments	75	748,327	76	43,262,752
10.	EXPENSES AND UNREALISED LOSSES ON INVESTMENTS FOR THE BENEFIT OF WHO BEAR THE INVESTMENT RISK AND ON INVESTMENT RELATING TO THE ADMINISTRATION OF PENSION FUNDS			77	20,650,419
11.	OTHER TECHNICAL CHARGES, NET OF REINSURANCE			78	719,571
12.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-TECHNICAL ACCOUNT			79	759,760,999
13.	BALANCE ON THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (item III.2)			80	346,585,739
III. NON TECHNICAL ACCOUNT					
1.	BALANCE ON THE TECHNICAL ACCOUNT FOR NON-LIFE BUSINESS (Item I.10)			81	206,580,609
2.	RESULT OF THE TECHNICAL ACCOUNT FOR LIFE BUSINESS (ITEM II.13)			82	346,585,739
3.	PROFIT FROM INVESTMENTS FROM THE NON-LIFE BUSINESS:				
	a) From participating interests	83	1,143,261,343		
	(of which, income from Group companies	84	1,141,953,729)	
	b) From other investments				
	aa) income from land and buildings	85	4,542,862		
	bb) from other investments	86	84,843,264	87	89,386,126
	(of which, income from Group companies	88	68,111,836)	
	c) Value re-adjustments on investment	89	1,989,100		
	d) Gains on the realisation of investments	90	14,261,777		
	(of which, income from Group companies	91	0)	
				92	1,248,898,346

Pag.3
Previous Year

		175	46,663,848
	176	230,390,933	
	177	10,302,994	
	178	0	
	179	0	
	180	38,397,825	
	181	65,317,514	182
			213,774,238
	183	17,715,844	
	184	3,567,118	
	185	282,668	186
			21,565,630
			187
			3,190,473
			188
			8,172,734
			189
			729,569,758
			190
			448,129,601
			191
			222,923,859
			192
			448,129,601
	193	980,537,499	
(of which, income from Group companies	194	979,930,151)
	195	4,944,404	
	196	91,089,530	197
(of which, income from Group companies	198	64,610,585)
	199	6,904,777	
	200	36,869,456	
(of which, income from Group companies	201	19,610,037	202
			1,120,345,666

PROFIT AND LOSS ACCOUNT

Current Year

4.	(+) ALLOCATED INVESTMENT RETURN TRANSFERRED FROM THE LIFE TECHNICAL ACCOUNT (item il. 2)		93	759,760,999
5.	INVESTMENT CHARGES FOR NON-LIFE BUSINESS			
	a) Investment administration charges, including interest	94		16,737,051
	b) Value adjustments on investments	95		38,277,029
	c) Losses on the realisation of investments	96		4,500,562
6.	(-) ALLOCATED INVESTMENT RETURN TRANSFERRED TO THE NON-LIFE TECHNICAL ACCOUNT (item I. 2)		97	59,514,642
7.	OTHER INCOME		98	138,860,547
8.	OTHER CHARGES		99	281,096,500
9.	RESULT FROM ORDINARY ACTIVITY		100	1,508,702,598
10.	EXTRAORDINARY INCOME		101	1,135,844,406
11.	EXTRAORDINARY CHARGES		102	238,793,382
12.	EXTRAORDINARY PROFIT OR LOSS		103	48,152,703
13.	RESULT BEFORE TAXATION		104	190,640,679
14.	INCOME TAXES		105	1,326,485,085
15.	PROFIT (LOSS) FOR THE YEAR		106	-146,798,150
			107	1,473,283,235

Pag.4
Previous Year

		203	729,569,758
	204		31,656,044
	205		36,893,285
	206		10,098,515
		207	78,647,844
		208	137,629,116
		209	398,403,215
		210	1,631,103,830
		211	1,071,991,309
		212	254,534,355
		213	43,557,107
		214	210,977,248
		215	1,282,968,557
		216	-121,490,728
		217	1,404,459,285

Notes to the Parent Company Financial Statements

Foreword

The financial statements of Assicurazioni Generali at 31 December 2018 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 have been 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 Decem-

ber 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 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

Sezione 1 – Outline of the significant accounting policies

The significant accounting policies that have been 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 costs 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 year.

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 their respective useful life.

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 long-term investments, destined to be held permanently by the Company, and short-term investments (or marketable securities), which are held 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.

Regarding the reasons and the most significant positions of the securities included in the item C.II and classified in the “short-term” portfolio, see part B Section 2.2 of the Notes.

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.

The securities held for long-term use are valued at the weighted average cost, adjusted for any write-down considered permanent and, in case of fixed interest securities, also adjusted for the share accrued in the year of the trading spread, i.e. the positive or negative difference between the acquisition cost and the reimbursement amount at maturity.

The marketable securities are valued at the lower between the acquisition 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 acquisition cost of fixed interest securities is adjusted for the share accrued in the year of the trading spread, i.e. the positive or negative difference between the acquisition cost and the reimbursement amount at maturity.

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 initial cost of securities held for long-term and short-term use is partially or fully restored whenever the reasons for the write-downs cease to exist.

If, in situations of 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 quota of shareholders' equity, a recoverability test is carried out in order to determine the durability or otherwise of the loss.

With reference to the securities portfolios, a net unrealized gain of 3,750,493 thousand euro emerges from the comparison between the market values at the end of the year and the carrying amounts. This amount includes the net unrealized gain of 3,598,575 thousand of the long-term portfolios and a net unrealized gain of 151,918 thousand of the short-term portfolio.

The Company have not exercised the option granted by the Regulation no. 43 IVASS of 12 February 2019 concerning the temporary suspension of the unrealized losses of the marketable securities introduced by Law Decree of 23 October 2018 n. 119 containing urgent provisions on tax and financial matters, converted by the law n. 136 of the 17 December 2018.

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, differ depending on the purpose of 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. Derivatives with hedging purposes are measured coherently with the related hedged asset and liabilities: gains and losses are recognized in the income statement in line with the corresponding capital gains and losses of the underlying items. For example, the income and expenses relating to derivatives hedging the interest rate on debt, are recognized among the other charges, just like the related interest due.

In the case a transaction may not be classifiable as hedging transactions, only the fair value losses of the derivative are recognized in the income statement.

The value of derivatives is determined by referring to their respective market 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 operators.

Loans

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

Deposits with ceding companies

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

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

Such investments are measured at market value. The market value of the assets, established by contractual conditions, is determined as follows:

- a) for investments traded on regulated and active markets, by the value at the last trading day of the year;
- b) for investments traded in non-regulated markets, by the estimated realization value at the year-end;
- c) 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 recognized among the other liabilities. Receivables from brokers include the amounts to be paid by 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 deductibles and retrieves following the payment of insurance compensations.

Receivables arising out of reinsurance transactions include the amounts resulting from the current account balances opened with respect to insurance and reinsurance companies in relation to the ceded or indirect business. The item also includes receivables from reinsurance intermediaries.

Receivables are recognized at their estimated realizable value.

The estimated realizable value of the receivables from policyholders is determined on a flat-rate basis, according to the analysis of the collections trend of each single line of business, given the experience acquired.

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

Tangible assets and inventory

All tangible assets are recognized at their acquisition cost net of accumulated depreciation.

New purchased electronic equipment is depreciated over their remaining useful life.

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

Cash at bank and in hand

The item includes demand deposits and deposits that provide for withdrawals subject to a time limit of less than 15 days, bank cheques and cashier's checks, cash and stamps, recognized at nominal value.

Other Assets

The item holds assets that are not included in the previous items. This includes the algebraic sum of the differences deriving from rounding up the additions of the Bal-

ance Sheet as well as the counterpart of the unrealized gains on options and hedging swaps.

The item also includes the connection account between life and non-life business.

Subordinated liabilities

Liabilities in this category are recognized 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, any references to the Italian portfolio is to be interpreted in this sense.

Technical items relating to acceptances and retrocessions are accounted for in the year in which they accrue, following the ceding company agreements and on the basis of timely communications.

For non-Group companies, only in cases of insufficient information received from ceding companies, to precisely determine the accrual economic result for the year at the reporting date, the technical income items regarding acceptances and retrocessions reinsurance are accounted for in the subsequent financial year.

In the current financial statements, such technical items are included in the reinsurance suspense accounts as a counterpart of the transactions occurred on 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 computed according to the instructions 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, and 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 the contracts of the credit line of business signed or renewed before the 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, instituted in relation to 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) and computed according to the instructions 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 compensation and the settlement costs related to claims occurred during the year, even if not yet reported.

The methodology consists in the analytical measurement of the ultimate cost of each claim in all lines of business and in the verification of the results through the application of statistical and actuarial methodology. The exception is represented by the damages to property in the MTPL line of business managed by the Company, reported in the last thirty days of the financial year, which are measured according to the “average cost” of homogeneous groups of claims.

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

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 motor and marine third-party liability, 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 the indirect business accepted through branches 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 beginning from the information given by the ceding companies.

The methods of determination and the results of the analysis on 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 related to cessions and retrocessions are computed in accordance to the reinsurance contractual agreement; the provisions for unearned premiums are calculated consistently to the methods adopted for the gross business.

For the portfolio underwritten in non-EU branches, the technical provisions are computed 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 obligations 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, the additional reserve for demographic risks and the additional reserve for financial risks;
- b) the unearned premium provision of the complementary insurances, 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, which equals the amounts needed to cover the payment of capitals, annuities, redemptions and 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 correspond to the policyholders or to the beneficiaries of the contracts based on their quota of technical profit, 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 acquisition price. In any case, the amount of the mathematical reserves cannot be lower than that calculated with reference to the minimum guaranteed or surrender value conditions, if established.

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

- mathematical provisions for “unit-linked” contracts, 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, 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.

Provision 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 item includes payables towards reinsurers for deposits issued under reinsurance agreements. They are recognized at their nominal value.

Payables and other liabilities

Payables, debenture loans and other liabilities

Payables in this category are recognized at their nominal value.

Other liabilities include payables not included in other items, such as, premiums received but temporarily suspended due to mismatching. Moreover, the item includes the sum of the differences deriving from rounding up the additions of Balance Sheet, as well as the counterpart of the unrealized losses on options and swaps.

The item also includes the connection account between the life and non-life business.

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

Accruals and deferrals

Accruals and deferrals are recognized to ensure compliance with the “matching principle”, with reference to those transactions involving a period of several consecutive financial years. The trading spreads 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 is 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 com-

pany, 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 recognized in profit and loss account; they are determined based on the rates that are expected to be in force in the year in which such 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 business

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 recognized 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 recognized 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 operates 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 in 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 recognized in the profit and loss account.

Below are exposed the changes compared the previous year occurred on the exchange rates provided by Bloomberg and adopted for the conversion into euro of currencies particularly significant for the Company.

	Exchange rate in euro		Change %
	2018	2017	
American dollar	1.143	1.201	4.8
Swiss franc	1.127	1.170	3.7
British pound	0.898	0.888	-1.1
Chinese renminbi	7.849	7.820	-0.4

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	206,581	346,586	553,167
(+) Investment income	1,248,898	0	1,248,898
(-) Investment charges	59,515	0	59,515
(+) Quotas of investments profit transferred from the life technical account	0	759,761	759,761
(-) Quotas of investments profit transferred to the non-life technical account	138,861	0	138,861
Income taxes for the year	1,257,103	1,106,347	2,363,450
(+) Other income	200,375	80,721	281,096
(-) Other charges	1,053,881	454,821	1,508,702
(+) Extraordinary income	101,789	137,005	238,794
(-) Extraordinary charges	25,859	22,294	48,153
Result before taxation	479,527	846,958	1,326,485
(-) Imposte sul reddito dell'esercizio	-97,347	-49,451	-146,798
Result for the year	576,874	896,409	1,473,283

Balance sheet

Summary

(in thousand euro)	2018	2017	Change
ASSETS			
Intangible assets	39,193	30,127	9,066
Investments			
Land and buildings	99,866	106,613	-6,747
Investments in Group companies and other shareholdings	32,665,377	31,395,352	1,270,025
Other financial investments	2,902,292	2,214,991	687,301
Deposits with ceding companies	5,342,732	6,927,863	-1,585,131
Total	41,010,267	40,644,819	365,448

(continues)

(continues)

(in thousand euro)	2018	2017	Change
Class D investments	228,850	3,268,077	-3,039,227
Reinsurers' share of technical provisions			
Non-life	539,846	857,954	-318,108
Life	551,801	420,541	131,260
Total	1,091,647	1,278,495	-186,848
Debtors	1,837,675	1,849,551	-11,876
Other assets			
Cash at hand	757,352	744,169	13,183
Other	208,672	257,843	-49,171
Total	966,024	1,002,012	-35,988
Accrued income and deferred charges	180,815	181,913	-1,098
TOTAL ASSETS	45,354,471	48,254,994	-2,900,523
LIABILITIES AND SHAREHOLDERS' FUNDS			
Shareholders' funds			
Subscribed share capital or equivalent fund	1,565,165	1,561,808	3,357
Reserves	11,938,372	11,859,216	79,156
Profit for the year	1,473,283	1,404,459	68,823
Total	14,976,820	14,825,483	151,336
Subordinated liabilities	8,290,802	7,051,952	1,238,850
Technical provisions			
Non-life	2,166,273	2,297,906	-131,633
Life	6,753,491	8,391,312	-1,637,821
Total	8,919,764	10,689,218	-1,769,454
Technical provisions for investment and pension funds	225,895	3,265,804	-3,039,909
Provisions for other risks and charges	132,149	102,420	29,729
Deposits received from reinsurers	518,396	331,210	187,186
Creditors and other liabilities	11,973,307	11,684,798	288,509
Accrued expenses and deferred income	317,339	304,109	13,230
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	45,354,471	48,254,994	-2,900,523

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)		2018
Gross initial amount		234,328
Increase for the year for:	acquisitions or increases	25,002
	reversal value	0
	revaluation	0
	other changes	34
	Total	25,036
Decreases for the year for:	sales or decreases	0
	long-term devaluations	0
	other changes	0
	Total	0
Gross final amount (a)		259,364
Depreciations		
Gross initial amount		204,201
Increases for the year for:	amortisation quotas	15,950
	other changes	20
	Total	15,970
Decreases for the year for:	reductions from sales	0
	other changes	0
	Total	0
Gross final amount (b)		220,171
Book value (a – b)		39,193

The increases for the year refer to the new activations carried out during the year for software costs related to Group projects regarding the restructuring of the IT security systems and the development of commercial initiatives.

Section 2 – Investments – *Item C*

The current value indicated in the Notes as the reference value for assets in classes C.II and C.III correspond:

- 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 accor-

dance 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)		2018
Gross initial amount	acquisitions or increments	112,593
Increases for the year for:	reversal value	18,244
	revaluation	0
	other changes	0
	Total	1,068
Decreases for the year for:	sales or decrements	19,311
	long-term devaluations	25,566
	other changes	219
	Total	566
		26,351
Gross final amount (a)		105,554
Depreciations		
Initial amount	depreciation quota for the year	5,980
	other changes	1,046
	Total	80
Decreases for the year for:	reductions from sales	1,126
	other changes	1,411
	Total	7
		1,418
Depreciated final amount (b)		5,688
Book value (a - b)		99,866

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

There are no leased assets and there are not 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 170,991 thousand are considered non-durable since there is no permanent intention to hold these investments. The most significant are:

	Quantity	(thousand euro)
Shares		
Lion River NV	173,092	170,636
Generali Paneurope DAC	25	355

2.2.1 Equities – *Item C.II.1*

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

(in thousand euro)		2018
Gross initial amount		29,731,819
Increases for the year for:	acquisitions, subscriptions or payments	133,196
	reversal value	480
	revaluations	0
	other changes	215,228
	Total	348,904
Decreases for the year for:	sales or redemptions	57,711
	devaluations	16,765
	other changes	472,799
	Total	547,275
Book value		29,533,448

The increase during the year is mainly due to the growth in the value of equity investments in Europe Assistance Holding (+60,576 thousand) and in Generali Vietnam Life Insurance (+54,289 thousand) primarily for increases in share capital during the year.

The decreases mainly refer to the sale of the subsidiary Generali PanEurope dac (-42,500 thousand), of the equity investments in Generali Colombia Seguros Generales

S.A. and Generali Colombia Vida - Compañía de Seguros S.A. (-9,666 thousand) and in Assurances Maghreb S.A. and Assurances Maghreb Vie S.A (-5.403 thousand).

With reference to value adjustments of shares, the main write-down relates to GLL GmbH & Co. Retail for a value of € 9,537 thousand.

The net result of the Other changes mainly includes the

transfer from the life business to the Non-life business of the equity investment in Generali Italia (171,184 thousand) and the change deriving from the merger by acquisition of the Dutch subsidiary Generali Finance B.V.

(-264,282 thousand). The residual amount is mainly 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 – Item C.II.2 (attachment 5)

<i>(in thousand euro)</i>		2018
Gross initial amount		650
Increases for the year for:	acquisitions, subscriptions or payments	0
	reversal value	0
	other changes	0
	Total	0
Decreases for the year for:	sales or redemptions	0
	devaluations	0
	other changes	650
	Total	650
Book value		0
Current value		0
Total devaluations		0
Section C.II.2 includes:	listed bonds	0
	non listed bonds	0
	book value	0
	of which convertible bonds	0

The decrease refers to the bonds issued by Generali Finance B.V., which has been incorporated during the exercise.

2.2.3 Changes in loans to companies over the year – *Item C.II.3*

(in thousand euro)		2018
Gross initial amount		1,662,883
Increases for the year for:	acquisitions, subscriptions or payments	2,786
	reversal value	0
	other changes	1,751,260
	Total	1,754,046
Decreases for the year for:	sales or redemptions	285,000
	devaluations	0
	other changes	0
	Total	285,000
Book value		3,131,929

2.2.4 a) Detailed outline of the most significant bonds issued by companies – *Item C.II.2*

The Company does not held bonds issued by other entities of the group.

2.2.4 b) Detailed outline of the most significant loans to companies – *Item C.II.3*

The increases of the year mainly regard loans to the subsidiaries Generali Beteiligungs-GmbH (change of 1,186,002 thousand) and Generali Deutschland AG (change of 313,997 thousand) acquired following the merger with Generali Finance B.V..

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 Shareholders' 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 aimed to 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	4,094	3,698	4,268	6,150	8,362	9,848
b) unlisted shares	5,517	6,476	1,119	1,229	6,636	7,705
c) units	823	12,550	0	0	823	12,550
Total	10,434	22,724	5,387	7,379	15,821	30,103
2) Units in common investment funds	0	0	254,824	256,197	254,824	256,197
3) Bonds and other fixed-interest securities						
a1) listed government bonds	48,554	49,523	228,739	230,745	277,293	280,268
a2) other listed securities	63,400	62,047	93,202	94,271	156,602	156,318
b1) unlisted government bonds	0	0	893	966	893	966
b2) other unlisted securities	0	0	0	0	0	0
c) convertible bonds	0	0	800	800	800	800
Total	111,954	111,570	323,634	326,782	435,588	438,352
5) Participation in investment pools	0	0	0	0	0	0
7) Other investments	0	0	9,337	12,585	9,337	12,585
Life						
1) Equities of companies						
a) listed shares	0	0	7,399	7,597	7,399	7,597
b) unlisted shares	887	29,918	4,354	4,508	5,241	34,426
c) units	6,806	6,806	0	0	6,806	6,806
Total	7,693	36,724	11,753	12,105	19,446	48,829
2) Units in common investment funds	0	0	635,601	635,624	635,601	635,624
3) Bonds and other fixed-interest securities						
a1) listed government bonds	244,358	258,445	381,772	400,937	626,130	659,382
a2) other listed securities	281,372	278,722	465,994	493,460	747,366	772,182
b1) unlisted government bonds	12,340	17,877	0	0	12,340	17,877
b2) other unlisted securities	0	0	2,674	2,674	2,674	2,674
c) convertible bonds	0	0	363	390	363	390
Total	538,070	555,044	850,803	897,461	1,388,873	1,452,505
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	18,127	59,448	17,140	19,484	35,267	78,932
2) C.III.2 Units in common investment funds	0	0	890,425	891,821	890,425	891,821
3) C.III.3 Bonds and other fixed-interest securities	650,024	666,614	1,174,437	1,224,243	1,824,461	1,890,857
4) C.III.5 Participation in investment pools	0	0	0	0	0	0
5) C.III.7 Other investments	0	0	9,337	12,585	9,337	12,585

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)	2018
Securities issued by the Italian government	334,858
Securities issued by the American government	143,542
Securities issued by the Panama government	102,594

The other items individually considered refer to sums under 100.000 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	1,646	175	1,471
Trading differences	120	4,718	-4,598
Total	1,766	4,893	-3,127

Variations over the year to durable assets included in the items as in point 2.3.1 (attachment 9)

(in thousand euro)		Equities		Bonds	Participation	Other
		C.III.1	Units in com. invest. Funds C.III.2			
Initial amount		16,512	0	647,581	0	0
Increases for:	acquisitions	200	0	67,994	0	0
	reversal value	2,669	0	0	0	0
	transfers from the non-durable portfolio	0	0	0	0	0
	other changes	17	0	10,838	0	0
	Total	2,886	0	78,832	0	0
Decreases for:	sales	269	0	69,458	0	0
	devaluations	1,003	0	0	0	0
	transfers to the non-durable portfolio	0	0	0	0	0
	other changes	0	0	6,931	0	0
	Total	1,272	0	76,389	0	0
Book value		18,126	0	650,024	0	0

The increases in the non-Group shareholdings of the durable segment are mainly due to the purchase of B3i Services AG shares for 200 thousand. Among the decreases we highlight the sale of Sara Assicurazioni shares for 269 thousand and the value adjustment of the equity investment in "Istituto dell'Enciclopedia Italiana Treccani S.p.A." for 909 thousand.

In the bond segment, the increases are mainly due to purchases of government bonds for 44,004 thousand and corporate bonds for 23,989 thousand, whereas the decreases relate to the sale of government bonds for 33,787 thousand and corporate bonds for 35,672 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		2,905	128,799
Increases for:	payments	49	
	reversal value	0	
	other changes	36	
	Total	85	440,074
Decreases for:	redemptions	82	
	devaluations	0	
	other changes	2,165	
	Total	2,247	426,813
Book value		743	142,060

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 loans granted by the Hong Kong branch for a total amount of 743 thousand, of which 350 thousand loans on policies.

2.3.5 Breakdown of the duration of deposits with credit institutions – *Item C.III.6*

(in thousand euro)	2018
Less than 3 months	79,770
More than 3 months	62,290
Total	142,060

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 9,337 thousand.

2.4 Deposits with ceding companies – *Item C.IV*

Deposits with ceding companies amount to 5,342,732 thousand (6,927,863 thousand in 2017). Information regarding transactions with Group companies is provided in attachment 16. In particular, deposits with subsidiaries

include deposits with:

- Alleanza Assicurazioni S.p.A. for 3,198,120 thousand;
- Generali Deutschland Holding AG for 709,447 thousand;
- Generali Lebensversicherung AG for 270,474 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	
	2018	2017	2018	2017
Land and buildings	0	0	0	0
Investments in Group companies and companies 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	155,104	145,131	153,402	125,019
Other financial investments:				
Equities	207	233	215	210
Bonds and other fixed-interest securities	39,821	45,962	31,579	34,705
Deposits with credit institutions	0	0	0	0
Other investments	0	0	0	0
Total	40,028	46,195	31,794	34,915
Other assets	374	509	374	509
Cash at hand	1,990	2,256	1,990	2,256
Other liabilities	-1,193	-1,191	-1,193	-1,191
Deposits with ceding companies	32,547	3,075,177	32,547	3,075,177
Total	228,850	3,268,077	218,914	3,236,685

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, with reference to Generali Levensverzekering Maatschappij N.V. and to Generali PanEurope following the mentioned sale.

3.2 Overview of operations relative to contracts linked to pension – *Item D.II (attachment 12)*

No investments relative to contracts linked to pension funds have been recorded.

3.3 Transfers of investments from class C to class D and vice versa

No transfers were made during the year.

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 for an amount of 603,240 thousand and refer mainly to receivables from insurance and reinsurance companies (594,628 thousand). This amount is relative to the non-life business for 268,439 thousand and to the life business for 326,188 thousand.

5.1 Write downs carried out over the year

Write downs of receivables from policyholders for premiums, carried out over the year and charged to the technical accounts, amount to 301 thousand.

The following table provides a detailed description of the write downs per line of business

(in thousand euro)	2018
Fire	50
Property other than fire	50
General Liability	200
Other LOB	1
Total	301

5.2 Details of other receivables – *Item E.III*

(in thousand euro)	2018
Credit on taxes	361,730
Credits for non-insurance relations	213,489
Credits for pre-paid taxes	190,007
Credits due from Group Companies for direct cash pooling	118,617
Receivables for securities and coupons sold or purchased to be settled	45,896
Credits due from subsidiaries for fiscal consolidation	31,222
Credits due from the real estate management	24,764
Advances, securities, deposit	18,997
Credits toward staff	15,632
Sums due from Financial Administration	9,864
Credits for the allocation of the financial year accrual of economic items	6,399
Other credits	39,131
Total	1,075,749

Tax credits mainly include receivables for IRES for 260,340 thousand, credit for the insurance tax advance of 60,602 thousand and receivables for IRAP credit for 21,414 thousand.

Receivables from Group companies for direct cash pooling of 118,617 thousand relate to the counterpart Generali Vie S.A. for an amount equal to 99,999 thousand and MyDrive Solutions Limited for 18,618 thousand.

Receivables for non-insurance relationships mainly concern Group companies.

Credits for deferred tax assets refer to items that, under the tax profile, are considered in financial years other than that in which they are recognized in the income statement, and are recognized net of the provision for deferred taxes.

Section 6 – Other assets – *Item F*

6.1 Variations to durable assets in class F.i over the year

(in thousand euro)	2017	Increases	Decreases	2018
Furniture, office equipment, internal transport vehicles	2,696	4,014	4,597	2,113
Movables listed in public registers	1,178	57	66	1,169
Equipments and appliances	0	3	3	0
Inventories	469	1	23	447
Total	4,343	4,075	4,689	3,729

6.3 Deferred reinsurance items – *Item F.IV.1*

Deferred reinsurance items, amounting to 5,641 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)	Rami Danni	Rami Vita	Totale
Premiums	0	0	0
Claims	3,794	1,437	5,231
Commissions	189	94	283
Portfolios and other technical items	3	124	127
Total	3,986	1,655	5,641

6.4 Details of miscellaneous assets – *Item F.IV.2*

Miscellaneous assets amount to 199,302 thousand and mainly refer to the connection account that reports a credit of the life business towards the non-life business.

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	70,679	0	70,679
Rents	483	76	559
Other accrued income and deferred charges	1,656	107,921	109,577
Total	72,818	107,997	180,815

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	44,120	44,120
Deferred charges for disagio on loans	0	0	0
Accrued income and deferred charged on derivatives	0	57,752	57,752
Other	1,656	6,049	7,705
Total	1,656	107,921	109,577

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:

- discount on bond issued, subordinated liabilities and loans for 35,789 thousand;
- derivatives hedging the exchange rate changes on loans issued in previous years, for 20,232 thousand;
- derivatives hedging the interest rate changes relating to loans issued in previous years, for 22,877 thousand.

Furthermore, the deferred charges that have a residual duration of over five years are:

- discount on bond issues, subordinated liabilities and loans for 11,494 thousand.
- derivative hedging the exchange rate changes on loans issued in previous years, for 4,010 thousand.
- derivative hedging the interest rate changes relating to loans issued in previous years, for 993 thousand.

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.

Ente emittente	Nominal value in thousand euro	Currency of denomination	Type of interest rate	Due date	Early paym. Clause	Subordination level
Allianz SE	3,499	USD	fixed	perpetual	yes	Tier II
Aquarius Plus Investments Plc	311	EURO	fixed	02/10/43	yes	Tier II
Aviva Plc	1,500	EURO	fixed	04/12/45	yes	Tier II
Axa SA	7,153	GBP	fixed	15/12/20	no	Tier II
Axa SA	1,750	USD	fixed	15/12/30	no	Tier II

Ente emittente	Nominal value in thousand euro	Currency of denomination	Type of interest rate	Due date	Early paym. Clause	Subordination level
Bank of America Corp	612	USD	fixed	29/01/37	yes	Other clauses
Barclays Bank Plc	5,570	GBP	fixed	perpetual	yes	Tier II
Bnp Paribas	350	USD	fixed	perpetual	yes	Tier I
Citigroup Inc	2,000	EURO	fixed	25/02/30	yes	Tier II
Clerical Medical Finance Plc	4,457	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 UA	919	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	1,671	GBP	fixed	05/10/20	no	Tier II
EDF SA	1,500	EURO	fixed	perpetual	yes	Tier II
EDF SA	446	GBP	fixed	perpetual	yes	Tier II
Enel S.p.A.	1,114	GBP	fixed	10/09/75	yes	Tier II
Engie SA	600	EURO	fixed	perpetual	yes	Tier II
Goldman Sachs Group Inc	3,900	GBP	fixed	12/10/21	yes	Tier II
Haven Funding (32) Plc	3,342	GBP	fixed	30/11/32	yes	Other clauses
Hsbc Bank Plc	1,114	GBP	fixed	07/07/23	no	Tier II
Hsbc Bank Plc	5,571	GBP	fixed	24/03/46	no	Tier II
Hsbc Holdings Plc	534	EURO	fixed	10/01/24	yes	Tier II
Hsbc Holdings Plc	4,457	GBP	fixed	20/12/27	no	Tier II
Hsbc Holdings Plc	437	USD	fixed	01/06/38	no	Tier II
Lloyds Bank Plc	1,114	GBP	fixed	06/04/23	no	Tier II
Lloyds Banking Group Plc	363	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	1,671	GBP	fixed	26/05/42	yes	Tier II
Nn Group NV	2,500	EURO	fixed	perpetual	yes	Tier II
Omv AG	1,000	EURO	fixed	perpetual	yes	Tier II
Orange SA	1,000	EURO	fixed	perpetual	yes	Tier II
Prudential Plc	1,671	GBP	fixed	19/12/31	no	Tier II
Santander UK Plc	2,785	GBP	fixed	perpetual	yes	Tier I
Societe Generale SA	1,500	EURO	fixed	27/02/25	no	Tier II
Societe Generale SA	262	USD	fixed	17/01/24	no	Tier II
Sse Plc	1,022	USD	fixed	16/09/77	yes	Tier II
Standard Chartered Plc	1,000	EURO	fixed	21/10/25	yes	Tier II
Standard Chartered Plc	700	USD	fixed	09/01/43	no	Other clauses
Wells Fargo & Co	8,857	GBP	fixed	29/11/35	no	Tier II
Wells Fargo & Co	1,575	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)	2017	Increases	Decreases	2018
Subscribed share capital	1,561,808	3,357	0	1,565,165
Share premiums reserve	3,568,250	0	0	3,568,250
Revaluation reserves	2,010,835	0	0	2,010,835
Legal reserve	312,362	671	0	313,033
Reserve for parent company shares	0	0	0	0
Other reserves	5,970,809	81,841	3,357	6,049,293
Negative reserve for own shares held	3,040	0	0	3,040
Income carried forward	0	0	0	0
Profit/Loss for the previous year	1,404,459	0	1,404,459	0
Profit/Loss for the year	0	1,473,283	0	1,473,283
Total	14,825,483	1,559,152	1,407,816	14,976,820

8.2 Share capital – *Item A.I*

The share capital at 31 December 2018 is equal to 1,565,165 thousand, divided into ordinary shares with a nominal value of 1 euro each. The item shows an increase of 3,357 thousand as a consequence of the allocation of shares to the management of the Group, as required by the long-term incentive plan "Long Term Incentive Plan 2015".

- 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 a) Share premiums reserve – *Item A.II*

The reserve remains unchanged compared to the previous year.

8.3 c) Legal reserve – *Item A.IV*

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;

Following the capital increase, the legal reserve has been risen by 671 thousand in order to achieve the minimum level required by law.

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)	2017	Increases	Decreases	2018
Merger residual reserve	4,147,612	8,353	0	4,155,965
Extraordinary reserve	1,823,197	73,488	3,357	1,893,328
Total	5,970,809	81,841	3,357	6,049,293

The extraordinary reserve decrease of 3,357 thousand is consequent to the share capital increase, whereas the rise of 73,488 derives from the allocation of the previous year residual profit.

Such 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:

- revenue reserves for 3,998,607 thousand, deriving from the merger of Alleanza Assicurazioni S.p.A.;
- capital reserves for 149,005 thousand deriving from the merger of Alleanza Assicurazioni S.p.A., and for 8,353 thousand deriving from the merger by acquisition of Generali Finance B.V..

8.4 c) Outline of changes to shareholders' funds over the last three years

(in thousand euro)					
	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 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 and initial amount of the 2018 financial year	1,561,808	3,568,250	-3,040	793,055	92,676
Capital increase	3,357				
Distribution of previous year result					
legal reserve adjustment					
to dividends (0.85 euro per share)					
Allocation to extraordinary reserve					
Merger of Generali Finance					
Result for the 2018 financial year					
Final amount of the 2018 financial year	1,565,165	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	2,173,789	311,375	931,469	14,697,163
						-3,010			
							602	-602	
								-930,867	-930,867
						-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			
							385	-385	
								-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
						-3,357			
							671	-671	
								-1,330,300	-1,330,300
							73,488	-73,488	
						8,353			8,353
								1,473,283	1,473,283
802,313	30,425	118,769	20,123	153,474	4,155,965	1,893,328	313,033	1,473,283	14,976,820

8.4 d) Breakdown, opportunities for use and actual use of shareholders' funds over the last three years

Natura / descrizione	Amount	Possibility of utilisation ¹⁾	Available quota	Summary of utilisations carried out during the previous three years	
				Losses cov.	Other ⁵⁾
Capital	1,565,165				
Capital reserves					
Share premiums reserve	3,568,250	A,B,C	3,568,250 ²⁾		
Merger residual reserve	157,358	A,B,C	157,358		
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 ⁶⁾				
Revenue reserves					
Legal reserve	313,033	B	313,033		
Merger residual reserve	3,998,607	A,B,C	3,998,607		
Extraordinary reserve	1,893,329	A,B,C	1,893,329 ⁴⁾		353,949
Total	13,503,537		11,941,412		
Of which:					
Non distributable quota			313,033		
Distributable residual quota			11,628,379		

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 and increases of capital.

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 8,290,801 thousand and consist of:

- hybrid bonds denominated in pound sterling, worth 389,950 thousand Euro, with the following characteristics:
 - maturity equal to the duration of the company;
 - early repayment option for the Company from the 16 June 2026;
 - fixed interest rate until 16 June 2026, first date of the early repayment option;
 - variable interest rate after 16 June 2026;
 - subordinated with respect to all the non-subordinated creditors, including policyholders, and to all the lower grade subordinated debtors;
 - suitable to cover the solvency requirements of Solvency II;
- hybrid bonds denominated in pound sterling, worth 551,501 thousand Euro, with the following characteristics:
 - maturity equal to the duration of the company;
 - early repayment option for the Company from the 8 February 2022;
 - fixed interest 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 bonds “private placement”, for a total of 750,000 thousand Euro, with the following characteristics in common:
 - maturity equal to the duration of the company;
 - early repayment option for the Company starting from the tenth year of issue;
 - fixed interest rate until the first date of the early re-payment option;
 - variable interest rate 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;
- bonds for 750,000 thousand Euro with the following characteristics:
 - maturity 10 July 2042;
 - early repayment option for the Company from 10 July 2022;
 - fixed interest rate until 10 July 2022, first date of the early repayment option;
 - variable interest rate 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;
- bonds for 1,250,000 thousand Euro with the following characteristics:
 - maturity 12 December 2042;
 - early repayment option for the Company from 12 December 2022;
 - fixed interest 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;
- bonds for 1,000,000 thousand Euro with the following characteristics:
 - maturity 4 May 2026;
 - fixed interest rate until due date;
 - subordinated towards all the non-subordinated debtors, including policyholders;
 - suitable to cover the solvency margin;
- bonds for 1,250,000 thousand Euro with the following characteristics:
 - maturity 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 rate 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;

- bonds for 850,000 thousand Euro with the following characteristics:
 - maturity 8 June 2048;
 - early repayment option for the Company from 8 June 2028;
 - fixed interest 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;
- bonds for 1,499,350 thousand Euro with the following characteristics:
 - maturity equal to the duration of the company;
 - early repayment option for the Company from 21 November 2025;
 - fixed interest rate up to 21 November 2025, the earliest possible exercise date of the early repayment option;
 - variable interest rate after 21 November 2025, until maturity;
 - subordinated to all non-subordinated creditors, 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)	2018	2017	Change
Provision for unearned premiums			
Provision for premium instalments	402,663	380,272	22,391
Provision for unexpired risks	93	707	-614
Book value	402,756	380,979	21,777
Provisions for outstanding claims			
Provision for refunds and direct expenses	1,344,002	1,285,719	58,283
Provision for claim settlement costs	12,379	52,707	-40,328
IBNR provision	406,669	578,186	-171,517
Book value	1,763,050	1,916,612	-153,562

The most significant reductions compared to the balances at the end of 2017, relating to the provision for settlement costs and for claims that have occurred but not reported, derive mainly from the sale of the London branch's run off portfolio.

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	25,112	0	18,156	76	43,344
Health	13,244	0	35,646	17	48,907
Motor material damage	3,187	0	727	0	3,914
Hull transport (trains)	360	0	0	0	360
Hull aviation	161	0	474	0	635
Hull marine	585	0	3,394	0	3,979
Cargo	3,265	0	4,930	0	8,195
Fire	33,127	0	49,083	0	82,210
Property other than fire	31,799	0	44,051	0	75,850
TPL Motor	531	0	86	0	617
TPL Aviation	492	0	420	0	912
TPL Marine	162	0	261	0	423
General liability	57,629	0	29,297	0	86,926
Credit	0	0	6	0	6
Suretyship	2,738	0	16,759	0	19,497
Pecuniary losses	7,816	0	19,099	0	26,915
Legal protection	1	0	0	0	1
Assistance	65	0	0	0	65
Total	180,274	0	222,389	93	402,756

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 6,201 thousand in direct insurance and 2,568 thousand in indirect business.

Provision for unexpired risks

During the year, the provision for unexpired risks has not been set up in the direct business since the hedging was sufficient in all the line of business, 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	55	1,552	2,799	1,247
Health	61	2,792	4,600	1,808
Motor material damage	81	2,561	3,167	606
Hull transport (trains)	48	171	360	189
Hull aviation	63	72	114	42
Hull marine	29	46	156	110
Cargo	98	1,733	1,774	41
Fire	64	14,079	22,000	7,921
Property other than fire	61	9,905	16,367	6,462
TPL Motor	15	8	55	47
TPL Aviation	60	245	410	165
TPL Marine	0	0	0	0
General liability	64	32,415	50,913	18,498
Credit	0	0	0	0
Suretyship	1	15	1,716	1,701
Pecuniary losses	43	4,066	9,357	5,291
Legal protection	0	0	1	1
Assistance	2	1	65	64
Total	61	69,661	113,854	44,193

In the indirect business instead, it has been needed to recognize a provision for unexpired risks for an amount of 93 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 several variants in the calculation of the model parameters, known as Link Ratio/Link Ration modified for inflation methods. This method is similar to the previous one, but appropriately revised in order to take into account the effect of the growth rates of claims costs (so-called “endogenous inflation”). Therefore, the amounts paid are discounted at the time of valuation, while the future amounts are projected using an appropriate endogenous inflation rate.
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)	2018
Equalisation provision:	
Accident	1
Fire	458
Pecuniary losses	8
Total	467
Compensation provision for the credit sector	0
Total equalisation provision	467

The equalisation provisions are 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)	2018	2017	Change
Mathematical provision for pure premiums	5,052,049	6,390,145	5,052,049
Premiums brought forward	205,010	179,753	25,257
Provision for death risks	0	0	0
Additional provisions	118,308	456,253	-337,945
Book value	5,375,367	7,026,151	-1,650,784
Provision for profit sharing and premium refunds	81,609	84,475	-2,866

The decrease in the mathematical reserves for pure premiums is significantly influenced by the termination of the reinsurance agreements with the company Generali Levensverzekering Maatschappij N.V. and by the physiological contraction of the portfolio in run-off by 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 19,671 thousand, are entirely represented by the provision for

future costs set according to paragraph 17 of the Annex 14 of the Regulation No. 22 dated 4 April 2008 amended and integrated. It refers for 16,675 thousand to Line of business I, for 1,957 thousand to Line of business III, for 1,036 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 technical provisions 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)	2018
Unit vision choice	151,500
Lifetime income bond	37,852
Lavoro Indiretto	32,547
Managed Funds	3,734
AG European Equity Fund	262
Book value	225,895

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 Variazioni nell'esercizio dei fondi per rischi e oneri (*attachment 15*)

(in thousand euro)	Funds for retirement and similar obligations	Tax funds	Other provisions
Initial amount	0	45,278	57,143
Sums set aside for the year	0	12,000	76,983
Other increases	0	0	0
Withdrawals	0	22,622	36,634
Other decreases	0	0	0
Book value	0	34,656	97,492

At the end of the period the provision for taxes amounts to 34,656 thousand. During the year, provisions for 22,622 thousand has been used mainly in relation to tax-

es on real estate transfers. This amount had been set aside following the repurchase of minority interests in the subsidiary Generali Deutschland Holding AG.

12.2 Details of other provisions (item E.3)

Provisions for the year equal to € 76,983 thousand and mainly refer to future risks and charges (for 37,501 thou-

sand), to legal disputes (for € 15,175 thousand) and to the solidarity fund (for 13,469 thousand).

The uses mainly relate to the liquidation of outgoing personnel, prudently set aside in previous years.

Section 13 – Payables – Item G

13.1 Bond issued – Item G.III

Not convertible bonds issued, amounting to 3,127,770 thousand, comprise “Senior September 2024” bonds for 1,750,000 thousand, “Senior 2014-2020” bonds for 1,250,000 thousand and “Senior 2020” bonds for 127,770 thousand.

to 989,806 thousand and mainly refer to loans granted by Deutsche Bank and BNP Paribas in relation to the Group indirect cash pooling.

13.3 Details of guaranteed loans – Item G.V

Guaranteed loans are not accounted for in the financial statements

13.2 Details of liabilities to banks and other financial institutions – Item G.IV

Liabilities to banks and other financial institutions amount

13.4 Breakdown of other loans and other financial liabilities – Item G.VI

The total of the account, amounting to 4,780,159 thousand, refer to loans granted by:

(in thousand euro)	2018
Participatie Maatschappij Graafschap Holland N.V.	3,678,778
Generali Versicherung Ag	652,581
Generali Deutschland Holding	128,800
Cosmos Leben	110,000
AachenMünchener Leben	59,000
Generali Investments SpA	55,000
Transocean Holding Corporation	40,000
Redoze Holding	28,000
UMS Immobiliare Genova S.p.A.	27,000
Verorgungskasse AM GD	1,000
Book value	4,780,159

13.5 Changes to Provisions for severance pay over the year – *Item G.VII – (attachment 15)*

(in thousand euro)	2018
Initial amount	4,746
Sums set aside for the year	844
Other increases	151
Withdrawals	884
Other decreases	2,462
Book value	2,395

13.6 Details of other creditors – *Item G.VIII.4*

(in thousand euro)	2018
Sums due to Group companies for direct cash pooling	1,846,957
Payables for invoices to be received	153,964
Sums due to subsidiaries companies for fiscal consolidation	104,611
Sums due to credit institutions for entries to be settled	72,162
Sums due to suppliers and professionals	32,317
Sundry payables to staff	23,617
Payables for securities and coupons sold or purchased to be settled	19,387
Sums due to companies for non-insurance dealings	19,333
Others	30,290
Total	2,302,638

Debts for direct cash pooling are mainly due towards the subsidiary Generali Beteiligungs-GmbH, for an amount of 1,364,812 thousand.

13.7 Deferred reinsurance items – *Item G.IX.1*

Deferred reinsurance items, amounting to 3,641 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	2,228	1,413	3,641
Claims	0	0	0
Commissions	0	0	0
Profit portfolio on provisions and other technical items	0	0	0
Total	2,228	1,413	3,641

13.8 Details of miscellaneous liabilities – *Item G.IX.3*

(in thousand euro)	2018
Operations on derivatives	250,056
Connection account between Life and Non-Life	137,798
Others	49,388
Total	437,242

The item “Operations on Derivatives” mainly refers to the 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 reference to the underlying items.

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	271,978	1	271,979
Rents	400	1,511	1,911
Other accrued income and deferred charges	23,376	20,073	43,449
Total	295,754	21,585	317,339

14.2 Breakdown of the other accrued expenses and deferred income – *Item H.3*

(in thousand euro)	Ratei	Risconti	Totale
Deferred income for trading spread on bond issued	0	0	0
Deferred income for trading spread on loans	0	0	0
Accrued expenses and deferred income on derivatives	8,357	20,073	28,430
Other	15,018	0	15,018
Total	23,375	20,073	43,448

14.3 Breakdown of accrued expenses 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 changes in exchange rates, relative to loans issued in previous years, for 1,673 thousand;
- derivatives hedging changes in interest rates, relative to loans issued in previous years, for 15,552 thousand

Furthermore, deferred income that has a residual duration of over five years relates to:

- derivatives hedging changes in exchange rates, relative to loans issued in previous years, for 431 thousand;
- derivatives hedging changes in interest rates, relative to loans issued in previous years, for 7,960 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	Affiliated	Associates	Others	Total
Assets						
Equities	0	29,302,963	0	213,247	17,238	29,533,448
Bonds	0	0	0	0	0	0
Loans	0	3,131,929	0	0	0	3,131,929
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	4,777,456	0	391	0	4,777,847
Investments relating to contracts linked to investment funds and market indexes	0	25,970	0	0	0	25,970
Investments relating to the administration of pension funds	0	0	0	0	0	0
Credits arising from direct insurance operations	0	1,900	0	0	0	1,900
Credits arising from reinsurance operations	0	154,178	0	3,160	0	157,338
Sundry credits	0	363,156	0	0	0	363,156
Bank and postal deposits	0	82,358	0	0	0	82,358
Other assets	0	27,145	0	0	0	27,145
Total	0	37,877,055	0	216,798	17,238	38,111,091
of which subordinated assets	0	0	0	0	0	0
Liabilities						
Subordinated liabilities	0	0	0	0	0	0
Deposits from reinsurers	0	371	0	0	0	371
Creditors arising from direct insurance operations	0	7,049	0	0	0	7,049
Creditors arising from reinsurance operations	0	154,068	0	5	0	154,073
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	4,779,159	0	0	0	4,779,159
Other creditors	0	1,846,162	0	5	0	1,846,167
Sundry liabilities	0	13	0	0	0	13
Total	0	6,786,822	0	10	0	6,786,832

Section 16 – Receivables and Payables

16.1 Duration of receivables and payables

With regards to receivables in items C and E of assets, 6,737 thousand may be collected after the next financial year, of which 3,342 after five years.

Among the debts in items F and G of liabilities, the loans by group companies with a residual duration of more than 5 years are towards the following companies:

- Graafschap Holland N.V. for 530,000 thousand;
- Generali Deutschland Holding for 128,800 thousand;
- Cosmos Leben for 110,000 thousand;
- AachenMünchener Leben for 59,000 thousand;
- Versorg. AM-GDH for 1,000 thousand.

Furthermore, the Company issued the following bond loan with collectability over five years:

- “Senior September 2024” for 1,750,000 thousand;

With regard to debts for loans with a residual duration of more than one year, the companies of the group concerned are:

- Graafschap Holland N.V. for 2,898,778 thousand;
- Generali Investment for 55,000 thousand;
- Transocean Holding for 40,000 thousand;
- UMS Real Estate for 27,000 thousand;
- Redoze Holding N.V. for 28,000 thousand;
- Generali Versicherung AG for 652,581 thousand.

Moreover, the following bond loans also have a residual duration of more than one year:

- “Senior 2020” for 63,885 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 e IV (attachment 17)*

(in thousand euro)	2018	2017
I. Guarantees issued		
a) Guarantees and endorsements issued in the interest of parent companies, subsidiaries and affiliates	0	0
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	796,291	1,895,083
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	0	45,315
m) Assets deposited for direct reinsurance operations	170,767	118,458
Total	967,058	2,058,856
II. Guarantees received		
a) from Group Companies, associates and other companies in which a significant interest is held	0	0
b) from third parties	598,596	549,871
Total	598,596	549,871
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	101,321	90,475
Total	101,321	90,475
IV. Commitments		
a) Commitments for purchases which must be resold	0	0
b) Commitments for sales which must be repurchased	0	197,898
c) Other commitments	2,968,196	2,889,024
Total	2,968,196	3,086,922
V. Assets relating to pension funds managed in the name and on behalf of third parties	0	0
VI. Securities deposited with third parties	13,579,165	14,143,372
Total	18,214,336	19,929,496

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 issued in favor of the subsidiary Generali Life (Hong Kong) Limited for 796,291 thousand. Due to the merger by acquisition of Generali Finance B.V. in Assicurazioni Generali, the guarantee in respect to the subsidiary for the nominal value of 1,500,000 thousand has been extinguished. In relation to financial derivatives in CCS GBP / EUR with a reference value of 102,120 thousand and a fair value of 176,565 thousand, the Company collateralized the bonds for a corresponding market value of 180,150 thousand (of which 163,715 bonds and 16,435 cash). This collateral is not recognized in the guarantees given, as the transaction as a whole is represented in the appropriate items in the financial statements.

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.

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 13,579,165 thousand.

17.5 Breakdown of commitments – *Item IV* – and other memorandum accounts – *Item VIII*

Among the commitments, the positions of significant amount represent the notional reference value of the open transactions in the purchase and sale of derivative financial instruments, as illustrated in the 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 mainly relate to index options, with notional reference value of € 276,650 thousand.

17.6 Commitments regarding derivative transactions – (*attachment 18*)

(in thousand euro)		2018				2017			
		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	1,289,072	-378,254	616,514	1,379	1,283,166	-364,897	482,958	-3,260
	on rates	0	0	277,769	-10,659	0	0	341,654	-19,294
	other	0	0	255,000	0	0	0	255,000	0
Other operations	0	0	0	0	0	0	0	0	
Total	1,289,072	-378,254	1,149,283	-9,280	1,283,166	-364,897	1,079,612	-22,554	

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 2,715,006 thousand.

The following table is a breakdown of all contracts 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	1,576,771	12	328,815	31	1,905,586
Interest Rate Swap	3	277,769	0	0	3	277,769
Other Swap	0	0	3	255,000	3	255,000
Warrant / Rights	0	0	5	1	5	1
Options purchased on shares	0	0	0	0	0	0
Options purchased on indexes	0	0	5	276,650	5	276,650
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	22	1,854,540	25	860,466	47	2,715,006

17.7 Disclosure concerning contingent liabilities not recorded in the balance sheet pursuant to Art. 2427, No. 9) of the first paragraph

The Company has identified additional contingent liabilities with respect to those already taken into account for the determination of provisions for risks and charges (Section 12), for 2,360 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 170,767 thousand.

Profit and Loss account

Summary

(in thousand euro)	2018			2017	
	Non-life	Life	Total	Total	Change
Gross premiums written	1,679,800	1,630,876	3,310,676	3,369,394	-58,718
Ceded reinsurance premiums	-545,300	-421,732	-967,032	-852,861	-114,171
Income and charges from life investments	0	1,250,409	1,250,409	1,317,841	-67,432
Allocated investment return transferred to/from the technical account	138,861	-759,761	-620,900	-591,941	-28,959
Income and charges from class D	0	-17,556	-17,556	90,484	-108,040
Charges relating to claims	-799,384	-1,537,735	-2,337,119	-2,805,854	468,735
Change in unearned premiums, mathematical and other provisions	-27,576	461,490	433,914	657,652	-223,738
Profit-sharing and premium refunds	-41	-72,507	-72,548	-46,705	-25,843
Operating expenses	-229,836	-204,807	-434,643	-466,502	31,859
Other technical income and charges	-9,943	17,909	7,966	-454	8,420
Result of technical account	206,581	346,586	553,166	671,053	-117,887
Income and charges from non-life investments	1,189,384	0	1,189,384	1,041,698	147,686
Investments profit transferred from/to the non-technical account	-138,861	759,761	620,900	591,941	28,959
Other income	200,375	80,721	281,096	398,402	-117,306
Other charges	-1,053,881	-454,821	-1,508,702	-1,631,105	122,403
Results from ordinary operations	403,598	732,247	1,135,844	1,071,991	63,853
Extraordinary income	101,788	137,005	238,793	254,534	-15,741
Extraordinary charges	-25,859	-22,294	-48,153	-43,557	-4,596
Result before taxation	479,527	846,958	1,326,485	1,282,969	43,516
Income taxes for the year	97,347	49,451	146,798	121,491	25,307
Result for the year	576,874	896,409	1,473,283	1,404,459	68,824

Section 18 – information on the non-life business technical (I)

18.1 Premiums written

(in thousand euro)	Direct business	Reinsurance	Total
Non-life	452,323	1,227,477	1,679,800
Life	205,719	1,425,157	1,630,876
Total	658,042	2,652,634	3,310,676

18.2 Summary of the non-life business technical account – Italian and foreign business – (attachment 19)

(in thousand euro)	Gross premiums	Gross premiums	Gross cost	Operating	(*) Reinsurers'
Direct insurance:					
Accident and Health	41,621	43,675	23,054	4,166	16
Motor TPL	196	198	1,279	12	408
Material damage	4,770	4,938	3,573	144	1,357
Hull marine	13,378	12,700	7,057	3,127	-3,417
Fire and property other than fire	51,141	40,724	31,650	5,761	-2,688
General liability	98,025	85,905	20,149	16,250	-14,814
Credit and suretyship	1,183	1,172	18	204	-132
Pecuniary losses	16,140	14,427	5,736	1,222	-5,985
Legal protection	4	4	241	0	0
Assistance	91	122	2	29	-385
Total direct insurance	226,549	203,865	92,759	30,915	-25,640
Reinsurance	247,826	255,229	127,333	33,396	-42,929
Total Italian portfolio	474,375	459,094	220,092	64,311	-68,569
Foreign portfolio	1,205,425	1,187,895	789,713	224,325	-211,418
Grand total	1,679,800	1,646,989	1,009,805	288,636	-279,987

(*) The reinsurers' share refers to 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 aver-

age added to the average (current and prior year) of the shareholders' funds plus subordinated liabilities.

In 2018 the ratio was 11.675%, applied to the investment profit of 1,189,384 thousand, the sum allocated to the technical account was 138,861 thousand (137,629 thousand in 2017).

The distribution 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)	2018
Reversal of commissions relating to devalued or cancelled premiums of previous years	36
Other technical income	855
Total of other technical income	891

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 profit of 17,143 thousand, corresponding to 7,9% on the provision for outstanding claims.

18.6 Premium refunds and profit-sharing – *Item 1.6*

(in thousand euro)	2018
Premium refunds	41
Change in profit-sharing	0
Total	41

18.7 Reinsurance commissions and profit-sharing – *Item 1.7.f*

(in thousand euro)	2018
Commissions	58,519
Profit-sharing	280
Total	58,799

18.8 Other technical charges net of reinsurance – *Item 1.8*

(in thousand euro)	2018
Devaluation for uncollectable sums due towards policyholders for premiums	301
Cancellation of issued premiums of previous years	107
Negative components of the C.I.D. (Direct Refund Agreement)	5
Other technical charges	10,421
Total of other technical charges	10,834

The item “other technical charges” mainly consists of reversed commissions related to canceled reinsurance premiums.

18.9 Equalisation provisions – Item 1.9

(in thousand euro)	2018	2017	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	458	306	152
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	8	7	1
Legal protection	0	0	0
Assistance	0	0	0
Total	467	314	153
Compensation provision for the credit sector	0	0	0
Total equalisation provisions	467	314	153

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:	205,719	1,425,157	1,630,876
a) 1. for individual policies	57,534	309,235	366,769
2. for group policies	148,185	1,115,922	1,264,107
b) 1. regular premiums	198,414	1,425,157	1,623,571
2. single premiums	7,305	0	7,305
c) 1. for non-profit-sharing contracts	155,825	1,413,647	1,569,472
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	49,894	11,510	61,404
Reinsurers' share (*)	-13,351	-41,177	-54,528

(*) The reinsurers' share refers to the technical balance of cessions and retrocessions.

19.2 Details of investment income – *Item II.2 (attachment 21 – Life)*

(in thousand euro)	2018
from equities:	
Dividends and other income from equities of Group companies	1,006,300
Dividends and other income from equities of other companies	3,817
Total	1,010,117
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	0
Interest on loans to Group companies and companies in which a significant share is held	90,304
Income from units of common investment funds	0
Income from bonds and other fixed-interest securities	57,995
Interest on loans	40
Income from participation in investment pools	0
Interest on deposits with credit institutions	1,130
Income from various financial investments	0
Interest on deposits with ceding companies	130,221
Total	279,690
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	2,078
Other bonds	200
Other financial investments	0
Total	2,278
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	70
Gains from other bonds	647
Gains from other financial investments	870
Total	1,587
Grand total	1,293,672

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)	2018
Income from:	
Land and buildings	0
Investments in Group companies and companies in which a significant share is held	415
Income from units of common investment funds	2
Other financial investments	1,506
- of which, income from bonds	969
Other assets	24
Total	1,947
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	679
Gains from other financial investments	8
- of which, from bonds	1
Other income	0
Total	687
Unrealised gains	461
Grand total	3,095

19.4 Other technical income net of reinsurance – *Item II.4*

(in thousand euro)	2018
Reversal of commissions relating to devalued or cancelled premiums of previous years	24
Other technical income	18,604
Total of other technical income	18,628

The item “Other technical income” consists, in particular, of 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*

<i>(in thousand euro)</i>	2018
Premium refunds	342
Change in profit-sharing	72,165
Total	72,507

The item “Change in profit-sharing” regards the payments, net of reinsurance, of the Generali Employee Benefits unit to multinational customers.

19.7 Reinsurance commissions and profit-sharing – *Item II.8.f*

<i>(in thousand euro)</i>	2018
Commissions	65,990
Profit-sharing	6,359
Total	72,349

The amounts mainly concern the reinsurance relations of the Generali Employee Benefits unit with the captives of multinational clients.

19.8 Details of investment charges – *Item II.9 (attachment 23 – Life)*

<i>(in thousand euro)</i>	2018
Investments operating charges and other charges:	
Charges relating to equities	11
Charges relating to investments in land and buildings	0
Charges relating to bonds	4,623
Charges relating to units of common investment funds	0
Charges relating to shares in investment pools	0
Charges relating to other financial investments	734
Interest on deposits with reinsurers	10,367
Total	15,735
Value adjustments on investments relating to:	
Land and buildings	0
Equities in Group companies and companies in which a significant share is held	9,537
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	1,029
Other bonds	15,249
Other financial investments	964
Total	26,779
Losses on the realisation of investments:	
Losses from sale of land and buildings	0
Losses from equities	90
Losses from bonds	591
Losses from other financial investments	67
Total	748
Grand total	43,262

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)	2018
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	35
Other assets	2,807
Total	2,842
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	1,112
Losses from other financial investments	210
Other charges	0
Total	1,322
Unrealised losses	16,486
Grand total	20,650

19.10 Other technical charges net of reinsurance – *Item II.11*

(in thousand euro)	2018
Cancellation of issued premiums of previous years	527
Other technical charges	193
Total of other technical charges	720

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 recognised to 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 2018 financial statements, on the basis of the calculation methods explained in the previous para-

graph, the quota to be applied to the total income for the year, equal to 1,250,409 thousand, was 60.761%, and involved an allocation to the non-technical account of 759,761 thousand (729,570 thousand in 2017).

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	4,426	37,195	4,770	642	701	2,211
(–) Change in unearned premium provision	484	–2,538	–168	253	–218	16
(–) Charges relating to claims	2,879	20,175	3,573	310	–958	–2,970
(–) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	0	0	0	0	–1	0
(–) Operating expenses	168	3,998	144	22	222	553
Technical balance of direct business	895	15,560	1,221	57	1,654	4,612
Result of ceded reinsurance	97	–81	1,357	0	–638	–4,147
Net result of reinsurance	5,991	–23,955	403	2	–945	–3,725
(–) Change in equalisation provision	0	0	0	0	0	0
(+) Positive share of investments allocated from the non-technical account	5,518	3,614	1,206	44	158	763
Technical result	12,501	–4,862	4,187	103	229	–2,497

(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	9,341	28,381	22,760	196	483	0
(-) Change in unearned premium provision	676	7,654	2,763	-2	-49	0
(-) Charges relating to claims	9,221	19,662	11,988	1,279	26	1,428
(-) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	0	-64	-13	-8	0	0
(-) Operating expenses	2,154	2,847	2,914	12	176	0
Technical balance of direct business	-2,710	-1,846	5,082	-1,101	330	-1,428
Result of ceded reinsurance	441	5,415	-8,103	408	-366	1,293
Net result of reinsurance	1,444	51,890	14,699	1,837	-14	-8
(-) Change in equalisation provision	0	153	0	0	0	0
(+) Positive share of investments allocated from the non-technical account	1,776	7,550	4,643	591	220	14
Technical result	951	62,856	16,321	1,735	170	-129

(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	98,025	0	1,183	16,140	4	91
(-) Change in unearned premium provision	12,120	0	11	1,713	0	-31
(-) Charges relating to claims	20,149	-11	29	5,736	241	2
(-) Change in other technical provisions	0	0	0	0	0	0
(+) Balance of other technical items	-1,151	0	0	10	0	0
(-) Operating expenses	16,250	0	204	1,222	0	29
Technical balance of direct business	48,355	11	939	7,479	-237	91
Result of ceded reinsurance	-14,814	0	-132	-5,985	0	-385
Net result of reinsurance	-3,461	29	1,405	6,072	-93	0
(-) Change in equalisation provision	0	0	0	0	0	0
(+) Positive share of investments allocated from the non-technical account	16,056	13	646	1,745	52	5
Technical result	46,136	53	2,858	9,311	-278	-289

Whenever possible, costs have been charged to each specific line of business from the outset; common expenses are shared proportionally according to parame-

ters (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	226,549	35,295	247,826	60,079	379,001
(–) Change in unearned premium provision	22,684	–765	–7,403	–8,817	24,863
(–) Charges relating to claims	92,759	5,525	127,333	20,010	194,557
(–) Change in other technical provisions	0	0	0	0	0
(+) Balance of other technical items	–1,227	76	0	1,270	–2,573
(–) Operating expenses	30,915	4,971	33,396	7,227	52,113
Technical balance	78,964	25,640	94,500	42,929	104,895
(–) Change in equalisation provisions					153
(+) Positive share of investments allocated from the non-technical account	26,185		18,429		44,614
Technical result	105,149	25,640	112,929	42,929	149,356

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	88,053	21	32,060	200	0
(–) Charges relating to claims	98,963	4,786	20,985	6,189	0
(–) Change in mathematical and other provisions	–3,532	–6,478	2,004	–1,200	0
(+) Balance of other technical items	–3	1	0	0	0
(–) Operating expenses	4,850	109	3,295	0	0
(+) Investment profit net of the quota allocated to the non-technical account	68,848	–1,469	2,077	10,320	0
Technical balance	56,617	136	7,853	5,531	0
Result of ceded reinsurance	–12,986	–2	1,443	0	0
Net result of reinsurance	203,243	24	0	0	0
Technical result	246,874	158	9,296	5,531	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	120,334	35,475	211,725	1,354	295,230
(–) Charges relating to claims	130,923	19,773	762,281	0	873,431
(–) Change in mathematical and other provisions	–9,206	–352	–511,175	0	–520,029
(+) Balance of other technical items	–2	0	166	0	164
(–) Operating expenses	8,254	4,509	21,878	–367	25,990
(+) Investment profit net of the quota allocated to the non-technical account	79,776		266,081		345,857
Technical result	70,137	11,545	204,988	1,721	261,859

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)	Rami danni	Rami vita
Gross direct business		
(+) Premiums written	225,776	85,384
(–) Change in non-life unearned premium provision	15,105	
(–) Charges relating to claims	194,893	50,403
(–) Change in mathematical and other provisions in life branches		17,365
(–) Change in other technical provisions in non-life branches	0	
(+) Balance of other technical items	684	16,509
(–) Operating expenses	56,455	21,428
(+) Investment profit of the life branch net of the quota allocated to the non-technical account		11,574
Technical balance of direct business	–39,993	24,271
Result of ceded reinsurance	10,375	–1,805
Net result of reinsurance	–7,403	62,261
(–) Change in equalisation provisions for non-life branches	0	
(+) Quota of profits transferred from the non-technical account of the non-life branches	94,247	
Technical result	57,226	84,727

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)	2018
from equities:	
Dividends and other income from equities of Group companies	1,141,954
Dividends and other income from equities of other companies	1,307
Total	1,143,261
Income from land and buildings	4,543
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	67,810
Income from units of investment funds	591
Income from bonds and other fixed-interest securities	9,157
Interest on loans	11
Income from participation in investment pools	0
Interest on deposits with credit institutions	1,473
Income from various financial investments	5,558
Interest on deposits with ceding companies	243
Total	84,843
Reversal value adjustments on investments relating to:	
Land and buildings	0
Equities of Group companies and companies in which a significant share is held	480
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	595
Other bonds	2
Other financial investments	912
Total	1,989
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	757
Gains from other bonds	1,246
Gains from other financial investments	12,259
Total	14,262
Grand total	1,248,898

21.2 Details of investment charges – *Item III.5 (attachment 23 – Non-life)*

(in thousand euro)	2018
Investments operating charges and other charges:	
Charges relating to equities	132
Charges relating to investments in land and buildings	3,080
Charges relating to bonds	1,940
Charges relating to units of common investment funds	0
Charges relating to shares in investment pools	0
Charges relating to other financial investments	11,552
Interest on deposits with reinsurers	33
Total	16,737
Value adjustments on investments relating to:	
Land and buildings	1,285
Equities in Group companies and companies in which a significant share is held	7,228
Bonds issued by Group companies and companies in which a significant share is held	0
Other equities	1,793
Other bonds	3,142
Other financial investments	24,829
Total	38,277
Losses on the realisation of investments:	
Losses from sale of land and buildings	0
Losses from equities	259
Losses from bonds	147
Losses from other financial investments	4,095
Total	4,501
Grand total	59,515

21.3 Details of other income – *Item III.7*

(in thousand euro)	2018
Profit on exchange rates	125,224
Royalties for Generali's brand usage	57,789
Administration charges recovered from third parties	32,237
Withdrawal from provisions for future charges	20,054
Withdrawal from provisions for indirect tax litigation	22,621
Commissions on guarantees provided to Group companies	6,000
Withdrawal from other provisions	6,855
Other	10,316
Total of other income	281,096

21.4 Details of other charges – *Item III.8*

(in thousand euro)	2018
Interests paid on subordinated liabilities	560,934
Steering and coordination expenses	422,951
Interests paid on bonds issued	140,613
Losses on exchange rates	132,772
Sums allocated to provisions	79,534
Interests paid on other loans	67,045
Administrative charges on behalf of third parties	32,287
Depreciation quota of intangible assets	15,950
Tax charges	14,045
Interests and financial expenses	12,766
Interests paid on other loans	7,722
Losses on receivables	6,267
Other charges	15,818
Total of other charges	1,508,703

21.5 Details of extraordinary income – *Item III.10*

(in thousand euro)	2018
Gains from sales of real property and from securities	161,138
Other extraordinary income	77,655
Total of extraordinary income	238,793

Extraordinary income mainly consists of realized profits from the sale of the Panama Branch (77,459 thousand) and of the equity investments in the following companies: Generali PanEurope dac (120,667 thousand), Generali Colombia Seguros Generales S.A. and Gener-

ali Colombia Vida - Compañía de Seguros S.A. (13,896 thousand), Assurances Maghreb S.A. and Assurances Maghreb Vie S.A (4,911 thousand), Sara Assicurazioni (12,243 thousand).

21.6 Details of extraordinary charges – *Item III.11*

(in thousand euro)	2018
Previous years taxes	32,325
Early retirement incentives	8,799
Contingent liabilities	4,371
Losses for sales of fixed assets	1,703
Other extraordinary charges	955
Total of extraordinary charges	48,153

21.7 Details of income taxes – *Item III.14*

(in thousand euro)	2018
Current taxes	–143,885
Change in pre-paid taxation	–34,984
Change in deferred taxation	32,071
Income tax for the year	–146,798

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, recognizing a debt towards the Tax Authorities of 119,204 thousand and a concomitant credit for the same amount towards the companies themselves.

Income taxes for the year show a positive balance of 146,798 thousand (121,491 in the previous year), due to the following components:

- income for accrual IRES for 189,612 thousand (161,760 thousand in the previous year), in line with the positive trend of the dividends received from Group companies, which have more than compensated the negative effects linked to the increase of the earnings before taxes;
- accrual IRAP for 4,827 thousand (5,470 thousand in the previous year);
- taxes paid abroad for 25,058 thousand (24,163 thousand in the previous year);
- taxes due in Italy on income of certain foreign subsidiaries for 21,728 thousand (10,636 thousand in the previous year);
- a charge of 855 thousand for other substitute taxes on property contributions in real estate funds.

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	0.91%
interests due	0.55%
other differences	2.01%
Permanent differences in decrease:	0
excluded dividends	-29.89%
capital gains on exempt participations or subject to substitute tax	-10.52%
other differences	-1.29%
Total permanent differences	-38.23%
Actual tax rate IRES	-14.23%
Income tax of foreign subsidiaries and associates and other taxes paid abroad	3.52%
Accrual IRAP of the period	-0.36%
Total tax rate	-11.07%

Pre-paid and deferred taxation

Pre-paid and deferred taxation relate to items that combine to form the taxable profit in a fiscal period other than that in which they are recognized in the income statement.

The movements of pre-paid and deferred taxes are determined using the IRES rate of 24% and the IRAP rate of

3.54%; These refer to the items that contribute to forming the taxable profit in a fiscal period different from that in which they are recognized 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	26,583	6,380	2,434	584	29,017	6,964
Depreciation (mainly goodwill)	66,345	15,923	-16,657	-3,998	49,688	11,925
Devaluations of credits due by policyholders	518,722	124,493	0	0	518,722	124,493
Other sums set aside and not deductible in the year	56,439	13,545	-8,353	-2,004	48,086	11,541
Change of provisions	64,455	15,469	36,352	8,725	100,807	24,194
Multi-annual commissions	0	0	158,016	37,924	158,016	37,924
Sundry	59,211	14,211	-45,073	-11,074	14,138	3,137
Total	791,755	190,021	126,719	30,157	918,474	220,178
Assets for pre-paid taxes - IRAP	0	0	0	0	0	0
Depreciation (mainly goodwill)	63,215	2,238	-17,847	-632	45,368	1,606
Devaluations of credits due by policyholders	8,208	291	0	0	8,208	291
Sundry	0	0	158,016	5,594	158,016	5,594
Sundry	33,290	1,178	-3,800	-135	29,490	1,043
Total	104,713	3,707	136,369	4,827	241,082	8,534
Total early taxation	896,468	193,728	263,088	34,984	1,159,556	228,712

Deferred taxation

(in thousand euro)	Initial balance		Changes over the year		Final balance	
	Temporary differences	Taxes	Temporary differences	Taxes	Temporary differences	Taxes
Liabilities for deferred taxes - IRES						
Real estate	3,919	941	-653	-288	3,266	653
Gains installments	6,620	1,589	-440	-106	6,180	1,483
Sundry	0	0	148,630	35,672	148,630	35,672
Balances account of foreign branches organization	17,100	4,103	-13,362	-3,206	3,738	897
Total	27,639	6,633	134,175	32,072	161,814	38,705
Liabilities for deferred taxes - IRAP						
Total	0	0	0	0	0	0
Total deferred taxation	27,639	6,633	134,175	32,072	161,814	38,705

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	77	0	0	0	77
Dividends and other income from equities	0	2,133,426	0	3,822	11,005	2,148,253
Income from bonds	0	0	0	0	0	0
Interest on loans	0	158,113	0	0	0	158,113
Income from other financial investments	0	12	0	0	0	12
Interest on deposits with ceding companies	0	119,026	0	12	0	119,038
Total	0	2,410,654	0	3,834	11,005	2,425,493
Unrealised income and gains on investments for the benefit of policyholders						
	0	415	0	0	0	415
Other income:						
Interest on amounts due	0	5,539	0	0	0	5,539
Recoveries of administration expenses and charges	0	32,026	0	0	0	32,026
Other income and recoveries	0	59,126	0	0	0	59,126
Total	0	96,691	0	0	0	96,691
Gains on the realisation of investments	0	0	0	0	0	0
Extraordinary income	0	140,009	0	4,911	2	144,922
Grand total	0	2,647,769	0	8,745	11,007	2,667,521
CHARGES						
Charges on investments administration and paid interest:						
Investments charges	0	1,083	0	0	0	1,083
Interest on subordinated liabilities	0	0	0	0	0	0
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	7,532	0	0	0	7,532
Interest on sums due to banks and financial institutions	0	8	0	0	0	8
Interest on guaranteed loans	0	0	0	0	0	0
Interest on other debts	0	67,033	0	0	0	67,033
Losses on credits	0	0	0	0	0	0
Administration charges and expenses for third parties	0	32,026	0	0	0	32,026
Other charges	0	46,959	0	0	0	46,959
Total	0	154,641	0	0	0	154,641
Unrealised charges and losses on investments for the benefit of policyholders						
	0	2,846	0	0	0	2,846
Losses on the realisation of investments	0	0	0	0	0	0
Extraordinary charges	0	2,185	0	0	402	2,587
Grand total	0	159,672	0	0	402	160,074

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	52,185	0	11,158	0	63,343	0
in other EU Countries	165,524	8,839	109,177	0	274,701	8,839
in third Countries	225,776	0	85,384	0	311,160	0
Total	443,485	8,839	205,719	0	649,204	8,839

22.3 Personnel expenses and director and auditor fees – (attachment 32)

(in thousand euro)		Gestione danni	Gestione vita	Totale
I. Staff expenses				
Expenses related to employees:				
Italian portfolio:	Wages	141,044	0	141,044
	Social contributions	41,341	1,907	43,248
	Sums allocated to the provision for retirement	7,789	385	8,174
	Other employee costs	9,948	136	10,084
	Total	200,122	2,428	202,550
Foreign portfolio:	Wages	35,649	20,205	55,854
	Social contributions	10,878	7,701	18,579
	Other employee costs	2,026	2,329	4,355
	Total	48,553	30,235	78,788
Total		248,675	32,663	281,338
Costs of non-subordinate workforce:				
	Italian portfolio	6,018	137	6,155
	Foreign portfolio	775	15	790
	Total	6,793	152	6,945
Total cost of workforce		255,468	32,815	288,283
II. Details of items entered				
	Charges deriving from investments management	80	24	104
	Charges relating to claims	4,360	590	4,950
	Other acquisition costs	16,742	1,655	18,397
	Other administration costs	27,132	28,193	55,325
	Administrative charges and expenses on behalf of third parties	207,154	7,987	215,141
	Holding costs	0	0	0
Total		255,468	38,449	293,917

	Number	Payment received
III. Average staff during the year		
Managers	279	
Employees	1,490	
Salaried employees	0	
Others	54	
Total	1,823	
IV. Directors and auditors		
Directors	13	4,117
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 not transferred securities from the non-durable portfolio to the durable one or conversely.

The early disposal of securities classified as durable determined net gain equals to 37,614 thousand, mainly realized from the sale of shares.

These transactions have been 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 22,699 thousand relating to the realized economic components. For the life business, the net result is negative for 25,886 thousand (expenses of 26,757 thousand among the other charges and income of 871 in the financial management). For the non-life business, the net result is positive by 3,187 (income of 6,473 thousand in the financial management and expense of 3,286 thousand among the other charges).

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	-20,129	-4,640	-24,769
Options	0	2,070	2,070
Future	0	0	0
Equity Forward	0	0	0
Rights	0	0	0
Total	-20,129	-2,570	-22,699

The negative results of outstanding swap contracts, held primarily for hedging purposes, have been determined by the exchange of periodic cash flows; those relating to closed positions have been determined by closing transactions of swaps on currencies and rates.

The positive results on options has been determined by trading transactions.

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	470,880	1,098,721	1,569,601
Share premiums reserve	1,070,475	2,497,775	3,568,250
Revaluation reserves	1,084,006	926,828	2,010,834
Legal reserve	94,176	219,744	313,920
Negative reserves for own shares	3,040	0	3,040
Other reserves	3,649,515	2,455,188	6,104,703
Total	6,366,012	7,198,256	13,564,268

Pursuant to art. 2427, c. 22-septies of Civil Code the proposed allocation of the profit of the year, for 1,473,283 thousands is as follow:

- for 887 thousands to Legal Reserve;
- for 1,412,641 thousands to dividend;
- for 59,755 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 4,436 thousand for the assignment of an equal number of shares to the Group management, in accordance with the Long Term Incentive Plan 2016 (“LTI Plan 2016”).

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.

6. Information according to the Consob circular No. 6064293 dated 28 July 2006

a) Transactions with related parties

With respects to transactions with related parties, it should be noted that the main transactions, carried out at market prices or at cost, have regarded insurance, re-insurance and co-insurance transactions, asset management (securities portfolios and real estate), 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 the 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	37,251,075	213,638	0	17,238	37,481,951	90.89
Credits and other operations	676,899	3,160	1,217	477	681,753	22.55
Total assets	37,927,974	216,798	1,217	17,715	38,163,704	86.22
Liabilities						
Financial liabilities	4,779,159	0	0	0	4,779,159	27.80
Technical provisions	5,855,898	5,956	1,268	0	5,863,122	72.83
Other debits and liabilities	2,044,070	10	106	-759	2,043,427	11.64
Total liabilities	12,679,127	5,966	1,374	-759	12,685,708	29.65
Incomes and charges						
From transactions with ceding companies (2)	261,961	16,639	507	0	279,107	936.66
Net incomes from investments (2)	2,274,307	-10,427	0	8,858	2,272,738	99.17
Other incomes and charges	-56,866	0	0	0	-56,866	4.63
Straordinary incomes and charges	137,823	4,911	0	-400	142,334	74.66

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"

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 atypical transactions have been carried out with respect to the normal business of the company.

As part of the shareholdings management activities, the principal balances can be found on the balance sheet among the investments and on the side of the income statement under net income from investments, mainly with regard to dividends received. Dividends received from Group companies totaled 2,148,254 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 liquidity management: the direct pooling agreements allowed the deposit, as of 31 December 2018, in Assicura-

zioni Generali SpA of 1,846,957 thousand. The main counterparties are Generali Beteiligungs GmbH for 1,364,812 thousand, XXX for 118,981 thousand, Generali Versicherung AG for 100,040 thousand, Generali France SA for 70,070 thousand, Generali España, S.A. de Seguros y Reaseguros for 66,170 thousand, GSS – Generali Shared Services Scarl for 34,484 thousand, Lion River I NV for 27,070 thousand, Generali Real Estate SGR S.p.A. for 27,040 thousand, Generali Real Estate S.p.A. for 15,705 thousand, Generali Italia S.p.A. for 10,659 thousand, Participatie Maatschappij Graafschap Holland NV for 9,448 thousand, Generali CEE Holding B.V. for 2,156 thousand and Generali Asia N.V. for 312 thousand. On the other hand, the Company has a credit position of 118,617 thousand, of which 99,998 thousand towards Generali VIE S.A. and 18,619 towards MyDrive Solutions Ltd. Interests due amount to 3,101 thousand, while interests income amount to 57 thousand;

- financial investments and liabilities, net investment income and other charges in relation to the manage-

ment of loans received and granted: at 31.12.2018 the Company has outstanding loans to Group companies for 1,556,903 thousand towards Generali Beteiligungs GmbH., for 1,187,500 thousand towards Generali Italia SpA, for 313,997 thousand towards Generali Deutschland AG, for 37,500 towards Generali Schweiz Holding AG, for 26,243 thousand towards Europ Assistance Holding SA, for 7,000 thousand Generali Vitality GmbH and for 2,785 towards CNM Global INC. On the liabilities side, there are loans from group companies to the following counterparties: Participatie Maatschappij Graafschap Holland N.V. for 3,678,778 thousand, Generali Versicherung Ag for 652,581 thousand, Generali Deutschland Holding for 128,800 thousand, Cosmos Leben for 110,000 thousand, AachenMünchener Leben for 59,000 thousand, Generali Investments SpA for 55,000 thousand, Transocean Holding Corporation for 40,000 thousand, Redoze Holding for 28,000 thousand, UMS Immobiliare Genova SpA for 27,000 thousand and Verorgungskasse AM GD for 1 thousand. Interests income has been recognized for 158,113 thousand, mainly attributable to Generali Italia S.p.A. (62,334 thousand) and Generali Beteiligungs GmbH (77,525 thousand) and interest expenses for 67,045 thousand, mainly related to Participatie Maatschappij Graafschap Holland N.V. (54,551)

- the 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;

- iii) 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 expenses deriving from the payments to pension funds of the Company’s employees and managers amount to 10,898 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 57,789 thousand.

With reference to the other related parties, the most significant relationship is in place with the Fin. Priv. Srl for 14,352 thousand.

With regard to Art. 18 of the Procedures on transactions with related parties approved by the Board of Directors in 2018, 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.

b) Events and significant operations not recurring.

Non-recurring events or significant operations have not been made during 2018, compared to what already previously described.

c) 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 by Ernst & Young S.p.A., are indicated in the following table.

(in thousand euro)	2018	
	E&Y Italia	E&Y network
Parent Company		
Audit	1,065	548
Other certificate Services	2,228	14
Other Services	6,032	0
Total	9,325	562
Parent Company subsidiaries	0	0
Audit	3,057	15,517
Other certificate Services	2,719	5,804
Other services Tax assistance	0	0
Other	1,303	1,118
Total	7,079	22,440
Gran total	16,404	23,002

Cash Flow Statement

Company **Assicurazioni Generali S.p.A.**

Subscribed capital	euro	1,565,165,364	Paid up euro	1,565,165,364
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Registered **Trieste**

CASH FLOW STATEMENT

Year **2018**

(Amount in thousand euro)

	2018	2017
A. Cash flows from operating activities		
Result for the year	1,473,283	1,404,459
Interest paid for the year	768,591	711,274
Income taxes	-146,798	-121,491
Dividends	-2,153,378	-1,983,856
Adjustments arising from financing and investing activities	-247,493	-44,477
	-----	-----
1. Profit (loss) of the year before taxation, interests, dividends and capital gains/losses deriving from cession	-305,795	-34,091
<i>Increases (+) / Decreases (-) of non cash-items</i>		
Change in technical reserves	-238,722	-798,396
Changes in provisions	27,501	2,255
Change in depreciation and amortization	10,861	24,869
Adjustments/Reversal to equity investments	60,789	28,606
Other adjustments for non monetary items	-7,457	66,949
	-----	-----
2. Cash flow before changes of the net current assets	-452,823	-709,808
<i>Changes in working capital</i>		
Decreases (+) / (increases) (-) in receivables	534,633	361,782
Decreases (+) / increases (-) in payables	-102,926	232,891
Decreases (+) / (increases) (-) in prepaids and accrued income	8,264	-27,292
Decreases (+) / increases (-) in accrual and deferred income	2,476	-26,069
Decreases (+) / (increases) (-) in other assets	9,843	-2,536
Decreases (+) / increases (-) in other liabilities	-54,799	19,805
	-----	-----
3. Cash flow after changes of the net current assets	-55,333	-151,227
<i>Other adjustments</i>		
Interest paid	-765,835	-711,274
Income taxes	-26,709	240,691
Dividends collected	2,153,378	1,983,856
	-----	-----
Net cash flow from operating activities	A. 1,305,501	1,362,046
B. Cash flows from investing activities		
<i>Liquidity used for (-) / generated by (+) investing activities</i>		
Real estate	1,388	1,918
Equity investments	79,955	-223,708
Stocks	-1,406	-6,211
Bonds	35,270	60,675
Loans	282,194	-910,226
Deposits with banks	-8,263	-14,549
Investments and pension funds	2,158	-30,163
Other investments	-865,065	445,825
Transfer of business	139,639	0
	-----	-----
1. Cash flows from investing activities	-334,131	-676,439

	2018	2017
<i>Liquidity used for (-) / generated by (+) other items</i>		
Intangible assets	-25,166	-17,230
Acquisition of furniture and transport vehicles	5,681	-3,506
2. Cash flows from other items	-19,485	-20,736
Cash flows from other items (1. + 2.)	B. -353,616	-697,175
C. Cash flows from financing activities		
<i>Loan capitals</i>		
Increases (+) / (decreases) (-) in subordinated liabilities	-250,000	0
Increases (+) / (decreases) (-) in bonds	-63,885	-63,885
Increases (+) / (decreases) (-) in payables to banks and financial institutions	-212,077	375,886
Increases (+) / (decreases) (-) in net payables for central treasury activity	581,800	171,015
Increases (+) / (decreases) (-) in collateralised loans	0	0
Increases (+) / (decreases) (-) in other loans and financial payables	320,000	218,000
1. Cash flows from loan capitals	375,838	701,016
<i>Equity</i>		
Increase in capital and paid capital reserves	0	0
Use of capital reserves to pay dividends	0	-153,485
Dividends paid to shareholders based on profits of the previous years	-1,330,761	-1,095,876
2. Cash flows from equity	-1,330,761	-1,249,361
Net Cash flows from financing activities (1. + 2.)	C. -954,922	-548,345
Total Cash flows for the year	A. + B. + C. -3,037	116,526

Change in liquidity		
Liquidity at the end of previous year	744,169	655,065
Adjustment to current year exchange rates	11,922	-27,422
Liquidity from the incorporation of Generali Finance	4,298	
1. Liquidity at year-start	760,389	627,643
2. Liquidity at year-end	757,352	744,169
Change in the liquidity for the year	-1. + 2. -3,037	116,526

Assets and liabilities acquired related to the merger of Generali Finance which did not give rise to cash flows of the following items	
A. Cash flows from operating activities	-248,609
Other receivables	2,498
Prepayments and accrued income	8,529
Payables and other liabilities	-251,634
Accruals and deferred income	-8,002
B. Cash flows from investing activities	1,486,589
Equity investments	-263,150
Loans	1,749,739
C. Cash flows from financing activities	-1,233,926
Subordinated liabilities	-1,500,000
Receivables for central treasury activity	266,074
1. Total adjustment Cash flows for the year (A + B + C)	4,054
2. Liquidity from incorporation	4,298
Merger residual reserve (1. + 2.)	8,353

Informations related to transfer of the Panama Branch	
a) Considerations received	139,639
b) Considerations which consists of cash at bank and in hand ceded	139,639
c) Amount of cash at bank and in hand ceded	0
d) Book value of ceded net assets	62,180

Appendices to the Notes

Company **Assicurazioni Generali S.p.A.**Subscribed capital euro **1,565,165,364** Paid up **1,565,165,364**Registered **Trieste****Attachments to the Notes to the Accounts**Year **2018**

(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 accounts - 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	32,641		10	32,641	
C.	INVESTMENTS						
I	- Land and Buildings						
	1. Property used for own activities	11	304				
	2. Property used by third parties	12	97,192				
	3. Other properties	13	0				
	4. Other realty rights	14	0				
	5. Assets in progress and payments on account	15	2,371	16	99,867		
II	- Investments in affiliated companies and other shareholdings						
	1. Interests in:						
	a) parent companies	17	0				
	b) affiliated companies	18	16,832,788				
	c) affiliates of parent	19	0				
	d) associated companies	20	213,247				
	e) other	21	17,238	22	17,063,273		
	2. Debt securities issued by:						
	a) parent companies	23	0				
	b) affiliated companies	24	0				
	c) affiliates of parent	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	1,276,929				
	c) affiliates of parent	31	0				
	d) associated companies	32	0				
	e) other	33	0	34	1,276,929	35	18,340,202
					carried forward		32,641

Year 2018

Previous year

			181	0
	182	0		
	184	0		
	186	0		
	187	0		
	188	0		
	189	26,845	190	26,845
	191	7,716		
	192	97,110		
	193	0		
	194	0		
	195	1,787	196	106,613
197	0			
198	16,593,774			
199	0			
200	219,431			
201	20,530	202	16,833,735	
203	0			
204	0			
205	0			
206	0			
207	0	208	0	
209	0			
210	1,287,883			
211	0			
212	0			
213	0	214	1,287,883	215
		carried forward		18,121,618
				26,845

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

Current year

		brought forward				32,641
C.	INVESTMENTS (follows)					
III	- Other financial investments					
	1. Equities					
	a) quoted shares	36	8,362			
	b) unquoted shares	37	6,636			
	c) other interests	38	823	39	15,821	
	2. Shares in common investment funds			40	254,824	
	3. Debt securities and other fixed-income securities					
	a) quoted	41	433,895			
	b) unquoted	42	893			
	c) convertible bonds	43	800	44	435,588	
	4. Loans					
	a) mortgage loans	45	0			
	b) loans on policies	46	0			
	c) other loans	47	393	48	393	
	5. Participation in investment			49	0	
	6. Deposits with credit institutions			50	95,182	
	7. Other			51	9,337	
IV	- Deposits with ceding companies					52 811,145
						53 72,669
						54 19,323,883
D bis.	REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS					
	I - NON-LIFE INSURANCE BUSINESS					
	1. Provision for unearned premiums			58	131,011	
	2. Provision for claims outstanding			59	408,834	
	3. Provision for profit sharing and premium refunds			60	0	
	4. Other technical provisions			61	0	62 539,845
						19,896,369
					carried forward	

				Previous year	
			brought forward	26,845	
216	8,696				
217	7,543				
218	577	219	16,816		
		220	33,927		
221	560,333				
222	17,830				
223	0	224	578,163		
225	0				
226	0				
227	450	228	450		
		229	0		
		230	82,439		
		231	9,990	232	721,785
				233	64,785
				234	19,014,801
		238	124,702		
		239	733,252		
		240	0		
		241	0	242	857,954
		carried forward		19,899,600	

BALANCE SHEET - NON-LIFE BUSINESS
ASSETS

Current year

		brought forward				19,896,369
E.	DEBTORS					
	I - Debtors arising out of direct insurance operations					
	1. Policyholders					
	a) for premiums - current year	71	102,079			
	b) for premiums - previous years	72	15,979	73	118,058	
	2. Insurance intermediaries			74	6,124	
	3. Current accounts with insurance companies			75	1,096	
	4. Policyholders and third parties for recoveries			76	3,765	77
						129,043
	II - Debtors arising out of reinsurance operations					
	1. Reinsurance companies			78	268,439	
	2. Reinsurance intermediaries			79	8,369	80
						276,808
	III - Other debtors					81
						962,214
						82
						1,368,065
F.	OTHER ASSETS					
	I - Tangible assets and stocks					
	1. Furniture, office equipment, internal transport vehicles			83	2,084	
	2. Vehicles listed in public registers			84	1,114	
	3. Equipment and appliances			85	0	
	4. Stocks and other goods			86	447	87
						3,645
	II - Tangible assets and stocks					
	1. Bank and postal deposits			88	645,571	
	2. Cheques and cash in hand			89	61	90
						645,632
	IV - Other					
	1. Deferred reinsurance items			92	3,986	
	2. Miscellaneous assets			93	60,249	94
	of which Account linking to life business			901	0	95
						713,512
G.	PREPAYMENTS AND ACCRUED INCOME					
	1. Interests					96
						33,419
	2. Rents					97
						532
	3. Other prepayments and accrued income					98
						42,990
						99
						76,941
	TOTAL ASSETS					100
						22,054,887

Previous year

		brought forward			19,899,600
251	89,289				
252	31,114	253	120,403		
		254	70,147		
		255	1,507		
		256	8,387	257	200,444
		258	208,574		
		259	5,788	260	214,362
				261	963,591
				262	1,378,397
		263	2,618		
		264	1,122		
		265	0		
		266	469	267	4,209
		268	664,002		
		269	71	270	664,073
		272	5,681		
		273	228,301	274	233,982
		903	173,643	275	902,264
				276	37,145
				277	572
				278	30,088
				279	67,805
				280	22,248,066

**BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS**

Current year

A. SHAREHOLDERS' FUNDS				
I	- Subscribed capital or equivalent funds	101	469,550	
II	- Share premium account	102	1,070,475	
III	- Revaluation reserve	103	1,084,006	
IV	- Legal reserve	104	93,910	
V	- Statutory reserve	105	0	
VI	- Reserve for parent company shares	400	0	
VII	- Other reserve	107	3,591,001	
VIII	- Profit or loss brought forward	108	0	
IX	- Profit or loss for the financial year	109	576,874	
X	- Negative reserve for own shares held	401	3,040	110 6,882,776
B. SUBORDINATED LIABILITIES				111 4,639,950
C. TECHNICAL PROVISIONS				
I - NON-LIFE INSURANCE BUSINESS				
	1. Provision for unearned premiums	112	402,756	
	2. Provision for claims outstanding	113	1,763,050	
	3. Provision for profit sharing and premium refunds	114	0	
	4. Other provisions	115	0	
	5. Equalisation provision	116	467	117 2,166,273
			carried forward	13,688,999

Previous year

	281	468,542		
	282	1,070,475		
	283	1,084,006		
	284	93,708		
	285	0		
	500	0		
	287	3,518,520		
	288	0		
	289	549,929		0
	501	3,040	290	6,782,140
			291	4,894,300
	292	380,979		
	293	1,916,612		
	294	0		
	295	0		
	296	314	297	2,297,905
	carried forward			13,974,345

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

		brought forward			13,688,999
E.	PROVISIONS FOR OTHER RISKS AND CHARGES				
1.	Provision for pensions and similar obligations		128	0	
2.	Provisions for taxation		129	19,023	
3.	Other provisions		130	74,623	131 93,646
F.	DEPOSITS RECEIVED FROM REINSURERS				132 18,864
G.	CREDITORS				
I	- Creditors arising out of direct insurance operations				
1.	Insurance intermediaries	133	12,118		
2.	Current accounts with insurance companies	134	3,741		
3.	Premium deposits and premiums due to policyholders	135	7,535		
4.	Guarantee funds in favour of policyholders	136	0	137 23,394	
II	- Creditors arising out of reinsurance operations				
1.	Reinsurance companies	138	125,447		
2.	Reinsurance intermediaries	139	43,174	140 168,621	
III	- Debenture loans			141 1,250,000	
IV	- Amounts owed to credit institutions			142 989,795	
V	- Loans guaranteed by mortgages			143 0	
VI	- Other financial liabilities			144 3,076,581	
VII	- Provisions for severance pay			145 1,715	
VIII	- Other creditors				
1.	Premium taxes	146	4,839		
2.	Other tax liabilities	147	18,214		
3.	Social security	148	1,098		
4.	Sundry creditors	149	2,240,947	150 2,265,098	
IX	- Other liabilities				
1.	Deferred reinsurance items	151	2,228		
2.	Commissions for premiums in course of collection	152	18,644		
3.	Miscellaneous liabilities	153	284,909	154 305,781	155 8,080,985
	of which Account linking to life business	902	137,798		
			carried forward		21,882,494

		Previous year	
	brought forward		13,974,345
		308	0
		309	7,146
		310	57,063
		311	64,209
		312	19,029
	313	7,758	
	314	2,821	
	315	3,175	
	316	0	
		317	13,754
	318	107,053	
	319	95,878	
		320	202,931
		321	1,250,000
		322	1,184,917
		323	0
		324	2,686,581
		325	4,061
	326	4,579	
	327	21,015	
	328	2,987	
	329	2,417,439	
		330	2,446,020
	331	468	
	332	12,240	
	333	221,840	
		334	234,548
		335	8,022,812
	904	0	
	carried forward		22,080,395

BALANCE SHEET - NON-LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

				Current year	
		brought forward		21,882,494	
H.	ACCRUALS AND DEFERRED INCOME				
	1. Interests	156	138,114		
	2. Rents	157	1,749		
	3. Other accruals and deferred income	158	32,529	159	172,392
	TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			160	22,054,886

		Previous year	
	brought forward		22,080,395
		336 150,329	
		337 1,967	
		338 15,375	339 167,671
		340 22,248,066	

Notes on the accounts - Attachment 2

Company

Assicurazioni Generali S.p.A.**BALANCE SHEET - 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	3	0			
2. Other acquisition costs	6	0			
3. Formation and development expenses	7	0			
4. Goodwill	8	0			
5. Other intangible assets	9	6,552		10	6,552
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			
4. 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	12,470,175			
c) affiliates of parent	19	0			
d) associated companies	20	0			
e) other	21	0	22	12,470,175	
2. Debt securities issued by:					
a) parent companies	23	0			
b) affiliated companies	24	0			
c) affiliates of parent	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	1,855,000			
c) affiliates of parent	31	0			
d) associated companies	32	0			
e) other	33	0	34	1,855,000	35
				carried forward	14,325,175
					6,552

Year 2018

Previous year

			181	0
	182	0		
	183	0		
	186	0		
	187	0		
	188	0		
	189	3,282	190	3,282
	191	0		
	192	0		
	193	0		
	194	0		
	195	0	196	0
197	0			
198	12,898,083			
199	0			
200	0			
201	0	202	12,898,083	
203	0			
204	650			
205	0			
206	0			
207	0	208	650	
209	0			
210	375,000			
211	0			
212	0			
213	0	214	375,000	215
		carried forward		13,273,733
				3,282

BALANCE SHEET - LIFE BUSINESS

ASSETS

Current year

		brought forward		6,552
C. INVESTMENTS (follows)				
III - Other financial investments				
1. Equities				
a) quoted shares	36	7,399		
b) unquoted shares	37	5,241		
c) other interests	38	6,806	39	19,446
2. Shares in common investment funds			40	635,601
3. Debt securities and other fixed-income securities				
a) quoted	41	1,373,496		
b) unquoted	42	15,014		
c) convertible bonds	43	363	44	1,388,873
4. Loans				
a) mortgage loans	45	0		
b) loans on policies	46	350		
c) other loans	47	0	48	350
5. Participation in investment			49	0
6. Deposits with credit institutions			50	46,878
7. Other			51	0
IV - Deposits with ceding companies			52	2,091,148
			53	5,270,063
			54	21,686,386
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	228,850
II - Provisions relating to the administration of pension funds			56	0
			57	228,850
D bis. REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS				
II - LIFE INSURANCE BUSINESS				
1. Mathematical provision		63	163,629	
2. Unearned premium provision for supplementary coverage		64	25,294	
3. Provision for claims outstanding		65	362,127	
4. Provision for profit sharing and premium refunds		66	751	
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
			carried forward	551,801
				22,473,589

				Previous year	
		brought forward			3,282
216	6,843				
217	5,279				
218	4,732	219	16,854		
		220	6,387		
221	1,402,237				
222	18,544				
223	367	224	1,421,148		
225	0				
226	760				
227	1,696	228	2,456		
		229	0		
		230	46,361		
		231	0	232	1,493,206
				233	6,863,078
				234	21,630,017
				235	3,268,077
				236	0
				237	3,268,077
		243	36,165		
		244	23,645		
		245	341,307		
		246	19,424		
		247	0		
		248	0	249	420,541
		carried forward			25,321,917

BALANCE SHEET - LIFE BUSINESS
ASSETS

Current year

		brought forward			22,473,589
E. DEBTORS					
I - Debtors arising out of direct insurance operations					
1. Policyholders					
a) for premiums - current year	71	27,990			
b) for premiums - previous years	72	828	73	28,818	
2. Insurance intermediaries					
3. Current accounts with insurance companies					
4. Policyholders and third parties for recoveries					
II - Debtors arising out of reinsurance operations					
1. Reinsurance companies					
2. Reinsurance intermediaries					
III - Other debtors					
F. OTHER ASSETS					
I - Tangible assets and stocks					
1. Furniture, office equipment, internal transport vehicles					
2. Vehicles listed in public registers					
3. Equipment and appliances					
4. Stocks and other goods					
II - Tangible assets and stocks					
1. Bank and postal deposits					
2. Cheques and cash in hand					
IV - Other					
1. Deferred reinsurance items					
2. Miscellaneous assets					
of which Account linking to non-life business					
G. PREPAYMENTS AND ACCRUED INCOME					
1. Interests					
2. Rents					
3. Other prepayments and accrued income					
TOTAL ASSETS					23,299,584

				Previous year	
brought forward					25,321,917
251	19,584				
252	890	253	20,474		
		254	66		
		255	0		
		256	0	257	20,540
		258	280,396		
		259	239	260	280,635
				261	169,978
				262	471,153
		263	78		
		264	56		
		265	0		
		266	0	267	134
		268	80,091		
		269	6	270	80,097
		272	1,901		
		273	17,617	274	19,518
		903	0	275	99,749
				276	29,916
				277	26
				278	84,166
				279	114,108
				280	26,006,927

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

A. SHAREHOLDERS' FUNDS				
I	- Subscribed capital or equivalent funds	101	1,095,616	
II	- Share premium account	102	2,497,775	
III	- Revaluation reserve	103	926,828	
IV	- Legal reserve	104	219,123	
V	- Statutory reserve	105	0	
VI	- Reserve for parent company shares	400	0	
VII	- Other reserve	107	2,458,293	
VIII	- Profit or loss brought forward	108	0	
IX	- Profit or loss for the financial year	109	896,409	
VI	- Negative reserve for own shares held	401	0	110 8,094,044
B. SUBORDINATED LIABILITIES				111 3,650,851
C. TECHNICAL PROVISIONS				
II - LIFE INSURANCE BUSINESS				
1.	Mathematical provision	118	5,375,367	
2.	Unearned premium provision for supplementary coverage	119	46,557	
3.	Provision for claims outstanding	120	1,230,286	
4.	Provision for profit sharing and premium refunds	121	81,609	
5.	Other provisions	122	19,671	123 6,753,490
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	225,895	
II	- Provisions relating to the administration of pension funds	126	0	127 225,895
	carried forward			18,724,280

Previous year

		281	1,093,266		
		282	2,497,775		
		283	926,828		
		284	218,653		
		285	0		
		500	0		
		287	2,452,290		
		288	0		
		289	854,530		
		501	0	290	8,043,342
				291	2,157,652
	298	7,026,151			
	299	31,850			
	300	1,230,942			
	301	84,475			
	302	17,895		303	8,391,313
		305	3,265,804		
		306	0	307	3,265,804
	carried forward				21,858,111

**BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS**

Current year

	brought forward				18,724,280
E. PROVISIONS FOR OTHER RISKS AND CHARGES					
1. Provision for pensions and similar obligations			128	0	
2. Provisions for taxation			129	15,633	
3. Other provisions			130	22,869	131 38,502
F. DEPOSITS RECEIVED FROM REINSURERS					132 499,532
G. CREDITORS					
I - Creditors arising out of direct insurance operations					
1. Insurance intermediaries	133	9			
2. Current accounts with insurance companies	134	2,857			
3. Premium deposits and premiums due to policyholders	135	3,272			
4. Guarantee funds in favour of policyholders	136	0	137	6,138	
II - Creditors arising out of reinsurance operations					
1. Reinsurance companies	138	74,657			
2. Reinsurance intermediaries	139	277	140	74,934	
III - Debenture loans			141	1,877,770	
IV - Amounts owed to credit institutions			142	11	
V - Loans guaranteed by mortgages			143	0	
VI - Other financial liabilities			144	1,703,578	
VII - Provisions for severance pay			145	680	
VIII - Other creditors					
1. Premium taxes	146	615			
2. Other tax liabilities	147	9,602			
3. Social security	148	2,535			
4. Sundry creditors	149	61,691	150	74,443	
IX - Other liabilities					
1. Deferred reinsurance items	151	1,413			
2. Commissions for premiums in course of collection	152	1,024			
3. Miscellaneous liabilities	153	152,333	154	154,770	155 3,892,324
of which Account linking to non-life business	902	0			
		carried forward			23,154,638

		Previous year	
	brought forward		21,858,111
		308	0
		309	38,132
		310	80
		311	38,212
		312	312,181
	313	5	
	314	2,086	
	315	3,202	
	316	0	317
			5,293
	318	65,527	
	319	269	320
			65,796
		321	1,941,654
		322	3,789
		323	0
		324	1,124,778
		325	685
	326	677	
	327	12,031	
	328	949	
	329	188,852	330
			202,509
	331	1,870	
	332	1,512	
	333	314,099	334
			317,481
	904	173,643	335
			3,661,985
	carried forward		25,870,489

**BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS**

Current year

brought forward			23,154,638	
H. ACCRUALS AND DEFERRED INCOME				
1. Interests	156	133,865		
2. Rents	157	162		
3. Other accruals and deferred income	158	10,919	159	144,946
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS			160	23,299,584

		Previous year	
	brought forward		25,870,489
	336	126,187	
	337	0	
	338	10,251	
		339	136,438
		340	26,006,927

Notes to the accounts - Attachment 3

Company

Assicurazioni Generali S.p.A.

Year 2018

Breakdown of non-life and life result

	Non-life business		Life business		Total		
Technical result	1	206,581	21	346,586	41	553,167	
Investment income	+	2	1,248,898		42	1,248,898	
Investment charges	-	3	59,515		43	59,515	
Allocated investment return transferred from the life technical account	+		24	759,761	44	759,761	
Allocated investment return transferred to the non-life technical account	-	5	138,861		45	138,861	
Interim result	6	1,257,103	26	1,106,347	46	2,363,450	
Other income	+	7	200,375	27	80,721	47	281,096
Other charges	-	8	1,053,881	28	454,821	48	1,508,702
Extraordinary income	+	9	101,789	29	137,005	49	238,794
Extraordinary charges	-	10	25,859	30	22,294	50	48,153
Result before taxation	11	479,527	31	846,958	51	1,326,485	
Income taxes for the year	-	12	-97,347	32	-49,451	52	-146,798
Profit (loss) for the year	13	576,874	33	896,409	53	1,473,283	

Notes on the accounts - Attachment 4

Year 2018

Company **Assicurazioni Generali S.p.A.**Assets - Changes in intangible assets (item B) and
changes in land and buildings (Item C1)

		Intangible assets B	Land and buildings C.I
	+		
Gross original cost	+	1 234,328	31 112,593
Increases for the year		2 25,036	32 19,312
due to:		3 25,002	33 18,244
readjustments		4 0	34 0
revaluations		5 0	35 0
other variations	-	6 34	36 1,068
Decreases for the year		7 0	37 26,351
due to:		8 0	38 25,566
permanent devaluations		9 0	39 219
other changes (**)		10 0	40 566
Gross final goodwill (a)		11 259,364	41 105,554
Amortisation:			
Initial goodwill	+	12 204,201	42 5,980
Increases for the year	+	13 15,970	43 1,126
for:		14 15,950	44 1,046
other changes		15 20	45 80
Decreases for the year	-	16 0	46 1,418
for:		17 0	47 1,411
other changes		18 0	48 7
Amortised final goodwill (b) (*)		19 220,171	49 5,688
Book value (a - b)		20 39,193	50 99,866
Current value			51 107,518
Total revaluations		22 0	52 81,699
Total devaluations		23 0	53 18,489

Notes to the accounts - Attachment 5

Company Assicurazioni Generali S.p.A. Year 2018

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 29,731,819	21 650	41 1,662,883
Increases for the year	+	2 348,904	22 0	42 1,754,046
for: acquisitions, subscriptions, payments		3 133,196	23 0	43 2,786
readjustment of value		4 480	24 0	44 0
revaluations		5 0		
other variations		6 215,228	26 0	46 1,751,260
Decreases for the year:	-	7 547,275	27 650	47 285,000
for: sales and redemptions		8 57,711	28 0	48 285,000
devaluations		9 16,765	29 0	49 0
other variations		10 472,799	30 650	50 0
Book value		11 29,533,448	31 0	51 3,131,929
Current value		12 33,169,235	32 0	52 3,140,937
Total revaluations		13 698		
Total devaluations		14 1,049,637	34 0	54 0

The item C.II.2 includes:

Quoted debt securities	61	0
Unquoted debt securities	62	0
Book value	63	0
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	9	AG SE&A Ltda. SAN PAOLO Av. Presidente Juscelino Kubitschek, nº 1455 - 8° - BRASILE	BRL
2	b	NQ	2	Caja de Ahorro y Seguro S.A. BUENOS AIRES Fitz Roy 957 - ARGENTINA	ARS
3	b	NQ	9	CMN Global Inc. THORNHILL - ONTARIO 150 Commerce Valley Drive West, 9th Floor - CANADA	CAD
4	b	NQ	2	Europ Assistance Holding SAS PARIGI 2 rue Pillet-Will - FRANCIA	EUR
5	b	NQ	1	FATA Asigurari S.A. BUCAREST Lt. Av. Marcel Andreescu, no 30 - ROMANIA	RON
6	b	NQ	9	GBS S.c.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
7	b	NQ	9	Genamerica Management Corp. NEW YORK 7 WTC, 250 Greenwich Street, 33rd Fl - STATI UNITI	USD
8	b	NQ	2	Generali (Schweiz) Holding AG ADLISWIL Soodmattenstrasse, 10 - SVIZZERA	CHF
9	b	NQ	2	Generali Beteiligungs-GmbH AQUISGRANA Maria Theresia Allee 38 - GERMANIA	EUR
10	b	NQ	2	Generali Beteiligungsverwalt. VIENNA Landskronngasse 1-3 - AUSTRIA	EUR
11	b	NQ	1	Generali Brasil Seguros S.A. RIO DE JANEIRO Avenida Rio Branco 128 - BRASILE	BRL
12	b	NQ	2	Generali CEE Holding B.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
13	b	NQ	1	Generali China Life Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP.	CNY
14	b	NQ	1	Generali Colombia S.A. BOGOTA' Carrera 7a. No. 72-13, Piso 8 - COLOMBIA	COP
15	b	NQ	1	Generali Colombia Vida S.A. BOGOTA' Carrera 10a 28/49 - COLOMBIA	COP
16	b	NQ	1	Generali Companhia de Seguros LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO	EUR
17	b	NQ	9	Generali Consulting Solutions WILMINGTON 1209 Orange Street - STATI UNITI D'AMERICA	USD
18	b	NQ	9	Generali CST S.r.l. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
19	b	NQ	2	Generali Deutschland AG MONACO Adenauerring 7 - GERMANIA	EUR
20	b	NQ	1	Generali Ecuador S.A. GUAYAQUIL WTC Torre B Piso 15, Avenida Francisco de Arellana - ECUADOR	USD
21	b	NQ	2	Generali España Holding S.A. MADRID Calle Orense 2 - SPAGNA	EUR
22	b	NQ	2	Generali Finance B.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
23	b	NQ	2	Generali Financial Asia Ltd HONG KONG 5/F, 14-18/F Generalli Tower, 8 Queen's Road East - HONG	HKD
24	b	NQ	2	Generali France S.A. PARIGI 2 rue Pillet-Will - FRANCIA	EUR
25	b	NQ	1	Generali Hellas A.A.E. ATENE 35-37 Iliou Street & Pytheou - GRECIA	EUR
26	b	NQ	1	Generali Holding Vienna AG VIENNA Landskronngasse 1-3 - AUSTRIA	EUR
27	b	NQ	1	Generali Italia S.p.A. MOGLIANO VENETO Via Marocchessa n. 14 - ITALIA	EUR
28	b	NQ	9	Generali Link Limited DUBLINO GH Navan Business Park, Athlumney, Navan, Co.Meath - IRLANDA	EUR
29	b	NQ	1	Generali PanEurope dac DUBLINO Navan Business Park, Athlumney, Navan, Co. Meath - IRLANDA	EUR
30	b	NQ	9	Generali Real Estate S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
31	b	NQ	4	Generali Realities Ltd TEL AVIV 2, Hagdud Haivri Str. - ISRAELE	ILS
32	b	NQ	1	Generali Vida de Seguros S.A. LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO	EUR
33	b	NQ	1	Generali Vietnam Life Ins. HO CHI MINH CITY AB Tower, 76 Le Lai, District 1 - VIETNAM	VND
34	b	NQ	9	Generali Vitality GmbH MONACO Adenauerring 9 - GERMANIA	EUR
35	b	NQ	2	GI Holding S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
36	b	NQ	4	GLL GmbH & Co. Retail KG i.L. MONACO Lindwurmstr. 76 - GERMANIA	EUR
37	b	NQ	9	GSS - Generali Shared Services TRIESTE Piazza Duca degli Abruzzi, 2 - ITALIA	EUR
38	b	NQ	2	Lion River I N.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
39	b	NQ	2	Part. Maat. Graafschap Holland AMSTERDAM Diemerhof 42 - OLANDA	EUR
40	b	NQ	2	Redoze Holding N.V. AMSTERDAM Diemerhof 42 - OLANDA	EUR
41	b	NQ	2	Transocean Holding Corporation NEW YORK 7 World Trade Center 250 Greenwich Street 33rd Fl. -	USD
42	b	NQ	9	Welion S.c.a.r.l. TRIESTE Via Machiavelli, 4 - ITALIA	EUR
43	d	NQ	1	Assurances Maghreb S.A. TUNISI Angle 54, Rue De Palestine 22, Rue Royaume D'Arabia - TUNISIA	TND
44	d	NQ	1	Assurances Maghreb Vie S.A. TUNISI Angle 54, Rue De Palestine 22, Rue Royaume D'Arabia -	TND
45	d	NQ	1	Generali China Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP.	CNY
46	d	NQ	2	Guotai Asset Management Co. SHANGAI 39F, World Financial Center, 100 Century Avenue - CINA	CNY

Notes on the accounts - Attachment 6

Year 2018

Paid up capital		Equity (***) (4)	Last year Gain or Loss (***) (4)	Share owned (5)		
Amount (4)	Number of shares			Direct %	Indirect %	Total %
150,000	10,000	10,941,506	-673,029	99.99	0.01	100.00
269,000,000	2,690,000	471,252,830	231,801,365	62.50	27.50	90.00
6,738,011	60,000,100	6,954,249	1,126,955	100.00	0	100.00
19,894,880	1,243,430	160,446,841	28,482,893	95.69	4.31	100.00
47,032,850	4,703,285	18,984,997	3,846,118	100.00	0.00	100.00
7,853,626	7,853,626	42,488,053	-856,072	1.22	98.78	100.00
50,000	50	34,032	-653	100.00	0	100.00
4,332,000	8,664	1,418,941,497	63,568,521	51.05	48.95	100.00
1,005,000	1,005,000	3,791,014,536	537,433,554	100.00	0	100.00
1,000,000	1,000,000	149,398,134	48,948,744	100.00	0	100.00
1,371,177,726	3,128,811	409,377,243	-19,150,593	99.07	0.93	100.00
100,000	100,000	153,911,910,711	7,850,349,191	100.00	0	100.00
3,700,000,000	3,700,000,000	4,998,244,774	553,786,136	50.00	0	50.00
0	0	0	0	0	0	0
0	0	0	0	0	0	0
73,000,000	292,000	59,654,640	-2,562,373	100.00	0	100.00
156,420	156,420	153,523	43,513	100.00	0	100.00
10,000	10,000	1,368,305	-41,696	100.00	0	100.00
137,560,202	53,734,454	1,930,087,098	611,317,635	4.04	95.96	100.00
8,000,000	8,000,000	14,388,682	2,435	52.45	0	52.45
563,490,658	93,758,845	798,666,364	207,005,528	100.00	0	100.00
0	0	0	0	0	0	0
169,840,000	169,840,000	128,182,690	-106,473	100.00	0	100.00
114,547,490	498,032,566	3,570,796,353	501,907,840	66.92	31.75	98.67
22,776,198	3,796,033	69,925,810	2,778,398	100.00	0.00	100.00
63,732,464	63,732,464	1,387,861,674	163,684,892	0.05	99.95	100.00
1,618,628,450	3,237,256,900	10,656,422,636	1,042,357,135	100.00	0	100.00
2,000,001	2,000,001	2,000,001	-704,489	100.00	0	100.00
0	0	0	0	0	0	0
780,000	1,500,000	48,438,206	16,006,720	100.00	0	100.00
2	20,000	3,151,000	2,395,000	100.00	0	100.00
14,000,000	56,000	23,952,290	430,430	86.60	13.39	99.99
4,852,600,000,000	4,852,600,000,000	3,349,320,258	175,530,236	100.00	0	100.00
250,000	1	17,421,670	-1,797,259	100.00	0	100.00
41,360,000	41,360,000	322,770,364	101,378,795	37.72	62.28	100.00
381,010,000	381,010,000	0	0	31.50	21.00	52.49
1,002,000	1,002,000	100,582,732	-595,786	47.80	52.20	100.00
610,944	610,944	3,875,279,877	24,736,676	28.33	70.67	99.00
1,784,509,360	115,450,936	6,725,541,587	394,652,989	52.43	47.57	100.00
22,689,011	500,000	366,451,800	5,100,308	6.02	93.98	100.00
243,000,000	1,949,806	244,218,095	29,403,426	100.00	0	100.00
10,000	10,000	104,994	-450,953	1.00	99.00	100.00
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,300,000,000	1,300,000,000	832,861,550	-19,305,003	49.00	0	49.00
110,000,000	110,000,000	1,738,254,294	394,204,852	30.00	0	30.00

N. ord. (**)	Type (1)	Quoted or unquoted (2)	Activity (3)	Company name and registration place	Currency
47	d	NQ	2	NEIP II S.p.A. CONEGLIANO Via Vittorio Alfieri n. 01 - ITALIA	EUR
48	d	NQ	9	Servizi Tecnologici Avanzati BOLOGNA Via Paolo Nanni Costa, 30 - ITALIA	EUR
49	e	NQ	2	Emittenti Titoli S.p.A. MILANO Via Santa Maria Segreta, 6 - ITALIA	EUR
50	e	NQ	2	Fin. Priv. S.r.l. MILANO Via Filodrammatici, 8 - ITALIA	EUR
51	e	NQ	2	H2i S.p.A. ROMA Via F. Paulucci de Calboli - ITALIA	EUR
52	e	NQ	9	Perils AG ZURIGO Marktgasse 3 - SVIZZERA	CHF
53	e	NQ	2	Perseo S.p.A. TORINO Via XX Settembre 31 - ITALIA	EUR
54	e	NQ	9	Protos S.p.A. ROMA Via Livenza, 3 - ITALIA	EUR
55	e	NQ	9	SOA Group S.p.A. ROMA Via Lovanio, 6 - ITALIA	EUR
56	e	NQ	8	Trieste Adriatic Maritime Srl TRIESTE Via Cassa di Risparmio 10 - ITALIA	EUR
57	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
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 %
55,000	55,000	55,000	0	48.16	0	48.16
102,000	200,000	102,000	0	25.00	0	25.00
0	0	0	0	0	0	0
20,000	20,000	0	0	14.29	0	14.29
1,589,953	1,589,953	0	0	10.51	0	10.51
4,000,000	250	0	0	10.00	0	10.00
0	0	0	0	0	0	0
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	15.75	0	15.75

(***) Da compilare solo per società controllate e collegate

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)		Name of the company (3)	Increases in the year		
				For purchases		Others increases
				Quantity	Value	
1	b	D	Generali Latam Ltda	-	0	0
2	b	V	Caja de Ahorro y Seguro S.A. - Classe A	-	0	0
2	b	V	Caja de Ahorro y Seguro S.A. - Classe B	-	0	0
3	b	D	CMN Global Inc.	-	0	0
4	b	D	Europ Assistance Holding	154,369	60,576	0
5	b	D	FATA Asigurari S.A.	-	0	13
6	b	D	GBS S.c.p.A.	-	0	0
7	b	D	Genamerica Management Corporation	-	0	0
8	b	D	Generali (Schweiz) Holding AG	-	0	8,277
8	b	V	Generali (Schweiz) Holding AG	-	0	13,220
9	b	D	Generali Beteiligungs-GmbH	-	0	0
9	b	V	Generali Beteiligungs-GmbH	-	0	0
10	b	V	Generali Beteiligungsverwaltung-GmbH	-	0	0
11	b	D	Generali Brasil Seguros S.A.	495,805	14,671	0
12	b	D	Generali CEE Holding B.V.	-	0	0
13	b	V	Generali China Life Insurance	-	0	0
14	b	D	Generali Colombia S.A.	-	0	0
15	b	D	Generali Colombia Vida S.A.	-	0	0
16	b	D	Generali Companhia de Seguros S.A.	-	0	0
17	b	D	Generali Consulting Solutions	-	0	7
18	b	D	Generali CST S.r.l.	-	0	0
19	b	D	Generali Deutschland Holding AG	-	0	0
19	b	V	Generali Deutschland Holding AG	-	0	0
20	b	D	Generali Ecuador S.A.	-	0	1
21	b	D	Generali España Holding S.A.	-	0	0
21	b	V	Generali España Holding S.A.	-	0	0
22	b	V	Generali Finance B.V.	-	0	0
23	b	D	Generali Financial Asia Ltd	63,970,000	7,243	530
24	b	D	Generali France S.A.	560	8	0
24	b	V	Generali France S.A.	-	0	0
25	b	D	Generali Hellas A.E.A.Z.	-	0	0
25	b	V	Generali Hellas A.E.A.Z.	-	0	0
26	b	V	Generali Holding Vienna AG	0	0	800
27	b	D	Generali Italia S.p.A.	-	0	171,184
27	b	V	Generali Italia S.p.A.	-	0	0
28	b	V	Generali Link Limited - Ord.	-	0	0
29	b	V	Generali PanEurope Limited - Ord.	-	0	7,500
29	b	V	Generali PanEurope Limited - Pref.	-	0	0
29	b	V	GENERALI PANEUROPE LTD	0	0	332
30	b	D	Generali Real Estate S.p.A.	-	0	0
31	b	D	Generali Realities Ltd	-	0	0
32	b	V	Generali Vida de Seguros S.A.	-	0	0
33	b	V	Generali Vietnam Life Insurance LLC	1,330,000,000,00	50,698	3,591
34	b	V	Generali Vitality-GmbH	-	0	563
35	b	D	Generali Investments Holding S.p.A.	-	0	0
36	b	V	GLL GmbH & Co. Retail KG	-	0	0
37	b	D	GSS - Generali Shared Services S.c.a.r.l.	-	0	0

Notes to the accounts - Attachment 7

Year 2018

Decreases in the year			Accounting value (4)		Purchase cost	Current value
For sales		Others decreases	Quantity	Value		
Quantity	Value					
-	0	3	9,999	31	31	1,966
-	0	5,750	874,250	6,357	6,357	6,357
-	0	2,661	807,000	2,942	2,942	2,942
-	0	230	60,000,100	6,098	6,098	7,881
-	0	0	1,189,791	467,187	467,187	467,187
-	0	841	4,703,284	3,490	12,991	3,490
-	0	0	95,525	484	551	549
-	0	0	50	8	21	30
-	0	0	1,703	223,945	223,945	239,289
-	0	0	2,720	357,666	357,666	382,188
-	0	0	658,304	2,014,088	2,094,443	2,371,373
-	0	0	346,696	1,060,720	1,095,346	1,248,884
-	0	0	1,000,000	122,876	122,876	149,402
-	0	13,643	3,099,592	136,134	278,811	136,134
-	0	0	100,000	5,159,441	5,159,441	6,033,189
-	0	866	1,850,000,000	234,186	234,186	284,346
14,390,372	9,320	334	-	0	0	0
309,043	11	0	-	0	0	0
-	0	0	291,996	61,322	61,322	66,650
-	0	0	1	137	137	137
-	0	0	10,000	1,410	1,410	1,368
-	0	0	2,170,870	234,243	234,243	234,243
-	0	0	1,000	99	99	99
-	0	0	4,196,058	22	22	6,472
-	0	0	50,483,372	348,796	348,796	412,800
-	0	0	43,275,473	298,996	298,996	353,862
-	0	264,282	-	0	0	0
-	0	0	169,840,000	18,629	18,629	18,629
-	0	0	166,164,105	263,701	263,701	1,022,653
-	0	0	167,101,655	265,793	265,793	1,028,423
-	0	0	3,026,018	19,461	43,454	56,920
-	0	0	770,013	5,341	35,145	14,484
0	0	0	32,200	800	800	800
-	0	0	994,617,804	4,960,174	4,960,174	4,960,174
-	0	171,184	2,242,639,096	7,382,782	7,382,782	7,382,782
-	0	0	2,000,000	2,000	2,000	2,000
42,500,000	42,500	0	-	0	0	0
-	0	7,500	-	0	0	0
255,000	332	0	0	0	0	0
-	0	0	1,500,000	105,160	105,160	105,160
-	0	0	20,000	0	0	1
-	0	0	48,496	13,205	13,205	22,328
-	0	0	4,852,600,000,0	180,647	180,647	180,647
-	0	0	1	18,162	18,162	18,162
-	0	0	15,600,000	78,000	78,000	100,308
-	0	9,537	120,000,000	39,839	79,256	39,839
1,000	101	773	479,000	47,628	55,702	47,628

N. ord. (1)	Type (2)	(3)	Name of the company	Increases in the year		
				For purchases		Others increases
				Quantity	Value	
38	b	D	Lion River I N.V. - Classe A	-	0	126
38	b	D	Lion River I N.V. - Classe B	-	0	0
38	b	D	Lion River I N.V. - Classe C	-	0	0
38	b	D	Lion River I N.V. - Classe D	-	0	0
38	b	D	Lion River I N.V. - Classe E	-	0	0
38	b	D	Lion River I N.V. - Classe F	-	0	0
38	b	D	Lion River I N.V. - Classe G	-	0	0
38	b	D	Lion River I N.V. - Classe H	-	0	8
38	b	D	Lion River I N.V. - Classe I	-	0	0
38	b	D	Lion River I N.V. - Classe J	-	0	0
38	b	D	Lion River I N.V. - Classe K	-	0	0
38	b	D	Lion River I N.V. - Classe L	-	0	200
38	b	D	Lion River I N.V. - Classe N	-	0	281
38	b	D	Lion River I N.V. - Classe O	-	0	0
38	b	D	Lion River I N.V. - Classe P	-	0	0
39	b	D	Participatie Maatschappij Graafschap Holland N.V. - Ord.	-	0	0
39	b	V	Participatie Maatschappij Graafschap Holland N.V. - Ord.	-	0	0
40	b	D	Redoze Holding N.V.	-	0	0
41	b	D	Transocean Holding Corporation	-	0	8,988
42	b	D	Weilion S.c.a.r.l.	-	0	0
43	d	D	Assurance Maghreb S.A.	662,529	0	0
44	d	D	Assurance Maghreb S.A.	220,843	0	0
45	d	D	Generali China Insurance	-	0	0
46	d	D	Guotai Asset Management Co.	-	0	0
47	d	D	NEIP II S.p.A.	-	0	0
48	d	D	Servizi Tecnologici Avanzati S.p.A.	-	0	0
49	e	D	Emittenti Titoli S.p.A.	-	0	0
50	e	D	Fin. Priv. S.r.l.	-	0	0
51	e	D	H2i S.p.A.	-	0	0
52	e	D	Perils AG	-	0	13
53	e	D	Perseo S.p.A.	-	0	0
54	e	D	Protos S.p.A.	-	0	0
55	e	D	SOA Group S.p.A.	-	0	0
56	e	D	Trieste Adriatic Maritime S.r.l.	-	0	72
57	e	D	Venice S.p.A. - Classe A	-	0	0
57	e	D	Venice S.p.A. - Classe B	-	0	0
			Total C.II.1		133,196	215,708
	a		Parent companies		0	0
	b		Affiliated companies		133,196	215,622
	c		Affiliated of parent companies		0	0
	d		Associated companies		0	0
	e		Other		0	85
			Totale D.I.		0	0
			Totale D.II.		0	0

Decreases in the year			Accounting value (4)		Purchase cost	Current value
For sales		Others decreases	Quantity	Value		
Quantity	Value					
-	0	0	150,000	150	150	150
-	0	0	1,666	34	14,841	34
-	0	0	1,666	5,365	5,365	5,582
-	0	0	5,000	7	14,459	7
-	0	0	2,000	2	14	2
-	0	0	1,666	2	2	2
-	0	0	1,666	86,805	86,805	151,285
-	0	0	1,666	10	10	10
-	0	3,720	1,666	192	3,062	192
-	0	0	1,666	2	115	2
-	0	2,508	1,000	29,463	29,463	36,653
-	0	0	1,000	10,303	10,303	18,812
-	0	300	1,000	1,834	5,860	1,834
-	0	1,314	430	7,318	10,071	7,318
-	0	0	1,000	29,149	29,149	43,330
-	0	0	45,085,614	2,307,196	2,308,758	2,393,378
-	0	0	48,475,773	2,477,765	2,502,365	2,573,345
-	0	0	30,113	18,155	19,145	21,762
-	0	0	1,949,806	187,214	187,214	271,611
-	0	0	100	0	0	1
1,987,587	3,924	553	-	0	0	0
441,686	812	114	-	0	0	0
-	0	300	637,000,000	81,138	81,138	81,138
-	0	482	33,000,000	130,303	130,303	130,303
-	0	0	26,486	1,806	3,130	1,806
-	0	0	50,000	0	0	0
820,000	308	116	-	0	0	0
-	0	0	2,857	14,352	14,352	14,293
1,332,930	0	878	167,070	171	1,500	171
-	0	0	25	355	355	903
11,935,400	402	0	-	0	0	0
-	0	0	195,790	60	60	1,157
-	0	0	100,608	93	93	173
-	0	0	701,757	647	713	647
-	0	836	400,964	780	5,894	780
-	0	836	400,964	780	5,894	780
	57,711	489,563		29,533,448	29,981,107	33,169,235
	0	0		0	0	0
	52,264	485,448		29,302,963	29,737,676	32,937,084
	0	0		0	0	0
	4,736	1,448		213,247	214,571	213,247
	711	2,667		17,238	28,861	18,904
	0	0		0	0	0
	0	0		0	0	0

Notes on the accounts - Attachment 8
Year 2018

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 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	10,434	22,724	5,387	7,379	15,821	30,103
a) listed shares	4,094	3,698	4,268	6,150	8,362	9,848
b) unlisted shares	5,517	6,476	1,119	1,229	6,636	7,705
c) units	823	12,550	0	0	823	12,550
2. Shares in common investment funds	0	0	254,824	256,197	254,824	256,197
3. Debt securities and other fixed-income	111,954	111,570	323,634	326,782	435,588	438,352
a1) listed governments bonds	48,554	49,523	228,739	230,745	277,293	280,268
a2) other listed securities	63,400	62,047	93,202	94,271	156,602	156,318
b1) unlisted government bonds	0	0	893	966	893	966
b2) other unlisted securities	0	0	0	0	0	0
c) convertible bonds	0	0	800	800	800	800
5. Participation in investment	0	0	0	0	0	0
7. Other	0	0	9,337	12,585	9,337	12,585

II - Life business

	Durable portfolio		Non durable portfolio		Total	
	Book Value	Current value	Book Value	Current value	Book Value	Current value
1. Equity and shares	7,693	36,724	11,753	12,105	19,446	48,829
a) listed shares	0	0	7,399	7,597	7,399	7,597
b) unlisted shares	887	29,918	4,354	4,508	5,241	34,426
c) units	6,806	6,806	0	0	6,806	6,806
2. Shares in common investment funds	0	0	635,601	635,624	635,601	635,624
3. Debt securities and other fixed-income	538,070	555,044	850,803	897,461	1,388,873	1,452,505
a1) listed governments bonds	244,358	258,445	381,772	400,937	626,130	659,382
a2) other listed securities	281,372	278,722	465,994	493,460	747,366	772,182
b1) unlisted government bonds	12,340	17,877	0	0	12,340	17,877
b2) other unlisted securities	0	0	2,674	2,674	2,674	2,674
c) convertible bonds	0	0	363	390	363	390
5. Participation in investment	0	0	0	0	0	0
7. Other	0	0	0	0	0	0

Notes on the accounts - Attachment 9

Year 2018

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 C.III.3	Participation in investment pools C.III.5	Other financial investments C.III.7
Initial goodwill	16,512	0	647,581	0	0
Revaluations	2,886	0	78,832	0	0
for: acquisitions	200	0	67,994	0	0
reversal value	2,669	0	0	0	0
transfers from the non-durable portfolio	0	0	0	0	0
other changes	17	0	10,838	0	0
Devaluations	1,272	0	76,389	0	0
for: sales	269	0	69,458	0	0
devaluations	1,003	0	0	0	0
transfers from the non-durable portfolio	0	0	0	0	0
other changes	0	0	6,931	0	0
Book value	18,126	0	650,024	0	0
Current value	59,448	0	666,614	0	0

Notes on the accounts - Attachment 10

Year 2018

Company **Assicurazioni Generali S.p.A.**

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	2,905	²¹ 128,799
Revaluations for the year	+ 2	85	²² 440,074
for: payments	3	49	
reversal value	4	0	
other changes	5	36	
Devaluations for the year	- 6	2,247	²⁶ 426,813
for: redemptions	7	82	
devaluations	8	0	
other changes	9	2,165	
Book value	10	743	³⁰ 142,060

Notes on the accounts - Attachment 11
Year 2018Company **Assicurazioni Generali**

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 ²¹	0 ²¹	0 ⁴¹	0 ⁶¹
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0 ²²	0 ²²	0 ⁴²	0 ⁶²
2. Debt securities and other fixed-income securities	0 ²³	0 ²³	0 ⁴³	0 ⁶³
3. Loans	0 ²⁴	0 ²⁴	0 ⁴⁴	0 ⁶⁴
III. Shares in common investment funds	155,104 ²⁵	145,131 ²⁵	153,402 ⁴⁵	125,019 ⁶⁵
IV. Other financial investments:				
1. Equities	207 ²⁶	233 ²⁶	215 ⁴⁶	210 ⁶⁶
2. Debt securities and other fixed-income securities	39,821 ²⁷	45,962 ²⁷	31,578 ⁴⁷	34,705 ⁶⁷
3. Deposits with credit institutions	0 ²⁸	0 ²⁸	0 ⁴⁸	0 ⁶⁸
4. Other financial investments	0 ²⁹	0 ²⁹	0 ⁴⁹	0 ⁶⁹
V. Other assets	374 ³⁰	509 ³⁰	374 ⁵⁰	509 ⁷⁰
VI. Cash at bank and in hand	1,990 ³¹	2,256 ³¹	1,990 ⁵¹	2,256 ⁷¹
Other liabilities	-1,193 ³²	-1,191 ³²	-1,192 ⁵²	-1,191 ⁷²
Deposits with ceding companies	32,547 ³³	3,075,177 ³³	32,547 ⁵³	3,075,177 ⁷³
Total	228,850³⁴	3,268,077³⁴	218,914⁵⁴	3,236,685⁷⁴

Notes on the accounts - Attachment 11

Assicurazioni Generali

Company

Year 2018

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	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	0	25	0	45
IV. Other financial investments:				
1. Equities	0	26	0	46
2. Debt securities and other fixed-income securities	39,368	45,520	31,101	34,251
3. Deposits with credit institutions	0	27	0	67
4. Other financial investments	0	28	0	68
V. Other assets	393	29	0	69
VI. Cash at bank and in hand	664	30	393	70
Other liabilities	0	31	664	71
Deposits with ceding companies	0	32	0	72
Total	40,425	46,221	32,158	34,952

Notes on the accounts - Attachment 11
Year 2018

Company **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 ¹	21 ²¹	0 ⁴¹	61 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	4,150	4,633	2,779	2,769
IV. Other financial investments:				
1. Equities	0	26	0	66
2. Debt securities and other fixed-income securities	403	389	426	400
3. Deposits with credit institutions	0	27	0	67
4. Other financial investments	0	28	0	68
V. Other assets	53	29	53	53
VI. Cash at bank and in hand	399	31	399	604
Other liabilities	-1,193	32	-1,192	-1,191
Deposits with ceding companies	0	33	0	73
Total	3,812	4,488	2,465	2,635

Notes on the accounts - Attachment 11
Year 2018

Assicurazioni Generali

Company

Assets relating to contracts linked to investment funds and market index (item D.1)

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	32,547	3,075,177	32,547	3,075,177
Total	32,547	3,075,177	32,547	3,075,177

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali**

Year 2018

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	0 ⁴¹	0 ⁶¹
II. Invest. in affiliated undertakings and other shareholdings:				
1. Shares and interests	0 ²²	0	0 ⁴²	0 ⁶²
2. Debt securities and other fixed-income securities	0 ²³	0	0 ⁴³	0 ⁶³
3. Loans	0 ²⁴	0	0 ⁴⁴	0 ⁶⁴
III. Shares in common investment funds	150,954 ²⁵	140,498	150,623 ⁴⁵	122,250
IV. Other financial investments:				
1. Equities	0 ²⁶	0	0 ⁴⁶	0 ⁶⁶
2. Debt securities and other fixed-income securities	0 ²⁷	0	0 ⁴⁷	0 ⁶⁷
3. Deposits with credit institutions	0 ²⁸	0	0 ⁴⁸	0 ⁶⁸
4. Other financial investments	0 ²⁹	0	0 ⁴⁹	0 ⁶⁹
V. Other assets	-73 ³⁰	22	-73 ⁵⁰	22 ⁷⁰
VI. Cash at bank and in hand	921 ³¹	1,381	921 ⁵¹	1,381 ⁷¹
Other liabilities	0 ³²	0	0 ⁵²	0 ⁷²
Deposits with ceding companies	0 ³³	0	0 ⁵³	0 ⁷³
Total	151,802³⁴	141,901	151,471⁵⁴	123,653⁷⁴

Notes on the accounts - Attachment 11
Year 2018

Company 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	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	0	0	0	0
IV. Other financial investments:				
1. Equities	207	233	215	210
2. Debt securities and other fixed-income securities	50	53	52	54
3. Deposits with credit institutions	0	0	0	0
4. Other financial investments	0	0	0	0
V. Other assets	1	1	1	1
VI. Cash at bank and in hand	5	2	5	2
Other liabilities	0	0	0	0
Deposits with ceding companies	0	0	0	0
Total	263	289	273	267

Notes on the accounts - Attachment 13

Company

Assicurazioni Generali S.p.A.

Year

2018

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	Change
Premium reserve:			
Unearned premium reserve.....	1 402,663	1 380,272	21 22,391
Unexpired risk reserve	2 93	1 707	22 -614
Book value	3 402,756	1 380,979	23 21,777
Provision for claims outstanding:			
Provision for refunds and direct expenses	4 1,344,002	1 1,285,719	24 58,283
Provision for claim settlement costs	5 12,379	1 52,707	25 -40,328
IBNR provision	6 406,669	1 578,186	26 -171,517
Book value	7 1,763,050	1 1,916,612	27 -153,562

Notes on the accounts - Attachment 14

Company

Assicurazioni Generali S.p.A.

Year

2018

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		Change
Mathematical reserve for pure premiums	1	5,052,049	11	6,390,145	21	-1,338,096
Premiums brought forward	2	205,010	12	179,753	22	25,257
Demographical risk reserve	3	0	13	0	23	0
Integration provisions	4	118,308	14	456,253	24	-337,945
Book value	5	5,375,367	15	7,026,151	25	-1,650,784
Provision for profit sharing and premium refunds	6	81,609	16	84,475	26	-2,866

Notes on the accounts - Attachment 15

Year 2018

Company **Assicurazioni Generali S.p.A.**

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 ¹¹	45,278 ²¹	57,143 ³¹	4,746
Sums set aside for the year	+	0 ¹²	12,000 ²²	76,983 ³²	844
Other increases	+	0 ¹³	0 ²³	0 ³³	151
Other utilisations for the year	-	0 ¹⁴	22,622 ²⁴	36,634 ³⁴	884
Other decreases	-	0 ¹⁵	0 ²⁵	0 ³⁵	2,462
Book value		0¹⁶	34,656	97,492	2,395

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	104 371	105 0	106 0	107 0	108 371
Creditors arising out of direct insurance operations	109 0	110 7,049	111 0	112 0	113 0	114 7,049
Creditors arising out of reinsurance operations	115 0	116 154,068	117 0	118 0	119 0	120 154,073
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 4,779,159	135 0	136 0	137 0	138 4,779,159
Other liabilities	139 0	140 1,846,162	141 0	142 0	143 0	144 1,846,167
Miscellaneous liabilities	145 0	146 13	147 0	148 0	149 0	150 13
Total	151 0	152 6,786,822	153 0	154 10	155 0	156 6,786,832

Notes on the accounts - Attachment 17

Company

Assicurazioni Generali S.p.A.

Year

2018

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	0
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	796,291	34	1,895,083
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	0	40	45,315
m) assets deposited for accepted reinsurance operations	11	170,767	41	118,458
Total	12	967,058	42	2,058,856
II. Guarantees received:				
a) from group companies, associated companies and other	13	0	43	0
b) from third parties	14	598,596	44	549,871
Total	15	598,596	45	549,871
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	101,321	47	90,475
Total	18	101,321	48	90,475
IV. Commitments:				
a) commitments for acquisitions with obligation to resale	19	0	49	0
b) commitments for sales with obligation to buy back	20	0	50	197,898
c) other commitments	21	2,968,196	51	2,889,024
Total	22	2,968,196	52	3,086,922
V. Assets relating to pension funds managed in the name and on behalf of third parties		0	53	0
VI. Securities deposited with third parties	24	13,579,165	54	14,143,372
Total	25	13,579,165	55	14,143,372

Notes on the accounts - Attachment 18

Company **Assicurazioni Generali S.p.A.** Year **2018**

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	
on 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 rates	8	0	28	0	48	0	68	0	168	
on others	9	0	29	0	49	0	69	0	169	
Swaps:										
on currencies	10	0	30	0	50	0	70	0	170	
on rates	11	1,289,07	31	616,514	51	1,283,16	71	482,958	171	-3,260
on others	12	0	32	277,769	52	0	72	341,654	172	-19,294
Other operations:										
	13	0	33	255,000	53	0	73	255,000	173	0
Total	14	0	34	0	54	0	74	0	174	0
	15	1,289,07	35	1,149,28	55	1,283,16	75	1,079,61	175	-22,554

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

Company **Assicurazioni Generali S.p.A.**Year **2018**

Details of the non-life business technical account

	Gross written premiums	Earned premiums	Gross cost of claims	Operating expenses	Reinsurance balance
Direct insurance:					
Accident and Health (class of insurance 1 and 2)	1 41,621 2	43,675 3	23,054 4	4,166 5	16 16
Motor TPL (class of insurance 10)	6 196 7	198 8	1,279 9	12 10	408 10
Motor, other classes (class of insurance 3)	11 4,770 12	4,938 13	3,573 14	144 15	1,357 15
Marine, aviation and transport (classes of insurance 4, 5, 6, 7, 11 and 12)	16 13,378 17	12,700 18	7,057 19	3,127 20	-3,417 20
Fire and other damage to property (classes of insurance 8 and 9)	21 51,141 22	40,724 23	31,650 24	5,761 25	-2,688 25
General liability (class of insurance 13)	26 98,025 27	85,905 28	20,149 29	16,250 30	-14,814 30
Credit and suretyship (classes of insurance 14 and 15)	31 1,183 32	1,172 33	18 34	204 35	-132 35
Miscellaneous financial loss (class of insurance 16)	36 16,140 37	14,427 38	5,736 39	1,222 40	-5,985 40
Legal expenses (class of insurance 17)	41 4 42	4 43	241 44	0 45	0 45
Assistance (class of insurance 18)	46 91 47	122 48	2 49	29 50	-385 50
Total direct insurance	51 226,549 52	203,865 53	92,759 54	30,915 55	-25,640 55
Inward reinsurance	56 247,826 57	255,229 58	127,333 59	33,396 60	-42,929 60
Total Italian portfolio	61 474,375 62	459,094 63	220,092 64	64,311 65	-68,569 65
Foreign portfolio	66 1,205,425 67	1,187,896 68	789,712 69	224,324 70	-211,418 70
Total	71 1,679,800 72	1,646,990 73	1,009,804 74	288,635 75	-279,987 75

Notes on the accounts - Attachment 20

Company

Assicurazioni Generali S.p.A.

Year

2018

Summary of life business: premiums and reinsurers' share.

	Direct business	Reinsurance	Total
Gross premiums:	1 205,719	11 1,425,157	21 1,630,876
a) 1. individual policies	2 57,534	12 309,235	22 366,769
2. group policies	3 148,185	13 1,115,922	23 1,264,107
b) 1. regular premiums	4 198,414	14 1,425,157	24 1,623,571
2. single premiums	5 7,305	15 0	25 7,305
c) 1. policies without profit sharing	6 155,825	16 1,413,647	26 1,569,472
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 49,894	18 11,510	28 61,404

Reinsurance balance	9 -13,351	19 -41,177	29 -54,528
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Notes on the accounts - Attachment 21

Company

Assicurazioni Generali S.p.A.

Year 2018

Income from investments (items II.2 e III.3)

	Non-life	Life business	Total
Income from equities:			
Dividends and other income from shares and participations in companies and other companies in which a significant interest is held	1 1,141,954	41 1,006,300	81 2,148,254
Dividends and other income from equities	2 1,307	42 3,817	82 5,124
Total	3 1,143,261	43 1,010,117	83 2,153,378
Income from land and buildings	4 4,543	44 0	84 4,543
Income from other investments:			
Income from debt securities of group companies and other companies in which a significant interest is held	5 0	45 0	85 0
Income from loans to group companies and other companies in which a significant interest is held	6 67,810	46 90,304	86 158,114
Income from shares in common investment funds	7 591	47 0	87 591
Income from debt securities and other fixed-income securities	8 9,157	48 57,995	88 67,152
Interests on loans	9 11	49 40	89 51
Income from participation in investment pools	10 0	50 0	90 0
Interests on deposits with credit institutions	11 1,473	51 1,130	91 2,603
Income from other financial investments	12 5,558	52 0	92 5,558
Interests on deposits with ceding companies	13 243	53 130,221	93 130,464
Total	14 84,843	54 279,690	94 364,533
Value re-adjustments on other investments:			
Land and buildings	15 0	55 0	95 0
Shares and participations in group companies and other	16 480	56 0	96 480
Debt securities issued by affiliated companies and other companies in which a significant interest is held	17 0	57 0	97 0
Other equities	18 595	58 2,078	98 2,673
Other debt securities	19 2	59 200	99 202
Other financial investments	20 912	60 0	100 912
Total	21 1,989	61 2,278	101 4,267
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 0	63 0	103 0
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	25 757	65 70	105 827
Gains on other debt securities	26 1,246	66 647	106 1,893
Gains on other financial investments	27 12,259	67 870	107 13,129
Total	28 14,262	68 1,587	108 15,849
GRAND TOTAL	29 1,248,898	69 1,293,672	109 2,542,570

Notes on the accounts - Attachment 22

Company **Assicurazioni Generali S.p.A.**Year **2018**

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)

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	415
..... Shares in common investment funds	3	2
..... Other financial investments	4	1,506
..... - of which income from debt securities		969
..... Other	6	24
Total	7	1,947
Gains on the realisation of investments:		
..... Surplus on the sale of land and buildings	8	0
..... Gains on investments in group companies and other companies in which a significant	9	0
..... Gains on common investment funds	10	679
..... Gains on other financial investments	11	8
..... - of which debt securities		1
..... Other income	13	0
Total	14	687
Unrealised gains	15	461
GRAND TOTAL	16	3,095

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 2018

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	1 132 ³¹	11 ⁶¹	143
..... Charges referring to investment in land and buildings	2 3,080 ³²	0 ⁶²	3,080
..... Charges referring to debt securities	3 1,940 ³³	4,623 ⁶³	6,563
..... 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 11,552 ³⁶	734 ⁶⁶	12,286
..... Interests on deposits received from reinsurers	7 33 ³⁷	10,367 ⁶⁷	10,400
Total	8 16,737 ³⁸	15,735 ⁶⁸	32,472
Value re-adjustments on investments referring to:			
..... Land and buildings	9 1,285 ³⁹	0 ⁶⁹	1,285
..... Shares and participations in group comp. and other companies	10 7,228 ⁴⁰	9,537 ⁷⁰	16,765
..... Debt securities issued by group companies and other companies	11 0 ⁴¹	0 ⁷¹	0
..... Other equities	12 1,793 ⁴²	1,029 ⁷²	2,822
..... Other debt securities	13 3,142 ⁴³	15,249 ⁷³	18,391
..... Other financial investments	14 24,829 ⁴⁴	964 ⁷⁴	25,793
Total	15 38,277 ⁴⁵	26,779 ⁷⁵	65,056
Losses on the realisation of investments:			
..... Losses on the sale of land and buildings	16 0 ⁴⁶	0 ⁷⁶	0
..... Losses on equities	17 259 ⁴⁷	90 ⁷⁷	349
..... Losses on debt securities	18 147 ⁴⁸	591 ⁷⁸	738
..... Losses on other financial investments	19 4,095 ⁴⁹	67 ⁷⁹	4,162
Total	20 4,501 ⁵⁰	748 ⁸⁰	5,249
GRAND TOTAL	21 59,515 ⁵¹	43,262 ⁸¹	102,777

Notes on the accounts - Attachment 24

Company **Assicurazioni Generali S.p.A.**

Year

2018

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 companies and other companies in which a significant interest is held	2	0
..... Shares in common investment funds.....	3	0
..... Other financial investments.....	4	35
..... Other activities	5	2,807
Total	6	2,842
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	1,112
..... Losses on other financial investments.....	10	210
..... Other losses.....	11	0
Total	12	1,322
Unrealised losses.....	13	16,486
GRAND TOTAL	14	20,650

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 4,426	1 37,195	
Change in the provision for unearned premiums (+ o -)	-	2 484	2 -2,538	
Claims incurred	-	3 2,879	3 20,175	
Change in other technical provisions (+ o -)	-	4 0	4 0	
Balance of other technical income and charges (+ o -)	+	5 0	5 0	
Operating expenses	-	6 168	6 3,998	
Balance on the technical account for direct business (+ o -)	A	7 895	7 15,560	
Balance of reinsurance ceded (+ o -)	B	8 97	8 -81	
Net balance of accepted business (+ o -)	C	9 5,991	9 -23,955	
Change in the equalisation provision (+ o -)	D	10 0	10 0	
Allocated investment return transf. from the non-technical account	E	11 5,518	11 3,614	
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12 12,501	12 -4,862	

	Lob 07		Lob 08	
	Cargo		Fire and natural events	
Direct business gross of reinsurance				
Written premiums	+	1 9,341	1 28,381	
Change in the provision for unearned premiums (+ o -)	-	2 676	2 7,654	
Claims incurred	-	3 9,221	3 19,662	
Change in other technical provisions (+ o -)	-	4 0	4 0	
Balance of other technical income and charges (+ o -)	+	5 0	5 -64	
Operating expenses	-	6 2,154	6 2,847	
Balance on the technical account for direct business (+ o -)	A	7 -2,710	7 -1,846	
Balance of reinsurance ceded (+ o -)	B	8 441	8 5,415	
Net balance of accepted business (+ o -)	C	9 1,444	9 51,890	
Change in the equalisation provision (+ o -)	D	10 0	10 153	
Allocated investment return transf. from the non-technical account	E	11 1,776	11 7,550	
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12 951	12 62,856	

	Lob 13		Lob 14	
	General liability		Credit	
Direct business gross of reinsurance				
Written premiums	+	1 98,025	1 0	
Change in the provision for unearned premiums (+ o -)	-	2 12,120	2 0	
Claims incurred	-	3 20,149	3 -11	
Change in other technical provisions (+ o -)	-	4 0	4 0	
Balance of other technical income and charges (+ o -)	+	5 -1,151	5 0	
Operating expenses	-	6 16,250	6 0	
Balance on the technical account for direct business (+ o -)	A	7 48,355	7 11	
Balance of reinsurance ceded (+ o -)	B	8 -14,814	8 0	
Net balance of accepted business (+ o -)	C	9 -3,461	9 29	
Change in the equalisation provision (+ o -)	D	10 0	10 0	
Allocated investment return transf. from the non-technical account ..	E	11 16,056	11 13	
Net balance of accepted business (+ o -)	(A + B + C - D + E)	12 46,136	12 53	

Notes on the accounts - Attachment 25

Year 2018

by branch - Non-life business -Italian portfolio

Lob 03 Motor, other classes		Lob 04 Trains		Lob 05 Aircrafts		Lob 06 Watercrafts	
1	4,770	1	642	1	701	1	2,211
2	-168	2	253	2	-218	2	16
3	3,573	3	310	3	-958	3	-2,970
4	0	4	0	4	0	4	0
5	0	5	0	5	-1	5	0
6	144	6	22	6	222	6	553
7	1,221	7	57	7	1,654	7	4,612
8	1,357	8	0	8	-638	8	-4,147
9	403	9	2	9	-945	9	-3,725
10	0	10	0	10	0	10	0
11	1,206	11	44	11	158	11	763
12	4,187	12	103	12	229	12	-2,497

Lob 09 Other damage		Lob 10 Motor TPL		Lob 11 Aviation TPL		Lob 12 Watercrafts TPL	
1	22,760	1	196	1	483	1	0
2	2,763	2	-2	2	-49	2	0
3	11,988	3	1,279	3	26	3	1,428
4	0	4	0	4	0	4	0
5	-13	5	-8	5	0	5	0
6	2,914	6	12	6	176	6	0
7	5,082	7	-1,101	7	330	7	-1,428
8	-8,103	8	408	8	-366	8	1,293
9	14,699	9	1,837	9	-14	9	-8
10	0	10	0	10	0	10	0
11	4,643	11	591	11	220	11	14
12	16,321	12	1,735	12	170	12	-129

Lob 15 Suretyship		Lob 16 Miscell. financial loss		Lob 17 Legal expenses		Lob 18 Assistance	
1	1,183	1	16,140	1	4	1	91
2	11	2	1,713	2	0	2	-31
3	29	3	5,736	3	241	3	2
4	0	4	0	4	0	4	0
5	0	5	10	5	0	5	0
6	204	6	1,222	6	0	6	29
7	939	7	7,479	7	-237	7	91
8	-132	8	-5,985	8	0	8	-385
9	1,405	9	6,072	9	-93	9	0
10	0	10	0	10	0	10	0
11	646	11	1,745	11	52	11	5
12	2,858	12	9,311	12	-278	12	-289

Notes on the accounts - Attachment 26
Year 2018

Company **Assicurazioni Generali S.p.A.**

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	226,549	35,295	247,826	60,079	379,001
Change in the provision for unearned premiums (+ o -)	22,684	-765	-7,403	-8,817	24,863
Claims incurred	92,759	5,525	127,333	20,010	194,557
Change in other technical provisions (+ o -)	0	0	0	0	0
Balance of other technical income and charges (+ o -)	-1,227	76	0	1,270	-2,573
Operating expenses	30,915	4,971	33,396	7,227	52,113
Technical balance (+ o -)	78,964	25,640	94,500	42,929	104,895
Change in the equalisation provision (+ o -)					153
Allocated investment return transferred from the non-technical account	26,185		18,429		44,614
Balance on the technical account (+ o -)	105,149	25,640	112,929	42,929	149,356

Notes on the accounts - Attachment 27

Compan **Assicurazioni Generali S.p.A.**

Year 2018

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	88,053	0	0
Claims incurred	98,963	0	21
Change in mathematical provision and in other technical provisions (+ o -)	-3,532	0	4,786
Balance of other technical income and charges (+ o -)	-3	0	-6,478
Operating expenses	4,850	0	109
Allocated investment return transferred to the non-technical account (*)	68,848	0	-1,469
Balance of direct business gross of reinsurance (+ o -)	56,617	0	136
Balance of reinsurance ceded (+ o -)	-12,986	0	-2
Net balance of accepted business (+ o -)	203,243	0	24
Balance of direct business gross of reinsurance (+ o -)	246,874	0	158
	Lob 04 Health	Lob 05 Capitalisation	Lob 06 Pension funds
Direct business gross of reinsurance			
Written premiums	32,060	200	0
Claims incurred	20,985	6,189	0
Change in mathematical provision and in other technical provisions (+ o -)	2,004	-1,200	0
Balance of other technical income and charges (+ o -)	0	0	0
Operating expenses	3,295	0	0
Allocated investment return transferred to the non-technical account (*)	2,077	10,320	0
Balance of direct business gross of reinsurance (+ o -)	7,853	5,531	0
Balance of reinsurance ceded (+ o -)	1,443	0	0
Net balance of accepted business (+ o -)	0	0	0
Balance of direct business gross of reinsurance (+ o -)	9,296	5,531	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 Account

Notes on the accounts - Attachment 28
Year 2018

Assicurazioni Generali S.p.A.

Company

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	120,334	35,475	211,725	1,354	295,230
Cost of claims	130,923	19,773	762,281	0	873,431
Change in mathematical provision and in other technical provisions (+ o -)	-9,206	-352	-511,175	0	-520,029
Balance of other technical income and charges (+ o -)	-2	0	166	0	164
Operating expenses	8,254	4,509	21,878	-367	25,990
Allocated investment return transferred to the non-technical account (*)	79,776		266,081		345,857
Balance on the technical account (+ o -)	70,137	11,545	204,988	1,721	261,859

(*) 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 Account

Notes on the accounts - Attachment 29

Company **Assicurazioni Generali S.p.A.** Year **2018**

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	225,776
Change in the provision for unearned premiums (+ o -)	-	2	15,105
Claims incurred	-	3	194,893
Change in other technical provisions (+ o -)	-	4	0
Balance of other technical income and charges (+ o -)	+	5	684
Operating expenses	-	6	56,455
Balance on the technical account for direct business (+ o -)	A	7	-39,993
Balance of reinsurance ceded (+ o -)	B	8	10,375
Net balance of accepted business (+ o -)	C	9	-7,403
Change in the equalisation provision (+ o -)	D	10	0
Allocated investment return transferred from the non-technical account	E	11	94,247
Balance on the technical account for direct business (+ o -)	(A+B+C-D+E)	12	57,226

Section II: Life Business

		Total lines of business	
Direct business gross of reinsurance			
Written premiums	+	1	85,384
Claims incurred	-	2	50,403
Change in mathematical provision and in other technical provisions (+ o -)	-	3	17,365
Balance of other technical income and charges (+ o -)	+	4	16,509
Operating expenses	-	5	21,428
Allocated investment return transferred to the non-technical account (1)	+	6	11,574
Balance of direct business gross of reinsurance (+ o -)	A	7	24,271
Balance of reinsurance ceded (+ o -)	B	8	-1,805
Net balance of accepted business (+ o -)	C	9	62,261
Balance on the technical account (+ o -)	(A+B+C-D+E)	10	84,727

(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 Account

Notes on the accounts - Attachment 30
Year 2018

Company **Assicurazioni Generali S.p.A.**

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 77	3 0 4 0 5 6 77				
Income from equities	7 0 8 2,133,427	9 0 10 3,822 11 11,005 12 2,148,254				
Income from debt securities	13 0 14 0	15 0 16 0 17 0 18 0				
Interests on loans	19 0 20 158,113	21 0 22 0 23 0 24 158,113				
Income from other financial investments	25 0 26 12	27 0 28 0 29 0 30 12				
Interests on deposits with ceding companies	31 0 32 119,026	33 0 34 12 35 0 36 119,038				
Total	37 0 38 2,410,655	39 0 40 3,834 41 11,005 42 2,425,494				
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 44 415	45 0 46 0 47 0 48 415				
Recoveries of administration expenses and charges	49 0 50 5,539	51 0 52 0 53 0 54 5,539				
Other income and recoveries	55 0 56 32,026	57 0 58 0 59 0 60 32,026				
Total	61 0 62 59,126	63 0 64 0 65 0 66 59,126				
Profits on realisation of investments (*)	67 0 68 96,691	69 0 70 0 71 0 72 96,691				
Extraordinary income	73 0 74 0	75 0 76 0 77 0 78 0				
GRAND TOTAL	79 0 80 140,009	81 0 82 4,911 83 2 84 144,922				
	85 0 86 2,647,770	87 0 88 8,745 89 11,007 90 2,667,522				

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 1,083	93 0	94 0	95 0	96 1,083
Interests on subordinated liabilities	97 0	98 0	99 0	100 0	101 0	102 0
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 7,532	117 0	118 0	119 0	120 7,532
Interests on debits towards banks and financial institutions	121 0	122 8	123 0	124 0	125 0	126 8
Interests on mortgages	127 0	128 0	129 0	130 0	131 0	132 0
Interests on other debits	133 0	134 67,033	135 0	136 0	137 0	138 67,033
Administration charges and charges for third parties	139 0	140 0	141 0	142 0	143 0	144 0
Other charges	145 0	146 32,026	147 0	148 0	149 0	150 32,026
Total	151 0	152 46,959	153 0	154 0	155 0	156 46,959
	157 0	158 154,641	159 0	160 0	161 0	162 154,641
Unrealised income and gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds						
Losses on realisation of investments (*)	163 0	164 2,846	165 0	166 0	167 0	168 2,846
Extraordinary charges	169 0	170 0	171 0	172 0	173 0	174 0
GRAND TOTAL	175 0	176 2,185	177 0	178 0	179 402	180 2,587
	181 0	182 159,672	183 0	184 0	185 402	186 160,074

(*) with reference to the counterpart in the operation

Notes on the accounts - Attachment 31
Year 2018

Company **Assicurazioni Generali S.p.A.**

Summary layout of direct business premiums written

	Non-life		Life		Total	
	Affiliates	FoS	Affiliates	FoS	Affiliates	FoS
Written premiums:						
in Italy	1 52,185	5 0	11 11,158	15 0	21 63,343	25 0
in other EU countries	2 165,524	6 8,839	12 109,177	16 0	22 274,701	26 8,839
in third countries	3 225,776	7 0	13 85,384	17 0	23 311,160	27 0
Total	4 443,485	8 8,839	14 205,719	18 0	24 649,204	28 8,839

Notes on the accounts - Attachment 32

Company **Assicurazioni Generali S.p.A.**

Year 2018

Layout of costs with regard to staff, administrators and auditors

I: Staff costs

	Non-life business		Life business		Total	
Employees' costs:						
Italian portfolio:						
- Wages	1	141,044	31	5,634	61	146,678
- Social contributions	2	41,341	32	1,907	62	43,248
- Severance payments and other obligations	3	7,789	33	385	63	8,174
- Other employee costs	4	9,948	34	136	64	10,084
Total	5	200,122	35	8,062	65	208,184
Foreign portfolio:						
- Wages	6	35,649	36	20,205	66	55,854
- Social contributions	7	10,878	37	7,701	67	18,579
- Other employee costs	8	2,026	38	2,329	68	4,355
Total	9	48,553	39	30,235	69	78,788
Grand total	10	248,675	40	38,297	70	286,972
Costs of non - subordinate workforce:						
Italian portfolio	11	6,018	41	137	71	6,155
Foreign portfolio	12	775	42	15	72	790
Total	13	6,793	43	152	73	6,945
Total cost of workforce	14	255,468	44	38,449	74	293,917

II: Details of items entered

	Non-life business		Life business		Total	
Investments charges	15	80	45	24	75	104
Costs of claims	16	4,360	46	590	76	4,950
Other acquisition costs	17	16,742	47	1,655	77	18,397
Other administration costs	18	27,132	48	28,193	78	55,325
Administrative charges and charges for third parties	19	207,154	49	7,987	79	215,141
Holding costs	20	0	50	0	80	0
Total	21	255,468	51	38,449	81	293,917

III: Average number of staff

	Number	
Managers	91	279
Employees	92	1,490
Salaried	93	0
Others	94	54
Total	95	1,823

IV: Administrators and auditors

	Number			
Administrators	96	13	98	4,117
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 2018	Monetary revaluations	Other revaluations
GENERALI (SCHWEIZ) HOLDING AG	581,610,045	85,639	-
GENERALI FRANCE	529,494,119	110,443	502,204
Total	1,111,104,164	196,082	502,204

Urban real estate on which revaluations have been carried out

Place ITALY	Total book values at 31/12/2018 ^(*)	(Art. 10 of Law 19/3/83 n. 72)	
		Monetary revaluations	Other revaluations
BOLOGNA	3,230,229	-	4,256,423
BUSTO ARSIZIO	280,000	23,756	454,061
CALTANISSETTA	97,035	6,881	116,975
CASALECCHIO DI RENO	184,130	13,189	166,767
CASORIA	125,917	9,086	224,404
CATANIA	237,944	-	-
CATANZARO	310,000	-	385,292
FABRIANO	1,778,244	-	1,300,938
FERMO	213,615	-	283,927
FIGLINE VALDARNO	300,433	17,552	580,987
FOGGIA	242,205	114	273,458
FOLIGNO	926,622	16,828	524,436
FUCECCHIO	200,000	-	255,575
LATINA	319,821	26,004	337,934
MATERA	158,269	10,770	277,372
MELEGNANO	270,000	22,450	424,205
MUGGIA	710,559	-	-
PERUGIA	77,785	-	106,031
PESCARA	717,091	-	1,088,782
PISTOIA	1,282,470	-	1,086,976
RAGUSA	350,486	-	267,392
REGGIO DI CALABRIA	120,000	-	204,304
REGGIO NELL'EMILIA	1,347,724	-	2,636,950
ROMA	52,101,311	-	39,588,421
SASSARI	125,913	18,722	138,025
SERIATE	87,455	-	134,950
SIGNA	213,103	14,689	316,228
TRAPANI	116,538	-	75,164
TREVIGLIO	213,353	9,936	301,626
TRIESTE	2,826,879	-	4,412,010
VENICE	1,174,423	50,109	1,029,358
VOLTERRA	145,583	-	136,981
TOTALE ITALIA	70,485,136	240,086	61,385,950

* total book value includes as amount of Euro 2,370,747 for work in progress

Urban real estate on which revaluations have been carried out

(values in euro) Place FOREIGN COUNTRY	Total book values at 31/12/2018	(Art. 10 Legge 19/3/83 n. 72)	
		Monetary revaluations	Voluntary Revaluations
GREAT BRITAIN - LONDON	523,060	0	670,973
FRANCE - PARIS	1,774,718	0	75,567
MAROCCO - CASABLANCA	948,477	232,929	676,022
EGYPT - CAIRO	2,486,662	64,328	11,757,511
LEBANON - BEIRUT	6,348,854	12,865	5,281,190
TOTAL ABROAD	12,081,771	310,123	18,461,262

SUMMARY (in euro)

BUILDINGS IN CITIES ITALY	70,485,136	240,086	61,385,950
BUILDINGS IN CITIES ABROAD	12,081,771	310,123	18,461,262
GRAND TOTAL	82,566,907	550,208	79,847,212



Attestation and Report

283 Attestation of the Financial Statements

pursuant to art. 154-bis of legislative decree of 24 February 1998, no. 58 and art. 81-ter of Consob regulation of 14 May 1999, no. 11971 as amended

Attestation of the Financial Statements

pursuant to art. 154-bis of legislative decree
of 24 February 1998, no. 58 and art. 81-ter
of Consob regulation of 14 May 1999,
no. 11971 as amended

Attestation of the 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 of 14 May 1999, no. 11971 as amended

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Cristiano Borean, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
 - the adequacy in relation to the characteristics of the Company and
 - the effective 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 2018.
2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at 31 December 2018 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 2018:
 - 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, 13 March 2019

Philippe Donnet
Managing Director and Group CEO

ASSICURAZIONI GENERALI S.p.A.



Cristiano Borean
*Manager in charge of preparing
the Company's financial reports and Group CFO*

ASSICURAZIONI GENERALI S.p.A.



Board of Statutory Auditors' Report

Statutory Auditors' Report to the Shareholders Meeting of Assicurazioni Generali S.p.A. called to approve the Financial Statements as at 31 December 2018 pursuant to Art. 153 of Legislative Decree 58/1998

Dear Shareholders,

In compliance with the provisions of Article 153 of Legislative Decree no. 58 of 24 February 1998 ("TUIF"), and the indications contained in Consob notice no. 1025564 of 6 April 2001, as amended, while taking the principles of conduct recommended by the National Council of Chartered Accountants ("NCCA") into account, the Board of Statutory Auditors of Assicurazioni Generali S.p.A. (the "Company") hereby presents this report on the supervisory activity carried out during the 2018 financial year.

1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2018 (point 10 of Consob Notice no. 1025564/01)

The Board of Statutory Auditors performed the activities falling within its scope of duties during the 2018 financial year, holding 34 meetings with an average duration of approximately three hours and fifteen minutes.

The Board of Statutory Auditors also:

- attended the 14 meetings of the Board of Directors (BoD);
- attended the 14 meetings of the Risk and Control Committee ("RCC");
- attended the 3 meetings of the Related-Party Transactions Committee ("RPTC");
- in the person of its Chairman and/or another statutory auditor, attended the 7 meetings of the Appointments and Remuneration Committee ("ARC"), with specific reference to remuneration matters;
- in the person of its Chairman and/or other statutory auditor, attended the 11 meetings of the Investments and Strategic Operations Committee ("ISOC");
- in the person of its Chairman and/or another statutory auditor, attended the 9 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:

- held meetings with, and obtained information from the Group CEO, also in his role as Director in charge of the internal control and risk management system, the Group CEO, also in his role as manager in charge

of preparing the corporate accounting documents, the Head of the Group Financial Crime function, Group General Counsel, Head of Corporate Affairs and Head of Group Human Resources and Organisation, as well as the heads of the corporate functions affected by the supervisory activity of the Board of Statutory Auditors;

- pursuant to Art. 74, paragraph 2, of IVASS Regulation no. 38 of 3 July 2018, held meetings with, and obtained information from, those responsible for the four fundamental functions envisaged by the aforementioned Regulation (Group Audit, Group Compliance, Risk Management, Group Actuarial, the "Fundamental Functions"), as well as all of the structures that perform control tasks within the Group, ensuring adequate functional and information connections;
- met the members of the Supervisory Body established pursuant to Legislative Decree 231/2001 for the purpose of the exchange of information;
- pursuant to paragraphs 1 and 2 of Art. 151 of the TUIF, as well as Art. 74, paragraph 3(g) of IVASS Regulation no. 38/2018, held meetings and/or exchanged information with the control bodies of the main subsidiaries (Alleanza Assicurazioni S.p.A., Banca Generali S.p.A., Česká pojišťovna a.s., CityLife S.p.A., Europ Assistance Italia S.p.A., Generali Allgemeine Versicherungen AG, Generali Deutschland AG, Generali España S.A. de Seguros y Reaseguros, Generali Investment Europe S.p.A., Generali IARD S.A., Generali Italia S.p.A., Generali Business Solutions S.C.P.A., Generali Insurance Asset Management S.p.A. SGR, Generali Investments Holding S.p.A., Generali Investments Partners S.p.A. SGR, Generali Real Estate S.p.A., Generali Personenversicherungen AG, Generali Properties S.p.A., GSS – Generali Shared Services S.c. a r.l., Generali Schweiz Holding A.G, Generali Versicherung AG, Generali Vie S.A., Genertel S.p.A., Genertellife S.p.A.);
- in the framework of relations between the control body and the auditor as provided pursuant to the third paragraph of Art. 150 of the TUIF and Art. 74, paragraph 3(e) of IVASS Regulation n. 38/2018, and in light of the duties of the Board of Statutory Auditors as an Internal Control and Audit Committee, held specific meetings on a periodic basis with EY S.p.A, the company appointed to carry out the statutory audit. ("EY"), during which data and information relevant to the performance of their respective tasks were also exchanged.

2. Transactions having a significant impact on the economic, financial and asset-based position. Other noteworthy events (point 1 of Consob Notice no. 1025564/01)

2.1 Activities performed by the Board of Statutory Auditors

The Board of Statutory Auditors 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 asset-based position, by regularly attending meetings of the Board of Directors and examining the documentation provided.

In this context, the Board of Statutory Auditors 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 asset-based position conducted by the Company, including through directly or indirectly controlled companies.

On the basis of the information provided, the Board of Statutory Auditors 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, precarious or in conflict with the resolutions passed by the Shareholders Meeting, or such as to prejudice the integrity of the Company's assets.

In particular, the Board of Statutory Auditors was informed about transactions in which Directors declared an interest either 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 Main significant events

The most significant events involving the Company and the Group in 2018 are also reported on in the 2018 Integrated Annual Report and Consolidated Financial Statements. They include the following events:

- on 6 February 2018, the Company completed the sale of the entire investment in Generali Nederland N.V. The Group remains operational in the Netherlands through its Global Business Lines;
- in March 2018, Generali Global Infrastructure was launched, a platform that involves external partner-

ships to invest in infrastructure debt, developing products and solutions for investors;

- on 16 April 2018, the Company completed the sale of its activities in Panama and Colombia, countries in which it remains operational through its Global Business Lines;
- on the same date, the company increased its share capital by implementing the Long-Term Incentive Plan approved by the Shareholders Meeting in April 2015. Following this increase, the Company's fully subscribed and paid-up share capital amounts to € 1,565,165,364;
- in the same month, the Company started the sale of Generali Belgium S.A. The transaction was completed in the beginning of January 2019;
- in May 2018, the Company strengthened its geographical presence in Central and Eastern European countries through the acquisition of full control of the Slovenian company Adriatic Solvenica zavarovalna družba and Polish companies Concordia Capital S.A. and Concordia Polska TUW;
- in June 2018, Generali CEE Holding B.V. and UniCredit signed a bancassurance agreement for the distribution of insurance solutions in Central and Eastern Europe;
- in the same month, the Company completed the sale of the entire stake in Generali PanEurope DAC, while remaining operational in Ireland through its Global Business Lines;
- in July 2018, the Company started the sale of 89.9% of Generali Lebensversicherung AG and signed an agreement with Viridium Gruppe, with which the Company undertook a larger industrial partnership on the German insurance market. The transaction is subject to the approval of the German Federal Authority for the supervision of the financial sector (BaFin), as well as that of the competent German antitrust authorities;
- the new organisational structure of the Group was approved in the same month, effective from 1 September 2018. The most significant organisational changes include the creation of the position of General Manager, who reports directly to the Group CEO, and the appointment of Cristiano Borean as the new Group CFO;
- in July, the Company also signed an agreement with Life Company Consolidation Group for the sale of its entire holding in Generali Worldwide Insurance Company Limited, a company based in Guernsey, and Generali Link, an Irish company. The transaction was completed in March 2019;
- in October 2018, the Company signed an agreement for the acquisition of 100% of the Polish asset management company Union Investments TFI S.A. The transaction is subject to the approval of the competent regulatory authorities;
- in December 2018, the Company acquired 100% of

CM Investment Solutions Limited from Bank of America Merrill Lynch, a company that works in the development of alternative UCITS strategies (Undertakings for the Collective Investment of Transferable Securities);

- on 31 December 2018, the Company increased its stake to 49% in the Indian insurance partnership Future Generali Insurance, a joint venture with Future Group.

2.3 Dispute proceedings

As stated in the 2016 and 2017 Integrated Annual Report and Consolidated Financial Statements, the Brazilian company Banco BTG Pactual S.A. (“BTG”) initiated a dispute in 2016 relating to certain claims for compensation made by BTG pursuant to an agreement whereby the sale to the latter of Banca della Svizzera Italiana S.A. (“BSI”) by a Generali subsidiary was concluded in September 2015.

In this regard, the Board of Statutory Auditors received periodic updates from Group Legal Affairs on the evolution of the dispute during the meetings of the Board of Directors and RRC, and examined the opinions prepared by external lawyers. The Board of Statutory Auditors also met the manager in charge of Preparation of the Company’s Financial Reports and the auditing firm EY, 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 as well as the corresponding disclosure.

As stated in the 2018 Integrated Annual Report and Consolidated Financial Statements, the Company, 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 any risk provisions associated with BTG’s said claim for damages.

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 Art. 2391-*bis* of the Civil Code, which are also applicable to transactions performed by subsidiaries.

The Board of Statutory Auditors concludes that the

forementioned procedures 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 2018 Annual Financial Statements and the 2018 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 RPT Procedures were submitted for the attention of the RPTC during the 2018 financial year, nor did any urgent related-party transactions take place.

With regard to intercompany transactions during the year, the supervisory activity of the Board of Auditors shows that they have been implemented in compliance with IVASS Regulation no. 30/2016 on intragroup transactions and risk concentrations, as well as the Policy on Infra-Group Transactions adopted by the Board of Directors on 15 March 2017. 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. Said services allowed the rationalisation of operational functions and a better level of services.

The BSA concluded that the information provided by the Board of Directors in the 2018 Annual Financial Statements of the company relating to intercompany and related-party transactions was adequate.

As far as we are aware, no atypical and/or unusual transactions were carried out in 2018.

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 organisational structure of the Company includes the duties and responsibilities of the corporate functions, the hierarchical and functional relationships between, them and related coordination mechanisms. This is based on two dimensions: the Group Head Office (“GHO”) and

Business Units. While the GHO acts as a strategic guidance structure, it leads and coordinates the Business Units, which value entrepreneurship and local autonomy. Organisational governance takes place through integration and coordination mechanisms between the Business Units and the Group Head Office functions, represented by:

- the Group Management Committee (“GMC”), which supports the Group CEO and top management in sharing the main strategic decisions;
- the three main cross-functional committees that support the Group CEO in addressing the Group’s strategic decisions: Balance Sheet Committee, Finance Committee, Product & Underwriting Committee;
- Business Strategic Reviews, Clearance Meetings and Capital & Cash Deep Dives, which ensure the alignment between the GHO and the Business Units with a respective focus on strategic actions and discussions, economic-financial performance, remittance and capital optimisation;
- 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” departments, which have hierarchical reporting that is carried out more directly and systematically by the GHO, are the Group Chief Risk Officer, Group General Counsel, including Group Compliance and the Group Audit; the other Group Functions are “dotted”.

On 31 July 2018, the Company’s Board of Directors approved the adoption of a new organisational model, effective as of 1 September 2018. This new model involved:

- the creation of the position of General Manager, reporting directly to the Group CEO, to which Frédéric de Courtois was appointed;
- the re-definition of the scope of the role of CEO of GBL & International, renamed CEO International; this position is held by Jaime Anchústegui;
- the extension of the scope of responsibility of Marco Sesana, Country Manager Italy, to include Global Business Lines, as well as the extension of the scope of responsibility of Jean-Laurent Granier, Country Manager France, to include Europ Assistance;
- the appointment of Cristiano Borean as the new Group CFO, following the termination of the employment relationship between the Company and the previous Group CFO, Luigi Lubelli. Cristiano Borean therefore also joined the GMC.

Through the activity described in paragraph 1, the BSA supervised the adequacy of the overall organisational structure of the Company and Group, verifying the suitability of the definition of the proxies, and paying particular attention to the separation of responsibilities in the tasks and functions pursuant to Art. 74, paragraph 3(b) of IVASS Regulation no. 38/2018.

The BSA also supervised the adequacy of the instructions given by the Company to subsidiaries pursuant to Art. 114, paragraph 2, of the TUIF for the purpose of promptly obtaining the information necessary to comply with the disclosure obligations required by law and by Regulation (EU) no. 596/2014.

As required by paragraphs 1 and 2 of Art. 151 of the TUIF and by Art. 74, paragraph 3(g) of IVASS Regulation n. 38/2018, the Board of Statutory Auditors acquired the reports of the control bodies of the main subsidiaries and/or information provided by them following specific requests; no elements worthy of mention emerged in this Report from the analysis of this documentation.

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 features of the internal control and risk management system are described in the Report on Corporate Governance and Ownership Structure and the Group Risk Report (included in the Annual Integrated Report and Consolidated Financial Statements 2018).

The internal control and risk management system (“ICRMS”) is formed by the rules, procedures and corporate structures that operate - also in regard to the role of the Company as the parent company of an insurance group - in order to allow the effective functioning of the Company and Group, and to identify, manage and monitor the main risks to which they are exposed. The ICRMS is an integrated system that involves the entire organisational structure.

The Group Audit, Group Compliance, Group Risk Management, and Group Actuarial Functions constitute the Fundamental Functions pursuant to IVASS Regulation no. 38/2018. In order to ensure a consistent approach at a Group level, the Company defines the Group guidelines on the governance system supplemented by the inter-

nal control and risk management policies of the Group, which apply to all companies.

The ICRMS was defined 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 a 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.

During 2018, in compliance with Solvency II, the Group updated or defined the related internal group policies aimed at pursuing the following objectives:

- to standardise the ICRMS, establishing the roles and responsibilities of corporate structures to which the Fundamental Functions are entrusted;
- establishing the processes associated with the management of specific risks (investment, underwriting, concentration and operational risks) and the main business processes (including capital management, the asset liability management process and the product approval process).

Although the Company is no longer among the systemic entities, Group controls were also confirmed in 2018 with the updating of the Systemic Risk Management Plan, Liquidity Risk Management Plan and Recovery Plan, the latter also in light of the recent provisions of IVASS Regulation no. 38/2018 on reinforced emergency plans.

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, Annual Integrated Report, and Consolidated Financial Statements 2018. 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.

During 2018, based on the results of the monitoring of the Group Compliance Function, the Group has adapted to new significant regulations, including the European Directive on Insurance Distribution (and related local implementing legislation) and the European Regulation on Personal Data Protection (GDPR).

IVASS Regulation no. 38/2018 was issued on 3 July 2018,

which repealed the previous IVASS Regulation no. 20 of 26 March 2008. The latter remained in force until the publication of new secondary legislation, and was applicable for the first part of the financial year in question.

IVASS Regulation no. 38/2018, involved a revision of the corporate governance system of insurance companies: The Company promptly initiated a gap analysis between the governance structure, the most important Group corporate controls and processes, and the model outlined by the aforementioned Regulation. Consequently, the relative implementation activities and appropriate coordination methods were identified amongst the various functions to which the individual actions have been delegated.

The interventions on the role of the Chairman and the Board Committees, the organisational structure of the Fundamental Functions and the effective and efficient performance of their respective functions, as well as the updating of internal regulations of the Board of Directors and Committees were immediately implemented, and approved by the Board of Directors at the meeting of 12 December 2018. On 30 January 2019, the Board of Directors also approved some amendments to the Articles of Association for compliance with the aforementioned IVASS Regulation no. 38/2018 for aspects relative to the provisions of the articles of association on the composition of the Executive Committee, which was not instituted by the Company.

The other implementation activities, for which the transitional provision of Art. 95, paragraph 1, of IVASS Regulation n. 38/2018 requires the adjustment by 31 December 2019 and the adoption of the appropriate resolutions within the first half of 2019, have been almost completely completed within the first quarter of the current year. The remaining activities are being finalised, and are expected to be completed within the first half of 2019, in full compliance with the regulatory deadline.

The BSA has constantly monitored the activities of adapting the governance structure of the Company and Group to IVASS Regulation n. 38/2018, receiving periodic information from the company functions involved, and formulating recommendations and suggestions where deemed appropriate.

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, verifying their effective operation. In particular, in taking into account the provisions of Art. 74 of IVASS Regulation n. 38/2018 recently entered into force, the BSA has:

- i) took note of the favourable opinion of the adequacy of the ICRMS issued half-yearly by the Board of Directors after consulting the RCC;
- ii) examined the RCC report issued every six months in support of the Board of Directors;
- iii) examined the summary document regarding the assessment of the adequacy and efficacy of the Internal Control and Risk Management System drawn up by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions;
- iv) attended all meetings of the RCC, obtaining information about the initiatives that the Committee has decided to promote or request on specific subjects (such as on matters of cyber security);
- v) obtained information on 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;
- vi) examined the reports on the activities of Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the Risk and Control Committee and the Board of Directors;
- vii) examined the Group Audit Manager's half-yearly Complaint Reports;
- viii) verified the autonomy, independence and functionality of the Group Audit Function, as well as implemented and maintained an adequate and constant connection with it;
- ix) examined the Audit Plan prepared by the Group Audit Function as approved by the Board of Directors, having observed compliance with the same and received information flows on the audit results; in this regard, a significant improvement was observed in the timeliness of implementation of mitigating actions that were previously considered as an area of attention that was taken into account in the 2017 Report;
- x) taken note of the activities of the Supervisory Body established by the Company in compliance with the provisions contained in Legislative Decree 231/2001 through specific disclosures and update meetings on the activity it carries out;
- xi) obtained information from the managers of corporate functions involved in the ICRMS;
- xii) exchanged information with the supervisory bodies of the subsidiaries, as required by Art. 151, paragraphs 1 and 2 of the TUIF and Art. 74, para. 3(g) of IVASS Regulation no. 38/2018;
- xiii) met and exchanged information with the Group

CEO in his role as Executive Director responsible for supervising the ICRMS;

- xiv) obtained information about the development of the Group's regulatory system, in particular the Company's structure of policies, regulations, guidelines and procedures designed to ensure compliance with the specific regulations of the insurance industry and listed companies applicable to or approved by the Company.

As part of its supervisory activity over the ICRMS, the Board of Statutory Auditors paid specific attention to matters of IT security. During the 2018 financial year, a new Group document framework was defined for the management of Cyber-Security and Data-Protection, and specific procedures have been prepared for the management of IT incidents.

The Board of Statutory Auditors also continued to monitor the implementation of the plan to mitigate money laundering and terrorist financing risks as defined by the Board of Directors in December 2017, following the self-assessment process conducted during the year as based on the specific methodologies indicated by IVASS.

Also during the 2018 financial year, the Board of Statutory Auditors received updates on the external quality assessment conducted by PricewaterhouseCoopers on the Group Audit Function, both on the Company and certain Group companies. This analysis highlighted the general compliance of the Function with international standards for the professional practice of internal auditing, and identified some areas of further refinement, for which an action plan has already been defined.

With reference to areas that will be the subject of specific interventions already planned by the Fundamental Functions, the following is noted in view of the process of constant reinforcement and continuous improvement of the efficiency and effectiveness of the Group system:

- in the IT area, and with particular regard to aspects of Cyber-Security and Data Protection, activities have been scheduled to verify the effective implementation of the new regulatory framework and the implementation by individual Group companies of the related procedural structure for IT security management;
- a series of interventions were planned by the four Fundamental Functions to support the internal control system on branches, and in particular that located in the UK, in view of potential operational difficulties deriving from Brexit;
- in light of legislative and regulatory developments (anti-money laundering, privacy and customer protection,

etc.), additional reinforcement of the internal control system has been planned, with specific joint actions by the Group Audit and Group Compliance Functions.

The aforementioned activities will be subject to specific monitoring by the Board of Statutory Auditors during the 2019 financial year.

In light of all the above information and having regard to the above-mentioned areas of attention and taking the development of ICRMS into account, no factors emerged from the analyses conducted or the information obtained that could lead this BSA to consider the Company's Internal Control and Risk Management System as not adequate as a whole.

5.2. Administrative accounting system and financial reporting process.

As regards the administrative accounting system and the financial reporting process, the Board of Statutory Auditors monitored (inter alia) the Company's activities designed to assess their adequacy and effective operation on a continuous basis.

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. In line with the Company's ICRMS, the financial reporting model involves the corporate bodies and operating and control structures in integrated management, in compliance with the different levels of responsibility. The main characteristics of the model are described in the Corporate Governance and Share Ownership Report.

Data and information relevant to the performance of their respective tasks pursuant to Art. 150 of the CFBA were exchanged with the managers of the auditing firm, and no noteworthy aspects emerged pursuant to Art. 150, para. 3, TUIF, and Art. 74, para. 3(e) of IVASS Regulation n. 38/2018.

At the meeting of 25 March 2019, the Board of Statutory Auditors examined the draft of the additional report prepared by the auditing company EY pursuant to Art. 11 of EU Regulation 537/2014, and found, based on such, to be no significant shortcomings of the internal control system in relation to the financial reporting process. That report was discussed and analysed during information exchanges between the Board of Statutory Auditors and auditing firm.

As part of its role to oversee the suitability of the administrative-accounting system, the BSA also established, pursuant to Art. 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. At 31 December 2018, the following are non-EU companies relevant for the purposes of the Market Regulation: Generali Personenversicherungen AG, Generali (Schweiz) Holding AG and Generali China Life Insurance Co. Ltd.

5.3. Consolidated Non-Financial Declaration

The Board of Statutory Auditors points out that, pursuant to Legislative Decree no. 254/2016 and the related implementing regulation issued by CONSOB with resolution no. 20267 of 18 January 2018, the Company is required to prepare and publish a Consolidated Non-Financial Declaration ("CNFD"). As required by Art. 4 of Legislative Decree no. 254/2016, said Declaration 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 Art. 3, para.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 CNFD. In particular, the BSA supervised the adequacy of the organisational structures adopted by the Group based on the strategic objectives it pursued in the social-environmental field, and on the adequacy of the processes and structures that govern the production, reporting, measurement and representation of non-financial results and information within the Group.

To this end, the BSA examined the documentation made available by the Company and met the management team responsible for the CNFD disclosure on various occasions, an interdisciplinary group that includes the Group CFO and Group Risk Management as well as the representatives of the auditing company appointed to carry out the statutory audit, which is also entrusted with the task of giving the declaration of conformity provided for by Art. 3, paragraph 10, of Legislative Decree no. 254/2016 in a specific report.

The Board of Directors approved the CNFD on 13 March

2019. It was drafted in compliance with Legislative Decree 254/2016 on the disclosure of non-financial information relating to environmental and social issues relating to personnel, respect for human rights and the fight against corruption. The criteria of the International <IR> Framework have also been applied in the preparation of the CNFD, issued 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 auditing firm EY issued said report on 03 April 2019. In said report, EY certified that on the basis of the work performed, no information had come to its attention suggesting that the CNFD was not drawn up, in all significant respects, in compliance with the terms of Arts. 3 and 4 of Legislative Decree no. 254/2016 and the reporting standard used by the Group to prepare the CNFD.

The Board of Statutory Auditors observes that in the course of the controls conducted and specified above, no evidence of non-conformity by the CNFD with the legislative provisions governing its preparation and publication came to its attention.

When drawing up the Consolidated Non-Financial Declaration, the Company did not exercise the option to omit information concerning imminent developments and transactions under negotiation allowed by Art. 3, para. 8 of Legislative Decree 254/2016.

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.

Namely, the BSA, partly by attending meetings of the RRC:

- supervised compliance with the guidelines on investment policies approved by the Board of Directors, pursuant to Art. 8 of IVASS Regulation n. 24 of 6 June 2016;
- checked that transactions in derivative financial instruments complied with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly 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 related to organisational and procedural activities implemented by the Company pursuant to Legislative Decree 231/2001 are represented in the Report on corporate governance and ownership structure.

No noteworthy facts and/or circumstances emerged from the report submitted by the Surveillance Body regarding the activities performed.

8. Ratification of the Corporate Governance Code, Composition of the Board of Directors, and remuneration (point 17 of Consob Notice no. 1025564/01)

The Company has ratified the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. The compliance checklist with the principles and criteria established by the Self-Governance Code is shown in the Disclosure Compendium to the Report on Corporate Governance and Ownership Structure 2018, available on the Company's website, to which reference is made.

This Board of Statutory Auditors 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 2018 financial year, which involved all Directors and the Chair of the BSA, was conducted by means of a questionnaire developed by a main external consulting company, accompanied by interviews aimed at enhancing the individual contribution of each Director. In order to ensure the confidentiality of responses and monitor their consolidation process, the results of the procedure were managed by the external consultant who reported to the GSC and Corporate Affairs Function. The results of the Board review were presented, shared and discussed by the Board of Directors in the meetings of 12 December 2018 and 30 January 2019, in which the Board of Statutory Auditors took part.

The Board of Statutory Auditors acknowledges that, in compliance with the recommendations of the Self-Governance Code, the outcomes of the Board review have been taken into consideration by the GSC and the Board of Directors - supported by the ARC - for the purposes of drafting the "*Opinion for Shareholders on the size and composition of the Board of Directors for the three-year period 2019-2021*". This opinion was approved by the Board of Directors on 20 February 2019, as previously sent to the Board of Statutory Auditors, and was the subject of prior publication with respect to the date of the Shareholders' Meeting called to appoint the Board of Directors for the three-year period of 2019-2021, so that the Shareholders could take the assessments carried out by the BSA and its recommendations into account in the selection of the candidates with adequate advance notice with respect to the last date of filing of the lists.

In the early months of 2019, in line with the recommendations of Regulation Q.1.1 of the Rules of Conduct of the Board of Statutory Auditors of Listed Companies prepared by the NCCA, the Board of Statutory Auditors also carried out its own self-assessment of its composition and operation with the support of the Corporate Affairs Function, providing for the examination and discussion of the related results in a specific meeting.

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, sending such to the Board of Directors are required by the Self-Governance Code.

In light of the policies and operating guidelines provided for by the Company, 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 IVASS Regulation n. 38/2018.

9. External audit (points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)

9.1. Activities of the Board of Statutory Auditors for the financial year 2018

The firm EY S.p.A. was appointed as External Auditors to audit the financial statements of the Company and the consolidated financial statements of the Group for the 2012-2020 period by EY. During the 2018 financial year, the auditing firm verified that the Company's accounts were properly kept and transactions properly recorded in accounting records.

On 3 April 2019, the independent auditors issued the reports pursuant to Articles 14 and 16 of Legislative Decree 39/2010, respectively for the financial statements and consolidated financial statements of the Group as at 31 December 2018. 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 the Company as at 31 December 2018.

The Board of Statutory Auditors monitored, within the terms of its duties, 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 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 Explanatory Notes to the Financial Statements illustrate the evaluation criteria used, and provide the information required by applicable legislation.

The Report on Operations annexed to the draft financial statements of the parent company illustrates the business trend, indicating current and prospective developments, as well as the Group's development and reorganisation process.

Together with the independent auditors and the manager responsible for preparing the corporate accounting documents, the Board of Statutory Auditors, was heard by the RCC in the context of the assessments for which the latter is responsible, together with the manager in charge of preparing the corporate accounting documents as regards the correct use of accounting principles and the homogeneity of their use for the purposes of preparing the consolidated financial statements.

On 03 April 2019, EY issued its additional report to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee pursuant to Art. 11 of EU 537/2014. In compliance with the provisions of Art. 19, paragraph 1(a), of Legislative Decree 39/2010, the BSA sent this report in a timely manner to the Board of Directors, without making comments.

The BSA also held meetings with the heads of the auditing company EY pursuant to Art. 150, paragraph 3, of the TUIF and Art. 74, paragraph 3(e) of IVASS Regulation no. 38/2018. During said meetings, appropriate exchanges of data and information took place that were relevant for the performance of the respective tasks, and no facts or situations worthy of being highlighted emerged. In the context of supervision pursuant to Art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also acquired information from EY with reference to the planning and execution of the audit.

Pursuant to Article 19, paragraph 1(e) of Legislative Decree no. 39/2010, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, checked and monitored the independence of the auditing firm. In the performance of those checks, no situations were found that prejudiced the independence of the auditing firm 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, para. 2(a) of Reg. EU 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 aimed at governing the appointment of the auditing firm and a company belonging to their network of permitted services other than audits ("Guideline for the assignment of non-audit services to auditors"). During 2018, the Board of Statutory Auditors supervised the implementation of some changes to the Guidelines as mentioned above, aimed at aligning them with the interpretative development of current legislation and applicable practices. This review process led to the adoption of an updated version of the Guidelines on 6 July 2018. After that date, the BSA requested that further processes be implemented to raise awareness among Group companies as regards the correct application of the new Guidelines.

During the 2018 financial year, in compliance with the provisions of Art. 19, paragraph 1(e) of Legislative Decree 39/2010 and Art. 5, par. 4, of Reg. EU 537/2014, the Board of Statutory Auditors, in its role as the Internal Control and Audit Committee, previously examined the proposals for non-audit services conferred on the independent auditors or companies belonging to the relevant network subject to its attention.

As part of its assessments, the Board of Statutory Auditors has not only verified the compatibility of these services with the prohibitions of Art. 5 of Reg. EU 537/2014, but also the absence of potential risks for the independence of the auditor deriving from the performance of said services in light of the provisions contained in Legislative Decree 39/2010 (Articles 10 et seq.), in the Issuers Regulation (Art. 149-*bis* and following) and Audit Principle n. 100.

As the statutory pre-requisites were fulfilled, the BSA approved the commissioning of the service from EY or other companies belonging to its network.

The fees for non-audit services by the auditing firm or other companies belonging to their network for the company and its subsidiaries in the 2018 financial year are disclosed in detail in the Notes to the Financial Statements. During the year, the Board of Statutory Auditors, as the Internal Control and Audit Committee, supervised the trend of said fees.

9.2. Activities of the Board of Statutory Auditors in view of the conferment of the appointment of the statutory audit of the accounts for the nine-year period 2021-2029

In March 2018, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, together with the Group CFO structure and the other competent corporate functions, started the selection procedure aimed at identifying the new auditing company to be appointed for the nine-year period 2021-2029. The decision to undertake this procedure before the expiry of the EY mandate (2020) was first and foremost dictated by the need to ensure compliance with the independent auditor's forecasts pursuant to EU Regulation no. 537/2014, to which the Company is subject by virtue of its status as a "public interest entity" (PIE).

Art. 5 of EU Regulation n. 537/2014 identifies specific services that the auditor and entities belonging to the relevant network cannot provide to the institution of interest and to the companies controlled by it also in the year immediately preceding the first object of the audit assignment ("*cooling-in period*") (in the case of Generali, in 2020).

Secondly, the appointment of the new auditor prior to the expiry of the one in office facilitates handover from the outgoing to the incoming auditor. This would allow for dealing more efficaciously with the lesser knowledge about the PIE and its group the incoming auditor would inevitably have more knowledge of the PIE and the group, in the hopes of obtaining a better quality of statutory audit.

In compliance with the provisions of Art. 16 of EU Regulation n. 537/2014, the procedure for selecting the new auditor was carried out in a fully transparent and traceable manner, and was conducted on the basis of clear and non-discriminatory assessment criteria.

The subject of the selection procedure also included auditing the financial statements of Italian and foreign companies subject to the control of the Company pursuant to Art. 93 of the TUIF, including other PIEs. The BSA agreed with the Company, as well as with the control bodies of subsidiaries, that the assignment of the audit assignment concerning the accounts of the entire Group to a single subject allows for greater efficiency and quality in the performance of the audit. The single auditor approach also satisfies the requirement of ensuring greater uniformity in application of the rules on the issue of the independence of the auditor are not only for PIEs, but also to their parent and subsidiary companies.

In compliance with applicable legislation, auditing companies having the competence and experience in the statutory audit of issuers with listed shares, as well as knowledge and structures suitable for carrying out the audit engagement in a group international operating in the insurance sector were invited to take part in the selection procedure.

The Board of Statutory Auditors examined in detail the proposals received from the candidate companies and met their respective representatives, all with the support of specialised external consultants and competent corporate structures.

During individual stages of the selection process, the BSA held discussions with the internal control and auditing committees of subsidiaries which can be qualified as PIEs so as to organise the evaluation task, to define its methodologies and timing and to share the results. Maintaining that flow of information has enabled the BSA to coordinate the selection process of just one auditor of the group, although each subsidiary is responsible for making its decision.

At the end of the tender, in the meeting of 4 March 2019, the Board of Statutory Auditors approved the recommendation requested pursuant to Art. 16, par. 2, of EU Regulation no. 537/2014, which was made available to the Company's Shareholders in view of the Shareholders' Meeting for the approval of the financial statements as at 31 December 2018, as called to resolve on the assignment of the audit appointment.

As part of the Recommendation, in compliance with the provisions of Art. 16 of EU Regulation n. 537/2014, the Board of Statutory Auditors indicated two potential alternatives for appointment and expressed its duly justified preference for one of the two candidates. The Recommendation also contains a detailed illustration of the phases in which the selective procedure was articulated, the selection criteria that were applied and the results of the assessments performed by the Board of Statutory Auditors.

10. Opinions issued by the Board of Statutory Auditors during the financial year (*point 9 of Consob Notice no. 1025564/01*)

During the year, the Board of Statutory Auditors also issued the opinions, comments and attestations required by the applicable legislation.

At the meeting of the Board of Directors held on 30 January 2018, the Board of Statutory Auditors expressed a favourable opinion of the remuneration of the Group Audit

Manager (summary of 2017 targets and setting of 2018 targets) and the Audit Plan for 2018.

During the meeting of the Board of Directors on 14 March 2018, the BSA expressed a favourable opinion pursuant to Art. 2389 of the Civil Code with respect to the proposal to assign the newly issued shares to the Chief Executive Officer (Group CEO) as part of the resolution to increase the share capital as part of the 2015 LTI plan. Again with reference to the Group CEO's remuneration, on 29 June 2018 the Board of Statutory Auditors, expressed a favourable opinion of the Group CEO's remuneration as part of the LTI Plan 2018.

At the meeting of the Board of Directors on 30 July 2018, pursuant to Art. 154-*bis*, paragraph 1, of the TUIF and Art. 40, paragraph 2, of the Articles of Association, the Board of Statutory Auditors also expressed a favourable opinion on the proposal to appoint Cristiano Borean as the new manager in charge of preparing the corporate accounting documents.

During the 2018 financial year the BSA also regularly commented on the Half-Year Reports on complaints prepared by the Head of 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 Art. 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 2018 financial year.

On 21 April 2018, the shareholder Tommaso Marino forwarded a complaint pursuant to Art. 2408 of the Civil Code, by which he requested the Board of Statutory Auditors to verify the correctness and legitimacy of the proxy issued by Generali PanEurope DAC ("GPE"), an Irish company at the time wholly controlled by the Company, to attend the Meeting of the shareholders of Il Sole 24 Ore S.p.A. ("Il Sole 24 Ore") held in Milan on 28 June 2017.

The Board of Statutory Auditors immediately involved the competent corporate functions to carry out the appropriate checks, discussing the outcomes reported below,

within the limits permitted by the regulatory restrictions on the protection of personal data.

The Board has found that ownership of the package of shares of Il Sole 24 Ore in question was attributable to GPE, and ascertained that the proxy to participate in the Shareholders Meeting of Il Sole 24 Ore of 28 June 2017, which did not provide for voting instructions, was duly issued by GPE personnel with the necessary powers of signature.

Finally, as regards the request for clarification from the shareholder Marino on the potential attribution to the delegated subject of additional proxies by third parties in addition to that conferred by GPE, these are profiles that are beyond the competence of this Board of Statutory Auditors, referring them, if applicable, in that of the control body of Il Sole 24 Ore.

On 27 December 2018, shareholder Tommaso Marino sent a new complaint via certified email to the Company pursuant to Art. 2408 of the Civil Code, addressed to the Board of Statutory Auditors, in which he complained:

- (i) to have requested the Assicurazioni Generali Foundation The Human Safety Net (the "Foundation") to be able to view the financial statements and to have been refused; and
- (ii) the alleged failure to implement Art. 3 of the Articles of Association of the Foundation, as it was, in his opinion, almost totally applied incorrectly due to the alleged lack of support to "*Social, health and social-health assistance (with specific reference to the disabled, ed.); charity, education, and training*" sectors.

With the support of the competent functions of the Company, the Board of Statutory Auditors therefore acquired and examined the articles of association of the Foundation, a disclosure on the composition of its administrative and control bodies and the Foundation's financial statements approved by the Board of Directors on 14 February 2018.

In relation to the first reason for the complaint, the Board of Statutory Auditors noted that the legislation applicable to the Foundation does not provide any legal obligation to make the financial statements public. This obligation can neither be inferred from the regulations applicable to foundations (Presidential Decree No. 361 of 10 February 2000), nor from the fact that the founding entity of the Foundation is a listed company such as the Company.

Consequently, the decision of the Foundation not to make its own financial statements available to the requesting party is to be considered legitimate.

In relation to the second ground of complaint, the Board

of Statutory Auditors considered that the facts presented by the shareholder Marino are not reprehensible.

The Foundation is not required to carry out all of the activities listed in its corporate purpose: Art. 3 of the Foundation's articles of association - to which the shareholder expressly referred - only represents a limit for the directors of the Foundation, who cannot direct its scope towards purposes other than or additional to those indicated therein.

The Board of Statutory Auditors was also able to ascertain, in the light of the information provided by the Company's management, that the Foundation, through the "Human Safety Net" Group program, has launched some significant initiatives attributable to social, health and social-health assistance sectors. Please refer to the disclosure on these initiatives reported in the Annual Integrated Report and Consolidated Financial Statements 2018.

No complaints pursuant to Art. 2408 of the Civil Code were received in the first few months of the 2019 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 2018, 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, 03 April 2019

Board of Statutory Auditors

Carolyn Dittmeier, Chair

Lorenzo Pozza

Antonia Di Bella

Independent Auditor's Report



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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, to article 10 of EU Regulation n. 537/2014 and to article 102 of Legislative Decree n. 209, dated 7 September 2005
(Translation from the original Italian text)

To the shareholders of
Assicurazioni Generali S.p.A.

Report on the Audit of the 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, 2018, 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, 2018, 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.



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 2018, for an amount of Eur 29,533,448 thousand, representing around 65% of total assets. At least annually, Management evaluates the presence of any indicators of impairment losses for each interest in affiliated companies, and in case of occurrence, an impairment test is carried out. An eventual 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.</p> <p>The processes and valuation methods for determining the recoverable amount of each investment require the use of methodologies, sometimes complex, which imply, by their nature, to use of judgment by management when choosing the assumptions to be applied. For these reasons, we considered this aspect a key matter for our audit.</p> <p>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"> • An understanding of management process regarding interests in affiliated companies designed by the Company and of the related key controls, as well as the testing of these controls, in particular with reference to the process used to identify indicators of impairment losses and the evaluation of these investments; • The performance of test of details on movements related to these investments which 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 verification of the related results. <p>We also involved valuation specialists to assist us in performing our audit procedures. Finally, we assessed the adequacy of the disclosures provided in the explanatory notes.</p>
<p>Non-life technical provisions estimation</p> <p>The technical provisions of the non-life segment are recorded at 31 December 2018 for an amount equal to Eur 2,166,273 thousand, of which around 72% represented by indirect business.</p> <p>The valuation of the non-life technical provisions is a well-structured estimation process that requires the use of complex statistical and actuarial methodologies and calculation models, characterised by a high level of subjectivity when choosing the assumptions, such as the frequency and average cost of the claims, used</p>	<p>The audit response included several procedures, the most relevant of which are outlined below.</p> <ul style="list-style-type: none"> • An understanding of estimation process of technical provisions designed by the Company and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the non-life technical provisions;



as input to develop the estimate. This is further highlighted in long-tail businesses such as the 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 the non-life technical provisions, including the additional technical provisions;
- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;
- test of details on basic data, including the information communicated by 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 provided in the explanatory notes.

Life technical provisions estimation

The technical provisions of the life segment are recorded at 31 December 2018 for an amount equal to Eur 6,753,491 thousand, of which around 83% represented by indirect business. The valuation of the life technical provisions is a well-structured estimation process that requires the use of complex statistical and actuarial methodologies and calculation models, characterised 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 criteria" and in "Part B - Information on the

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.

- an understanding of estimation process of life technical provisions designed by the Company and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the life technical provisions, taking into consideration also the control activities performed by the actuarial function of the Company and the related results;
 - The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used
-



balance sheet and income statement” in Section 10.

to estimate the life technical provisions, including the additional technical provisions;

- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;
- test of details on basic data, including the information communicated by 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 provided in the explanatory notes.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and presentation of the financial statements, that give a true and fair view in accordance 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, 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 Operations and of the Report on Corporate Governance and Ownership Structure of Assicurazioni Generali S.p.A. as at December 31, 2018, 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, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2018 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, 2018. 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, 2018, 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, 2018. 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 2018, 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, 3 April 2019

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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Coordination
**Group Communications
& Public Affairs**

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