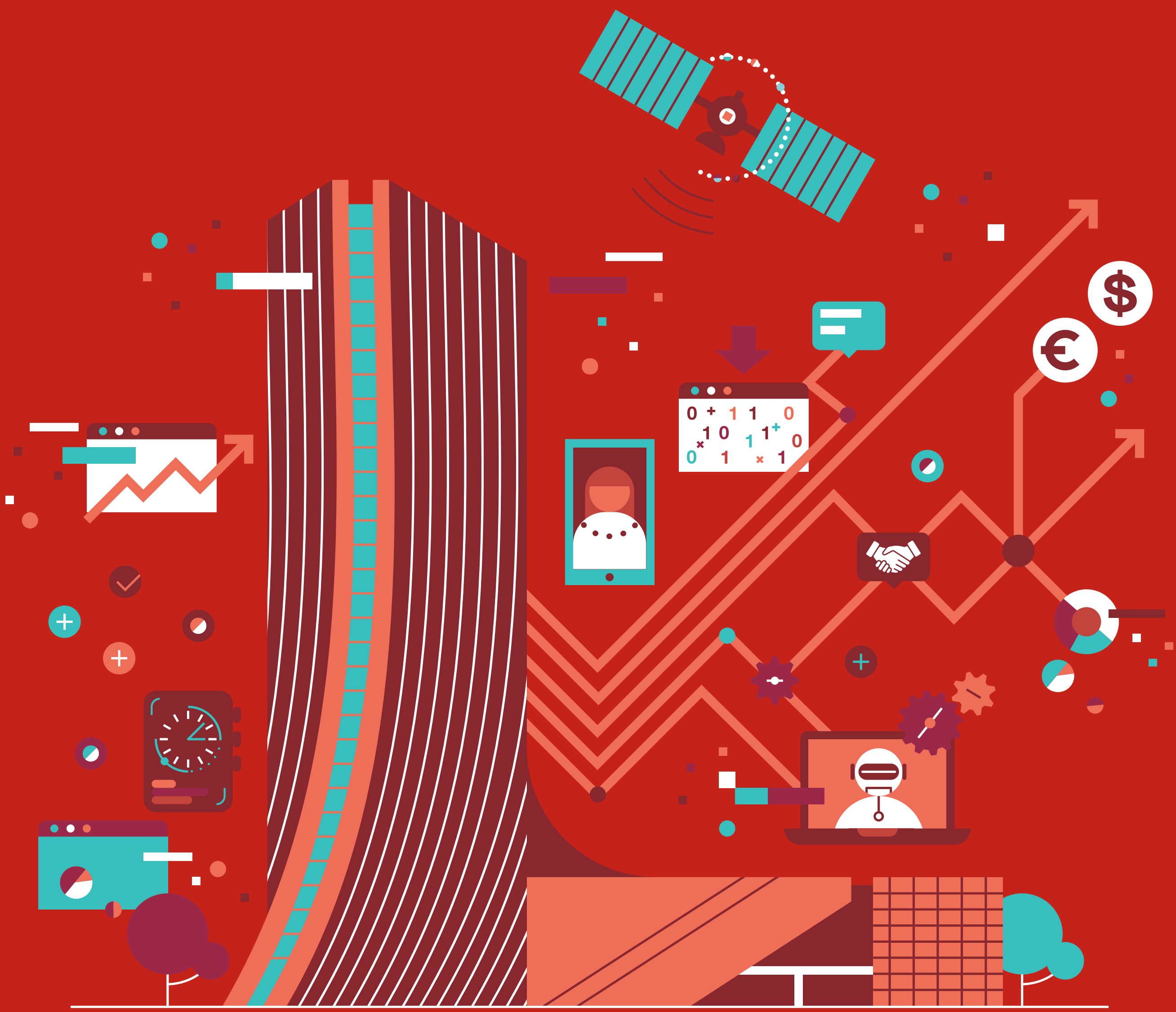
187th year

Annual Integrated Report and Consolidated Financial Statements 2018



generali.com

GENERALI

Annual Integrated Report and Consolidated Financial Statements 2018

Please note that the Report is translated into English solely for the convenience of international readers.

Corporate bodies
at 13 March 2019

Chairman
Gabriele Galateri di Genola

Vice-Chairmen
Francesco Gaetano Caltagirone
Clemente Rebecchini

Managing Director and Group CEO
Philippe Donnet

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

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

Board secretary
Giuseppe Catalano

ISIN: IT0000062072
Reuters: GASI.MI
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 this document

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integratedreport2018.generali.com/en
for the online Report

The integrated overview of our reports

The Group reporting approach is based on the integrated thinking and Core&More[1] 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.

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.

Management Report and Parent Company Financial Statements
It provides information on the performance of Assicurazioni Generali, in accordance with currently effective regulations.

generali.com
for further information on the Group.

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.

About the Annual Integrated Report

This Report provides an integrated overview of the Group's sustainable value creation process, reporting current and outlook material financial and non-financial information, as well as highlighting the connections between the context in which we carry on our business, strategy, corporate governance structure and remuneration policy.

NFS

The Report is drafted in compliance with currently effective regulations, including leg. decree 254/2016 concerning the disclosure of non-financial information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters. This information is clearly identified through a specific infographic (NFS) created for the purposes of simplifying the fulfilments required by the decree and improving accessibility to the information itself.
The criteria of the International <IR> Framework issued by the International Integrated Reporting Council (IIRC) are also applied to the Report. The standard adopted for the disclosure of the matters identified by the Group, including those non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

Consolidated Non-Financial Statement, p. 119 for information on the materiality determination process and connections between the material matters identified and those envisaged by leg. decree 254/2016

Note to the Management Report, p. 130 for the criteria of the International <IR> Framework and selected indicators

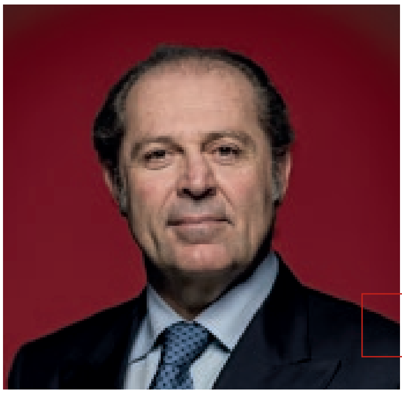
Annual Integrated Report and Consolidated Financial Statements
It expands the content of the Annual Integrated Report, providing details of the Group's financial performance in compliance with national and international regulations.

Responsibility for the Annual Integrated Report

The Board of Directors of Assicurazioni Generali is responsible for the Annual Integrated Report, which is presented also in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework. The Board, through its competent Committee, and the Board of Statutory Auditors are regularly engaged by the management in specific meetings aiming at sharing the approach to the preparation and presentation of the Report.

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

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Group highlights[1]

Glossary available at the end of this document

Since 1831 we are an Italian, independent Group, with a strong international presence. We are one of the largest global players in the insurance industry, a strategic and highly relevant sector for the growth, development and welfare of modern societies. In almost 200 years we have built a Group that operates in 50 countries through more than 400 companies.

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

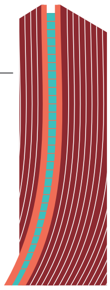
GROSS WRITTEN PREMIUMS

+4.9%

€ 66,691 mln

NFS

of which € 12,420.4 mln premiums from social and environmental products[2]



OPERATING RESULT

+3.0%

€ 4,857 mln

13.4% Operating Return on Equity (RoE) 2015-2018

REGULATORY SOLVENCY RATIO

+9 pps

216%

NFS

TOTAL EMISSIONS[4]

t 107,394 CO_2e (-13.8% vs base year 2013)

TOTAL ASSETS UNDER MANAGEMENT (AUM)

+0.4%

€ 488 bln

of which € 289 bln direct investments to which the RIG is applied (-2.2%) and € 33.2 bln SRI (-2.1%)[3]

NFS

NET PROFIT

+9.4%

€ 2,309 mln

PROPOSED DIVIDEND PER SHARE

+5.9%

€ 0.90

PROPOSED TOTAL DIVIDEND

+6.2%

€ 1,413 mln

1 All changes in this Report are calculated on 2017, unless otherwise reported. Changes in Life net cash inflows and premiums are on equivalent terms, i.e. at constant exchange rates and consolidation scope pursuant to IFRS 5. Changes in Operating result, Assets Under Management and Operating RoE consider, in accordance with IFRS 5, 2017 comparative data restated following the divestment of Belgian, German and Guernsey businesses as well as the disposal of the Dutch and Irish operations completed in February and June 2018, respectively. Please refer to the paragraph Changes in the presentation of the performance indicators of the Group in the Note to the Management Report for further information.

2 Premiums from social and environmental products refer to companies that represent 94.4% of total gross direct written premiums contributing to the analysis. Their amount is hardly comparable with that of 2017 due to some methodological improvements made during 2018.

3 RIG is the Responsible Investment Guideline that codifies responsible investment activities at Group level. SRI are assets managed according to Generali Insurance Asset Management's SRI (Socially Responsible Investment) proprietary methodology both on behalf of Group insurance companies and third-party clients (two funds and three mandates). Their change considers 2017 comparative data restated following a change in methodology.

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

NFS

OUR PEOPLE

-0.8%

70,734

11.5% women in the top management[5] (+0.6 pps)

92% local actions implemented after the Generali Global Engagement Survey[6]

OUR CUSTOMERS[7]

+7.0%

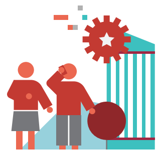
61 mln

OUR DISTRIBUTORS[8]

n.m.

155 thousand

LIFE



Good performance: both net cash inflows and gross written premiums increased. Both operating result and Life new business profitability grew.

GROSS WRITTEN PREMIUMS	NBV	OPERATING RESULT
+5.7%	+4.3%	+2.8%
€ 46,084 mln	€ 1,877 mln	€ 3,067 mln

Life net cash inflows € 11,369 mln (+5.2%)

P&C

Premiums increased in both lines of business. Operating result grew; CoR confermed at excellent level.

GROSS WRITTEN PREMIUMS	COR	OPERATING RESULT
+3.3%	+0.1 pps	+2.5%
€ 20,607 mln	93.0%	€ 1,992 mln

4 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.
5 Top management refers to the Group Management Committee (GMC) and the Generali Leadership Group (GLG).
6 The Generali Global Engagement Survey (GGES) is launched every two years. During the year when it is conducted, the data monitored are the engagement rate and the response rate while the subsequent year it is the percentage of local actions implemented after the GGES.
7 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).
8 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).

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.

NFS

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.

NFS

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.

NFS

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.

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.

NFS

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.

NFS

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 market context, p. 30

NFS

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.

NFS

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.

NFS

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

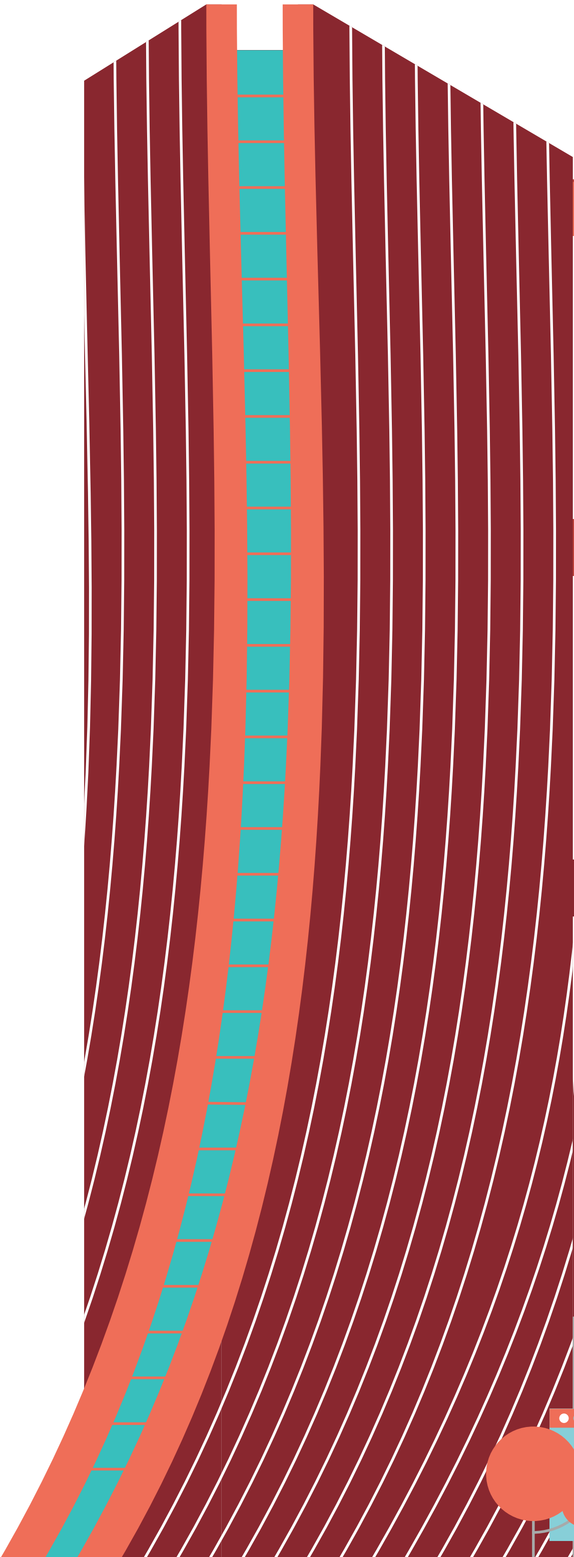
1 August 2019
Publication of the results
at 30 June 2019

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 position[9]

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

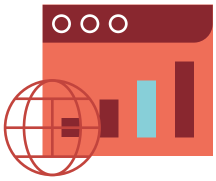
Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

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

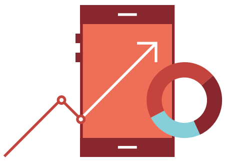
REDUCE DEBT LEVEL AND COST:
€ 1,5-2,0 billion debt reduction by 2021;
€ 70-140 million reduction in annual gross interest expense by 2021 vs 2017

TRANSFORM AND DIGITALIZE OPERATING MODEL

Generali 2021 – Financial Targets

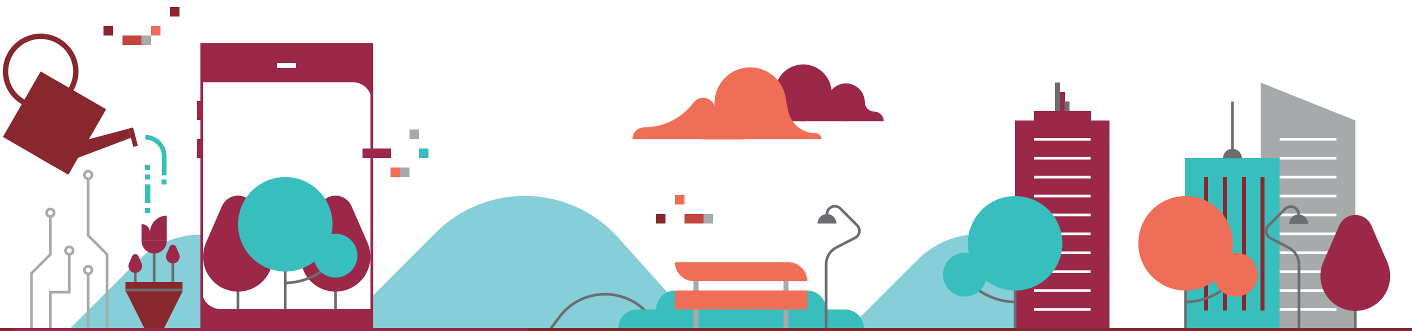


GROWING EARNINGS PER SHARE:
6%-8%
EPS CAGR range[10]
2018-2021



GROWING DIVIDEND:
55%-65%
dividend pay-out range[11]
2019-2021

HIGHER RETURN FOR SHAREHOLDERS:
>11,5%
average return on equity[12]
2019-2021



3. a continuos commitment to sustainability

A continuous commitment to sustainability, p. 21-23

9 Based on IAS-IFRS gross written premiums in Europe at year-end 2017.
10 3 year CAGR; adjusted for impact of gains and losses related to disposals.
11 Adjusted for impact of gains and losses related to disposals.
12 Based on IFRS Equity excluding OCI and on total net result.

NFS

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.

13 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.

NFS

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 market context, p. 31

Glossary available at the end of this document

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.

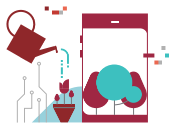
2. A strong brand

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 brand[14] 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 market context, p. 31

Glossary available at the end of this document

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.

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

NFS

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 CO_2e[15]
(-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.

Group's performance, p. 43

Glossary available at the end of this document

EnterPrize

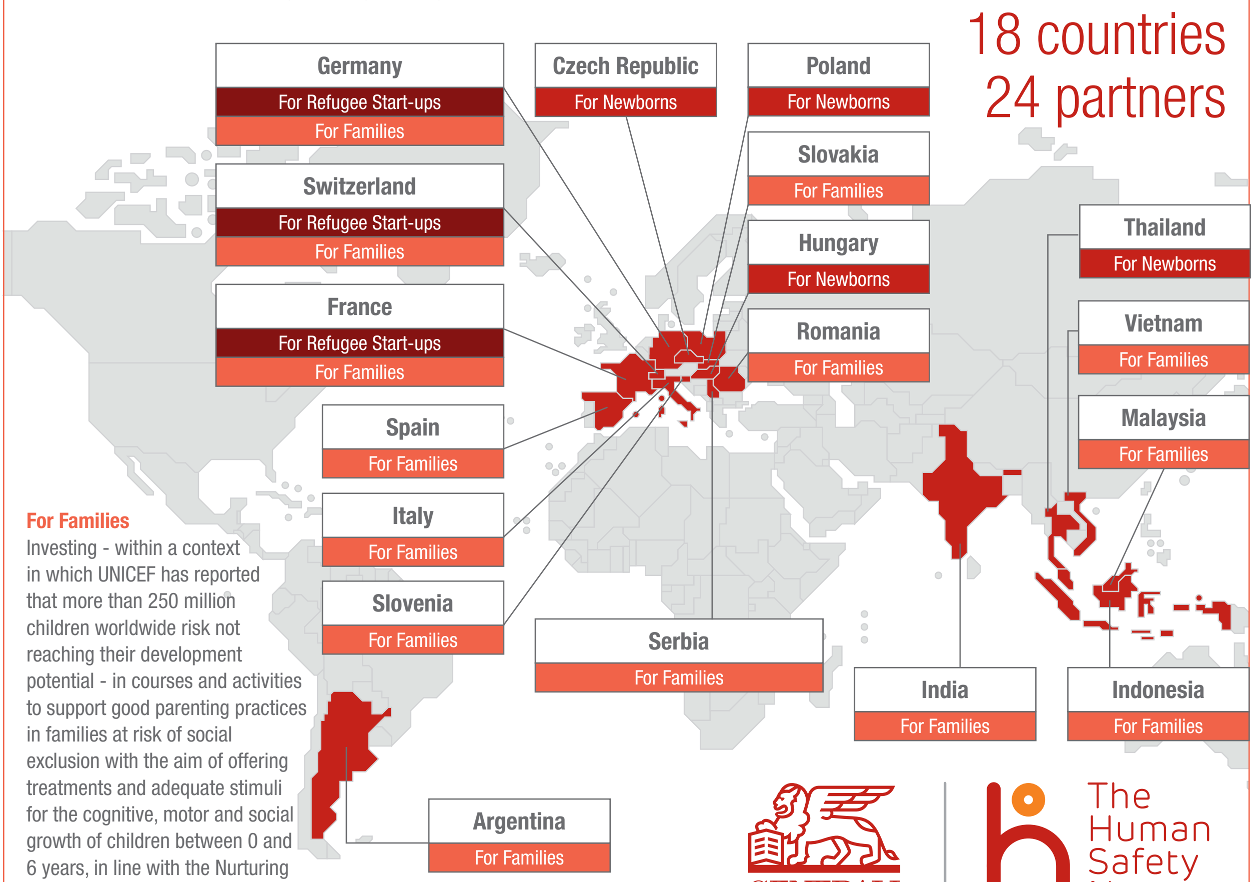
EnterPrize is an initiative based on our successful experience with Entrepreneur d'Avenir in France and PMI-Welfare Index in Italy. In line with our strategic focus on SMEs, Generali will create a prize at domestic and international level for the most sustainable SMEs based on their performance with 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.

15 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.

NFS

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.



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.

GENERALI | The Human Safety Net

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 this document

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

NFS

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.

NFS

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. 16-17

Our strategy

Our governance

Our governance and remuneration policy, p. 34-39

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.

The Generali 2021 strategy, p. 21

Challenges and opportunities of the market context, p. 31

BRAND

LIFE-TIME PARTNER

Social and relationship capital
Natural capital

Glossary available at the end of this document

CONTEXT

Challenges and opportunities of the market context, p. 28-33

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

NFS

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. 16-20

Challenges and opportunities of the market context, p. 30

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.

NFS

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).

NFS

The revision of the Solvency II Directive and the Key Information Document (KID) for the PRIIPS, 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.

NFS

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.

NFS

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.

NFS

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

Customers[16]
61 mln
(+7.0%)

Distributors[17]
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%)[18]

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 brand[19] 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 this document

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.

16 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).
17 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).
18 The methodology to calculate the KPI has been improved including country split for the following business units: Generali Corporate & Commercial and Europ Assistance.
19 Scope: Generali in Europa, Asia, Argentina and Turkey.

NFS

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 MARKETS
REGULATORY 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.

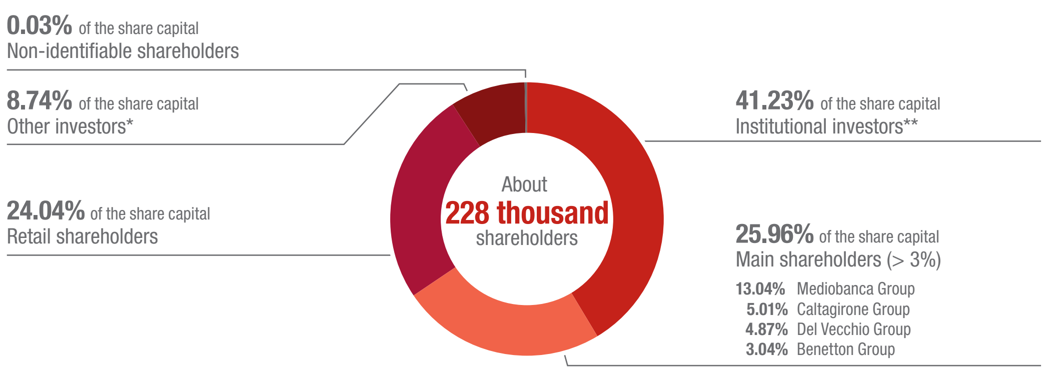
The Generali 2021 strategy, p. 21-22

Our rules for running business with integrity, p. 24

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.



* The category takes account of legal entities including foundations, trust companies, religious institutions.
** The category includes asset managers, sovereign funds, pension funds, Life insurers.

The data are updated to 4 March 2019.

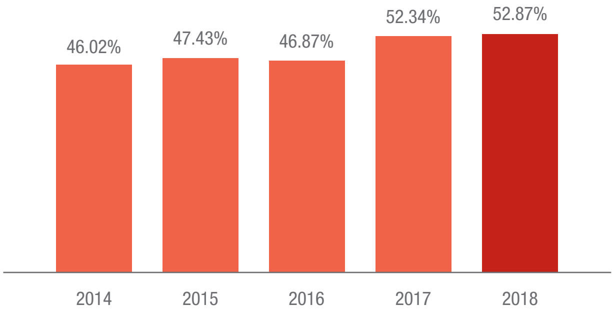
There is no stock ownership system for employees and there are no shareholder agreements on shares. It should, however, be noted that the Company facilitates participation in Shareholders' Meetings for beneficiaries of long term incentive (LTI) plans - which are based on Generali shares - by providing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

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

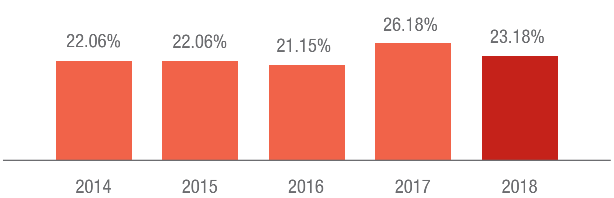
The Company maintains continuing relations with all external stakeholders: institutional investors, proxy advisors, financial analysts and retail shareholders. Its intense relationship activities consist of various types of interaction with individual stakeholders or groups, as part of roadshows and 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.

Note to the Management Report, p. 130 for further information on stakeholder relations

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



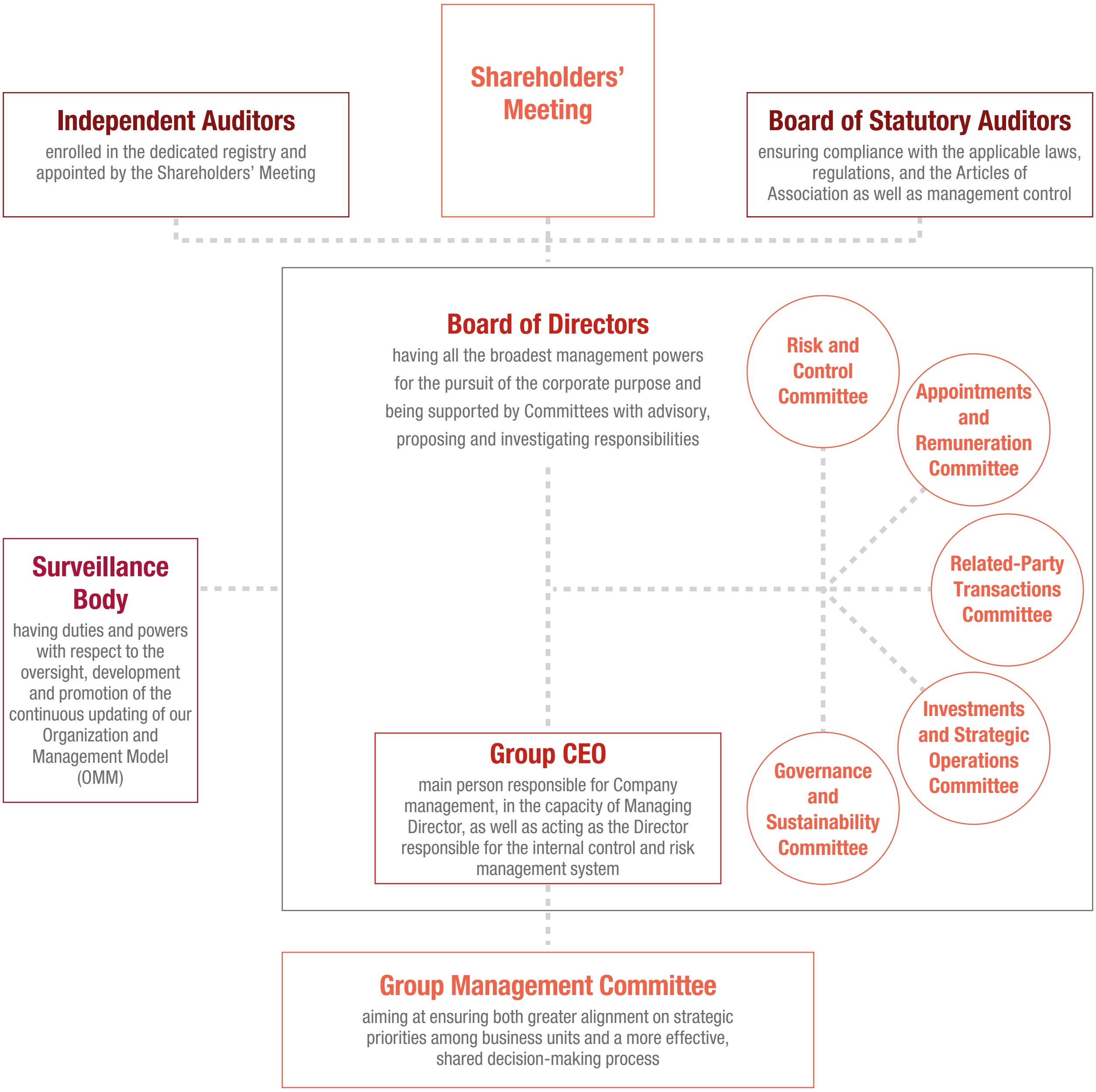
Percentage of share capital represented by institutional investors in the Shareholders' Meeting over the last five years



NFS

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.

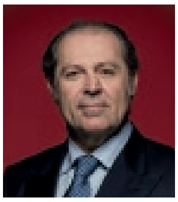


www.generali.com/governance for further information on governance and the Corporate Governance and Share Ownership Report 2018

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

Board of Directors



	Gabriele Galateri di Genola	**Francesco Gaetano Caltagirone**	**Clemente Rebecchini**	**Philippe Donnet**	**Romolo Bardin**	**Ornella Barra**
	Chairman	Deputy Vice-Chairman	Vice-Chairman	Group CEO	Director	Director
Age	71	75	54	58	40	65
Nationality	Italian	Italian	Italian	French	Italian	Monegasque
Professional background	manager	entrepreneur	manager	manager	manager	entrepreneur
In office since	8 April 2011	28 April 2007, Vice-Chairman since 30 April 2010	11 May 2012, Vice-Chairman since 6 November 2013	17 March 2016	28 April 2016	30 April 2013
Board Committee	■P ■	■ ■	■ ■	▲ ■P	■ ■	■P
Independent[20]					✔	✔
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
- P 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

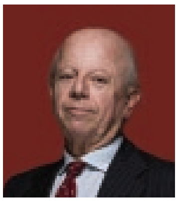
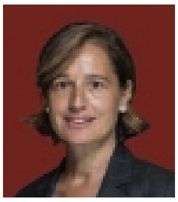
77%
insurance experience

62%
industrial experience

54%
experience in large cap companies

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

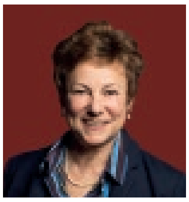
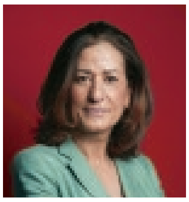
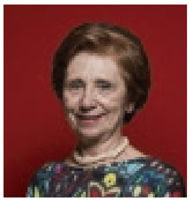
Corporate Governance and Share Ownership Report 2018, p. 59-60 for further information on the diversity of administration, management and control bodies

Paolo Di Benedetto	**Alberta Figari**	**Diva Moriani**	**Lorenzo Pellicioli**	**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	professor	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
P	P					
✔	✔	✔		✔	✔	✔

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

Board of Statutory Auditors

	Carolyn Dittmeier	**Antonia Di Bella**	**Lorenzo Pozza**	**Francesco Di Carlo**	**Silvia Olivotto**
	Chairwoman	Permanent Statutory Auditor	Permanent Statutory Auditor	Alternate Auditor	Alternate Auditor
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 the same induction sessions held for the Board.

NFS

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:

- **Equity and consistency** in terms of the responsibilities assigned and capabilities demonstrated
- **Alignment with corporate strategy** and defined goals
- **Competitiveness** with respect to market practices and trends
- **Merit- and performance-based reward** in terms of results, conduct and values
- **Clear governance and compliance** with the regulatory environment

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 remuneration[21]

FIXED		VARIABLE				BENEFITS
		ANNUAL		DEFERRED		
Fixed remuneration	+	**Annual** (on an annual basis)	+	**Deferred** (on a multi-year basis)	+	**Benefits**

21 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.

NFS

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:

2018 PERSPECTIVES		
Economic and Financial Risk Adjusted Performance	50+%	**Core business Key Performance Indicators (KPIs)** (i.e.: operating result, net profit, new business value, combined ratio, cash generation/dividend) **Minimum 10% RORC** (up to 15% for business roles)
Efficiency & Business Transformation	30-40%	**Efficiency KPIs & Customer KPIs and acceleration initiatives** (e.g. customer retention, brand preference)
People Empowerment	10-15%	**Managerial assessment based on specific HR KPIs** (e.g. talent retention and balance, internal growth and succession planning, people strategy implementation, diversity & inclusion)

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

Our performance

43 Group’s performance

48 Group’s financial position

57 Share performance

58 Our reference markets: positioning and performance

69 Life segment

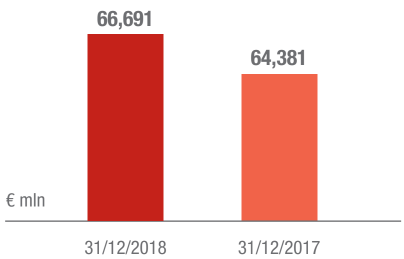
79 Property & Casualty segment

88 Asset Management segment

90 Holding and other businesses segment

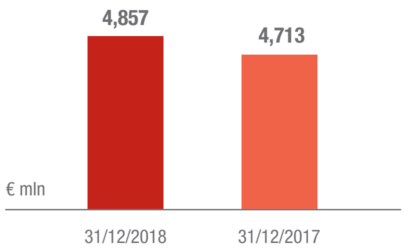
Group highlights[1]

Gross written premiums



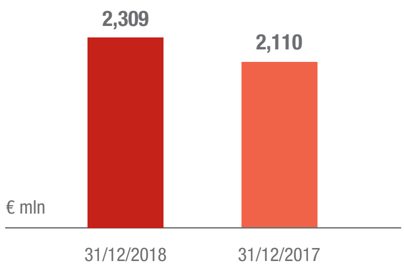
Excellent Life net cash inflows, at € 11.4 billion (+5.2%)
Life technical reserves posted an increase of 2.2%
Gross written premiums increased by 4.9% thanks to the positive performance of both segments

Group operating result



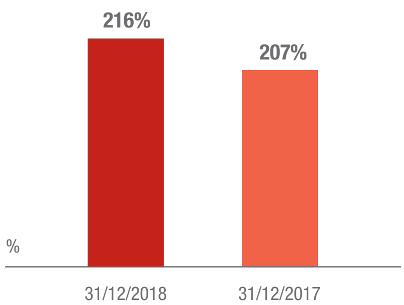
Operating result up 3% thanks to the contribution of all Group segments
Operating RoE 2015-2018 at 13.4%, confirming the achievement of the strategic target (>13%)

Group result of the period



Result of the period up 9.4%, reflecting, in addition to the growth of operating result, also the positive contribution of divestments

Regulatory Solvency Ratio



Solid Group capital position confirmed with Solvency Ratio of 216%

1 Changes in Life net cash inflows and premiums are on equivalent terms, i.e. at equivalent exchange rates and consolidation scope pursuant to IFRS 5. Changes in Operating result, Asset Under Management and Operating RoE consider, in accordance with IFRS 5, 2017 comparative data restated following the divestment of Belgian, German and Guernsey businesses. Investments in these assets were not excluded from consolidation in the financial statements disclosure at 31 December 2018, but were classified as assets held for sale, whose total assets and liabilities, as well as the result net of tax effects, were posted separately in the specific items of the financial statements. The comparative data was also restated following the disposal of the Dutch and Irish operations completed in February and June 2018, respectively. Please refer to the paragraph Changes in the presentation of the performance indicators of the Group in the Note to the Management Report for further information.

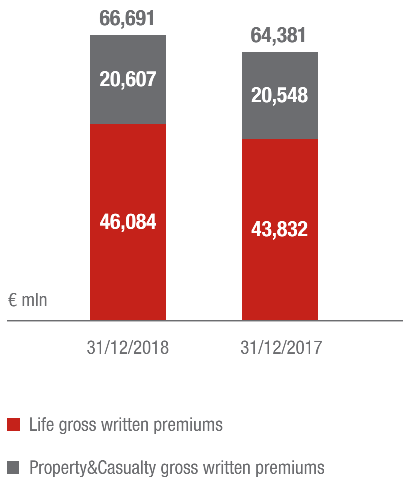
Group's performance

Premiums development

The gross written premiums of the Group amounted to € 66,691 million, showing an increase of 4.9% as a result of growth both in the Life (+5.7%) and P&C (+3.3%) segments.

The Life gross written premiums[2] continued the growth posted during the year, standing at €46,084 million (+5.7%). With reference to the lines of business, positive trend in savings policies (+5.7%), specifically in Italy (+8.2%, reflecting the renewal actions undertaken on the existing portfolio of collective policies for € 1.2 billion), Asia (+23.8% due to growth in the banking channel) and France (+1.3%). Unit-linked also posted growth of 1.8%, reflecting the excellent performance in Germany and France. Protection products showed a 10.7% increase, confirming the broad growth in countries in which the Group operates.
The Life net cash inflows (+5.2%) amounted to € 11.4 billion, strengthening the growth observed in the first nine months due to the performance for the quarter.

The new business in terms of present value of new business premiums (PVNBP) amounted to € 43,202 million, showing a decline of 1.8%.
With reference to the business lines, the protection business increased by 2.1% in all the Group's areas of operations, with the exception of Germany. Unit-linked business decreased (-1.5%, due to the performance in Italy and Germany) as did that of savings products (-3.7%), in line with the Group's strategy aimed at reducing the guaranteed business.



The profitability of new business (margin on PVNBP) improved by 0.26 pps, to 4.35% (4.01% at 31 December 2017), following the increase in profitability of both protection products (+0.51 pps), mainly thanks to the improvement in France and Spain, and savings products (+0.29 pps), positively influenced by the continued reduction of financial guarantees and the improvement of the economic environment.
As a result of the actions described above, the value of new business (NBV) increased by 4.3% and stood at € 1,877 million (€ 1,820 million at 31 December 2017).

NFS

€ 10,651.2 mln premiums from social products*

€ 1,769.2 mln premiums from environmental products*

Insurance products, by their very nature, have a high social and environmental value given that they constitute a concrete response to pension and protection needs of customers and the growing needs of society. We constantly monitor risks that may have impact on the society and the environment as to identify opportunities and continue to create value.
As part of its offering, the Generali Group is committed to promote several high value-added solutions from a social and environmental perspective. Developing this type of coverage means providing a service that creates value over time, responding to new requirements related to emerging risks, fostering eco-sustainable conduct, and bridging gaps in the pension and public health services sectors. Embracing technology and innovation, we address habits and behaviour towards healthier and more informed lifestyles, aiming at risk prevention rather than claims settlement. In order to encourage eco-sustainable conduct and support green activities, consistent with our climate change strategy, we develop and distribute products and services with particular attention to environmental protection.

Challenges and opportunities in the market context, p. 32-33

Glossary available at the end of this document

* Premiums from social and environmental products refer to companies that represent 94.4% of total gross direct written premiums contributing to the analysis. Their amount is hardly comparable with that of 2017 due to some methodological improvements made during 2018.

2 Including premiums from investment contracts for € 1,457 million, stable compared to the previous period.

The Property & Casualty gross written premiums reached € 20,607 million, growing by 3.3%, thanks to the positive performance of both business lines.
The 3.4% growth in the motor business is attributable to the growth observed in ACEER (+5.7%), France (+4.2%) and in the Americas and Southern Europe region (+19.2%), reflecting the tariff adjustments implemented in Argentina following inflation. In spite of a recovery in the second half of the year, motor premium income in Italy was down by 1.7%, following the contraction of the portfolio as a result of measures adopted to restore portfolio profitability.

Non-motor premium income also grew (+2.7%), with positive trends broadly extended across the Group's various areas of operations. Premiums increased in the ACEER region (+4.1%) with diversified growth in the territory, France (+2.7%), Germany (+1.8%) and in the International cluster (+ 7.2%), driven by Europ Assistance and Spain. The decrease observed in Italy (-1.5%) persisted, related to the reduction of the Global Corporate & Commercial lines as well as in the A&H line, which reflected strong competition in a market characterized by sustained price competition.

Total gross written premiums by country (*)

(€ million)	31/12/2018	31/12/2017
Italy	23,781	22,836
France	12,264	11,904
Germany	13,577	13,107
Austria, CEE & Russia	6,429	6,191
International	10,539	10,260
Spain	2,378	2,427
Switzerland	1,696	1,817
Americas and Southern Europe	1,427	1,858
Asia	2,894	2,359
Europ Assistance	834	753
Other	1,310	1,047
Group holding and other companies	102	82
Total	**66,691**	**64,381**

(*) Total gross written premium for Global Business Lines (GBL), taking into consideration the business underwritten in the various countries, amounted to € 4,332 million and broken down as follows:
- Global Corporate&Commercial € 1,991 million;
- Generali Employee Benefits and Generali Global Health € 1,507 million;
- Europ Assistance € 834 million.

The details by geographical area highlighted in this document reflect the Group's managerial structure in place at the beginning of 2018 and effective for a large part of the year, made up of the business units of the three main markets - Italy, France and Germany - and four regional structures (ACEER, International, Investments, Asset & Wealth Management, and Group holding and other companies). In International, Other companies mainly include Generali Global Health and Generali Employee Benefits.

Note to the Management Report, p. 130 for the detailed description of the geographical areas presented in the document

Operating result

The Group's operating result, equal to € 4,857 million, showed 3.0% increase (€ 4,713 million at 31 December 2017[3]), reflecting the positive trend of all segments.

Operating Return on Equity amounted to 12.6% at 31 December 2018 (-0.2 pps), reflecting the impact of the accounting method for divestment according to IFRS 5[4].

3 As mentioned above, the 2017 comparative data were reclassified. Please refer to the paragraph Changes in the presentation of the performance indicators of the Group in the Note to the Management Report for further information.
4 The accounting method for divestment according to IFRS 5 reclassifies Operating result from discontinued operations into Result of discontinued operations, effectively reducing the numerator.

The average operating Return on Equity for the 2015-2018 period stood at 13.4%, confirming the achievement of the strategic objective (>13%).

Total operating result by segment

(€ million)	31/12/2018	31/12/2017	Change
Total operating result	**4,857**	**4,713**	**3.0%**
Life	3,067	2,982	2.8%
Property & Casualty	1,992	1,944	2.5%
Asset Management	335	261	28.2%
Holding and other business	-70	-163	n.m
Consolidation adjustments	-467	-311	50.0%

In particular, the Life operating result, equal to € 3,067 million, grew by 2.8% thanks to the trend of technical margin net of insurance operating expenses. The investment result was down due to the higher impairments on financial instruments, especially posted in the last quarter of the year.

The P&C operating result, equal to € 1,992 million, increased by 2.5%, reflecting the contribution from investment result, albeit in the context of a persistently low level of interest rates, and other operating components. The combined ratio stood at 93.0% (92.9% at 31 December 2017), confirming its position amongst our peers, in line with the Group's strategic technical excellence directive.

The Asset Management segment, introduced starting from 31 December 2018 to better reflect the results of the Group's asset manager activities in line with the strategic communication to the market , achieved an operating result of € 335 million thanks to the increase in revenues arising from portfolio management activities.

The improvement in the Holding and other businesses operating result reflected the positive result of other private equity and real estate activities.

Finally, the change in the consolidation adjustments was mainly due to higher dividends and intra-group realized gains.

Operating result by country

(€ million)	31/12/2018	31/12/2017
Italy	1,801	1,841
France	703	744
Germany	821	750
Austria, CEE & Russia	776	744
International	814	731
Spain	294	289
Switzerland	273	258
Americas and Southern Europe	116	85
Asia	79	39
Europ Assistance	86	88
Other	-33	-28
Investments, Asset & Wealth Management (*)	527	468
Group holding, other companies and consolidation adjustments	-585	-565
Total	**4,857**	**4,713**

(*) Investments, Asset & Wealth Management area includes the main Group entities operating in investment advisory, asset management and financial planning; it includes, among others, Banca Generali. Adding the operating result of AM of the Central and Eastern European countries to that of Investments, Asset & Wealth Management reported in the table, the total operating amounts to € 542 million (€ 482 million at 31 December 2017).

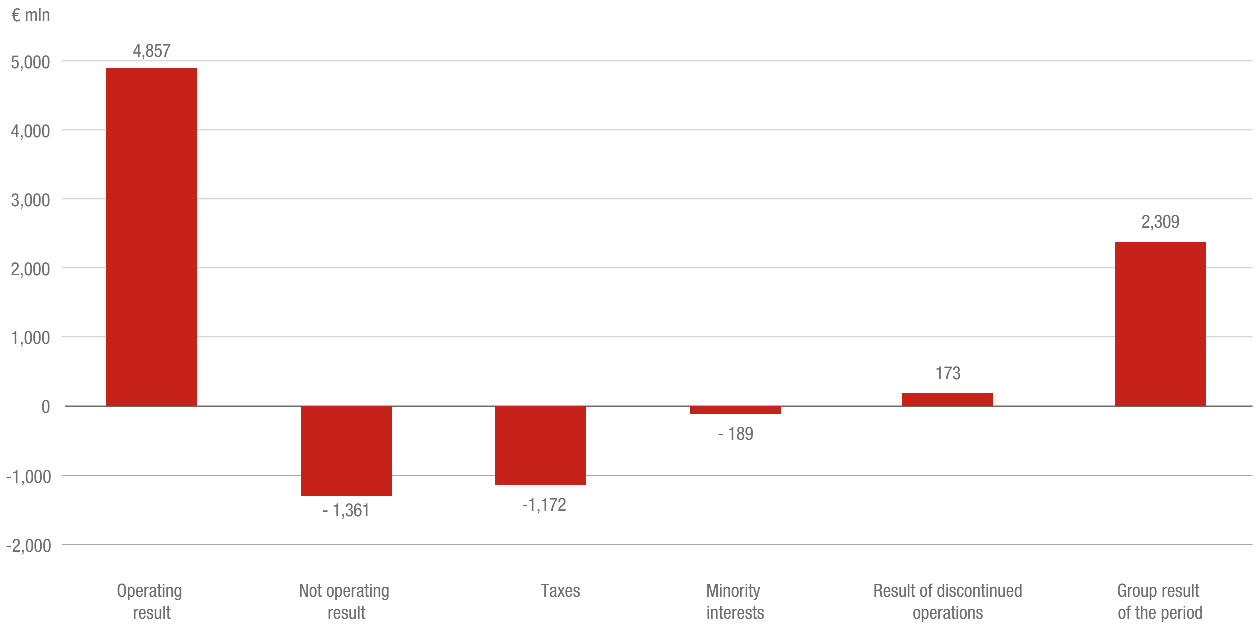
5 See the information by segment in the Methodological note on alternative performance indicators.

Non-operating result

The non-operating result of the Group came to € -1,361 million (€ -1,109 million at 31 December 2017). In particular:

- net impairment losses increased to € -431 million (€ -271 million at 31 December 2017) mainly due to higher impairments on equity financial investments, especially posted in the last quarter of the year;
- net realized gains amounted to € 265 million (€ 311 at 31 December 2017), benefiting € 113 million from the disposal of the investment in Italo - Nuovo Trasporto Viaggiatori. The decrease in realized gains compared to the previous period is mainly due to the bond and real estate component, reflecting the planned policy of supporting future returns on investments;
- net non-operating income from financial instruments at fair value reached € 11 million (€ 26 million at 31 December 2017);
- other net non-operating expenses decreased slightly to € -411 million (€ -419 million at 31 December 2017). The item comprised € -98 million for the amortization on the value of the acquired portfolios (€ -106 at 31 December 2017), € -211 million for restructuring costs (€ -297 at 31 December 2017), decreasing mainly in Germany, and € -102 million in other net non-operating expenses (€ -16 million at 31 December 2017). The latter included € 77 million in gains from the disposal of operations in Panama, while last year the item had achieved € 196 million in gains from the disposal of the run-off P&C portfolio of the UK branch;
- non-operating holding costs amounted to € -795 million (€ -755 million at 31 December 2017) due to expected restructuring costs (mainly due to the transfer of the Generali Employee Benefits operations and the closure of the branch in Japan), as well as the result of the development of asset management activities. Interest expense on financial debt decreased from € -673 million to € -666 million.

Group result of the period



The result of the period attributable to the Group stood at € 2,309 million, showing an increase of 9.4% over the € 2,110 million posted at 31 December 2017, and reflected:

- the improvement in the aforementioned operating result;
- the result of discontinued operations of € 173 million, related to the disposal of the German, Belgian and Guernsey businesses and to the gain from the disposal of the Irish company for € 49 million. In 2017, the item had included the impairment on the Dutch operations;
- a slight decline in taxation. The tax rate remained substantially unchanged, going from 32.7% to 32.6%;

– the result attributable to minority interests, equal to € 189 million, which corresponded to a minority rate of 7.6% (8.1% at 31 December 2017) and which increased compared to last year (€ 185 million), mainly reflecting the trend of Asia.

From operating result to result of the period

(€ million)	31/12/2018	31/12/2017	Change
Consolidated operating result	**4,857**	**4,713**	**3.0%**
Net earned premiums	63,405	61,137	3.7%
Net insurance benefits and claims	-52,032	-60,853	-14.5%
Acquisition and administration costs	-10,393	-10,260	1.3%
Net fee and commission income and net income from financial service activities	428	420	1.9%
Operating investment result	3,959	14,971	-73.6%
Net operating income from financial instruments at fair value through profit or loss	-6,018	3,912	n.m.
Net operating income from other financial instruments	9,977	11,059	-9.8%
Interest income and other income	10,560	10,634	-0.7%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,215	1,568	-22.5%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-836	-274	n.m.
Interest expense on liabilities linked to operating activities	-333	-337	-1.1%
Other expenses from other financial instruments and land and buildings (investment properties)	-628	-532	18.1%
Operating holding expenses	-467	-454	2.9%
Net other operating expenses (*)	-44	-247	-82.3%
Consolidated non-operating result	**-1,361**	**-1,109**	**22.8%**
Non operating investment result	-155	65	n.m.
Net non-operating income from financial instruments at fair value through profit or loss	11	26	-59.0%
Net non-operating income from other financial instruments (**)	-166	40	n.m.
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	265	311	-14.6%
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-431	-271	59.0%
Non-operating holding expenses	-795	-755	5.2%
Interest expenses on financial debt	-666	-673	-1.0%
Other non-operating holding expenses	-128	-82	56.1%
Net other non-operating expenses	-411	-419	-1.8%
Earning before taxes	**3,496**	**3,605**	**-3.0%**
Income taxes (*)	-1,172	-1,241	-5.6%
Earnings after taxes	**2,324**	**2,364**	**-1.7%**
Profit or loss from discontinued operations	173	-68	n.m.
Consolidated result of the period	2,497	2,295	8.8%
Result of the period attributable to the Group	**2,309**	**2,110**	**9.4%**
Result of the period attributable to minority interests	189	185	1.8%

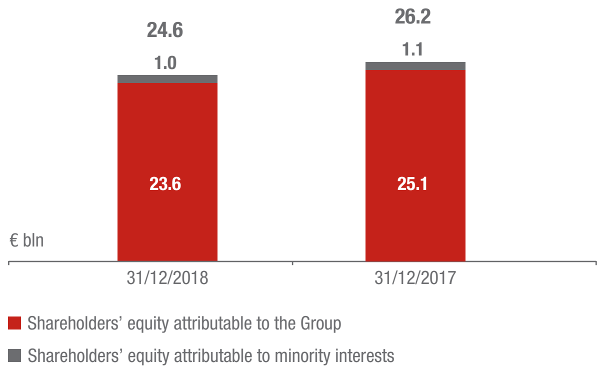
(*) At 31 December 2018 the amount is net of operating taxes for € 52 million and of non-recurring taxes shared with the policyholders in Germany for € -6 million (at 31 December 2017 for € 52 million and € 42 million, respectively).

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

Group's financial position

Group shareholders' equity and solvency

The shareholders' equity attributable to the Group amounted to € 23,601 million, a decrease of 5.9% compared to € 25,079 million at 31 December 2017. The change was mainly attributable to:
- the result of the period attributable to the Group, which amounted to € 2,309 million at 31 December 2018;
- the dividend distribution of € 1,330 million, carried out in 2018;
- other comprehensive income (€ -2,517) due to both the reduction in the reserve for unrealized gains or losses on available for sale financial assets of € -2,288 million, mainly arising from the performance of bonds as a result of expansion in spreads for the year, as well as the reduction in the reserve attributable to disposal groups of € -283 million, partially offset by the increase in unrealized gains or losses for defined benefit plans of € 81 million.



Rollforward of Shareholders' equity

(€ million)	31/12/2018	31/12/2017
Shareholders' equity attributable to the Group at the end of the previous period	**25,079**	**24,545**
Result of the period	2,309	2,110
Dividend distributed	-1,330	-1,249
Other comprehensive income	-2,517	-100
Reserve for unrealized gains and losses on available for sale financial assets	-2,288	162
Foreign currency translation differences	-32	-158
Net unrealized gains and losses on hedging derivatives	22	58
Net unrealized gains and losses on defined benefit plans	81	22
Other net unrealized gains and losses	-300	-183
Other items	60	-226
Shareholders' equity attributable to the Group at the end of the period	**23,601**	**25,079**

The Regulatory Solvency Ratio - which represents the regulatory view of the Group's capital and is based on the use of the internal model, solely for companies that have obtained the relevant approval from IVASS, and on the Standard Formula for other companies - stood at 216% (207% at 31 December 2017; +9 pps). The trend was mainly determined by the solid normalized generation of capital and by the contribution of both the regulatory changes in the model (including expansion of the internal model to Austria and Switzerland) and the M&A activities completed during the year, which more than offset the negative economic variances of the period and the expected dividend distribution.

Risk Report, p. 93 for additional information on the Group's solvency position

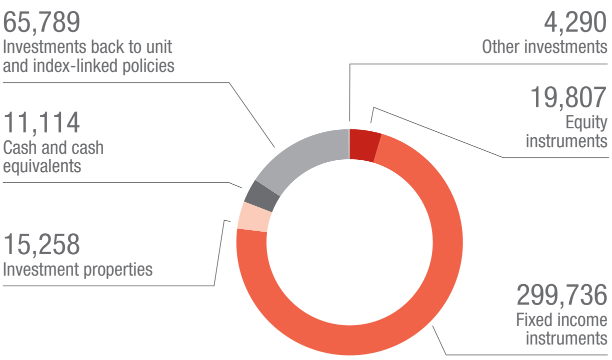
Starting from 31 December 2018, the Economic Solvency Ratio, which represented the economic view of the Group's capital and was calculated by applying the internal model to the entire Group perimeter, will no longer be published, as the difference between the regulatory and economic view tapered with the reduction in the perimeter of entities still in the approval phase (Austria for the health business and Spain).

Investments

Asset allocation

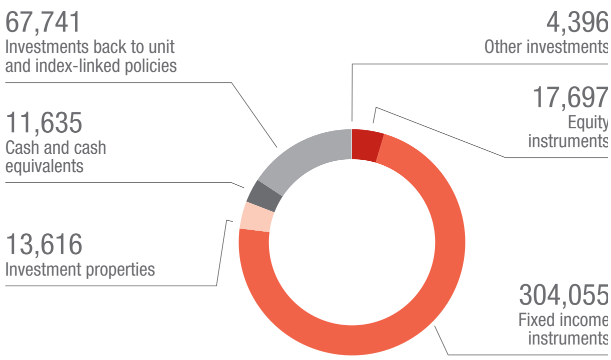
Investments at 31 December 2018

€ mln



Investments at 31 December 2017

€ mln



At 31 December 2018, total investments amounted to € 415,994 million, a slight decrease compared to the previous year (-0.8%). Group investments amounted to € 350,205 million (-0.3%) and linked investments amounted to € 65,789 million (-2.9%).

In terms of weight of the main investment categories, the relative exposure of the fixed income instruments was down to 85.6% (86.5% at 31 December 2017), while that of equity instruments increased, up to 5.7% (5.0% at 31 December 2017). The weight of investment properties and that of other investments also showed a slight increase, standing at 4.4% (3.9% at 31 December 2017) and 1.1% (1.0% at 31 December 2017), respectively. Other investments mainly include receivables from banks and customers, investments in subsidiaries, associated companies and joint ventures, and derivatives. Finally, the weight of liquidity went from 3.3% to 3.2%.

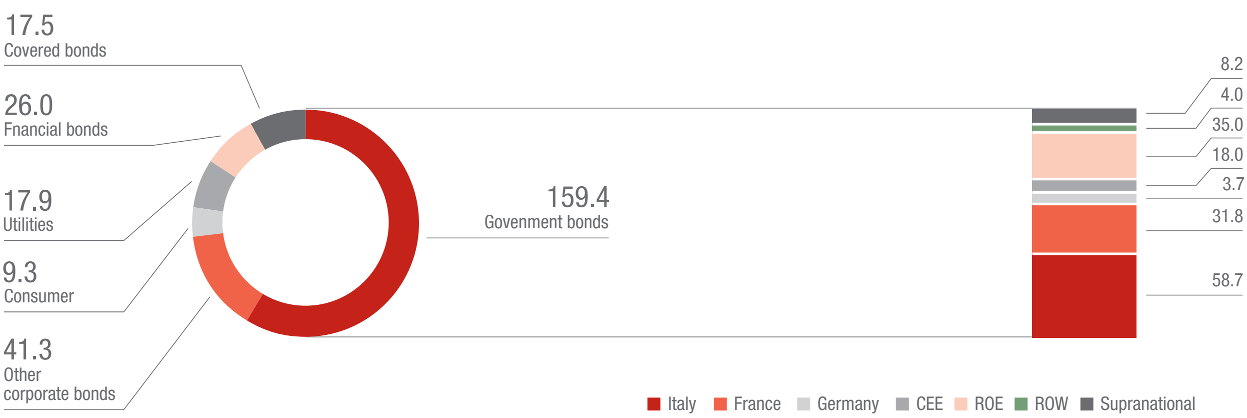
Fixed income instruments: bond portfolio

Bond portfolio: detail by sector

€ bln

Government bonds: detail by country of risk

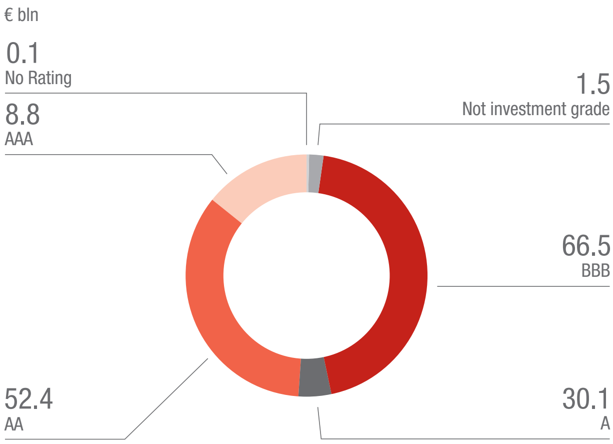
€ bln



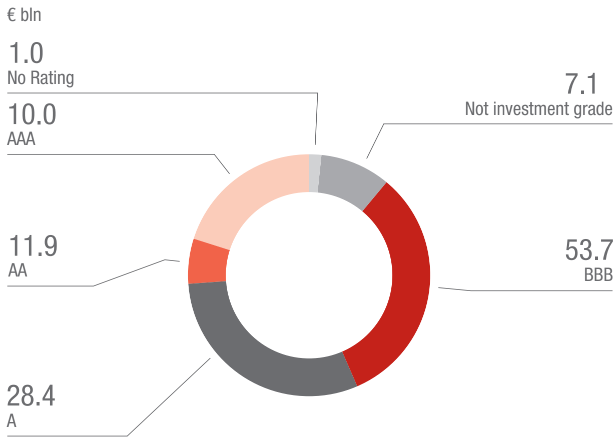
With reference to the bond portfolio, government bonds, which represented 53.2% (52.0% at 31 December 2017), were up, standing at € 159,431 million (€ 158,216 million at 31 December 2017). The change during the period was mainly attributable to the net purchasing position of the Group with respect to these types of assets. The expo-

sure to individual government bonds was mainly allocated to the respective countries of operation, in line with the Group's ALM policy.
The corporate component decreased in absolute terms to € 112,017 million (€ 117,207 million at 31 December 2017), equal to 37.4% of the bond portfolio (38.5% at 31 December 2017), due to the orientation of the reinvestment strategy toward the government bond component. On the other hand, taking into account the new composition of the current portfolio, there is a substantial decrease in securities exposed to the financial sector, partially offset by an increase in exposure to the telecommunications sector.

Bond portfolio: government bonds by rating

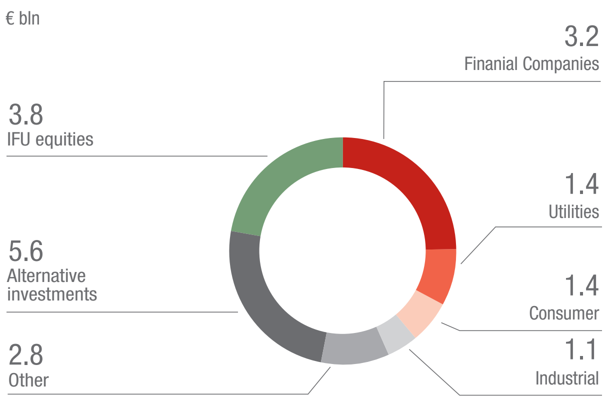


Bond portfolio: corporate bonds by rating



The Group's corporate portfolio confirmed its improvement in terms of creditworthiness, with over 93% of the securities classified as Investment Grade (91% at the end of the previous year). Non-Investment Grade securities declined by € 2.9 billion compared to 31 December 2017.

Equity instruments

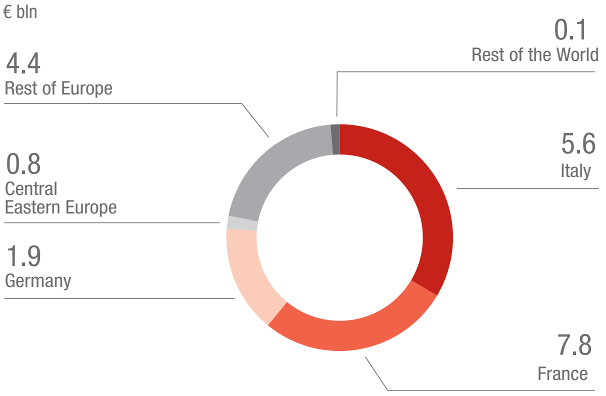


Equity instruments decreased in absolute terms, standing at € 19,807 million (€ 17,697 million at 31 December 2017).
The change is mainly due to the increase in the stock of alternative investments (both for appreciation and for the net purchasing position adopted by the Group) but also to the net purchases of equity instruments made in the period, in spite of a general negative trend in capital markets.

Investment properties

Direct investment properties at fair value

€ bln



Investment properties in terms of book value amounted to € 15,258 million (€ 13,616 million at 31 December 2017). Specifically, the direct investment properties of the Group at fair value amounted to € 20,631 million (€ 18,025 million at 31 December 2017), and were almost all in Western Europe, mainly in Italy, France and Germany, and were held in the respective countries in which they operate.

Investment result

Return on investments

	31/12/2018	31/12/2017
Economic components		
Current income from fixed income instruments	8,861	9,279
Current income from equity instruments	869	650
Current income from real estate investments (*)	738	725
Net realized gains	1,495	2,111
Net impairment losses	-1,205	-448
Net unrealized gains	-549	357
Average stock	**351,577**	**347,991**
Ratio		
Current return (*)	3.0%	3.1%
Harvesting rate	-0.1%	0.6%
P&L return	2.8%	3.3%

(*) Net of depreciation of the period.

The current return on investments fell slightly, reaching 3.0% (3.1% at 31 December 2017). The performance of this indicator is attributable, on the one hand, to the increase in average investments and, on the other, to a fall in the absolute value of current income, which amounted to € 10,668 million (€ 10,847 million at 31 December 2017), due to the low interest rates obtainable as part of the reinvestment activity.

The contribution to the result of the period deriving from net realized gains, net impairment losses and net unrealized gains (harvesting rate)[6] showed a decrease, reaching -0.1% (0.6% at 31 December 2017), following both a greater impact of the impairment losses, particularly significant compared to those posted in the previous period, and a lower impact of the net realized gains.

6 The contribution to investments backing unit-linked contracts was excluded. Please refer to the Methodological note on alternative performance measures for details on the calculation of the Return on investments.

Responsible investments

NFS

€ 289 bln (-2.2%) direct investments of Group insurance companies to which the Responsible Investment Guideline is applied

In implementation of the Responsible Investment Guideline - the document which regulates the various responsible investment activities at Group level - we identify, evaluate and monitor issuing companies in the portfolio which are involved in controversial sectors (for example, non-conventional weapons) or in activities that involve serious or systematic violations of human rights, serious environmental damage or corruption.
Thanks to the creation of a proprietary ESG methodology - which considers environmental, social and corporate governance aspects - we evaluate the degree of responsibility and involvement of the issuing companies and promote specific actions with respect to them, ranging from a ban on making new investments to the settlement of current holdings or the retention of same until their expiration with no possibility of renewal, or even direct dialogue to encourage them to act responsibly.
A cross-functional committee named Responsible Investment Committee retains the task of supporting the decisions of the Group Chief Investment Officer in relation to potential exclusions from the investable universe of the Group.

Climate strategy

In line with the principles of responsible investment which we have been applying for years, and in execution of the Group Policy for the Environment and Climate, we have defined our commitment, even through investment activities, to mitigate climate change and transition towards energy sources as alternatives to carbon and fossil fuels.

The Generali 2021 strategy, p. 21-22

Our rules for running business with integrity, p. 24

Sustainable and responsible investment funds

Thanks to a methodology developed internally by a dedicated team - which integrates non-financial and traditional financial aspects - we select the best companies in relation to corporate social responsibility and sustainable development policies in order to establish dedicated SRI (Socially Responsible Investment) funds and mandates.
At 31 December 2018, the methodology was applied to funds and mandates totalling € 33.2 billion in assets (-2.1%)*. Of these, 81.4% was subject to the SRI analysis and reported a compliance rate of more than 90% with the Group's SRI principles. The remaining 18.6% was not covered by the SRI analysis (funds of funds, issuers located in non-European regions, unlisted issuers).

Stewardship

As a responsible investor, we undertake to promote sustainability in our investees through proxy voting and engagement activities. To this end, the Group has developed a Voting Guideline which expresses our fundamental values, including with respect to sustainability. In 2018, the Group participated in 1,201 Shareholders' Meetings and voted on 15,257 resolutions, 13% against, confirming the Group's commitment to support sustainability best practices.

Glossary available at the end of this document

* The change considers 2017 comparative data restated following a change in methodology.

Debt and liquidity

Debt

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

- liabilities linked to operating activities, defined as all the consolidated financial liabilities related to specific balance sheet items from the consolidated financial statements. This category also includes liabilities stated by the insurance companies against investment contracts and liabilities to banks and customers of banks belonging to the Group;
- liabilities linked to financing activities, including the other consolidated financial liabilities, among which subordinated liabilities, bonds issued and other loans obtained. This category includes, for example, liabilities incurred in connection with a purchase of controlling interests.

Total liabilities were as follows:

Group debt

(€ million)	31/12/2018	31/12/2017
Liabilities linked to operating activities	**27,009**	**26,199**
Liabilities linked to financing activities	**11,532**	**11,816**
Subordinated liabilities	8,124	8,379
Senior bonds	2,983	2,980
Other non-subordinated liabilities linked to financing activities	425	457
Total	**38,540**	**38,015**

The reduction in the Group's liabilities linked to financing activities was mainly due to the redemption of two subordinated bonds issued in 2008 for a nominal amount of € 250 million through the exercise of the early redemption option in November and December 2018.
The liabilities linked to operating activities posted an increase due mainly to the increase in the deposits of the Group banks.

The weighted average cost of liabilities linked to financing activities at 31 December 2018 stood at 5.66%, down from 5.71% at 31 December 2017. The weighted average cost reflects the annualized cost of financial debt, considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

Interest expenses on total liabilities were detailed below:

Interest expenses

(€ million)	31/12/2018	31/12/2017	Change
Interest expense on liabilities linked to operating activities	333	337	-1.1%
Interest expense on liabilities linked to financing activities	666	673	-1.0%
Total (*)	**1,000**	**1,010**	**-1.0%**

(*) Without taking into account the interest expenses on liabilities linked to operating activities of the real estate development companies, classified among the other expenses, as well as the interest on deposit under reinsurance business accepted, deducted from the related interest income.

Details on the liabilities linked to financing activities

Details on subordinated liabilities and senior bonds

(€ million)	31/12/2018				31/12/2017			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)	Nominal value	Book value	Accrued interest expenses	Average weighted cost % (*)
Subordinated liabilities	8,162	8,124	541	6.18%	8,417	8,379	547	6.22%
Senior bonds	3,000	2,983	125	4.19%	3,000	2,980	125	4.19%
Total	**11,162**	**11,106**			**11,417**	**11,359**		

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

Details of issues and redemptions of subordinated liabilities and senior bonds

(€ million)	31/12/2018			31/12/2017		
	Issuances	Redemptions	Issuances net of redemp-tions	Issuances	Redemptions	Issuances net of redemp-tions
Subordinated liabilities	0	250	-250	0	869	-869
Senior bonds	0	0	0	0	13	-13
Total	**0**	**250**	**-250**	**0**	**882**	**-882**

Details on main issues

Subordinated liabilities

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	388	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	495	GBP	549	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	7.24%	350	EUR	350	04/03/2009	04/03/2019	Perp
Assicurazioni Generali	8.50%	350	EUR	350	06/03/2009	06/03/2019	Perp
Assicurazioni Generali	9.00%	50	EUR	50	15/07/2009	15/07/2019	Perp
Assicurazioni Generali	10.13%	750	EUR	748	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	1,250	EUR	1,248	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	991	02/04/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,243	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	841	08/06/2016	08/06/2028	08/06/2048

(*) In currency million.

(**) In € million.

This category also includes unlisted subordinated liabilities issued by Assicurazioni Generali and other subsidiaries. The remaining subordinated liabilities are mainly issued by Austrian subsidiaries for approximately € 25 million at amortized cost.

In November and December 2018, two subordinated bonds issued by the Group in 2008 were redeemed for a nominal amount of € 250 million using available cash.

Senior bonds

Main senior bonds issues

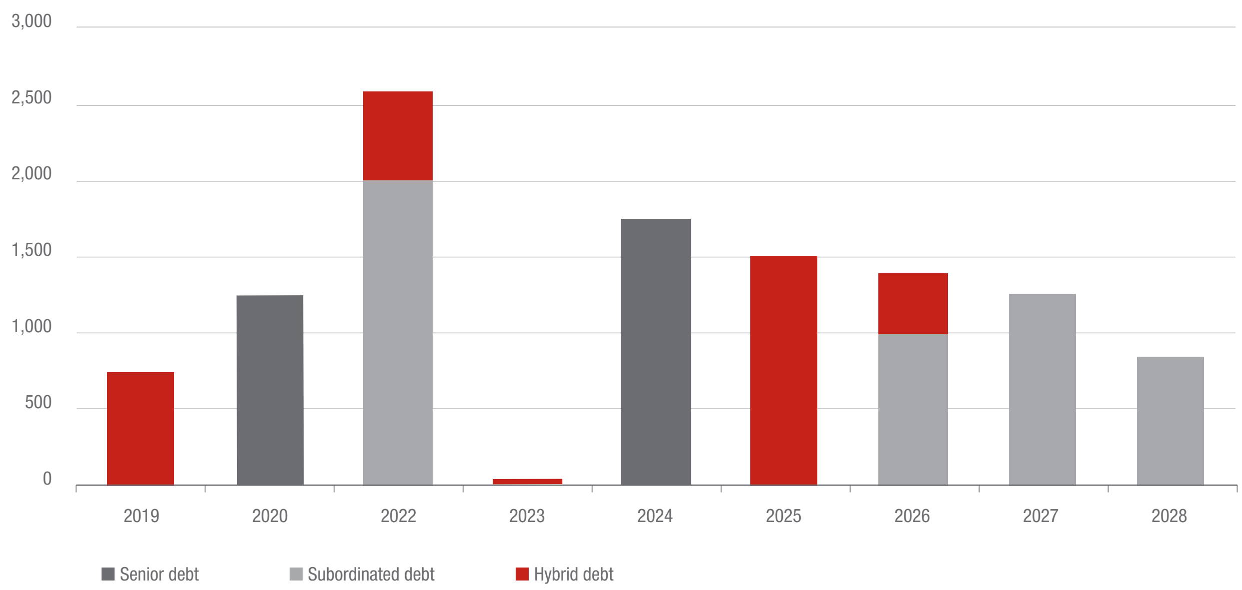
Issuer	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,733	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,247	14/01/2014	14/01/2020

(*) In currency million.

(**) In € million.

The senior bonds were essentially unchanged

Detail on debt maturity



The average duration at 31 December 2018 stood at 5.34 years compared to 6.22 years at 31 December 2017.

Revolving credit facilities

Assicurazioni Generali has revolving credit facilities for a total amount of € 4 billion. They represent, in line with best market practice, an efficient tool to protect the Group's financial flexibility in case of adverse scenarios.
The two facilities syndicated with a value of € 2 billion each, have a duration of 3 and 5 years.
The revolving credit facilities also present innovative features in terms of sustainability: their cost is linked to both the targets on green investments and the progress made in sustainability. This transaction further strengthens Generali's commitment to sustainability and the environment, as set out in the Charter of Sustainability Commitments and in the climate change strategy. This will only impact the Group's liabilities linked to financing activities if the facilities are drawn down.

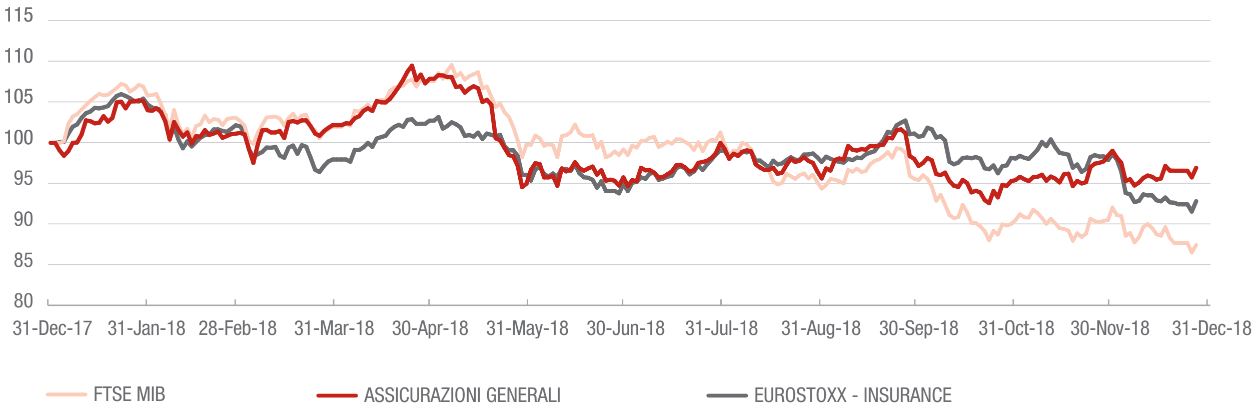
Liquidity

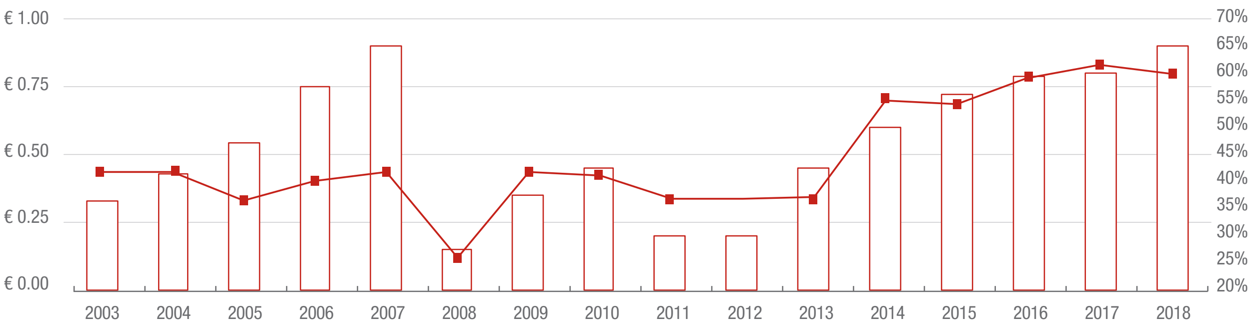
Cash and cash equivalent

(€ million)	31/12/2018	31/12/2017
Cash at bank and short-term securities	5,553	5,738
Cash and cash equivalents	115	96
Cash and balances with central banks	1,029	593
Money market investment funds unit	4,367	5,560
Other	50	-351
Cash and cash equivalents	**11,114**	**11,635**

Liquidity remained broadly stable, reaching € 11,114 million, in line with its seasonal trend and in the presence of unfavourable opportunities for reinvestment of profits generated, especially in the last part of the year.

Share performance





KPIs per share

	31/12/2018	31/12/2017
EPS	1.48	1.35
Operating earnings 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	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
Weighted average number of ordinary shares outstanding	1,563,742,903	1,560,771,499
Market capitalization (in € milion)	22,851	23,739
Average daily number of traded shares	5,778,912	7,179,293
Total shareholders' return (*)	1.39%	13.54%

(*) It is the ratio of the total dividend plus the share price variation during the reference period to the share price at the beginning of the year.

Our reference markets: positioning[7] and performance

Italy

Generali holds the leadership in the Italian insurance market with an overall share of 16.2% thanks to the complete range of insurance solutions the Group offers its clients in both the Life and P&C segments. At the distribution level, a multi-channel strategy strongly hinged on agents has been developed. It has a strong position in the direct Life and P&C channel, through Genertel and Genertellife, the first online insurance launched in Italy. Thanks to its partnership with Banca Generali, the Group is able to offer its customers a broad and complete variety of insurance, pension and savings products. Generali presents itself on the Italian market with three distinct brands marked by a clear strategic positioning - Generali (retail market and SME), Alleanza (households) and Genertel and Genertellife (alternative channels).
During 2018, Generali Italia further developed its simplification programme with the goal to improve the customer experience by simplifying the relationship between customers and agents for the entire process by providing more and more accessible and innovative services. Furthermore, at the end of 2018 Generali Italia launched Jeniot, a company that develops innovative services in the Internet of Things and connected insurance area tied to mobility, home, health and work.

NFS

Within The Human Safety Net, the Group's global initiative for the society, Generali Italian launched Ora di Futuro, an innovative project for educating children and families that involves teachers, primary schools and non-profit networks throughout Italy. The purpose is to help families sustain responsible growth of their children.

In 2018, the Italian Life insurance market enjoyed a +2.1% growth, recovering over last year. The new Life business continues to be mostly oriented toward traditional products, which have experienced an increase with respect to the previous year (+8.4%); the support of the unit-linked products is decreasing (-4.5%), also because of the volatility experienced in the financial markets. The P&C market too has recorded a +2.4% growth. The motor business was affected by the heavy competition between the different operators of the segment and was driven by the other damages business (+5.3%) while MTPL continued its slow recovery (+0.7%). Benefitting from the moderate macroeconomic recovery, positive growth rates (+3.1%) continued to be seen in the non-motor business. The health risk trend was positive (+7.3%), marked by growing attention to the world of welfare.

With reference to the financial markets, the ten-year BTP yield jumped from 2.0% in 2017 to 2.8% at year-end 2018. The BTP-Bund spread widened from 153 bps of year-end 2017 to 253 bps of year-end 2018, making a return from the peaks hit in November following the agreements between the European Commission and the Italian government, which sized down the plans to increase spending.
The equity market was affected by the global monetary policies and the intrinsic country-Italy risk. The FTSE MIB posted negative performance during the year (-16%).

The growth of Generali's Life premiums shows the excellent performance of protection premiums (+18.3%) and traditional savings products (+8.2%), while unit-linked products (-2.4%) were affected by the volatility in financial markets that characterized the second half of the year.

Gross written premiums
€ 23,781 mln
(+4.1%)

Total operating result
€ 1,801 mln
(-2.2%)

Life market share
16.8%

P&C market share
14.7%

Total ranking
1°
(2nd Life and 2nd P&C)

Our people
12,926

Life premiums
€ 18,332 mln (+6.0%)

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

The new production in terms of present value of new business premiums (PVNBP) stood at € 18,443 million, down 3.5% following the contraction of both the present value of future regular premiums (-5.0%) and single premiums (-2.2%).
The production of protection products shows good growth (+16.6%). Savings products are down (-4.7%) in line with the Group's actions aimed at reducing the guaranteed business; moreover, despite the satisfactory contribution of "hybrid" products, there was a reduction in unit-linked production (-2.2%).
The new business margin (expressed as a percentage of PVNBP) increased by 0.58 percentage points, from 4.72% in 2017 to 5.30% in 2018. The satisfactory increase is driven by the continuous recalibration of the financial guarantees offered, combined with the sale of highly profitable hybrid products.
New business value amounted to € 978 million, an improvement on the previous year (+8.3%).

PVNBP
€ 18,443 mln (-3.5%)

NBV
€ 978 mln (+8.3%)

Life OR
€ 1,284 mln (+3.0%)

The decrease in gross written premiums is attributable to both the motor segment (-1.7%), which is affected by the continued decline in the portfolio linked to the policy of improving profitability in a market still suffering from a crisis in profitability, and to the non-motor segment. The contraction of the latter (-1.5%) is mainly attributable to the Corporate business component as well as to the A&H sector, reflecting heavy competition in a market characterized by sustained price competition.
The combined ratio increased slightly due to the increase in the expense ratio component, mainly linked to growth in the non-motor portfolio, only partially offset by the slight improvement in both the current year loss ratio and prior year loss ratio.

P&C premiums
€ 5,450 mln (-1.6%)

P&C OR
€ 595 mln (-8.5%)

CoR
91.0% (+0.9 pps)

Germany

In Germany, where Generali has been operating since 1837, the Group ranks second in terms of total premium income due to a 9.5% market share in the Life business (also including health business), in which it plays a leadership role in the unit-linked and protection lines, and to a 5.3% P&C share, distinguished by high premium profitability.
In 2018, after having successfully concluded a preliminary strategic and organisation revision (with the Simpler Smarter for You programme), Generali sped up implementation of the strategy in Germany by starting up the second phase of the strategic programme, called Simpler, Smarter for You to Lead. This phase is aimed at making full use of the growth potential and the competitive edges that were still unexpressed in order to create value in terms of:
- maximisation of operational efficiency with creation of the “One company” model that involves unifying employees in two main companies, creation of three product factories serving all distribution channels with considerable management and corporate synergies, and rationalisation of the brands portfolio, with significant strengthening of the Generali brand;
- maximisation of the distribution power by integrating the channel of exclusive Generali agents in the DVAG network (the largest insurance distribution network in the country), which operates under a new exclusive distribution agreement for Generali brand products; the strengthening of its leadership in the direct channel (CosmosDirekt) through sizeable investments in the simplification of the processes and extension to new forms of digital intermediation and the focusing of the broker channel on improvement of profitability and on the digitalisation process (Dialog);
- mitigation of the interest rate risk: during 2018, Generali started the sale of 89.9% of Generali Leben after agreeing on an industrial partnership with Viridium Gruppe for the profitable management of the Life portfolio having high guarantees.

Gross written premiums
€ 13,577 mln
(+3.6%)

Total operating result
€ 821 mln
(+9.4%)

Life market share
9.5%

P&C market share
5.3%

Ranking
2nd

Our people
9,972

During the year, the Group retained its positioning on the market in the product innovation area and in customer services thanks to the Smart Insurance programme, with the Generali Vitality programme extended to all of the distribution networks, the offer of products in telematics (Generali Mobility), domotics (Generali Domocity), and legal protection, and also thanks to digitalisation in health services and claims.

NFS

Generali also successfully launched many initiatives in different cities as part of The Human Safety Net programme, which was also presented to the Office of the President of the German Republic during Berlin's Bürgerfest held in September. The programme supports refugees and their start-ups by providing co-working space, training courses and access to a wide range of trade contacts.

As regards the financial markets, the yield of the ten-year German Bund closed the year at 0.2% (0.4 in 2017). The DAX stock market lost 18% due to the economic data coming in below expectations in the Eurozone, concerns surrounding the tax policy of the Italian government and the Brexit negotiations.

In line with the Group's strategic initiatives, Life premiums show a growth in protection products (+5.8%, supported by the increase in single premium policies), as well as unit-linked policies (+5.6%, thanks mainly to regular premium policies), only partly offset by the decline in savings products with regular premiums (-5.8%).
The new production in terms of PVNBP shows a reduction of 5.6% attributable to the decline in the Life segment (-6.9%), affected mainly by the process to restructure the sales networks; the protection sector, however, grew by 14.9%. Specifically, there was a contraction in savings products (-10.6%), protection products (-6.3%) and unit-linked products (-3.0%).
New business profitability (expressed as a percentage of the PVNBP) is equal to 2.83%, stable compared to 2.85% in 2017, due to the recalibration of the guarantees offered and the maintenance of a good business mix in spite of the decline in business. New business value amounted to € 228 million (-6.2%).

The P&C segment volumes are driven by the positive performance of the non-motor segment (+1.8%), which benefits from the increase in policies mainly in the home and commercial lines, in particular supported by the Global Corporate & Commercial lines. The motor segment was slightly positive (+0.1%), in spite of the drop in third-party liability lines (-1.4%) following the pruning of the portfolio.
The combined ratio shows a slight worsening compared to the previous fiscal year (+0.2 pps), attributable to the increase in the loss ratio following higher impacts from catastrophes (+1.0 pps) registered in Germany, a lower contribution from prior year loss ratio, all partly mitigated by the positive trend of contributions from the current year loss ratio.

Life premiums
€ 9,821 mln (+4.5%)

PVNBP
€ 8,048 mln (-5.6%)

NBV
€ 228 mln (-6.2%)

Life OR
€ 424 mln (+0,9%)

P&C premiums
€ 3,757 mln (+1,3%)

P&C OR
€ 445 mln (+26.5%)

CoR
92.7% (+0.2 pps)

France

Generali has been active in France since 1831 with one of the Group's first foreign branches. The operating structure was consolidated in the mid-2000s, when the merger of the various brands forming the Group led to the creation of one of the country's largest insurance companies. Generali France operates with a multi-channel approach of agents, employed sales persons, brokers, financial advisors, banks, direct channels and affinity groups. The multiplicity of the distribution forms reflects the market seg-

Gross written premiums
€ 12,264 mln
(+3.0%)

ment served and the type of product sold, with focus always placed on the customer. Generali France boasts a leadership position in savings Life products distributed through the Internet and for the so-called affluent customers, just as holds true in the market of supplementary pensions for self-employed workers. The presence of professionals, SMEs and personal risks in the segment is also significant.

As regards the insurance market, in 2018 Life insurance made a small rebound (+4%) following the downturn in 2017 (-2%). This is attributed to the dynamics of the traditional "En-euro" policies (+5%). Dynamics of the unit-linked policies were also positive (+7%) despite a slowdown, following 2017, which was already strongly favourable. Life insurance therefore proves to be particularly appreciated by French customers as it is not affected by the change in tax regime that took place at the end of September 2017. On the contrary, it turned into fewer premature exits from the portfolio.
The dynamics of the P&C lines of business (+2.8%) appear in line with that of last year, with a slight recovery of the motor business, also due to the need to adapt the tariffs to the evolution in claims (particularly concerning average costs). Once again in 2018 the French market proved to be heavily exposed to weather damages (floods in particular), for which complementarity between public intervention and that of private insurance is provided in the country.

With reference to the financial markets, the ten-year French bond closed the year at 0.7%, almost in line with the level at year-end 2017. The stock market index, CAC 40, dropped just like the other European indexes, to close the year with an 11% loss.

As regards volume trends, the Group strategy aimed at developing unit-linked and prevention insurance coverage is reflected in the performance of unit-linked products (+5.4%), after the exceptional growth in 2017 and the pure risk and protection line (+4.9%), while traditional savings policies recovered (+1.3%), following the decline in the previous year.
With reference to the new business, slight growth in PVNBP (+2.9%) driven by the performance of single premiums (+6.1%), while the present value of future annual premiums shows a decrease (-16.5%).
The production of all lines of business is increasing; in particular, risk products grew by 4.6%, unit-linked products by 3.7% and savings products by 1.1%.
New business margin (expressed as a percentage of PVNBP) shows a slight increase from 2.26% in 2017 to 2.29% in 2018, thanks to the excellent performance of the protection products which represent 28.9% of new business; however, the profitability of unit-linked products and of the savings business decreased.
New business value grew by 4.1% and amounted to € 219 million.

P&C volumes for the year grew by 3.1%, accelerating compared to the previous year, driven by the performance of the motor segment (+4.2%), also thanks to new distribution partnerships. The non-motor segment (+ 2.7%) recorded a significant recovery compared to the decline in the previous year, also supported by the positive performance of the accident and protection business (+3.9%).
The increase in the combined ratio is affected by trends in the loss ratio, linked, on the one hand, to the greater weight of natural catastrophe claims and, on the other, to the increase in the loss ratio of the corporate sector due to a different reinsurance structure compared to the previous year.

Total operating result
€ 703 mln
(-5.5%)

Life market share
4.7%

P&C market share
4.5%

Ranking
8th Life, 8th P&C and 5th A&H

Our people
6,855

Life premiums
€ 9,558 mln (+3.0%)

PVNBP
€ 9,568 mln (+2.8%)

NBV
€ 219 mln (+4.1%)

Life OR
€ 585 mln (-3.6%)

P&C premiums
€ 2,706 mln (+3.1%)

P&C OR
€ 121 mln (-21.9%)

CoR
99.9% (+1.4 pps)

Austria, CEE and Russia

The new ACEER regional structure is the fourth most important market for Generali, in which the Group has strengthened its presence up to becoming one of the top insurance companies of the entire area. Twelve nations fall within the ACEER scope: Austria (At), Czech Republic (Cz), Poland (Pl), Hungary (Hu), Slovakia (Sk), Serbia, Montenegro, Romania, Slovenia, Bulgaria, Croatia and the recent Russia Regional Office.

The Group can boast its presence in the Eastern Europe territories since 1989. In 2008, a joint venture collaboration with PPF Holding started and ended in 2015, the year in which Generali acquired full control and powers over Generali CEE Holding.

Two important entities entered the area in 2018: Austria, where Generali has been present since 1832, the year after the company's foundation in Trieste, and Russia, where Generali is expanding. Generali reinforced its competitive and income position last year thanks to the acquisition of Adriatic Slovenica, in this way becoming the number two insurance group in Slovenia, and Concordia Insurance together with Concordia Polska Tuw in Poland, and to the bancassurance agreement with Unicredit for the distribution of insurance solutions mainly related to Credit Protection Insurance (CPI) in the whole region.

The Group also takes top rankings in the Czech Republic, Hungary, Serbia, Austria and Slovakia, and among the top ten in the other countries. In terms of volumes, on the other hand, main insurance markets are Austria, Czech Republic, Poland, Hungary and Slovakia. The contribution of the minor markets has improved during the last years, resulting in an increase of the premium income on the total volume of the area.

Generali is also leader in terms of technical profitability thanks to a medium-long term net combined ratio at around 90%.

With reference to the financial markets, the good macroeconomic performance, and particularly that of the labour market, bringing about increased inflation, continued in 2018 in the Czech Republic, the most important Eastern European country. As a result, the Czech National Bank raised the reference interest rate from 0.5% to 1.75%. The Czech Koruna marginally depreciated (1%) against the euro during the year.

In Austria, GDP went up and the labour market performed well. The ten-year Austrian bond yield closed 2018 at 0.5% (0.6% at year-end 2017).

In Life segment premiums, there was a decline in savings products (-2.1%, linked to the performance of regular premium policies), followed by a decline in unit-linked products (-1.8%, mainly due to the decline in single premium policies), only partially offset by the positive performance of the protection lines (+9.1%). This trend is explained by the slowdown in premiums in the Czech Republic (-2.2% due to the continued decline in new savings products production mainly in Ceska Pojistovna) and in Poland (-4.3% due to the decline in individual unit-linked products), offset by a growth in volumes in the rest of the region and especially in Slovakia (+8% due to the protection lines), Austria (+1.6% benefiting from the boost of Health products), as well as Romania (+69.5%, as a result of protection products launched as of July 2018 through the partnership with Unicredit) and Serbia (+15.3% supported by the growth in savings products following the renewals initiatives).

The new business in terms of present value of new business premiums (PVNBP) increased slightly (+1.8%), with growth in both single premiums (+3.9%) and the present value of future annual premiums (+0.8%).

Countries that provided the greatest contributed to the observed increase are Austria (+1.0%) and Hungary (+33,4%), which offset the decline recorded in the remaining countries (specifically, in Poland, the decline was 7.9%).

Gross written premiums
€ 6,429 mln
(+3.2%)

Total operating result
€ 776 mln
(+4.3%)

Life market share
At: 14.2% **Cz: 24.4%**
Hu: 9.4% **Sk: 7.6%**
Pl: 4.0%

P&C market share
At: 16.1% **Cz: 32.2%**
Hu: 18.6% **Sk: 11.6%**
Pl: 3.6%

Ranking
At: 3rd **Cz: 2nd**
Hu: 2nd **Sk: 3rd**
Pl: 9th

Our people
16,376

Life premiums
€ 2,611 mln (+1.0%)

PVNBP
€ 2,028 mln (+1.8%)

NBV
€ 143 mln (-3.2%)

Life OR
€ 306 mln (+5.3%)

New business profitability (expressed as a percentage of PVNBP) decreased to 7.03%, driven by the decline in unit-linked products in Austria and Poland. However, profitability remains at an excellent level as it is sustained by protection products, which account for around 47.4% of business (in particular in Austria and the Czech Republic).
New business value amounted to € 143 million (-3.2%).

P&C segment premiums grew by 4.8%, supported by good performance of the main lines of business. The motor segment grew (+5.7%), as a result of contributions mainly from the Czech Republic (+10.8%, following the pricing policies on the in-force portfolio, as well as higher volumes recorded by the fleet and leasing segments resulting from cooperation with Volkswagen Financial Services), from Hungary (+14.4%, growth sustained by the increase in vehicles) and Austria (+3.3%).
The non-motor sector recorded 4.1% growth, led by Poland (+16.4% driven by the corporate business and growth in travel products), Hungary (+7.7% which mostly benefits from growth in home products in the Health business volumes), Austria (+1.9% driven by the protection business) and Croatia (+51% thanks to the business underwritten through Unicredit).
The improvement in the combined ratio, down by 1 pps compared to 2017, is attributable to the drop in the loss ratio (-1.3 pps), which benefits from lower impacts related to natural catastrophe claims. The expense ratio remained stable compared to the previous year (+0.3 pps), reflecting ongoing cost reduction measures.

P&C premiums
€ 3.818 mln (+4.8%)

P&C OR
€ 482 mln (+4.9%)

CoR
88.1% (-1.0 pps)

International

Spain

Generali, in Spain since 1834, operates through Generali España, a wholly-owned subsidiary, and through two bancassurance agreements with Cajamar (Life and P&C), which guarantee the Group exposure to the major Life distribution channel and continuous expansion in P&C.
Generali is one of the main insurance groups in Spain, with a market share in 2017 of 3.2% in the Life segment and 4.4% in the P&C segment. The Generali España group offers a wide range of Life and P&C policies dedicated to private individuals and companies, using a multi-channel distribution strategy including not only bank offices, but also a network of agents and brokers which is among the most extensive in Spain. All in all, the Group ranks eighth in the Spanish insurance market in terms of total premiums (sixth place in the P&C market).
With reference to the insurance market, in 2018 the P&C segment continued its growth trend, while the Life market posted a slowdown, primarily due to the drop in savings products.
GDP continues its growth trend at rates topping 3%. The ten-year Bonos-Bund spread ended 2018 slightly above the level recorded at the beginning of the year, while the Spanish stock market closed the year with a 14% loss, in line with the other Eurozone stock markets.

With reference to the year's performance, Life premiums fell by 8.0%, reflecting the decline in savings products in line with the Group's strategy of re-orienting the business mix towards products with lower capital absorption. Consequently, both pure risk and protection policies and unit-linked products increased.
New production in terms of PVNBP was down (-9.0%) both in single premiums (-12.2%) and in the present value of future regular premiums (-1.6%). In terms of business lines, a positive trend was observed both for the risk business (+ 8.0%, which represents 43.2%

Gross written premiums
€ 10,539 mln
(+11.6%)

Total operating result
€ 814 mln
(+11.4%)

Our people
19,450

of production) and for unit-linked products (+ 5.8%). Savings products fell by 21.1%, in line with the Group's strategy. The profitability of the new business (expressed as a percentage of the PVNBP) showed an excellent increase from 9.82% in 2017 to 13.07% in 2018 with growth in all business lines. The new business value amounted to € 118 million, up (+ 21.2%).
In the P&C segment, premiums grew by 1.8% entirely thanks to the development of non-motor vehicles, which recorded positive trends in health policies and funeral coverage. The combined ratio improved to 92.2% (-0.5 pps) thanks to the improvement in the expense ratio.

Switzerland

The Generali Group has been operating in Switzerland since 1987, where it has been able to consolidate its position through the acquisition and merger of several insurance companies. In following the Group strategy, Generali Switzerland focuses on the retail business and provides high quality and innovative services through various distribution channels: agents, brokers, financial promoters and direct channels.
In 2017, Generali Switzerland ranked as the number two insurance group on the market in terms of premium income in the Individual Life segment with a 15.3% market share, and was eighth in the P&C segment with a 5% market share. The company does not operate in the Collective Life segment.
In 2017, the Life segment insurance market slightly dropped (-1%), also because of the low interest rate level, while the P&C market continued to grow (1.3%), although weakly.
More generally, the Swiss economy in 2018 showed a positive trend. GDP went up by 2.9%, driven not only by domestic activities, but also by the positive development of the international economic activities. The sectors struck to the greatest extent by the 2015 appreciation of the Swiss franc - the metal, machinery and tourism industries - reversed the trend and made a positive contribution to the economic development posted in 2018. Nevertheless, the growth rate is expected to slow down slightly in 2019, with GDP recovering somewhat in 2020.
Growth of the GDP was particularly solid in 2018, also due to depreciation of the Swiss franc that continued up to mid-2018. The yields of the government bonds remained negative throughout the year.

Generali's Life premiums in the country were down 2.3% following the slowdown in savings product.
New production in terms of PVNBP was down (-1.7%) due to the reduction in the present value of future regular premiums (-4.0%), while single premiums show good growth (+ 56.4%) despite representing only 6.1% of total production. At business level, there was a drop in both unit-linked products (-2.1%) and risk products (-9.5%). The profitability of new business (expressed as a percentage of the PVNBP) showed a good increase from 3.63% in 2017 to 4.35% in 2018 mainly due to the increase in the profitability of the unit-linked business. The value of new business was € 17 million, up 18.0%.
P&C premiums fell by 4% due to the contractions observed both in the motor, due to the decline in the in-force portfolio, not offset by the growth of new production, and in non-auto, attributable to the AHD line which is affected by the loss of a large contract and portfolio cleaning activities in place since 2017.
The combined ratio rose slightly to 93.0% (+0.6 pps), mainly reflecting the increase in acquisition costs due to higher commissions.

Americas and Southern Europe

Argentina, where Generali is ranked as the fourth operator, is the main south-American market for the Group. It is marked by a historically high inflation rate and a volatile

financial situation. Despite this tough scenario for the insurance business, the Group has implemented best practices in its Argentinian subsidiaries, enabling them to stand out in terms of service quality and innovation. The company Caja leads the market in Argentina, excluding the business lines in which it does not operate (Workers Compensation and Annuities).
Brazil ranks second most important country of the region. Following an extended period of economic crisis and political instability, the country has started to show signs of improvement, bolstered by infrastructure investments and optimistic forecasts of the macroeconomic indicators. Specifically, the insurance sector today is characterised by significant expansion potential and a hike in the penetration level.

The Generali Group also operates in Chile, Ecuador and the USA. Sale of the investment in the Panama branch was completed in 2018, as well as the sale of the company in Colombia.
In Southern Europe, the Group operates in Portugal, Greece and Turkey. The Turkish insurance market and the company in the country were impacted by the macroeconomic developments linked to the inflationary trend and depreciation of the local currency.

Life volumes showed a growth of 22.6% compared to 2017, thanks to the positive performance of the entire area: Brazil, Argentina and Southern Europe.
New production in terms of PVNBP was up (+19.9%) with a profitability of new business (expressed as a percentage of PVNBP) reduced to 0.26%. The value of the new production amounted to € 1 million.
P&C premiums, which accounted for 64% of motor products, grew by 17.1% thanks largely to Argentina (which represents more than 60% of the Region) mainly due to the effect of tariff adjustments as a result of inflation.
The combined ratio of the Region improves to 101.6% (-1.8 pps) compared to the previous year when there was a strengthening of reserves in Argentina.

Asia

Generali is one of the key European insurers in the Asian market, and currently operates in eight territories. The predominant segment is Life, with premium income mostly concentrated in the savings and protection lines and, to a lesser extent, in the unit-linked lines. Generali offers its products in the entire region adopting a distribution strategy that includes agents, brokers and agreements with banking groups.
Generali operates in China with Generali China Life, one of the five most important Life country, in partnership with China National Petroleum Corporation (CNPC), which is one of the largest Chinese state-owned companies as well as one of the major energy groups in the world. Generali has a joint venture agreement with CNPC for the P&C products offer as well. Owing to its prominent presence in the Chinese market, Generali China Life is the leading contributor to the turnover and operating result of the entire region. A 100% owned distribution company was formed in 2018, which focuses on the agency channel.

Future Generali Insurance is a Life and P&C joint venture with Future Group, one of India's major retailers. In December 2018, the Generali Group increased its share in the Indian joint venture to 49% by investing up to € 120 million in the partnership with the goal of intensifying use of Future Group's vast distribution network in order to offer insurance solutions throughout the Indian market with a focus on digital.
Generali operates as Life insurer also in the emerging markets of the Philippines, Indonesia, Thailand and Vietnam, and as P&C insurer in Thailand and Malaysia, in the latter market with a 49% investment in MPI Generali. The companies China P&C, India Life, India P&C and in Malaysia are not fully consolidated since a non-controlling interest is held.

Generali has also been operating in the Hong Kong market since 1980, offering both Life and P&C products. Hong Kong is also the location of the regional office (Generali Asia Regional Office), which coordinates all activities in the region.
Lastly, it is pointed out that the P&C business in Japan is in run-off, and new business was interrupted starting from the first quarter of 2018.

Life premiums showed a 28.2% growth recorded in most countries, and in China in particular for savings and pure risk and protection policies, and Hong Kong, whose newly established company has greatly increased production levels.
New production in terms of PVNBP eas up (+ 5.3%) thanks to the development of single premiums (+ 27.0%) which largely offset the decline in the current value of future regular premiums (-6.2%). Growth concerned all countries except Indonesia (-24.8%); in particular good increases were observed in Hong Kong (+ 87.8%) and in Thailand (+ 20.6%), while China is stable (+ 0.4%). With reference to the business lines, there was an increase in risk products (+ 10.1%) and in the savings business (+ 9.0%), while unit-linked products fell (-22.6%). The profitability of the new businss (expressed as a percentage of the PVNBP) recorded a decrease from 7.00% in 2017 to 6.02% in 2018, conditioned by the negative performance of China, where a savings business with reduced margins weighs compared to previous year, and from the decline of Indonesia and Thailand; the development of profitability in Hong Kong was very positive.
The value of new business amounted to € 123 million, down by 9.8%
In the P&C segment, premiums grew by 2.6%, thanks to non-motor line. The negative impact of the A&H and motor businesses in Thailand determined an increase in the combined ratio of the Region, which amounted to 104.5%.

Europ Assistance
Established in 1963, Europ Assistance (EA) is only of the leading global brands in the field of private assistance. Today EA boasts over 300 million customers in more than 200 countries, supported by its 35 assistance centres and its network of 750,000 partner suppliers. EA offers insurance coverage and assistance in the travel sector, the automotive area with road-side assistance, and personalised coverage for assisting the elderly, cyber-security, and medical and concierge services. In 2018, the EA Group's total turnover came to € 1.7 billion.
EA continues to pursue a growth strategy focused on strengthening its leadership position in the travel sector, at the same time expanding and diversifying its offer of motor and personal assistance products. The goal is to reach € 2.1 billion in revenues by 2021. In 2018, OpinionWay named EA the most trustworthy company operating in the financial sector in France.

In the International area, the main "Other companies" entities are Generali Global Health and Generali Employee Benefits, both Global Business Lines (GBL) of the Group.

Total GBL premiums

€ 4,332 mln
(+5.6%)

Generali Global Health (GGH) was set up in 2015 as the General group brand and division dedicated to the International Private Medical Insurance (IPMI) sector. This market globally boasted premium income of over € 11.7 billion in 2017, with growth estimates at € 15.7 billion in 2020.
GGH achieved € 0.1 billion in premium volume in 2018 (+47% compared to 2017), staying in line with its strategic plan aimed at making it become the IPMI market leader by 2023.
GGH stands out from the rest due to the innovative nature of its products and services and to the high degree of digitalisation of its processes. These are qualities that the market has already acknowledged. In fact, GGH was awarded the title of "International Travel and Health Insurance of the Year" at the International Insurance Forum for 2018 held in Geneva.

Generali Employee Benefits (GEB) is an integrated network that offers services for employee benefits of multinational companies consisting of protection, life and health coverage, and pension plans for both local and ex-pat employees. Located in over 100 countries and with more than 400 coordinated multinational programmes (of which about 40 captive), GEB today is the market leader for multinational companies with a premium volume of € 1.4 billion. With the aim of further developing its business, in 2018 Assicurazioni Generali S.p.A. obtained authorisation to open a new branch in Luxembourg, which will be concentrated on business employee benefits.

Global Corporate and Commercial

The Global Corporate and Commercial (GC&C) unit, representing one of the Group's Global Business Lines, it is only partially disclosed in the International cluster: the remainder is in the other countries of the Group in which it operates. GC&C offers medium to large companies and intermediaries in over 160 countries around the world, insurance solutions and P&C services. Backed by its solid global experience, knowledge of the local markets and of the corporate sector, integrated solutions that can be personalised in properties, casualty, engineering, marine, aviation, cyber and specialty risks are offered. Furthermore, GC&C guarantees companies the same level of assistance and protects everywhere in the world through its Multinational Programs, Claims and Loss Prevention experts. Global Corporate & Commercial has collected a total premium volume of € 2 billion in 2018. The performances of the year were influenced by the occurrence of some catastrophic claims and large claims, which particularly affected the property. From a technical point of view, in 2018 GC&C continued to pursue a policy of rebalancing the portfolio through the development of Multinational Programs and Financial Lines, focusing globally on the medium-large companies segment, in a market characterized by strong competition especially in the property, casualty and engineering branches.

Investments, Asset & Wealth Management

In line with the Group strategy announced in 2017, the Investments, Asset & Wealth Management business unit aims at becoming the unique managerial entity of the Group operating in the area of investments, asset management and financial planning consultancy. Its ambition is to expand its current customer base, today for the most part captive, through third-party customers, in this way evolving from its role of insurance business service to a benchmark in the asset management market.

The transformation into more modern and effective organisation model announced in 2017, which continued in 2018, offers the possibility to:

- tap the process cross-selling and streamlining opportunities in order to expand the customer base, above all outside the Group, at the same time promoting a business's growth at low capital absorption. One example is given by the launch of the LDI (Liability Driven Investments) Solutions services that aims at offering institutional customers not falling within the scope of the Group their insurance business expertise, developed over the years, on the subject of asset management;
- develop a Multi-boutique platform consisting of creating asset management companies partnered with operators having acknowledged investment skills in order to expand the offer of products and services, in any case with the objective of aligning interests between the Boutiques management and the Group and a limited risk for shareholders. In this perspective, several important initiatives were launched in 2018.

Total operating revenues

€ 1,041 mln

(+13%)

Cost income ratio

48.4%

Total operating result

€ 527 mln

(+13%)

Our people

1,821

Generali Global Infrastructure (GGI) was launched at the beginning of the year. 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.

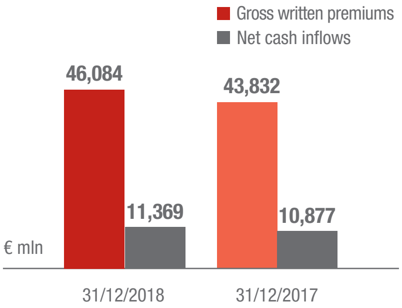
Other initiatives of the multi-boutiques strategy were also launched during 2018, such as Aperture Investors, an innovative asset management company based on a revenue model that is radically different from what is found on the market. The company debits basic commissions, such as those of the Exchange Traded Funds (ETF), which can increase only when the managers go past the reference benchmarks. The acquisition of CM Investment Solutions Limited (CMISL) from Bank of America Merrill Lynch was announced in December. The acknowledged leader in developing alternative UCITS (Undertakings for the Collective Investment of Transferable Securities) strategies, with an international clientele and that is enjoying exuberant growth, CMISL will further support Generali's offer capacities and distribution to customers and distribution partners. Furthermore, Generali signed an agreement with the German group Union Asset Management Holding AG to acquire 100% of the Polish asset management company Union Investments TFI S.A, one of the largest asset management companies in Poland, in order to bolster its positioning in Central-Eastern Europe. Also during 2018 the Sycomore Asset Management partnership proposal was announced. This represents one more stage in the multi-boutique strategy and highlights Generali's commitment to environmental, social and governance (ESG) matters and socially responsible investment (SRI). Authorisation of the competent supervisory and antitrust authorities for this latter partnership have been received in the first decade of February 2019, closing the acquisition process of the company.

The business unit operates in the three areas depicted by its name:
1. Investment Management: implementation of the Asset Liability Management (ALM) and Strategic Asset Allocation (SAA) models for the Group Insurance Companies;
2. Asset Management: asset management for the most part addressed to insurance customers, with its customer base expanded to comprise external customers, both institutional (such as pension funds and foundations) and retail;
3. Wealth Management: financial planning and asset protection services for the Private customers, mainly offered through the Banca Generali Group.

The operating result of the Investments, Asset & Wealth Management business unit grew by 13%, from € 468 million to € 527 million in 2018. This positive figure was mainly driven by Asset Management Europe, which increased its operating result by about € 87 million compared to last year.
In this context, the contribution provided by Wealth Management was negative for about € 9 million, due to the high volatility that characterized financial markets in 2018 and which affected performance fees, only partially offset by other recurring commissions.

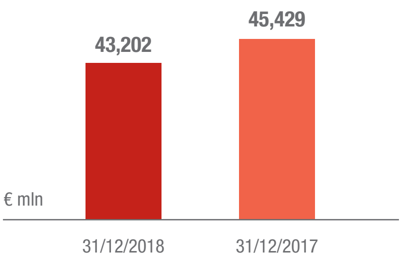
Life segment

Gross written premiums and net cash inflows



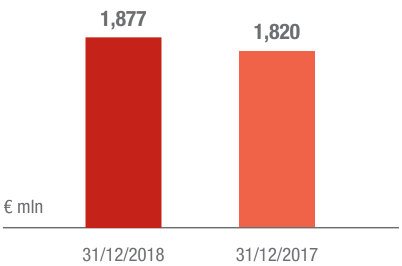
Excellent net cash inflows, at € 11.4 billion (+5.2%)
Life technical reserves grow to € 343 billion (+2.2%)
Gross written premiums increased by 5.7% to € 46,084 million thanks to the growth of all business lines

PVNBP

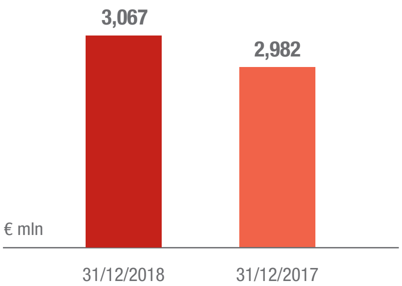


New business profitability increased to 4.35% and new business value (NBV) at € 1,877 million, in line with the target of creating long-term value

NBV



Operating result



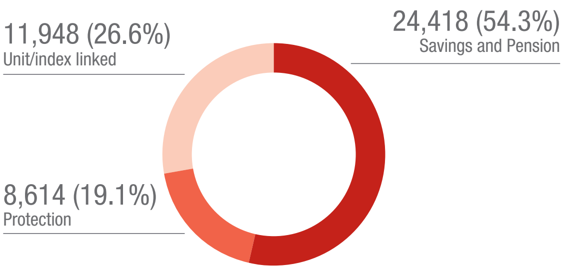
Operating result at € 3,067 million, up 2.8% thanks to growth of the technical margin net of insurance operating expenses

Performance of the Life segment

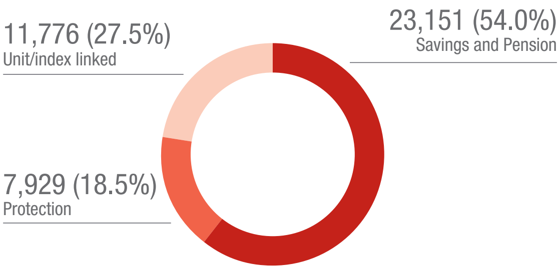
Gross written premiums and new business development

The gross written premiums in the Life segment continued the growth in place during the year, standing at € 46,084 million (+5.7%).
With reference to the lines of business, positive trend in savings policies, (+5.7%), specifically in Italy (+8.2%, reflecting the actions undertaken on the existing portfolio of collective policies which offset the reduction of the premiums relating to hybrid products), Asia (+23.8%) and France (+1.3%). Unit-linked premiums also grew by 1.8%, driven in particular by the performance in Germany and France consistent with the Group strategy aimed at the growth of this line. The protection products show a 10.7% increase, confirming the broad growth in countries in which the Group operates.

Gross direct premiums by line of business at 31 December 2018
€ mln



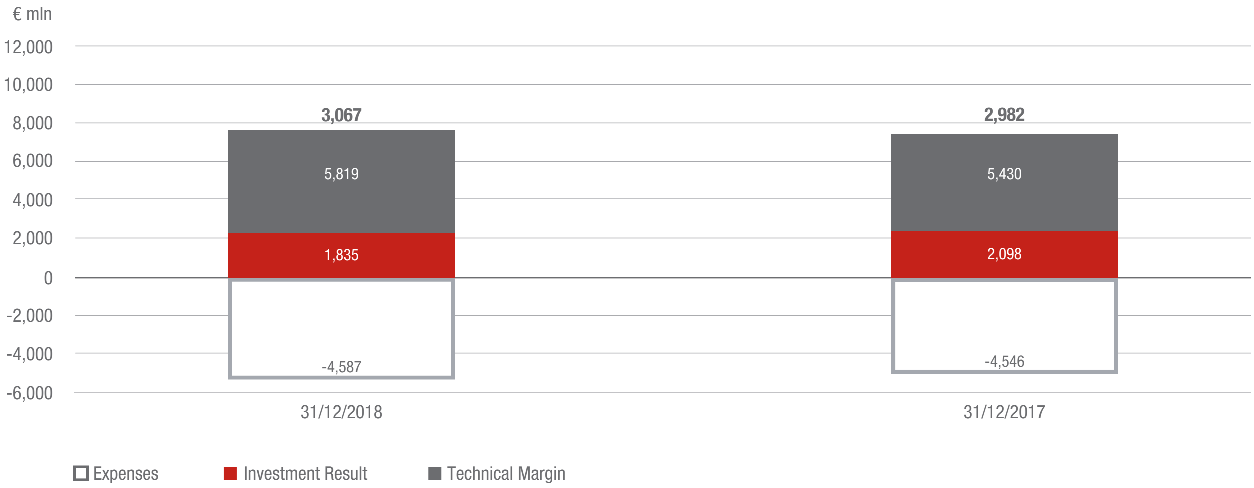
Gross direct premiums by line of business at 31 December 2017
€ mln



The net cash inflows were amongst the highest levels in the market, reaching € 11,369 million. The 5.2% growth, equal to € 492 million, reflected the trend of France (+ € 612 million), which benefited from the rising premiums and lower surrenders compared to 2017, to which were added those of Asia (+ € 487 million), which received a further boost from the drop in surrenders in the quarter, and Germany (+ € 231 million) thanks to both the improvement in premiums and lower surrenders. Italy (- € 934 million) was affected by higher payments deriving from surrenders.

The new business in terms of present value of new business premiums (PVNBP) amounted to € 43,202 million, showing a decline of 1.8%.
With reference to the business lines, the protection business increased by 2.1% in all the Group's areas of operations, with the exception of Germany. Unit-linked business decreased (-1.5%, due to the decrease in Italy and Germany) as did that of savings products (-3.7%), in line with the Group's strategy aimed at reducing the guaranteed business.
The profitability of new business (margin on PVNBP) improved by 0.26 pps, to 4.35% (4.01% at 31 December 2017), following the increase in profitability of both protection products (+0.51 pps), mainly thanks to the improvement in France and Spain, and savings products (+0.29 pps), positively influenced by the continued reduction of financial guarantees and the improvement in the economic environment.
As a consequence of the actions described above, the new business value (NBV) increased by 4.3% and stood at € 1,877 million (€ 1,820 million at 31 December 2017).

Operating result



The operating result of the Life segment stood at € 3,067 million, up 2.8% compared to € 2,982 million at the close of 2017. Specifically, the technical margin net of insurance operating expenses grew.

The operating return on investments[8] of the Life segment stood at 0.83% (0.82% at 31 December 2017), despite the current environment of low interest rates.

Technical margin

Life segment operating result: technical margin

(€ million)	31/12/2018	31/12/2017	Change
Technical margin	**5,819**	**5,430**	**7.2%**
Loadings	3,117	3,075	1.4%
Technical and other result	1,345	1,065	26.3%
Unit/index-linked fees	1,357	1,290	5.2%

The technical margin[9], equal to € 5,819 million, was experiencing strong growth; in particular, note the increase in loadings, the improvement in the impact of longevity risk in France, and the increase in fees from the sale of unit-linked products in Italy.

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

8 Please refer to the Glossary for details on the method on the calculation of this indicator.
9 Please refer to the Methodological note on alternative performance measures for details on the calculation of this indicator.

Net investment result

Life segment operating result: investment result

(€ million)	31/12/2018	31/12/2017	Change
Net investment result	**1,835**	**2,098**	**-12.6%**
Operating income from investments	2,642	13,606	-80.6%
Net income from investments	8,991	10,104	-11.0%
Current income from investments	9,518	9,682	-1.7%
Net operating realized gains on investments	1,220	1,558	-21.7%
Net operating impairment losses on investments	-817	-266	n.m,
Other operating net financial expenses	-931	-870	7.0%
Net income from financial instruments at fair value through profit or loss	-6,349	3,502	n.m.
Net income from financial instruments related to unit and index-linked policies	-5,834	3,849	n.m.
Net other income from financial instruments at fair value through profit or loss	-515	-346	48.6%
Policyholders' interests on operating income from own investments	-807	11,508	-93.0%

The net investment result, amounting to € 1,835 million, was down (-12.6%) from the € 2,098 million at 31 December 2017.

This trend was, in particular, determined by the reduction in net income from investments, impacted by an increase in impairments and a drop in the realized component. In particular:

- current income from investments - which also include the current income from investments at fair value through profit or loss - was down at € 9,518 million (€ 9,682 million at 31 December 2017), while the related profitability, calculated based on the book value of the investments, was down to 3.1%;
- net operating realized gains on investments stood at € 1,220 million (€ 1,558 million at 31 December 2017) against a general decline in realized gains on all asset classes, deriving in part from planned Asset & Liability Management operations;
- net operating impairment losses on investments went from € -266 million at 31 December 2017 to € -817 million. This trend mainly reflected the impairments on equity securities following the negative market performance in the last year;
- other operating net financial expense, which includes interest expense on liabilities linked to operating activities and investment management expenses, amounted to € -931 million (€ -870 million at 31 December 2017).

The net income from financial assets and liabilities related to unit and index-linked contracts fell from € 3,849 million at 31 December 2017 to € -5,834 million. This trend reflected the change in the value of investments caused by a rise in spreads on corporate bonds and the negative performance of some equity markets compared to the corresponding period of the previous year.

The policyholders' interests on operating income from own investments rose from € -11,508 million at 31 December 2017 to € -807 million, mainly due to the related decrease in income from financial instruments at fair value through profit or loss related to linked contracts.

Insurance and other operating expenses

Life segment operating result: total insurance and other operating expenses

(€ million)	31/12/2018	31/12/2017	Change
Insurance and other operating expenses	**-4,587**	**-4,546**	**0.9%**
Acquisition and administration costs related to insurance business	-4,497	-4,452	1.0%
Net other operating expenses	-90	-94	-4.4%

The insurance and other operating expenses increased from € -4,546 million at 31 December 2017 to € -4,587 million.

In particular, insurance operating expenses amounted to € -4,497 million (+1.0%). The acquisition costs, which amounted to € -3,592 million, remained essentially stable. Administrative costs increased, to € -906 million (+ 3.8%), for the trends observed in Italy and France. The ratio of the acquisition and administration costs to premiums stood at 10.2% (10.1% at December 2017). The percentage of the total administration costs related to insurance business to the average insurance provisions remained substantially stable at 0.27%.

The net other operating expenses fell slightly to € -90 million (€ -94 million at 31 December 2017). This item also included the brand royalties paid by the companies in this segment to the Parent Company for global marketing and branding activities.

Non-operating result

The non-operating result of the Life segment went from € -309 million at 31 December 2017 to € -437 million due to the decrease in the net non-operating income from other financial instruments, reflecting the higher net non-operating impairment losses, which stood at € -279 million (€ -118 million at 31 December 2017).

Net other non-operating expenses improved, reaching € -165 million (€ -196 million at 31 December 2017), with a particular drop in Germany. This item also included € -58 million relating to the amortization of the value of the portfolios acquired (€ -60 million at 31 December 2017).

Other information on the Life segment

Life segment operating result and non operating result

(€ million)	31/12/2018	31/12/2017	Change
Life segment operating result	**3,067**	**2,982**	**2.8%**
Net premiums	43,807	41,627	5.2%
Net insurance benefits and claims	-39,264	-48,138	-18.4%
of which change in the provisions for unit and index-linked policies	2,172	-8,247	n.s.
Acquisition and administration costs	-4,484	-4,433	1.2%
Acquisition and administration costs related to insurance business	-4,484	-4,433	1.2%
Other acquisition and administration costs	-1	0	n.s.
Net fee and commission income and net income from financial service activities	16	42	-62.4%
Net operating income from financial instruments at fair value through profit or loss	-6,115	3,813	n.s.
of which net income from financial assets and liabilities related to unit and index-linked policies	-5,834	3,849	n.s.
Net operating income from other financial instruments	8,756	9,794	-10.6%
Interest income and other income	9,284	9,372	-0.9%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	1,220	1,558	-21.7%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-817	-266	n.s.
Interest expense on liabilities linked to operating activities	-174	-184	-5.7%
Other expenses from other financial instruments and land and buildings (investment properties)	-757	-685	10.4%
Net other operating expenses (*)	351	278	26.3%
Life segment non-operating result	**-437**	**-309**	**41.5%**
Net non-operating income from other financial instruments	-272	-113	n.s.
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	7	5	n.s.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-279	-118	n.s.
Net other non-operating expenses	-165	-196	-15.6%
Life segment earnings before taxes	**2,630**	**2,674**	**-1.6%**

(*) At 31 December 2018 the amount is net of operating taxes for € 52 million and of non-recurring taxes shared with the policyholders in Germany for € -6 million (at 31 December 2017 for € 52 million and € 42 million, respectively).

Life segment indicators by country

(€ million)	Gross written premium		Net cash inflows		PVNBP	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	18,332	17,299	4,769	5,703	18,443	19,116
France	9,558	9,279	1,571	959	9,568	9,306
Germany	9,821	9,399	3,197	2,966	8,048	8,529
Austria, CEE & Russia	2,611	2,565	312	327	2,028	1,994
International	5,729	5,271	1,519	922	5,116	6,484
Spain	861	936	-86	-232	904	993
Switzerland	1,009	1,073	397	457	385	402
Americas and Southern Europe	359	419	162	151	229	364
Asia	2,685	2,155	981	494	2,047	2,001
Europ Assistance	0	0	0	0	-	-
Other	815	687	66	52	1,551	2,724
Group Holding and other companies	35	19	1	0	-	-
Total	**46,084**	**43,832**	**11,369**	**10,877**	**43,202**	**45,429**

(€ million)	Operating result		NBV	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	1,284	1,246	978	903
France	585	607	219	211
Germany	424	420	228	243
Austria, CEE & Russia	306	291	143	147
International	497	540	310	317
Spain	131	131	118	98
Switzerland	213	199	17	15
Americas and Southern Europe	24	43	1	8
Asia	127	78	123	140
Other	2	89	51	57
Group holding and other companies (*)	-30	-121	0	0
Total	**3,067**	**2,982**	**1,877**	**1,820**

(*) The data relating to Operating result also include country adjustments.

Life segment direct premiums by line of business and by country

(€ million)	Savings and Pension		Protection		Unit/index linked		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	14,259	13,181	312	264	3,760	3,854	18,332	17,299
France	4,347	4,291	1,959	1,867	2,841	2,696	9,147	8,854
Germany	2,230	2,219	3,903	3,690	3,687	3,490	9,821	9,399
Austria, CEE & Russia	1,206	1,216	772	704	633	645	2,611	2,565
International	2,373	2,241	1,660	1,397	1,026	1,089	5,059	4,728
Spain	529	656	237	223	95	58	861	936
Switzerland	190	203	131	139	688	730	1,008	1,073
Americas and Southern Europe	81	82	273	332	5	5	359	418
Asia	1,573	1,301	910	608	189	247	2,671	2,155
Europ Assistance	0	0	0	0	0	0	0	0
Other	0	0	109	95	50	50	159	146
Group holding and other companies	3	3	9	9	0	0	11	11
Total	**24,418**	**23,151**	**8,614**	**7,929**	**11,948**	**11,776**	**44,981**	**42,855**

Financial position of the Life segment

Investments

Life segment investments

(€ million)	31/12/2018	Impact (%)	31/12/2017	Impact (%)
Equity instruments	12,820	4.3%	11,980	4.0%
Fixed income instruments	266,502	88.5%	268,895	88.7%
Bonds	242,903	80.7%	245,326	80.9%
Other fixed income instruments	23,599	7.8%	23,569	7.8%
Land and buildings (investment properties)	8,827	2.9%	8,752	2.9%
Other investments	6,673	2.2%	5,476	1.8%
Investments in subsidiaries, associated companies and joint ventures	5,447	1.8%	3,858	1.3%
Derivatives	524	0.2%	887	0.3%
Other investments	702	0.2%	730	0.2%
Cash and cash equivalents	6,180	2.1%	8,083	2.7%
General accounts investments	**301,002**	**100.0%**	**303,186**	**100.0%**
Investment back to unit and index-linked policies	65,789		67,741	
Total investments	**366,791**		**370,927**	

At 31 December 2018, total investments in the Life segment showed a slight 1.1% decrease over 31 December 2017, amounting to € 366,791 million. General accounts investments amounted to € 301,002 million (-0.7%), while the investments back to unit/index-linked policies amounted to € 65,789 million (-2.9%).
The exposure in absolute terms to fixed income instruments decreased slightly, standing at € 266,502 million (€ 268,895 million at 31 December 2017), with a weight to total remaining essentially stable (from 88.7% to 88.5%), while exposure to equity instruments increased to € 12,820 million (€ 11,980 million at 31 December 2017). Investment properties of the Group did not substantially change, standing at € 8,827 million (€ 8,752 million at 31 December 2017). Finally, cash and other cash equivalents declined both in absolute terms and in relative terms, which stood at 2.1% (2.7% at 31 December 2017).

With reference to the bond portfolio breakdown, exposure to government bonds was slightly up, standing at € 142,144 million (€ 139,846 million at 31 December 2017), with a weight to bond portfolio equal to 53.3% (52.0% at 31 December 2017). The change in the period was due to purchases made in the period only partially offset by the reduction in value, mainly attributable to Italian government bonds.
The corporate bonds instead decreased to € 100,758 million (€ 105,479 million at 31 December 2017), with a relative weight of 37.8% (39.2% at 31 December 2017). The trend was mainly attributable to the fair value decrease in stock of the securities in the portfolio, caused by spreads. The average duration of the bond portfolio was 8.4 years (8.8 years at 31 December 2017), in line with the Group's ALM strategy.

Life segment return on investments

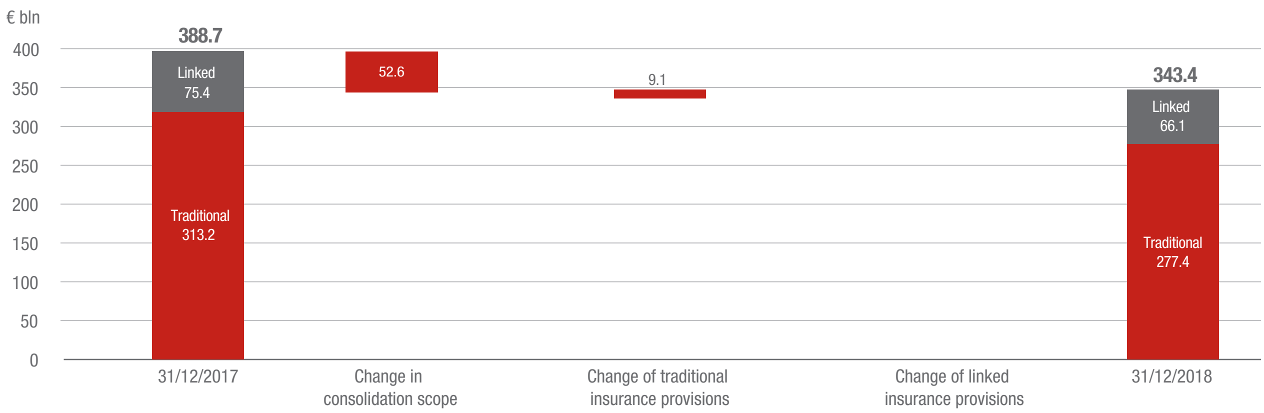
	31/12/2018	31/12/2017
Redditività corrente (*)	3.1%	3.2%
Harvesting rate	-0.1%	0.6%
Redditività di conto economico	2.9%	3.4%

(*) Net of depreciations.

The net current return on investments in the Life segment posted a modest decline, falling from 3.2% at 31 December 2017 to 3.1% with the relative income decreasing to € 9,489 million (€ 9,678 million at 31 December 2017).

The contribution to the result of the period from the harvesting transactions stood at -0.1% (0.6 at 31 December 2017), due to a greater impact of the impairment losses and a more prudent harvesting policy.

Insurance provisions of the Life segment

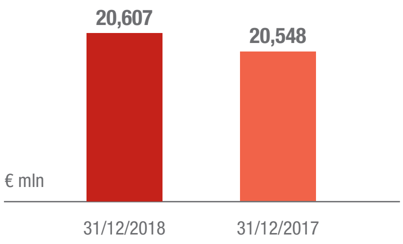


The technical provisions and financial liabilities of the Life segment - excluding deferred liabilities to policyholders - amounted to € 343,400 million; the increase on an equivalent consolidation area stood at 2.2% and reflected the increase in the reserves relating to the traditional business (+3.4% on an equivalent consolidation area). The reserves relating to the linked portfolio, instead, fall by 2.6% on an equivalent consolidation area: the positive effect of the net cash inflows was absorbed by the negative performance of financial markets, reflected in the evolution of these reserves.

The deferred liabilities to policyholders stood at € 10,584 million (€ 21,231 million at 31 December 2017), reflecting the change in the investments value, particularly in government bonds.

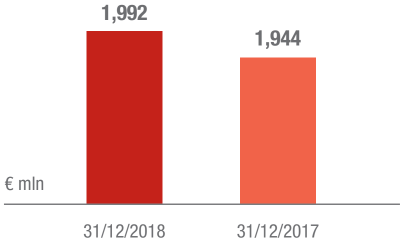
Property & Casualty segment

Gross written premiums



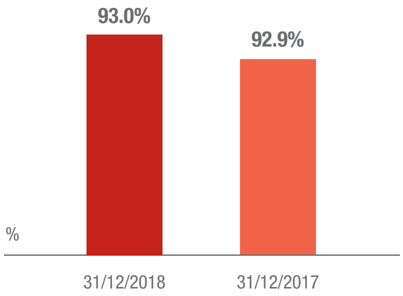
Positive trend in gross written premiums (+3.3%) thanks to the growth of both lines of business

Operating result



Operating result at € 2 billion (+2.5%), including € 342 million of natural catastrophe claims

Combined Ratio



Excellent Group CoR at 93.0% (+0.1 pps), confirming the number one Total ranking among our peers, despite 1.7 pps arising from natural catastrophe claims

Performance of the Property & Casualty segment

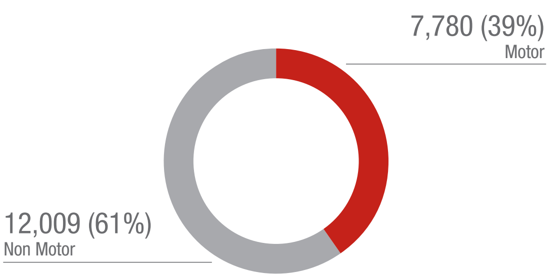
Premiums development

The gross written premiums in the Property & Casualty (P&C) segment continued the growth observed during the year, standing at € 20,607 million, growing by 3.3%, thanks to the positive performance of both business lines. The increase in the motor line (+3.4%) was supported by the growth observed in ACEER (+5.7%), which reflected the positive trend in the Czech Republic for pricing policies and the development of partnerships in fleets and leasing, the increase in car sales in Hungary and the growth observed in Austria. France also increased (+4.2%), partly as a result of new distribution partnerships, and Americas and Southern Europe (+19.2%), mainly due to the pricing adjustments made in Argentina following inflation. In spite of recovering in the second half of the year, motor premium income in Italy was down by 1.7%, following the measures adopted to recover the portfolio profitability

Non-motor premiums also rose by 2.7%, thanks to the positive trends broadly extended across the Group's various areas of operations. Premium income in ACEER increased (+4.1%), led by Poland (+16.4% deriving from the corporate business and by the development of travel products), Hungary (+7.7% which mostly benefits from growth in home products and in the health business volumes), Austria (+1.9% driven by the accident & health business) and Croatia (+51% thanks to the business underwritten through Unicredit). Performance was positive in France (+2.7%) thanks to the performance of the accident & health line, Germany (+1.8%) due to the growth in Global Corporate & Commercial lines, as well as in the home and commercial lines, and International cluster (+7.2%), driven by Europ Assistance thanks to the development of travel insurance and roadside assistance in mature markets. The decrease observed in Italy (-1.5%) was mainly related to the reduction of the Global Corporate & Commercial lines as well as the health business which were affected by heavy competition in a market characterized by sustained price competition.

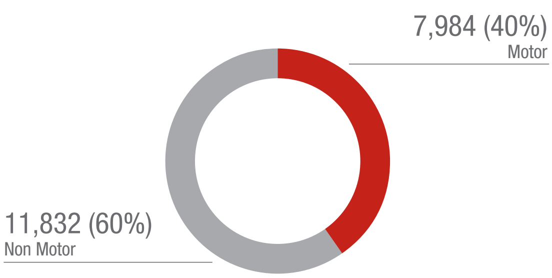
Gross direct premiums by line of business at 31 December 2018

€ mln

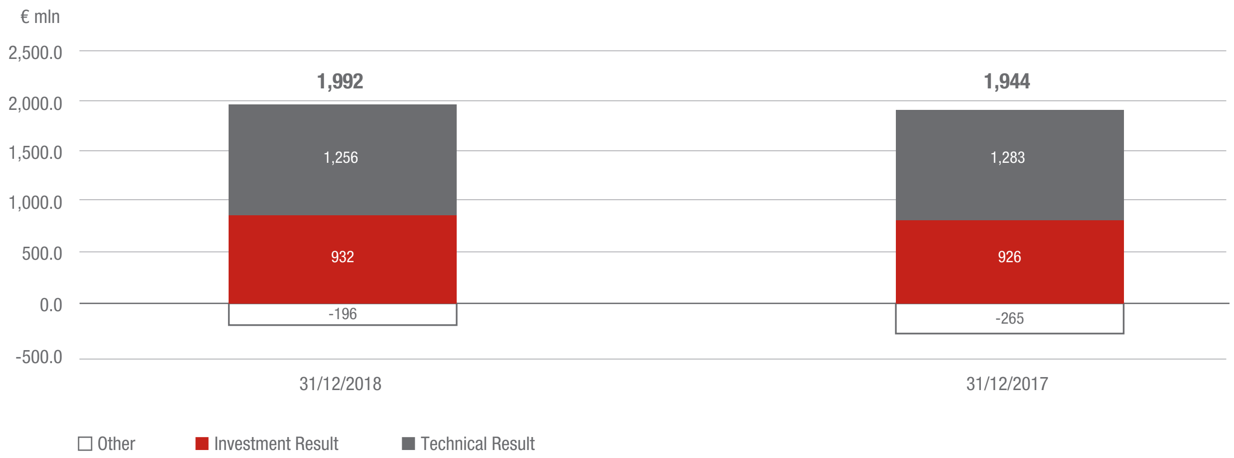


Gross direct premiums by line of business at 31 December 2017

€ mln



Operating result



The operating result of the P&C segment amounted to € 1,992 million (€ 1,944 million at 31 December 2017). The 2.5% increase was mainly attributable to the investment result and the positive contribution of the other operating items.

The operating return on investments of the P&C segment stood at 5.2% (5.0% at 31 December 2017).

Technical result

Property & Casualty operating result: technical result

(€ million)	31/12/2018	31/12/2017	Change
Technical result	**1,256**	**1,283**	**-2.1%**
Net earned premiums	19,597	19,510	0.4%
Net insurance benefits and claims	-12,753	-12,698	0.4%
Net acquisition and administration costs	-5,468	-5,419	0.9%
Other net technical income	-122	-110	10.3%

The technical result amounted to € 1,256 million, down by 2.1% compared to 31 December 2017. This result included the impact of natural catastrophe claims for approximately € 342 million, mainly deriving from storms, floods and bad weather in Italy and Central Europe. Similar events had had an impact of approximately € 416 million at 31 December 2017. The technical result was influenced by a higher impact of large man-made claims of around € 125 million and the increase in the acquisition costs, resulting from the growth in premiums previously discussed.

Technical indicators

(€ million)	31/12/2018	31/12/2017	Change
Combined ratio	**93.0%**	**92.9%**	**0.1**
Loss ratio	65.1%	65.1%	0.0
Current year loss ratio excluding natural catastrophes	68.9%	68.5%	0.4
Natural catastrophes impact	1.7%	2.1%	-0.4
Prior year loss ratio	-5.6%	-5.6%	-0.1
Expense ratio	27.9%	27.8%	0.1
Acquisition cost ratio	22.6%	22.3%	0.4
Administration cost ratio	5.3%	5.5%	-0.3

The combined ratio of the Group stood at 93.0% (+0.1 pps compared to 31 December 2017), the best amongst peers in the market. The change was entirely attributable to the trend in the expense ratio.

With reference to the total loss ratio, which remained stable at 65.1%, the current year non-catastrophe loss ratio increased by 0.4 pps due to the higher impact of the aforementioned large man-made claims of 0.6 pps, mainly concentrated in the Global Corporate & Commercial lines. The impact from natural catastrophe claims was 1.7% (2.1% at 31 December 2017). The prior year loss ratio remained stable at -5.6%. As usual, the Group maintained its prudent reserving approach, confirmed by the reserving ratio of 148%.
With regard to the main countries of operation, the combined ratio was excellent in Italy, equal to 91.0% (+0.9 pps entirely attributable to the increase in the expense ratio), and Germany (92.7%; +0.2 pps), inclusive of 2.7 pps of natural catastrophe claims for the various storms that hit the country, partially offset by the positive trend of the current year loss ratio. The CoR of France (99.9%; +1.4 pps) was also impacted by 2.6 pps, deriving from storms and floods. The combined ratio of ACEER improved to 88.1%, thanks also to the absence of natural catastrophe claims. The CoR of Americas and Southern Europe also improved to 101.6%: last year, in Argentina there was an adjustment of the local reserve for some classes of claims following the inflationary dynamics observed during the period.

Acquisition and administration costs related to insurance business amounted € 5,468 million (€ 5,419 million at 31 December 2017). In detail, acquisition costs increased to € 4,437 million (+2.2%), reflecting the increase in costs resulting from the growth in premiums observed in Central and Eastern European countries, in France and in Europ Assistance, as well as that in Italy to support non-motor premiums. The ratio of acquisition costs to net earned premiums therefore increased from 22.3% to 22.6%.
Administration costs rose from € 1,076 million to € 1,030 million, showing a drop of 4.2% due mainly to the reduction observed in Germany, as a result of efficiency from the SSYtL transformation program, and Americas. The ratio of administration costs to net earned premiums was down slightly at 5.3% (-0.3 pps).
Therefore, the expense ratio stood at 27.9% (27.8% at 31 December 2017).

Investment result

Property & Casualty operating result: investment result

(€ million)	31/12/2018	31/12/2017	Change
Investment result	**932**	**926**	**0.7%**
Current income from investments	1,230	1.209	1.7%
Other operating net financial expenses	-298	-284	5.1%

The investment result in the P&C segment amounted to € 932 million (+0.7% compared to 31 December 2017). In particular, current income from investments increased by 1.7% to € 1,230 million, thanks to income from equity instruments. However, the actions by the Group led to a current return of 3.1% (3.0% at 31 December 2017).
In more detail, income from fixed income instruments fell by 3.2% to € 616 million, reflecting the scenario of low interest rates.
Current income from investment properties - net of depreciation - was also up slightly, amounting to € 255 million (€ 249 million at 31 December 2017).
Other operating net financial expenses, which include the interest expense on liabilities linked to the operating activities and the investment management expenses amounted to € -298 million (€ -284 million at 31 December 2017).

Other operating items

The other operating items of the P&C segment, which primarily include non-insurance operating expenses, depreciation and amortization of tangible assets and multi-annual costs, provisions for recurring risks and other taxes, amounted to € -196 million (€ -265 million at 31 December 2017) mainly due to lower allocation to provisions in Germany.

Non-operating result

The non-operating result of the P&C segment came to € -202 million (€ -34 million at 31 December 2017). In particular, the non-operating investment result decreased due to higher net impairment losses on bonds and equities, which went from € -135 million at 31 December 2017 to € -172 million, and lower net realized gains, which went from € 290 million to € 172 million at 31 December 2017.
Net non-operating income from financial instruments at fair value through profit or loss decreased slightly to € 7 million (€ 11 million at 31 December 2017).
Other net non-operating expenses amounted to € -209 million (€ -200 million at 31 December 2017), of which € -39 million relating to the amortization of the value of portfolios acquired (€ -45 million at 31 December 2017). This item included € 77 million in gains from the disposal of operations in Panama, while last year the item had included € 196 million in gains from the disposal of the run-off P&C portfolio of the UK branch. Restructuring costs declined mainly in Germany.

Other information on the Property & Casualty segment

Property & Casualty segment operating and non-operating result

(€ million)	31/12/2018	31/12/2017	Change
Property & Casualty segment operating result	**1,992**	**1,944**	**2.5%**
Net earned premiums	19,597	19,510	0.4%
Net insurance benefits and claims	-12,768	-12,716	0.4%
Acquisition and administration costs	-5,472	-5,421	0.9%
Acquisition and administration costs related to insurance business	-5,468	-5,419	0.9%
Other acquisition and administration costs	-5	-3	80.1%
Fee and commission income and income from financial service activities	0	-0	n.s.
Net operating income from financial instruments at fair value through profit or loss	84	85	-1.6%
Net operating income from other financial instruments	863	858	0.6%
Interest income and other income	1,146	1,124	2.0%
Interest expense on liabilities linked to operating activities	-64	-64	0.5%
Other expenses from other financial instruments and land and buildings (investment properties)	-218	-202	8.1%
Net other operating expenses	-313	-372	-15.9%
Property & Casualty segment non-operating result	**-202**	**-34**	**n.s.**
Net non-operating income from financial instruments at fair value through profit or loss	7	11	n.s.
Net non-operating income from other financial instruments	-0	155	-100.3%
Net realized gains on other financial instruments and land and buildings (investment properties)	172	290	-40.9%
Net impairment losses on other financial instruments and land and buildings (investment properties)	-172	-135	27.2%
Net other non-operating expenses	-209	-200	4.8%
Property & Casualty segment earnings before taxes	**1,789**	**1,910**	**-6.3%**

Property & Casualty segment indicators by country

(€ million)	Gross written premiums		Operating result	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	5,450	5,537	595	651
France	2,706	2,626	121	155
Germany	3,757	3,708	445	351
Austria, CEE & Russia	3,818	3,626	482	460
International	4,810	4,989	394	287
Spain	1,517	1,490	165	162
Switzerland	687	744	68	70
Americas and Southern Europe	1,067	1,438	80	47
Asia	210	204	-11	-7
Europ Assistance	834	753	95	100
Other	495	360	-3	-85
Group holding and other companies (*)	67	63	-45	40
Total	**20,607**	**20,548**	**1,992**	**1,944**

(*) The data relating to Operating result also include country adjustments.

Technical indicators by country

	Combined ratio (*)		Loss ratio		Expense ratio	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	91.0%	90.0%	65.0%	65.2%	25.9%	24.8%
France	99.9%	98.4%	72.2%	70.8%	27.7%	27.6%
Germany	92.7%	92.6%	65.3%	65.1%	27.4%	27.5%
Austria, CEE & Russia	88.1%	89.1%	58.3%	59.6%	29.8%	29.5%
International	95.6%	97.9%	66.2%	68.0%	29.4%	29.9%
Spain	92.2%	92.7%	65.2%	65.3%	27.0%	27.4%
Switzerland	93.0%	92.4%	65.5%	66.3%	27.6%	26.1%
Americas and Southern Europe	101.6%	103.4%	66.2%	66.6%	35.4%	36.8%
Asia	104.5%	103.8%	70.2%	68.4%	34.2%	35.4%
Europ Assistance	91.4%	89.4%	60.9%	60.8%	30.5%	28.7%
Other	101.2%	115.0%	76.8%	89.2%	24.4%	25.9%
Group holding and other companies	76.5%	52.6%	65.8%	42.1%	10.7%	10.5%
Total	**93.0%**	**92.9%**	**65.1%**	**65.1%**	**27.9%**	**27.8%**

(*) CAT claims impacted on the Group combined ratio for 1.7 pps, of which 1.5 pps in Italy, 2.6 pps in France, 2.7 pps in France and 9.4 pps attributable to Group holding and other companies (at 31 December 2017 CAT claims impacted on the Group combined ratio for 2.1 pps, of which 1.9 pps in Italy, 1.8 pps in France and 1.7 pps in Germany and 6.4 pps in Group holding and other companies).

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

(€ million)	Motor		Non-motor		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Italy	2,051	2,086	3,281	3,330	5,332	5,416
France	1,009	968	1,634	1,591	2,643	2,559
Germany	1,491	1,489	2,255	2,215	3,746	3,704
Austria, CEE & Russia	1,784	1,678	1,986	1,900	3,770	3,579
International	1,441	1,760	2,806	2,754	4,247	4,515
Spain	456	465	1,016	986	1,472	1,451
Switzerland	271	291	416	451	687	742
Americas and Southern Europe	678	970	388	464	1,066	1,434
Asia	6	13	104	90	111	103
Europ Assistance	29	21	678	610	707	631
Other	1	0	203	153	203	153
Group holding and other companies	4	3	48	41	52	44
Total	**7,780**	**7,984**	**12,009**	**11,832**	**19,790**	**19,816**

Financial position of the Property & Casualty segment

Investments

Property & Casualty segment investments

(€ million)	31/12/2018	Impact (%)	31/12/2017	Impact (%)
Equity instruments	2,279	6.0%	2,254	5.9%
Fixed income instruments	26,751	70.8%	27,686	72.8%
Bonds	23,574	62.4%	24,861	65.3%
Other fixed income instruments	3,177	8.4%	2,825	7.4%
Land and buildings (investment properties)	4,012	10.6%	3,828	10.1%
Other investments	2,034	5.4%	1,774	4.7%
Investments in subsidiaries, associated companies and joint ventures	2,008	5.3%	1,766	4.6%
Derivatives	25	0.1%	8	0.0%
Other investments	1	0.0%	0	0.0%
Cash and cash equivalents	2,729	7.2%	2,502	6.6%
Total investments	**37,806**	**100.0%**	**38,044**	**100.0%**

Total investments in the Property & Casualty (P&C) segment fell from € 38,044 million at 31 December 2017 to € 37,806 million (-0.6%).

With reference to the exposure to the various asset classes, the fixed income portfolio showed a slight increase, amounting to € 26,751 million, with a weight to total of 71%. Following the net purchasing position adopted by Group, the exposure to equity instruments increased slightly, from 5.9% at 31 December 2017 to 6.0%, while the exposure to investment properties went from 10.1% to 10.6%. Finally, the weight of cash and other cash equivalents increased from 6.6% at 31 December 2017 to 7.2%.

With reference to the bond portfolio breakdown, the exposure to government bonds decreased, standing at € 11,625 million (€ 12,441 million at 31 December 2017), with a weight of 43.5% (44.9% at 31 December 2017), as did the exposure to corporate bonds, amounting to €11,949 million, with a weight of 44.7% (44.9% at 31 December 2017).

The average duration of the bond portfolio was 5.5 years (5.5 years at 31 December 2017), in line with the Group's ALM strategy.

Property & Casualty segment return on investments

	31/12/2018	31/12/2017
Current return (*)	3.1%	3.0%
Harvesting rate	0.1%	0.7%
P&L return	2.6%	3.2%

(*) Net of depreciations.

The net current return on investments in the P&C segment increased compared to 31 December 2017, standing at 3.1%, with the relative income amounting to € 1,180 million (€ 1,154 million at 31 December 2017).

The harvesting rate decreased to 0.1% (0.7% at 31 December 2017), due to a more prudent harvesting policy and a greater impact of the impairment losses.

Property & Casualty insurance provisions

Propery & Casualty: technical reserves

(€ million)	31/12/2018	31/12/2017
Net provisions for unearned premiums	4,945	4,974
Net provisions for outstanding claims	23,759	24,411
Other net provisions	252	302
Property & Casualty insurance provisions	**28,955**	**29,687**
of which motor	12,558	13,417
of which non-motor	16,397	16,270

Asset Management segment

The Asset Management segment includes the activities exercised by asset management companies operating within the Group.
This segment operates as a provider of products and services both to the insurance companies of the Generali Group and to third-party clients. The products include equity and fixed-income funds, as well as alternative products. The aim pursued by Asset Management is to identify investment opportunities and sources of growth for all of its clients, while managing risks.
The segment includes companies specialised in institutional and retail clients, rather than in Group insurance companies or third-party clients, or in products such as real assets, high conviction strategies or more traditional investments.
Its scope includes, for example, companies in the Generali Investments group, Generali Real Estate, Generali Investments CEE and Fortuna Investments, to which are added the other companies linked to the multi-boutique strategy and some companies operating in Asia.

(€ million)	31/12/2018	31/12/2017	Change
Asset under Management (€ billion)	456	463	-2%
Operating result	335	261	28%
Net result	235	189	24%
Cost/Income ratio	46%	54%	-8 pps

The operating result of Asset Management increased from € 261 million in 2017 to € 335 million in 2018 (+28.2%). This increase was mainly due to the increase in the operating result of the Generali Investments group, made possible following the renegotiation of commissions on the insurance mandates of Group companies and the larger volumes on real assets, which also resulted in the increase in non-recurring commissions.
A proper cost-containment policy, together with business development aimed at increasing Assets under Management and consequently revenues, led to the positive results described above.

Asset Management operating and non operating result

(€ million)	31/12/2018	31/12/2017	Change
Asset Management operating result	**335**	**261**	**28.2%**
Acquisition and administration costs	-177	-153	15.4%
Fee and commission income and income from financial service activities	470	404	16.4%
Net operating income from financial instruments at fair value through profit or loss	3	1	93.5%
Net operating income from other financial instruments	25	10	0.0%
Interests and other income	64	53	19.0%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	-2	-0	0.0%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-0	0	0.0%
Interest expenses on liabilities linked to operating activities	-1	-1	35.0%
Other expenses from other financial instruments and land and buildings (investment properties)	-35	-42	-15.4%
Net other operating expenses	15	-1	0.0%
Asset Management non-operating result	**-2**	**-15**	**-84.0%**
Net non-operating income from financial instruments at fair value through profit or loss	0	1	-71.8%
Net non-operating income from other financial instruments	0	0	0.0%
Net other non-operating expenses	-3	-16	-83.0%
Asset Management segment earnings before taxes	**333**	**247**	**34.8%**

Holding and other businesses segment

The Holding and other businesses segment includes the activities of the Group companies in the banking and asset management sectors, the costs incurred for the direction, coordination and financing activities, as well as all other operations that the Group considers to be ancillary to the core insurance business.

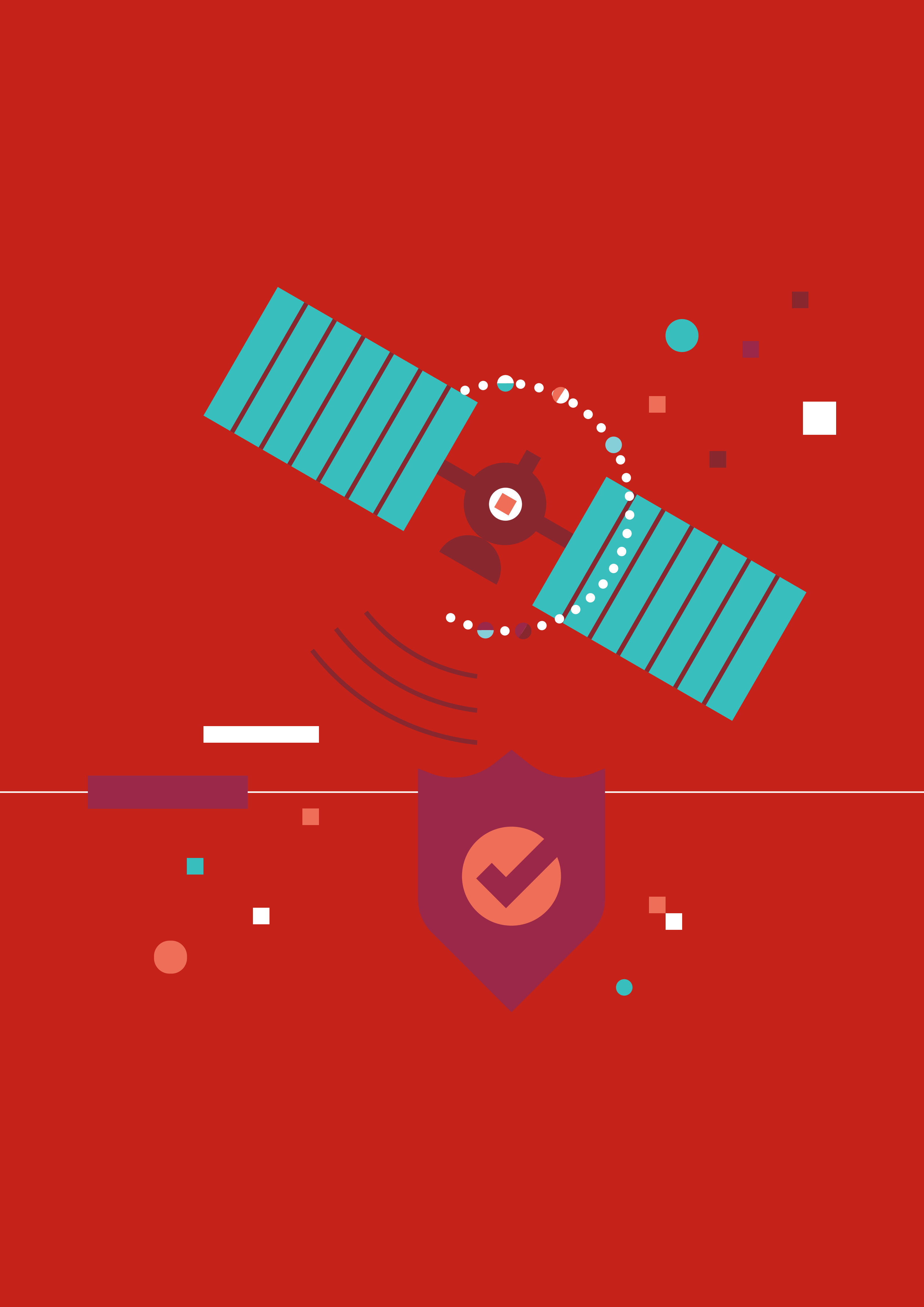
The operating result of the aforementioned business sectors are summarized in the table below:

(€ million)	31/12/2018	31/12/2017	Change
Holding and other businesses operating result	**-70**	**-163**	**-57.1%**
Financial and other businesses	397	291	36.3%
Holding operating expenses	-467	-454	2.9%

The operating result of the Holding and other businesses segment came to € -70 million, an improvement compared to € -163 million at 31 December 2017.
In particular, the operating result of the financial and other businesses posted an increase, to € 397 million (€ 291 million at 31 December 2017). The 36.3% increase reflected mainly the performance, particularly in the last quarter, recorded in Lion River and Planvital. The result of Banca Generali was slightly lower at € 233 million (-3.6%).
Net holding operating expenses amounted to € -467 million (€ -454 million at 31 December 2017), reflecting higher costs for the disposal in Germany and the execution of the new asset management strategy, as well as lower revenues from brand fees.

Holding and other business segment operating and non operating result

(€ million)	31/12/2018	31/12/2017	Change
Holding and other businesses segment operating result	**-70**	**-163**	**-57.1%**
Net earned premiums	1	0	n.m.
Net insurance benefits and claims	0	0	-50.5%
Acquisition and administration costs	-259	-252	2.8%
Fee and commission income and income from financial service activities	441	438	0.8%
Net operating income from financial instruments at fair value through profit or loss	10	12	-17.6%
Net operating income from other financial instruments	245	193	27.1%
Interests and other income	501	395	26.8%
Net operating realized gains on other financial instruments and land and buildings (investment properties)	14	11	27.9%
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-19	-8	n.m.
Interest expenses on liabilities linked to operating activities	-97	-92	5.2%
Other expenses from other financial instruments and land and buildings (investment properties)	-154	-113	35.9%
Net other operating expenses	-42	-100	-58.4%
Operating holding expenses	-467	-454	2.9%
Holding and other businesses non operating result	**-717**	**-751**	**-4.5%**
Net non-operating income from financial instruments at fair value through profit or loss	3	14	-79.7%
Holding and other businesses non-operating result	-720	-765	-5.9%
Net non-operating income from other financial instruments	109	-2	n.m.
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	88	15	n.m.
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	21	-17	n.m.
Net other non-operating expenses	-34	-8	n.m.
Non-operating holding expenses	-795	-755	5.2%
Interest expenses on financial debt	-666	-673	-1.0%
Holding non recurring expenses	-128	-82	56.1%
Holding and other businesses segment earnings before taxes	**-787**	**-914**	**-13.9%**



Risk Report

A. Executive Summary

The purpose of the Risk Report is to provide an overview of the Group's solvency position and risk profile, as well as its risk management framework.

To this end a brief introduction on economic and regulatory environment is hereby provided.

When addressing the Group's risk profile, it is important to consider that the insurance sector is mostly vulnerable to financial markets and the economic environment. Generali has proven to be resilient to both financial risks and credit risks. Nevertheless, financial instability still represents the key challenge for the insurance sector.

At the same time, in addition to financial, underwriting risks and operational risks, emerging trends related to rapid growth of digitalization and big data, geopolitical instability, natural catastrophes and demographic changes represent a considerable challenge for the insurance market.

Challenges and opportunities of the market context, p. 28 for more details on financial markets' developments

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

Challenges and opportunities of the market context, p. 29 for more details on the regulatory environment

In terms of solvency position, the Group and all its European insurance subsidiaries comply with Solvency II regulation, which requires capital to be held for all quantifiable risks.

The Group uses its Partial Internal Model (PIM), approved by the Supervisory Authority, to calculate capital requirements to better reflect its risk profile. The Group PIM authorization was granted for all major Business Units (Italy, Germany, France, Austria, Switzerland and the major Czech company) while an extension plan is in progress to cover the Spanish companies and the operational risk.

The Solvency Ratio, estimated on the basis of preliminary data[1], amounts to 216% as at 31 December 2018, confirming the strong capital position of the Group.

For the purpose of the Solvency Ratio calculation, the Group Legal Entities for which authorization has been granted apply the Group PIM, while other insurance entities adopt the standard formula. Other financial regulated entities contribute to the Group Solvency Ratio based on local sectorial regulatory requirements (e.g. mostly banks and pension funds).

For risks not included in Solvency Capital Requirement (SCR) calculation, additional assessment techniques are used. In particular, for liquidity risk, the Group has in place procedures and limits that ensure the adequate liquidity risk management and a sound liquidity position.

Generali Group risk management system is based on a clear risk governance and structured risk management processes, defined within a set of risk policies. Within the risk management system, the Own Risk and Solvency Assessment (ORSA) represents the main risk reporting tool, with the purpose of supporting risk strategy update (Risk Appetite Framework).

Generali Group also relies on a set of tools, such as the Recovery Plan, the Liquidity Risk Management Plan and the Systemic Risk Management Plan, defined following

1 On the basis of IVASS Provvedimento n. 53, 2016, the SCR and MCR calculations to be disclosed in the Annual Report can rely on a preliminary estimate. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.

the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS) standards[2] as well as the most recent Supervisory Authority requirements.

The Risk Report is structured as follows:
- section B provides a brief description of the risk management system;
- section C presents the solvency position of the Group and the key elements of the Group's Capital Management;
- section D provides an overview of the Group's risk profile and main sensitivities to risk drivers.

More details on the solvency position and risk profile are then provided in the Solvency and Financial Condition Report, available on Generali Group website.

Finally, Group rating assessment by external rating agencies is provided on the Group website in the section www.generali.com/investors/debt-ratings/ratings.

2 Generali Group is not included in the list of Global Systemically Important Insurers (GSIIs), issued by FSB.

B. Group Risk Management System

Risk Governance

Risk governance is a part of the broader Group system of governance.

The Group system of governance, which includes the internal control and risk management system, consists of the roles and responsibilities of the Administrative, Management or Supervisory Body (AMSB), of the Senior Management and of the Key Functions. It also consists of the policies, administrative and accounting procedures and organizational structures aimed at identifying, evaluating, measuring, managing and monitoring the main risks.

Key elements of the internal control and risk management system are:
- internal control environment;
- internal control activities;
- awareness;
- monitoring and reporting.

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

The Group system of governance is founded on the establishment of an AMSB and of three lines of defence:
- the Operating Functions ("risk owners"), which represent the first line of defence and have ultimate responsibility for risks relating to their area of responsibility;
- 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 AMSB 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 AMSB is the ultimate responsible for the System of Governance and must ensure that the Group Legal Entity's system of governance and internal control and risk management system are consistent with all the applicable regulations. To this end, the AMSB, supported by the Key Functions, reassesses the System of Governance adequacy periodically and at least once a year. The AMSB approves the Group Legal Entity's organizational set-up, establishes the Key Functions defining their mandate and reporting lines as well as, where appropriate, any support committee, adopts Group Internal Control and Risk Management Policies, performs the duties related to the ORSA, risk concentration and intragroup transactions, approves the ORSA results and based on them defines the risk appetite;
- the Senior Management is responsible for the implementation, maintenance and monitoring of the system of internal controls and risk management, including risks arising from non-compliance with regulations, in accordance with the directives of the AMSB;
- Key Functions are established at Group level and within the operating entities:
  - the Risk Management Function supports the AMSB and Senior Management in ensuring the effectiveness of the risk management system and provides advice and support to the main business decision-making processes;
  - the Compliance Function grants that the organizational and the internal procedures are adequate to manage the risk to incur in administrative or judiciary fines, economic losses or reputational damages as a consequence of non-compliance with laws, regulations, provisions, and the risk deriving from unfavourable changes in the law or judicial orientation (compliance risk);
  - the Actuarial Function coordinates the technical provisions calculation and grants the adequacy of underlying methodologies, models and assumptions, verifies the quality of the related data and expresses an opinion on the overall Underwriting Policy and on the adequacy of reinsurance arrangements;
  - the Audit Function verifies business processes and the adequacy and effectiveness of controls in place also proving support and advice.

Heads of Key Functions report to the AMSB.

Group Key Functions collaborate according to a pre-defined coordination model, in order to share information and create synergies. A strong Parent Company coordination and direction for Key Functions is granted by the so called solid reporting lines model established between the head of the Group Key Function and heads of the respective Functions within the operating entities.

Risk Management System

The principles defining the Group risk management system are provided in the Risk Management Group Policy[3] which is the cornerstone of all risk-related policies and guidelines. The Risk Management Group Policy covers all risks, on a current and forward-looking basis and is implemented in a consistent manner across the Group.

Generali Group's risk management process is defined in the following phases:

1. Risk identification → **2. Risk measurement** → **3. Risk management and control** → **4. Risk reporting**

1. Risk identification

The purpose of the risk identification is to ensure that all material risks to which the Group is exposed are properly identified. To this end, the Risk Management Function interacts with the main Business Functions in order to identify the main risks, assess their importance and ensure that adequate measures are taken to mitigate them according to a sound governance process. Within this process also emerging risks[4] related to new risks and developing trends, characterized by uncertain evolution and often of systemic nature, are considered.

2. Risk measurement

Identified risks are then measured through their contribution to the Solvency Capital Requirement (SCR), complemented by other modelling techniques deemed appropriate and proportionate to better reflect the Group risk profile. Using the same metric for measuring the risks and the capital requirements ensures that each risk is covered by an adequate amount of capital that could absorb the loss incurred if the risk materializes. For SCR calculation purposes 1 in 200 years events are considered.

The SCR is calculated by means of the Group's PIM[5] for financial, credit, life and non-life underwriting risks. Operational risks are measured by means of standard formula, complemented by qualitative risk assessments. The PIM provides an accurate representation of the main risks to which the Group is exposed to, measuring not only the impact of each risk taken individually but also their combined impact on the Group's Own Funds.

Group PIM methodology and governance are provided in the section C. Solvency Position. Insurance and Re-Insurance Entities not included in the PIM scope calculate the capital requirement based on standard formula, while Other Financial Services (e.g. banking or pension funds) calculate the capital requirement based on their own specific sectoral regimes.

Other risks, for which no SCR is calculated, such as liquidity, reputational, strategic, contagion, emerging and additional Group specific risks (i.e. risks from intragroup transactions, risk concentrations), are evaluated on the basis of quantitative and qualitative techniques, models and additional stress testing or scenario analysis.

3. Risk management and control

The risks which the Group is exposed to are managed on the basis of the Group Risk Appetite Framework (RAF), defined by the AMSB. The Group RAF defines the level of risk the Group is willing to accept in conducting business and thus provides the overall framework for embedding risk management into business processes. In particular, the RAF includes the statement of risk appetite, the risk preferences, the risk metrics, the tolerance and the target levels.

The purpose of the Group RAF is to set the desired level of risk on the basis of the Group strategy. The Group RAF statement is complemented by qualitative assertions (risk

3 The Risk Management Group Policy covers all Solvency II risk categories and, in order to adequately deal with each specific risk category and the underlying business processes, is complemented by the following risk policies: Group Investment Governance Policy; P&C Underwriting and Reserving Group Policy; Life Underwriting and Reserving Group Policy; Group Operational Risk Management Policy; Liquidity Risk Management Group Policy; other risk-related policies, such as Group Capital Management Policy, Supervisory Reporting & Public Disclosure Group Policy, Group Risk Concentrations Management Policy etc.
4 Major details on emerging risk definition are provided in section D. Risk Profile
5 The PIM use for the SCR calculation at Group level has been approved for the insurance entities in Italy, Germany, France, Austria, Switzerland as well as for the biggest Czech company, Česká pojišťovna a.s. For the other entities, the standard formula is applied. Other financially regulated entities apply local sectorial requirements.

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 Group aims to operate. Tolerance and target levels are referred to capital and liquidity metrics.

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

4. Risk reporting

The purpose of risk reporting is to keep Senior Management and AMSB aware and informed on the development of the risk profile, the trends of single risks and the breaches of risk tolerances on an ongoing basis.

The ORSA process includes the assessment and reporting of all risks also in a forward-looking view. The ORSA process includes the assessment of all risks, quantifiable and not in terms of capital requirements. Within the ORSA, stress test and sensitivity analyses are also performed to assess the resilience of the solvency position and risk profile to changed market conditions or specific risk factors.

Generali Group applies a Group-wide process, which implies that each Group Legal Entitiy is responsible for the preparation of its own ORSA Report and the Parent Company coordinates the Group ORSA reporting process.

At Group level, the process is coordinated by the Risk Management Function, supported by other Functions for what concerns Own Funds, technical provisions and other risks.

The purpose of the ORSA process is to provide the assessment of risks and of the overall solvency needs on a current and forward-looking basis. The ORSA process ensures an ongoing assessment of the solvency position based on the Strategic Plan and the Group Capital Management Plan.

The Group ORSA Report, documenting main results of this process, is produced on an annual basis. A non-regular ORSA Report can also be produced in case of significant changes of the risk profile.

C. Solvency Position

Solvency Capital Requirement Coverage

Risk and capital management are closely integrated processes aimed at managing the Group's solvency position and the Group's risk profile.

The solvency position is defined as the ratio between Group Own Funds (GOF) and Solvency Capital Requirement (SCR).

The preliminary[6] Solvency Ratio as at 31 December 2018 is equal to 216%. The increase of 9 pps in respect to previous year is mainly attributable to the significant contribution of the normalised capital generation and to the regulatory model changes and merger & acquisition disposal operations of the period, that exceed the negative economic variance deriving from financial markets and the foreseeable dividend of the year.

SCR and Minimum Consolidated Group SCR (MCR) data hereby reported are based on a preliminary estimate.

SCR coverage

(€ million)	31/12/2018	31/12/2017
GOF	44,146	45,880
SCR	20,479	22,191
Solvency Ratio	216%	207%

Preliminary figures for 2018, official figures for 2017

1. Group Own Funds

Group Own Funds are calculated as the sum of consolidated Basic Own Funds related to insurance undertakings and other entities not subject to other solvency sectoral rules and Own Funds attributable to non-insurance entities, defined according to their sectoral regulatory regimes.

Basic Own Funds are calculated as the sum of:
- the excess of assets over liabilities following Solvency II valuation;
- plus subordinated debt eligible in Basic Own Funds;
- less foreseeable dividends;
- plus additional Own Funds related to unrealised capital gains from French pension activities arising from the application of the IORP[7] transitory regime[8];
- less deductions for participations in sectoral entities;
- less deductions for regulatory filters applied to non-available items at Group level, restricted Own Funds items and shares of the parent company.

6 On the basis of IVASS Provvedimento n. 53, 2016, the SCR and MCR calculations to be disclosed in the Annual Report can rely on a preliminary estimate. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.
7 IORP stands for Institutions for Occupational Retirement Provisions.
8 These additional Own Funds are authorised by Supervisor for the years between 2016 and 2022, a period during which the proportion of the eligible unrealised capital gains will decrease gradually.

The contribution to the Group Own Funds of each element above listed is detailed in the following template:

Group Own Funds components

(€ million)	31/12/2018	31/12/2017
Excess of Assets over Liabilities	**38,225**	**39,520**
Subordinated debt eligible in Basic Own Funds	8,625	8,931
Foreseeable dividend	-1,413	-1,330
Unrealised gains on French IORP business	933	1,703
Deductions for participations in sectoral entities	-2,089	-2,535
Impact of filter for non-availability & minorities and other deductions	-1,389	-1,483
Basic Own Funds after deductions	**42,893**	**44,806**
Contribution of sectoral entities	1,253	1,074
GOF	**44,146**	**45,880**

Preliminary figures for 2018, official figures for 2017

Commenting the Group Own Funds components, it can be noted that:

- the decrease of the excess of assets over liabilities (€ -1,295 million) is mainly attributable to the payment of the 2017 dividend made during 2018;
- the reduction of the subordinated debt eligible in Basic Own Funds is due to € 250 million of early redemption occurred during 2018;
- foreseeable dividends are deducted for an amount of € -1,413 million;
- the reduced contribution of the unrealised gains on IORP business (€ -770 million) stems from their progressive yearly haircut required by the French regulator;
- change of deductions for participations in sectoral entities (€ -446 million) are driven by the lower value (quoted market price) of the participation in Banca Generali;
- filter for non-availability and minorities items and other deductions decrease Group Own Funds for an amount of € -1,389 million;
- the increased contribution of sectoral entities (€ 179 million) reflects the higher capital held by Group entities operating within the financial segment.

Reconciliation between IFRS Equity and Solvency II Excess of Assets over Liabilities

The following template provides the reconciliation between IFRS shareholders' equity and Solvency II Excess of Assets over Liabilities at year-end 2018:

Reconciliation between IFRS shareholders' equity and Solvency II excess of assets over liabilities

(€ million)	31/12/2018	31/12/2017
IFRS Shareholders' Equity (gross of minorities)	**24,643**	**26,177**
Intangibles	-10,712	-10,790
Mark to Market of Assets	9,310	9,867
Mark to Market of Liabilities	22,826	21,669
Impact of Net Deferred Taxes	-7,843	-7,404
Excess of Assets over Liabilities	**38,225**	**39,520**

Preliminary figures for 2018, official figures for 2017

The main elements of reconciliation from the IFRS shareholders' equity (€ 24,643 million) to the Solvency II Excess of Assets over Liabilities (€ 38,225 million) are the following:

- intangibles (€ -10,712 million) are eliminated because not recognised under Solvency II;
- mark to market of assets: this adjustment (€ 9,310 million) is primarily due to the fair valuation of real estate (€ 8,541 million);
- mark to market of liabilities: this adjustment (€ 22,826 million) is primarily due to net Technical Provisions (€ 23,898 million deriving from the difference between IFRS and Solvency II evaluation);
- impact of net deferred taxes (€ -7,843 million) is a consequence of the change to fair value of items reported above.

Group Own Funds Tiering

Group Own Funds are classified into three Tiers representing different levels of quality, depending on the ability to absorb losses due to adverse business fluctuations on a going-concern basis and in the case of winding-up[9].

The tiering is described below:

- Tier 1 unrestricted Own Funds includes ordinary share capital and the related share premium account, the surplus funds from German and Austrian business, the reconciliation reserve and additional Own Funds from French IORP activities;
- Tier 1 restricted includes undated subordinated debt;
- Tier 2 includes the remaining part of subordinated debt which is classified as dated;
- Tier 3 is composed by net deferred tax assets, which are characterised by lower capital quality being not immediately available to absorb losses.

The Group Own Funds split by tiers is reported in the following table:

Group Own Funds by Tiering

(in milioni di €)	31/12/2018	31/12/2017
Tier 1 unrestricted	35,459	36,870
Tier 1 restricted	3,276	3,603
Tier 2	5,349	5,328
Tier 3	62	79
GOF	**44,146**	**45,880**

Preliminary figures for 2018, official figures for 2017

9 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.

2. Solvency Capital Requirement

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

SCR split by risk

(€ million)	31/12/2018		31/12/2017	
	Total	Impact (%)	Total	Impact (%)
SCR before diversification	**31,823**	**100%**	**34,284**	**100%**
Financial risk (1)	13,437	42%	13,156	38%
Credit risk (2)	8,342	26%	9,468	28%
Life underwriting risk	3,437	11%	3,519	10%
Health underwriting risks	321	1%	635	2%
Non-life underwriting risk	4,071	13%	5,245	15%
Intangible risk	-	-	-	-
Operational risk	2,216	7%	2,261	7%
Diversification benefit	-6,888		-7,330	
SCR after diversification	**24,935**		**26,954**	
Tax absorption	-5,567		-5,908	
SCR excl. other regimes	**19,367**		**21,046**	
Other regimes (3)	1,111		1,144	
SCR	**20,479**		**22,191**	

Preliminary figures for 2018, official figures for 2017

(1) Financial risk includes spread risk for standard formula entities

(2) Credit risk includes default risk, spread widening and rating migration risks for PIM entities

(3) Within this category other regulated financial entities are included (e.g. IORP, banks etc.)

The above SCR breakdown highlights that:

- financial and credit risks, account for the 68% of the total SCR before diversification, due to the predominance of traditional life business;
- life and non-life underwriting risks, accounting for respectively 11% and 13% of the total SCR before diversification; within this CAT risks remain limited thanks to a comprehensive reinsurance program;
- health underwriting risk deriving from standard formula based entities accounting for 1% of the total SCR before diversification;
- operational risks contribute to the Group SCR for 7%. This contribution is calculated using the standard formula.

Each risk category is further detailed in the section D. Risk Profile

Minimum Capital Requirement Coverage

In addition to SCR coverage, the Group calculates the Minimum Consolidated Group SCR (MCR) coverage. The MCR calculation is required to determine the minimum level of capital, under which the Group would be exposed to an unacceptable level of risk when allowed to continue its operations.

The preliminary[10] Minimum Solvency Ratio stands at 256% as at 31 December 2018, with an increase of +8 pps in respect of previous year. In the following table, the MCR coverage is reported.

10 On the basis of IVASS Provvedimento n. 53, 2016, the SCR and MCR calculations to be disclosed in the Annual Report can rely on a preliminary estimate. More details on the Solvency Ratio will be disclosed in the Solvency and Financial Condition Report.

MCR Coverage

(€ million)	31/12/2018	31/12/2017
GOF to meet the MCR	40,665	42,862
MCR	15,915	17,318
Ratio of GOF to MCR	**256%**	**248%**

Preliminary figures for 2018, official figures for 2017

To define MCR coverage, stricter Own Fund eligibility rules are applied compared to the ones previously used for the SCR[11]. In the following table, the split by tiers of the Own Funds covering the MCR is reported:

GOF to meet the MCR by tiering

(€ million)	31/12/2018	31/12/2017
Tier 1 unrestricted [12]	34,206	35,796
Tier 1 restricted	3,276	3,603
Tier 2	3,183	3,464
GOF to meet the MCR	**40,665**	**42,862**

Preliminary figures for 2018, official figures for 2017

Group Partial Internal Model (Group PIM)

Generali deems the Group PIM to be the most appropriate way of assessing the Group SCR. It represents the best way of capturing the risk profile of the entire Group and of the Legal Entities in scope in terms of granularity, calibration and correlation of the various risk factors.

The Group PIM is structured around a Risk Map, which contains all quantifiable risks that Generali Group has identified as relevant to its business, allowing for the calculation of the SCR at single risk level and at higher aggregation levels.

1. Group PIM Methodology

In implementing the PIM, the Group has adopted the so-called Monte-Carlo approach with “proxy functions” to determine the Probability Distribution Forecast (PDF) of the changes 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. The risk measure applied is the VaR (Value at Risk). 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 calibration procedure involves quantitative and qualitative aspects. The aggregation process uses advanced mathematical techniques following market best practices. Dependencies among risks are defined through the use of a so called ‘Copula approach’ that simulates the interaction between several risk drivers (elements that mimic the underlying sources of risk) throughout the simulations generated by the Monte-Carlo stochastic method.

11 The amounts of Tier 2 and Tier 3 items eligible to cover the MCR are subject to stricter quantitative limits. The eligible amount of Tier 1 items shall be at least 80% of the MCR; the same limitation on subordinated liabilities and preference shares is set. The eligible amounts of Tier 2 items shall not exceed 20% of the MCR. No Tier 3 items are allowed to cover the Minimum Capital Requirement. No capital from sectoral is considered

12 Tier 1 includes also available capital of sectoral entities and the unrealised gains and losses on French Institutions for Occupational Retirement Provision (IORP) business as agreed with the Group Supervisory Authority.

2. Group PIM Governance

Governance and processes regarding the Group PIM are defined in the Group Internal Model Governance Policy, ensuring 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 models on an ongoing basis is verified.

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 Group PIM calibrations, to support the Group Chief Risk Officer (GCRO) in the decision-making process on Group 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 Group PIM.

The GCRO defines the processes and controls to ensure the ongoing appropriateness of the design and operations of the Group PIM, so that it continues to appropriately reflect the Group risk profile. The GCRO is also responsible for defining the methodology of each model component, on the basis of the Group Internal Model Committee's proposals, as well as for the results production and ultimately for submitting the relevant Internal Model supporting documentation to the AMSB.

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

These roles are generally mirrored within the organizational structure of each Group Legal Entity within PIM scope.

No material changes have occurred during the period with reference to the PIM governance.

3. Group PIM Validation

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

The validation process follows the principles and procedures defined within the Group Internal Model Validation Policy and related guidelines.

In particular, the validation outputs are designed to support Senior Management and AMSB in understanding the appropriateness of the Group PIM, including areas of weaknesses and limitations, especially with regards to its use.

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

Within the validation process also results obtained during previous validation cycles are taken into account, as well as developments within internal and external business environment, financial market trends and Group PIM changes. The Internal Model validation process excludes those aspects 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 modelling refinements.

In order to warrant the appropriateness of the array of elements contained within the Group 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. Other important items such as data quality, documentation and uses of the Model are validated accordingly.

The validation process is carried out on regular annual basis and when requested by the AMSB or Senior Management (e.g. in case of PIM changes).

D. Risk Profile

Life Underwriting Risk

Life and health underwriting risks derive from the Group's core insurance business in the life and health segment. The major part of the business and the related risks derive from direct portfolio underwritten by the Group. Health business represents a minor component of the portfolio.

Details on insurance and investment contracts in the Notes for Group's life underwriting business key figures

The life portfolio is given by traditional business, which mainly includes insurance with profit participation, and unit-linked products. The prevailing component of traditional savings business includes products with insurance coverages linked to the policyholders' life and health. It also includes pure risk covers, with related mortality risk, and some annuity portfolios, with the presence of longevity risk. The vast majority of the insurance coverages include legal or contractual policyholder rights to fully or partly terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse, or to fully or partially establish, renew, increase, extend or resume the insurance or reinsurance cover. For this reason, the products are subject to lapse risk.

Life 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.

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

In addition to the risks above, the Group Risk Map includes also the going concern reserve risk, a German business specific risk that refers to mis-estimation of new business assumptions.

The approach underlying the life underwriting risk measurement is based on the calculation of the loss resulting from unexpected changes in biometric and/or operating assumptions. Capital requirements for life underwriting risks are calculated on the basis of the difference between the insurance liabilities before and after the application of the stress.

Life underwriting risks are measured by means of the Group PIM[13].

The SCR for life underwriting risk amounts to € 3,437 million before diversification (equal to 11% of total SCR before diversification). This is mainly given by expense[14] risk, followed by lapse and longevity risks. In terms of contribution to the risk profile, it is to be noted that life underwriting risks are well diversified with other risk categories. The overall contribution to the risk profile therefore remains limited.

Life underwriting risk management is based on two main processes:
- accurate pricing;
- ex-ante selection of risks through underwriting.

13 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.
14 Including also the Going Concern reserve.

Product pricing consists in setting product features and assumptions regarding biometric, policyholders' behaviour, financial and expenses assumptions to allow the Group Legal Entities to withstand any adverse development in the realization of these assumptions.

For savings business, this is mainly achieved through profit testing, while for protection business with a biometric component, it is achieved by setting prudent assumptions.

Lapse risk, related to voluntary withdrawal from the contract, and expense risk, related to the uncertainty around the expenses that the Group expects to incur in the future, are evaluated in a prudential manner in the pricing of new products. This evaluation is taken into account in the construction and profit testing of a new tariff, considering the underlying assumptions derived from the Group's experience.

For insurance portfolios with a biometric risk component, comprehensive reviews of the mortality experience are compared with expected mortality of the portfolio, determined according to the most up-to-date mortality tables available in each market. To this end, mortality by sex, age, policy year, sum assured and other underwriting criteria are taken into consideration to ensure mortality assumptions remain adequate and avoid the risk of mis-estimating for the next underwriting years.

The same annual assessment of the adequacy of the mortality tables used in the pricing is performed for longevity risk. In this case, not only biometric risks are considered but also the financial risks related to the minimum interest rate guarantee and any potential mismatch between the liabilities and the corresponding assets.

As part of the underwriting process, Generali Group adopts underwriting guidelines. Risk Management Function reviews implications of new lines of business/products on the Group risk profile.

Moreover, a particular emphasis is placed on the underwriting of new contracts with reference to medical, financial and moral hazard risks. The Group has defined clear underwriting standards through manuals, forms, medical and financial underwriting requirements. For insurance riders, which are most exposed to moral hazard, maximum insurability levels are also set, lower than those applied for death covers. In order to mitigate these risks, policy exclusions are also defined.

Regular risk exposure monitoring and adherence to the operative limits, reporting and escalation processes are also in place, allowing for potential remediation actions to be undertaken.

Finally, reinsurance represents the main risk mitigating technique. The Parent Company acts as core reinsurer for the Group Legal Entities and cedes part of the business to external reinsurers.

The definition of a reinsurance arrangement is based on the process managed by Reinsurance Function in constant interaction with Risk Management and Actuarial Functions.

Non-Life Underwriting Risk

Non-life underwriting risks arise from the Group's insurance business in the P&C segment.

Property&Casualty segment in the Management Report for volumes of premiums and related geographic breakdown

Details on insurance and investment contracts in the Notes for technical provisions

Non-life underwriting risks include the risk of underestimating the frequency and/or severity of the claims in defining pricing and reserves (respectively pricing risk and reserving risk), the risk of losses arising from extreme or exceptional events (catastrophe risk) and the risk of policyholder lapses from P&C insurance contracts. In particular:

- pricing and catastrophe risks derive from the possibility that premiums are not sufficient to cover future claims, also in connection with extremely volatile events and contract expenses;
- reserving risk relates to the uncertainty of the claims reserves (in a one-year time horizon);
- lapse risk arises from the uncertainty of the underwriting profits recognised in the premium provisions.

Non-life underwriting risks are measured by means of the Group PIM[15]. For the majority of risks assessed through the PIM, the assessments are based on in-house developed models and external models that are primarily used to assess the catastrophic events, for which broad market experience is considered beneficial.

The SCR for non-life underwriting risk amounts to € 4,071 million before diversification (equal to 13% of total SCR before diversification). This is mainly given by reserve and pricing risks, followed by CAT risk. Non-life lapse risk contributes only for a marginal amount to the risk profile.

Moreover, the Group uses additional indicators for risk concentrations. This is specifically the case for catastrophe risks and commercial risks, which are both coordinated at central level as they generally represent a key source of concentration.

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

At the same time, there is a constant on-going improvement to consider risk metrics within profitability metrics and to use risk adjusted KPIs in decision making processes.

Based on the Group RAF, P&C risk selection starts with an overall proposal in terms of underwriting strategy and corresponding business selection criteria. During the strategic planning process, targets are established and translated into underwriting limits to ensure business is underwritten according to the Plan. Underwriting limits define the maximum size of risks and classes of business that Group Legal Entities shall be allowed to write without seeking any additional or prior approval. The limits may be set based on value, risk type, product exposure or class of occupancy. The purpose of these limits is to attain a coherent and profitable book of business founded on the expertise of each Legal Entity.

Additional indicators such as relevant exposures, risk concentration and risk capital figures are used for the purpose of P&C underwriting risk monitoring. The indicators are calculated on a quarterly basis to ensure alignment with the Group RAF.

Reinsurance is the key mitigating technique for balancing the P&C portfolio. It aims to optimize the use of risk capital by ceding part of the underwriting risk to selected counterparties, whilst simultaneously minimizing the credit risk associated with such operations.

The P&C Group Reinsurance Strategy is developed consistently with the risk appetite and the risk preferences defined in the Group RAF on the one side and taking into account the reinsurance market on the other one.

The Group has historically preferred traditional reinsurance as a tool for mitigating catastrophe risk resulting from its P&C portfolio, adopting a centralized approach where the placement of reinsurance towards the market is managed through a central Group Reinsurance Function.

Generali aims at diversifying its cessions to reinsurers to avoid excessive concentrations, to optimize its reinsurance purchases, including from a pricing perspective, and to continuously develop know-how in the most innovative risk transfer techniques. For this reason, part of the Italian earthquake, European windstorm and European flood exposures were carved out from the traditional catastrophe reinsurance program and placed in the Insurance Linked Securities (ILS) market. This innovative issuance was completed successfully and at competitive terms.

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

15 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

Financial Risk and Credit Risk

The Group invests collected premiums in a wide variety of financial assets, with the purpose of honouring future obligations to policyholders and generating value for its shareholders.

As a result, the Group is exposed to the financial risks driven by either:
- invested assets not performing as expected because of falling or volatile market prices;
- reinvested proceeds of existing assets being exposed to unfavourable market conditions, such as lower interest rates.

Generali Group traditional life savings business is long-term in nature; therefore, the Group holds mostly long-term investments which have the ability to withstand short-term decreases and fluctuations in the market value of assets.

Nonetheless, the Group manages its investments in a prudent way according to the so-called "Prudent Person Principle"[16], and strives to optimize the return of its assets while minimizing the negative impact of short-term market fluctuations on its solvency position.

Under Solvency II, the Group is also required to hold a capital buffer, with the purpose of maintaining a sound solvency position even in the circumstances of adverse market movements.

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

The aim of the SAA&ALM process is to define the most efficient combination of asset classes which, according to the Prudent Person Principle, maximizes the investment contribution to value creation, taking into account solvency, actuarial and accounting indicators. The aim is not just to mitigate risks but also to define an optimal risk-return profile that satisfies both the return target and the risk appetite of the Group over the business planning period.

The 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 asset portfolio is then invested and rebalanced according to the asset class and duration weights. The main risk mitigation techniques used by the Group are liability-driven management of the assets and regular use of rebalancing.

The liability driven investment helps granting a comprehensive management of assets whilst taking into account the liability structure; while, at the same time, the regular rebalancing redefines target weights for the different asset classes and durations, alongside the related tolerance ranges defined as investment limits. This technique contributes to an appropriate mitigation of financial risks.

ALM&SAA activities aim at ensuring the Group holds sufficient and adequate assets to reach defined targets and meet liability obligations. For this purpose, analyses of the asset-liability relationship under a range of market scenarios and expected/stressed investment conditions are undertaken.

The Group works to ensure a close interaction between the Investment, Finance (incl. Treasury), Actuarial and Risk Management Functions to secure that the ALM&SAA process remains consistent with the Group Risk Appetite Framework (RAF), the strategic planning and the capital allocation mechanisms. The annual SAA proposal:
- defines target exposure and limits for each relevant asset class, in terms of minimum and maximum exposure allowed;
- embeds the asset and liabilities duration mismatches permitted and potential mitigation actions that can be enabled on the investment side.

Regarding specific asset classes such as (i) private equity, (ii) alternative fixed income, (iii) hedge funds, (iv) derivatives and structured products, the Group has mainly cen-

16 The "Prudent Person Principle" set out in Article 132 of Directive 2009/138/EC requires the company to only invest in assets and instruments whose risks can be identified, measured, monitored, controlled and reported as well as taken into account in the company overall solvency needs. The adoption of this principle is ruled in the Group Investment Governance Policy (GIGP).

tralized their management and monitoring. These kinds of investments are subject to accurate due diligence in order to assess their quality, the level of risk related to the investment and its consistency with the approved liability-driven SAA.

The Group also uses derivatives with the aim of mitigating the risk present in the asset and/or liability portfolios. The derivatives help the Group to improve the quality, liquidity and profitability of the portfolio, according to the business planning targets. Operations in derivatives are likewise subject to a regular monitoring and reporting process.

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

Financial Risk

Within the life business, the Group assumes a considerable financial risk when it guarantees policyholders with a minimum return on the accumulated capital over a, potentially, long period. Should the yields generated by the financial investments be lower than the guaranteed return, then the Group shall compensate the shortfall for those contractual guarantees. In addition, independently on the achieved asset returns, the Group has to secure that the value of the financial investments backing the insurance contracts remains sufficient to meet the value of its obligations.

Unit-linked business typically does not represent a source of direct financial risk for insurers (except when there are guarantees embedded in the contracts), although market fluctuations typically have profitability implications.

Regarding P&C business, the Group has to ensure that the benefits can be paid on a timely basis when claims occur.

In more detail, the Group is exposed to the following generic financial risk types:

- equity risk deriving from the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of equity market prices which can lead to financial losses;
- equity volatility risk deriving from changes in the volatility of equity markets. Exposure to equity volatility is typically related to equity option contracts or to insurance products sold with embedded guarantees whose market consistent value is sensitive to the level of equity volatility;
- interest rate risk, defined as the risk of adverse changes in the market value of the assets or in the value of liabilities due to changes in the level of interest rates in the market. The Group is mostly exposed to downward changes in interest rates as lower interest rates increase the present value of the promises made to policyholders more than the value of the assets backing those promises. As a result, it may become increasingly costly for the Group to maintain its promises, thereby leading to financial losses. Linked to that, interest rate volatility risk derives from changes in the level of interest rate implied volatilities. This comes, for example, from insurance products sold with embedded minimum interest rate guarantees whose market consistent value is sensitive to the level of interest rates volatility;
- property risk deriving from changes in the level of property market prices. Exposure to property risk arises from property asset positions;
- currency risk deriving from adverse changes in exchange rates;
- concentration risk deriving from asset portfolio concentration to a small number of counterparties.

Investments in the Notes for further details on the Group's key figures and financial assets

Financial risks are measured by means of the Group PIM[17]. In particular, losses are modelled as follows:

- equity risk is modelled by associating each equity exposure to a market index representative of its industrial sector and/or geography. Potential changes in market value of the equities are then estimated based on past shocks observed for the selected indices;
- equity volatility risk models the impact that changes in the equity implied volatility can have on the market values of derivatives;
- interest rate risk models the changes in the term structure of the interest rates for various currencies and the

17 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

impact of these changes on any interest rate sensitive asset and also on the value of future liability cash-flows alike;
- interest rate volatility risk models the impact that the variability in interest rate curves can have on both the market value of derivatives and the value of liabilities sensitive to interest rate volatility assumptions (such as minimum pension guarantees);
- property risk models the returns on a selection of published property investment indices and the associated impact on the value of the Group's property assets. These are mapped to various indices based on property location and type of use;
- for currency risk, the plausible movements in exchange rate of the reporting currency of the Group in respect to foreign currencies are modelled, as well as the consequent impact on the value of asset holdings not denominated in the domestic currency;
- for concentration risk the extent of additional risk borne by the Group due to insufficient diversification in its equity, property and bond portfolios is assessed.

The SCR for financial risk amounts to € 13,437 million before diversification (equal to 42% of total SCR before diversification). This is mainly driven by equity risk, followed by interest rate, property and currency risk.

Credit Risk

The Group is exposed to credit risks related to invested assets and those arising from other counterparties (e.g. cash, reinsurance).

Credit risks include the following two categories:
- spread widening risk, defined as the risk of adverse changes in the market value of debt security assets. Spread widening can be linked either to the market's assessment of the creditworthiness of the specific obligor (often implying also a decrease in rating) or to a market-wide systemic reduction in the price of credit assets;
- default risk, defined as the risk of incurring in losses because of the inability of a counterparty to honour its financial obligations.

Investments in the Notes for the overall volume of assets subject to credit risk

Credit risks are measured by means of the Group PIM[18]. In particular:
- credit spread risk models the possible movement of the credit spread levels for bond exposures of different rating, industrial sector and geography based on the historical analysis of a set of representative bond indices. Spread-sensitive assets held by the Group are associated with specific indices based on the characteristics of their issuer and currency;
- default risk models the impact of default of bond issuers or counterparties to derivatives, reinsurance and other transactions on the value of the Group's assets. Distinct modelling approaches have been implemented to model default risk for the bond portfolio (i.e. credit default risk) and the risk arising from the default of counterparties in cash deposits, risk mitigation contracts (such as reinsurance), and other types of exposures (i.e. counterparty default risk).

The Group PIM's credit risk model evaluates spread risk and default risk also for sovereign bond exposures. This approach is more prudent than the standard formula, which treats bonds issued by EU Central Governments and denominated in domestic currency as exempt from credit risk.

The SCR for credit risk amounts to € 8,342 million before diversification (equal to 26% of total SCR before diversification). Credit risk is mostly driven by spread risk on fixed income securities, while the contribution to SCR of the counterparty risk (including reinsurance default) remains more limited.

The credit risk assessment is based on the credit rating assigned to counterparties and financial instruments. To limit the reliance on external rating assessments provided by rating agencies, an internal credit rating assignment framework has been set within the Risk Management Group Policy.

Within this framework additional rating assessments can be performed at counterparty and/or financial instrument level and ratings need to be renewed at least annually. This process applies even where an external rating is available. Moreover, additional assessments shall be performed each time the parties involved in the process possess any information, coming from reliable sources, that may affect the creditworthiness of the issuer/issues.

18 For the scope of the Group PIM please refer to section A. Executive Summary. Entities not included in the Group PIM scope calculate the capital requirement based on standard formula.

The most important strategy for the mitigation of credit risk used by the Group is the application of a liability-driven SAA, which can limit the impact of the market spread volatility. In addition, the Group is actively mitigating counterparty default risk by using a collateralisation strategy that strongly alleviates the losses that the Group might suffer as a result of the default of one or more of its counterparties.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The definition includes the compliance risk and financial reporting risk and excludes the strategic and reputational risks.

Although ultimate responsibility for managing the risk sits in the first line, the so-called risk owners, the Risk Management Function with its methodologies and processes ensures an early identification of the most severe threats across the Group. In doing so, it provides management at all levels with a holistic view of the broad operational risk spectrum that is essential for prioritizing actions and allocating resources in most risk related critical areas.
The target is achieved by adopting methodologies and tools in line with industry best practices and by establishing a strong dialogue with the first line of defence.

Furthermore, since 2015, the Group has been exchanging operational risk data, properly anonymized, through the "Operational Risk data eXchange Association (ORX)", a global association of operational risk practitioners where main industry players also participate. The aim is to use the data to improve the risk management and to anticipate emerging trends. In addition, since losses are collected by the first line, the process contributes to create awareness among the risk owners upon risks that actually impact the Group. In this sense, a primary role is played by Group-wide forward-looking assessments that aim to estimate the evolution of the operational risk exposure in a given time horizon, supporting in the anticipation of potential threats, in the efficient allocation of resources and related initiatives.

Based on the last assessments, the most relevant scenarios at Group level are related to cyber-attacks and non-compliance risks, with respect to sectorial regulatory developments.

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

Another benefit from this cooperation is constituted by a series of risk management measures triggered across the Group as a result of control testing, assessments and the collection of operational risk events.

An example is the creation of a dedicated unit for the management and coordination of the Group-wide IT Security that steers the evolution of the IT security strategy and operating model, ensuring a timely detection and fixing of the vulnerabilities that may affect the business. This initiative helps the Group to better cope with the growing threat represented by cyber risk.

The SCR for operational risk amounts to € 2,216 million before diversification (equal to 7% of total SCR before diversification). The SCR for operational risk is calculated based on standard formula.

Other Material Risks

Liquidity Risk

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

The Group is exposed to liquidity risk from its insurance operating activity, due to the potential mismatches between the cash inflows and the cash outflows deriving from the business.

Liquidity risk can also stem from investing activity, due to potential liquidity gaps deriving from the management of the asset portfolio as well as from a potentially insufficient level of liquidity in case of disposals (e.g. capacity to sell adequate amounts at a fair price and within a reasonable timeframe).

Liquidity risk from financing activity is related to the potential difficulties in accessing the primary market of debt or in paying excessive financing costs.

The Group can be also exposed to liquidity outflows related to issued guarantees, commitments, derivative contract margin calls or regulatory constraints.

The Group liquidity risk management framework relies on projecting cash obligations and available cash resources over defined time horizons, to monitor that available liquid resources are at all times sufficient to cover cash obligations that will become due in the same horizons.

A set of liquidity risk metrics (liquidity indicators) has been defined to monitor the liquidity situation of each Group insurance Legal Entity on a regular basis. All such metrics are forward-looking, i.e. they are calculated at a future date based on projections of cash flows, assets and liabilities and an assessment of the level of liquidity of the asset portfolio.

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

Liquidity risk limits have been defined in terms of value of the above-mentioned liquidity indicators. The limit framework is designed to ensure that each Group Legal Entity holds a "buffer" of liquidity in excess of the amount required to withstand the adverse circumstances described in the stress scenarios.

Generali has defined a set of metrics to measure liquidity risk at Group level, based on the liquidity metrics calculated at Legal Entity level. The Group manages expected cash inflows and outflows in order to maintain a sufficient available level of liquid resources to meet its medium-term needs. The Group metrics are forward-looking and are calculated under both the base and stress scenarios.

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

The annual assessment shows a solid liquidity profile for Generali Group, without substantial changes compared to the previous year.
The principles for liquidity risk management designed at Group level are fully embedded in strategic and business processes, including investments and product development.

Since Generali Group explicitly identifies liquidity risk as one of the main risks connected with investments, indicators as cash flow duration mismatch are embedded in the Strategic Asset Allocation process. Investment limits are set to ensure that the share of illiquid assets remains within the level that does not impair the Group's asset liquidity.

The Group has defined in its Life and P&C Underwriting Policies the principles to be applied to mitigate the impact on liquidity from surrenders in life business and claims in non-life business.

Reputational and Emerging Risk

Although not included in the calculation of SCR, the following risks are also assessed:
- reputational risk referring to potential losses arising from deterioration or a negative perception of the Group among its customers and other stakeholders;
- emerging risks arising from new trends or evolving risks which are difficult to perceive and quantify, although typically systemic. These typically refer to technological changes (such as big data), environmental trends (with a major focus on climate change) and geopolitical developments. For the assessment of these risks and to raise the awareness on the implications of the emerging trends, Risk Management Function engages with a dedicated network, including specialists from business functions (e.g. Insurance, Investment, Finance, Marketing and Sustainability and Social Responsibility, given the relevant interrelation with ESG[19] factors). 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.

19 ESG stands for Environmental, Social and Governance.

Sensitivity Analysis

In addition to the calculation of the Solvency Capital Requirement, the Group regularly performs sensitivity analyses of the variability of its Solvency Ratio to changes in specific risk factors. The aim of these analyses is to assess the resilience of Generali Group capital position to the main risk drivers and evaluate the impact of a wide range of shocks.

For this purpose, several sensitivity analyses have been performed as at 31 December 2018, in particular:
- increase and decrease of interest rates by 50bps;
- increase of Italian government bonds spread (Buoni del Tesoro Poliennali - BTP) by 100bps;
- increase of corporate bonds spread by 50bps;
- increase and decrease of equity values by 25%.

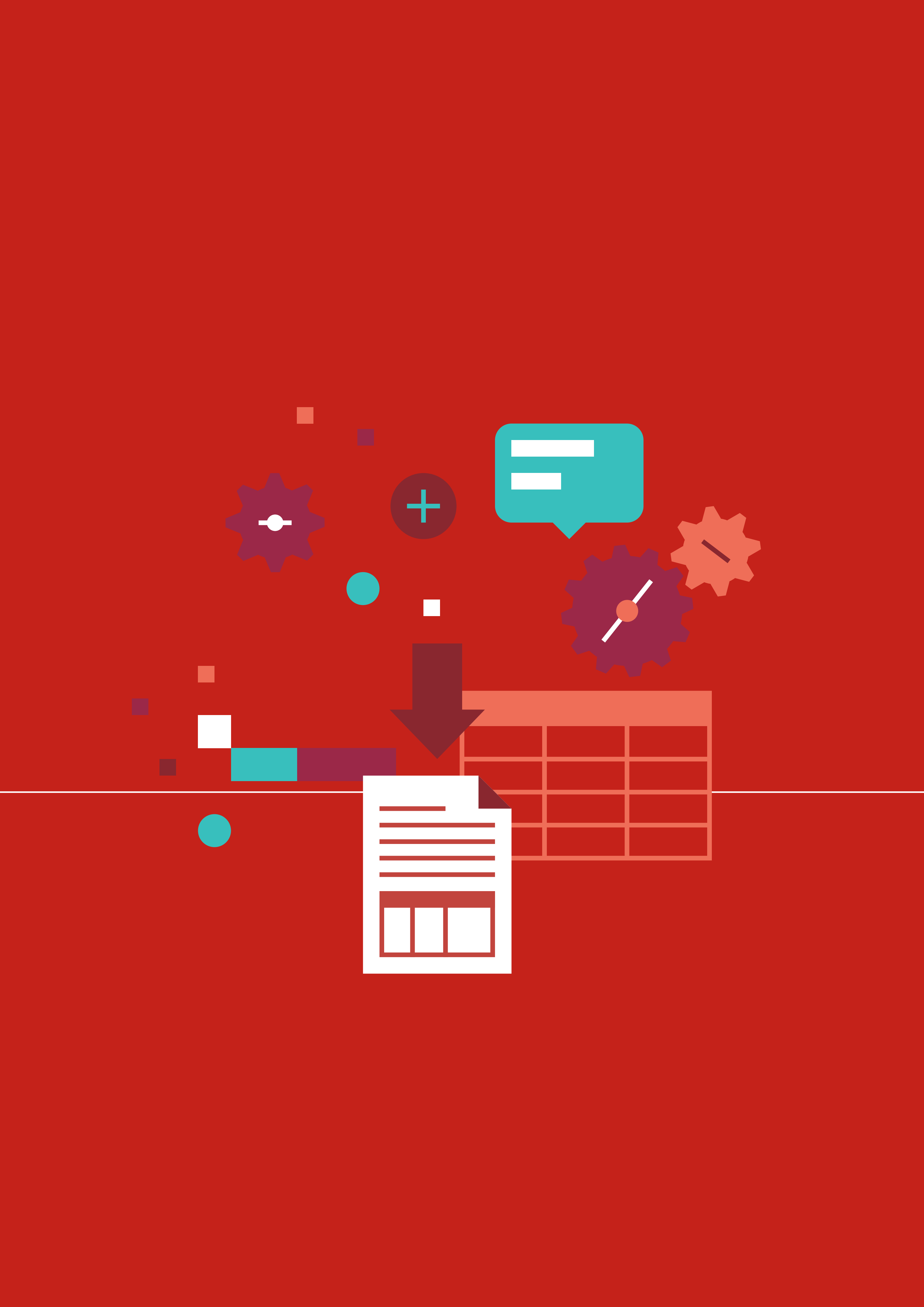
The changes in terms of percentage points in respect to baseline scenario as at 31 December 2018 (Solvency Ratio equal to 216%) are the following:

Sensitivity Analysis

	Interest rates +50bps	Interest rates -50bps	BTP spread +100bps	Corporate spread +50bps	Equity +25%	Equity -25%
Delta on Solvency Ratio	+4p.p.	-7p.p.	-7p.p.	-4p.p.	+4p.p.	-4p.p.

Preliminary figures for 2018 Valori preliminari per il 2018

During 2019, following EIOPA's review of the Solvency II risk free rates term structure, the UFR (Ultimate Forward Rate) will be further modified (for Euro, the UFR will be decreased by 15bps): the anticipated impact of such change as at 31 December 2018 Solvency Ratio amounts to -1 p.p..



Outlook

In 2019, current economic growth trends are expected to slow on the whole. In the Eurozone, GDP growth is expected to decline to 1.0%, from 1.9% in 2018. In any event, some critical situations may significantly impact this trend: Brexit, renewed tensions concerning the Italian government spread, trade relations between the USA and China and USA tariffs on European cars. In this context, we expect the European Central Bank to closely monitor inflation to decide when to implement the first rate hike, which may take place not earlier than mid-2020.
In the United States, a slowdown is expected in the current phase of expansion, due to the more restrictive monetary policy and the elimination of tax stimulus measures. The job market, at full employment, will continue to support wage growth. The Federal Reserve indicated that it intends to normalise monetary policy toward a less aggressive stance; a wait-and-see approach associated with the future trend of economic indicators will prevail, and consequently less predictable.
In the financial markets, long-term rates are expected to rise in the bond segment. Considerable volatility is expected in the stock markets this year due to the reduction in monetary stimulus, higher bond yields, expectations of lower economic growth and the various external risks negatively affecting the political and economic scenario.

As regards the insurance sector, in 2019 performance in the Life segment is expected to be slightly worse than in 2018, with a lower growth rate in unit-linked products than witnessed in recent years, while traditional products could arouse renewed interest due to the rate hike. Growth in the P&C segment will continue in major Eurozone countries despite the slight economic slowdown forecast.
Again in 2018 the international insurance market recorded a certain frequency of considerable natural catastrophe claims which concerned the reinsurance segment to a significant extent, particularly in the second half of the year: hurricanes in the USA-Caribbean area, typhoons in Asia and the devastating forest fires in California. The reinsurance segment demonstrated its ability to absorb this new wave of claims, recording, although selectively and linked to the results achieved, growth in the retrocession market. The Group was able to benefit from favourable conditions due to its centralized reinsurance structure which allows for greater control over risk retention levels and good diversification in reinsurer portfolios. There were minimal increases or there will be in 2019 only on agreements with a higher claims frequency, as well as a higher corporate risk reinsurance cost, although against broader coverage aimed at better controlling result volatility.

In the Life segment, the Group will continue with its strategy of rebalancing that portfolio to further strengthen profitability, with a more efficient capital allocation approach. The Generali brand continues to be consolidated by simplifying and innovating the range of product solutions which will be marketed through the most suitable, efficient and modern distribution channels that are increasingly based on digital processes. As a result, actions dedicated to Life portfolio enhancement are confirmed:

- new business growth based on the selective development of sustainable business lines such as protection and health, and on capital-light savings and investment insurance solutions. The development of these lines will aim at offering a wide range of insurance solutions adapted to risk and investment profiles for the benefit of both the policyholders and the Group. In particular, for products in the protection and health line, we aim to offer modular solutions in which traditional risk coverage is combined with substantial service packages for an even more concrete management and resolution of the critical issues covered. Amongst the capital-light products, unit-linked target products are increasingly characterized by financial mechanisms that are capable of coping with potential market crashes (e.g. selection of volatility-controlled funds);
- with regard to in-force business, actions dedicated to strengthening relations with existing customers on the basis of an updated analysis of current insurance needs;
- actions on the Life portfolio in general, which will have a new important focus on senior customers, a market segment with substantial development potential.

The Group will follow up on the positive results of the rebalancing of the business mix while emphasizing the focus on market positioning in terms of premiums. Premium trends will continue to reflect a careful underwriting policy, in line with the common Group goals that are driven by a focus on the central importance of customers' interest, as well as the value of the products and the risk appetite framework.

In the P&C segment, premiums are forecasted to improve in the primary geographical areas of operation of the Generali Group, with a significant focus on high growth potential markets.
The motor business will basically remain stable, although impacted by strong competitive pressure due to the digital transformation, with possible impacts from the business perspective on both volumes and profits. The Generali's aim is to continue to develop innovative insurance solutions while maintaining its leadership in the telematics market and guaranteeing growth in this business line's profitability.

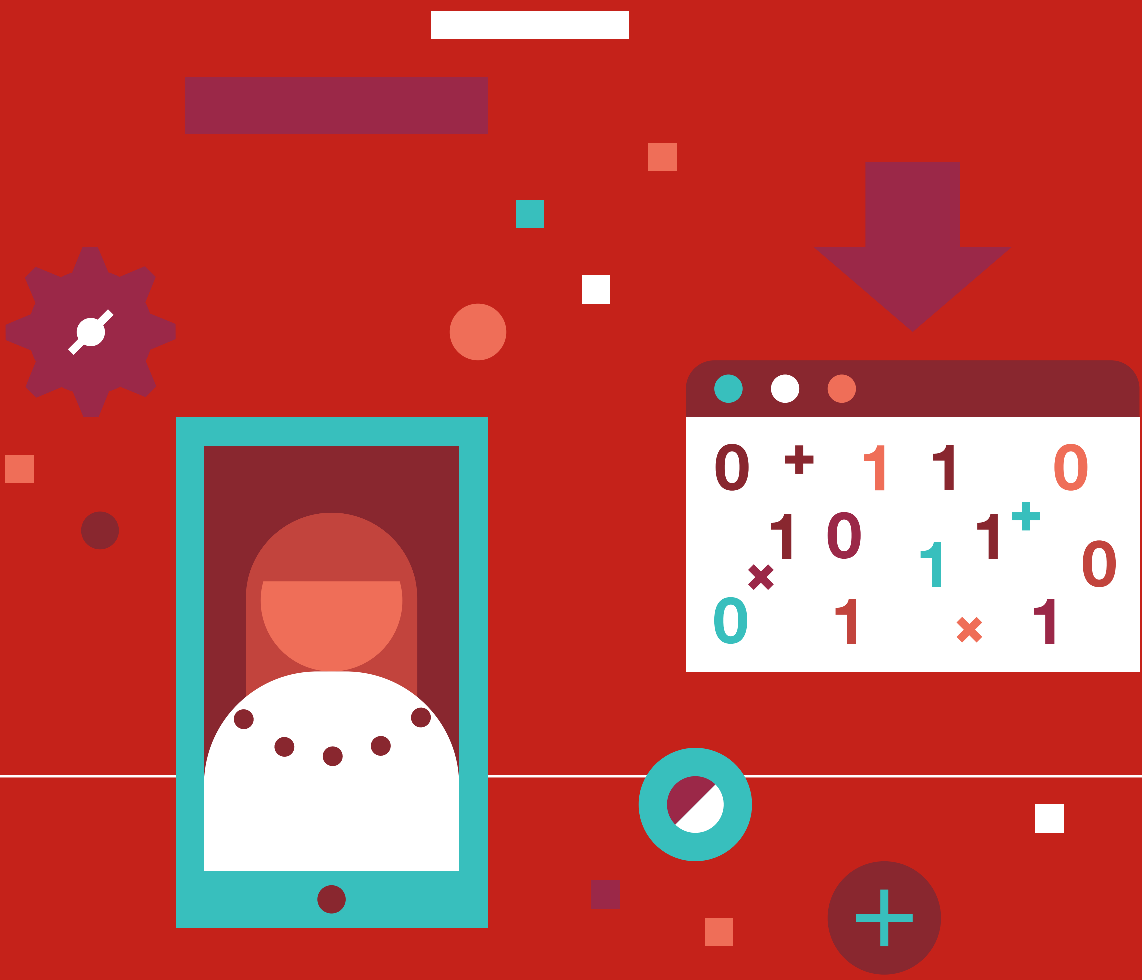
In line with the profitable growth and customer centricity set in the strategy, non-motor development will concentrate on modular products designed to meet specific needs and any new customer needs, providing innovative services, prevention and assistance with the support of digital tools and platforms. Growth in this segment will also be supported by taking advantage of the opportunities offered by new markets and moving forward with distribution channel and partnership initiatives.
To handle these changes, the Group has rolled out a number of initiatives to exploit the opportunities offered by new technologies, for claims settlement as well as time to market. These initiatives will continue to work alongside a disciplined portfolio management approach - pricing, selection and profitability of risks - and careful assessments of customer requirements, which are placed at the very centre of product development, so as to create products that also take advantage of cross-selling opportunities.
As in the past, management of the P&C segment - due to the level of capital absorption of these products - will therefore continue to be a foundational principle for implementing the Group's strategy whose objective is to become the leader in the European insurance market for private individuals, professionals and SMEs.

In the Asset Management segment, actions will continue during 2019 to identify investment opportunities and sources of income for all customers, while at the same time managing risks. Consistent with the Group's strategy, growth will be achieved through the expansion of the multi-boutique platform in order to increase the product catalogue in terms of real assets and high conviction strategies for customers and partners. This platform, which is at present mainly based in Europe, aims to become global with the increase in revenues and assets under management (AUM) that will result from third-party customers that do not fall within the scope of the Group's insurance policies.

The Group investments policy will continue to be based on an asset allocation strategy aimed at consolidating current returns and ensuring consistency with liabilities to the policyholders.
The fixed-income investment strategy aims to diversify the portfolio, both within the sector of government bonds as well as in terms of corporate bonds, in order to guarantee adequate profitability to policyholders as well as a satisfactory return on capital while maintaining a controlled risk profile.
Alternative investments and investments in real assets are considered appealing due to their contribution to portfolio diversification and profitability. The Group is developing a multi-boutique insurance asset manager platform to enhance the investment capacity in these market sectors and better monitor their management in terms of complexity as well as liquidity.
The increase in exposure to alternative investments will be offset by reduced exposure to corporate bonds.
New direct investments in the real estate sector will be primarily oriented towards the European market, while investments in the United States and Asia will be made selectively through funds.

Despite a rather challenging market context, the Group achieved the targets established in the 2016-2018 strategic plan, highlighting solid profitability, focused on the technical component and on cost efficiency, and offsetting the effects of low interest rates. On 21 November 2018, the Group presented to investors the new 2021 Generali strategy, whose priority is to consolidate its leadership in Europe and strengthen its position in high-potential markets, financial optimisation, and innovation and the digital transformation of the operating model. Thanks to these initiatives, the Group is committed to achieving an increase in earnings per share of between 6% and 8% over the next three years and to offer greater returns to shareholders with an average RoE of more than 11.5% and a pay-out ratio between 55% and 65%.

The Report contains statements concerning events, estimates, forecasts and future expectations based on the current knowledge of the Group's management. Such statements are generally preceded by expressions such as "a decrease/increase is expected", "is forecast", "should grow", "we believe it may decline" or other similar wording. Please note that these forward-looking statements should not be considered forecasts of the Group's actual results or of factors outside the Group. Generali assumes no obligation to update or revise such forecasts, even after new information, future events or other elements come to light, unless required by law.



Consolidated Non-Financial Statement

pursuant to legislative decree of 30 December 2016, no. 254 as amended

123 Independent Auditor's Report

NFS

Non-financial information is disclosed in the Annual Integrated Report of the Generali Group in compliance with the provisions of legislative decree of 30 December 2016, no. 254 (leg. decree 254/2016), in implementation of European directive 2014/95. This information is clearly identified through a specific infographic (NFS) created for the purposes of simplifying the fulfilments required by the decree and improving accessibility to the information itself.

To the extent necessary for an understanding of the Group development, performance, position and impact of its activity, information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters - which is relevant to the activities and characteristics of the Group - is reported together with a description of the:

- organization and management model, including direct and indirect impact (p. 26-27). The main operating companies based in Italy have adopted models pursuant to article 6, paragraph 1, letter a), of legislative decree of 8 June 2001, no. 231. These models aim at mitigating risks connected to offences that are relevant also to legislative decree of 30 December 2016, no. 254;

Corporate Governance and Share Ownership Report 2018, p. 113-114 for the organization and management model of the Parent Company

- policies applied (p. 23, p. 24-25 and p. 30-33);
- non-financial key performance indicators (p. 10-11, 18-25, 31 and where indicated through the infographic);
- principal risks related to the matters mentioned above and their management (p. 20 for employee-related matters, p. 24-25 for respect for human rights, as well as anti-corruption and bribery matters, and p. 28-33 for environmental, social and respect for human rights matters).

The Report complies with currently effective regulations and applies the International <IR> Framework -issued by the International Integrated Reporting Council (IIRC) - of which it mainly highlights the following Guiding Principles: materiality, connectivity of information and conciseness. The standard adopted for the disclosure of the material matters identified by the Group, including those non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

Note to the Management Report, p. 130 for the criteria of the International <IR> Framework and selected indicators

In line with the previous Statement, information which is relevant to the decree was identified through an innovative materiality process developed in accordance with the International <IR> Framework. Specifically, matters in the 2016 materiality matrix, where primary importance is ascribed to the perspective of internal and external stakeholders, were found within the main reporting documents produced by the Company and approved by corporate bodies or, at least, top management of Generali, and then examined through the content analysis methodology. The most material matters in terms of frequency within the documentary sample of more than 1,200 pages - that are therefore disclosed - are the following:

1. Responsible business management
2. Responsible remuneration and incentives
3. Climate change and natural disasters
4. Product and service development
5. Responsible investments and underwriting
6. Data and cyber security
7. Quality of the customer experience
8. Business innovation for the digital customer
9. Insurance solutions promoting sustainable and responsible behaviour
10. Attracting talent and development of human capital
11. Employee engagement and promotion of a common culture

In accordance with the choices made in the last Report and in line with the new strategy announced in November 2018, their disclosure is integrated with information on the following matters:

12. Prevention of corruption
13. Demographic and social change
14. Relations with distributors
15. Diversity, inclusion and equal opportunities

Glossary available at the end of this document

NFS

In line with European common enforcement priorities for 2018 annual financial reports, a document issued by ESMA[1], the matters mentioned above[2] are disclosed in this Report in a manner consistent with the strategic plan and business management of the Group. This means indicators monitored in the business management (e.g. indicators related to the strategic plan or monitored in the planning and control processes) are used, taking into account their currently applied scope, as described in the methodology document. Lastly, a comparison is offered with the previous period, where feasible.

For the purposes of promoting greater accessibility to non-financial information, the following table highlights the connection between the matters of leg. decree 254/2016 and those most material to the Group, as well as an indication of the related section of the Report in which they are reported in addition to our support for the Sustainable Development Goals launched by the United Nations.

Leg. decree 254/2016 matters	Matters material to the Generali Group	Section of the Report
environmental matters	1. Responsible business management 3. Climate change and natural disasters 4. Product and service development 5. Responsible investments and underwriting 9. Insurance solutions promoting sustainable and responsible behaviour	– Group highlights (p. 10) – The Generali 2021 strategy (p. 16-17 and p. 21-22) – Our rules for running business with integrity (p. 24) – Our purpose and the value creation (p. 26-27) – Challenges and opportunities of the market context (p. 32) – Our performance (p. 43 and p. 52)
social matters	1. Responsible business management 4. Product and service development 6. Data and cyber security 7. Quality of the customer experience 8. Business innovation for the digital customer 9. Insurance solutions promoting sustainable and responsible behaviour 13. Demographic and social change 14. Relations with distributors	– Group highlights (p. 10-11) – The Generali 2021 strategy (p. 16-17 and p. 21-23) – Our purpose and the value creation (p. 26-27) – Challenges and opportunities of the market context (p. 29-33) – Our performance (p. 43, p. 52, p. 58 and p. 60)
employee-related matters	1. Responsible business management 2. Responsible remuneration and incentives 10. Attracting talent and development of human capital 11. Employee engagement and promotion of a common culture 15. Diversity, inclusion and equal opportunities	– Group highlights (p. 11) – The Generali 2021 strategy (p. 16-20) – Our purpose and the value creation (p. 26-27) – Our governance and remuneration policy (p. 38-39)
respect for human rights	1. Responsible business management 5. Responsible investments and underwriting 13. Demographic and social change 15. Diversity, inclusion and equal opportunities	– Group highlights (p. 10) – The Generali 2021 strategy (p. 21) – Our rules for running business with integrity (p. 24) – Challenges and opportunities of the market context (p. 33) – Our governance and remuneration policy (p. 35) – Our performance (p. 52)
anti-corruption and bribery matters	1. Responsible business management 5. Responsible investments and underwriting 11. Employee engagement and promotion of a common culture 12. Prevention of corruption	– Group highlights (p. 10) – The Generali 2021 strategy (p. 21) – Our rules for running business with integrity (p. 25) – Our performance (p. 52)

Pursuant to article 5 of the Consob Regulation 18 January 2018, no. 20267, the Generali Group has assigned the auditing firm EY S.p.A. - the current external auditor for the financial statements - with the task of performing the limited assurance activity on this Statement. The Report drafted by EY S.p.A. is attached to this document.

1 www.esma.europa.eu.
2 The following matters envisaged by leg. decree 254/2016, art. 3, paragraph 2 are not material: water use, air pollutant emissions and impact on health and safety.

Milan, 13 March 2019
The Board of Directors

Independent Auditor's Report

Building a better working world

EY S.p.A.
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34125 Trieste

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ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with article 3, par. 10, of Legislative Decree 254/2016 and with article 5 of Consob Regulation adopted with Resolution n. 20267 of January 2018

(Translation from the original Italian text)

To the Board of Directors of
Assicurazioni Generali S.p.A.

We have been engaged to perform a limited assurance engagement pursuant to article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution n. 20267/2018, on the consolidated disclosure of non-financial information of Assicurazioni Generali S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2018 in accordance with article 4 of the Decree presented in the specific section of the Annual Integrated Report and Consolidated Financial Statements 2018 approved by the Board of Directors on 13 March 2019 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by GRI – Global Reporting Initiative ("GRI Standards"), identified by them as a reporting standard, with reference to selected GRI Standards, as illustrated in the Annual Integrated Report and Consolidated Financial Statements 2018 section "Note to the Management Report".

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements due to fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

independence and quality control

We are independent in accordance with ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the selected GRI Standards, as illustrated in the Annual Integrated Report and Consolidated Financial Statements 2018 section "Note to the Management Report". Our work has been performed in accordance with the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant topics in relation to the activities and characteristics of the Group, reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;

2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the Decree;

3. understanding of the following aspects:

    - group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
    - policies adopted by the Group related to the matters indicated in article 3 of the Decree, results achieved and related key performance indicators;
    - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

    With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 4. a) below;

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4. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Assicurazioni Generali S.p.A. and with the personnel of the subsidiaries Generali Italia S.p.A., Generali Versicherung AG (Austria), Česká pojišťovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level,
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the following companies, Generali Italia S.p.A., Generali Versicherung AG (Austria), Česká pojišťovna a.s., Generali France S.A., Generali Deutschland AG, Generali Personenversicherungen AG, Generali España S.A. de Seguros y Reaseguros, which we have selected based on their significance to the Group and to their Country, taking into consideration their activity and the contribution to the performance indicators, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

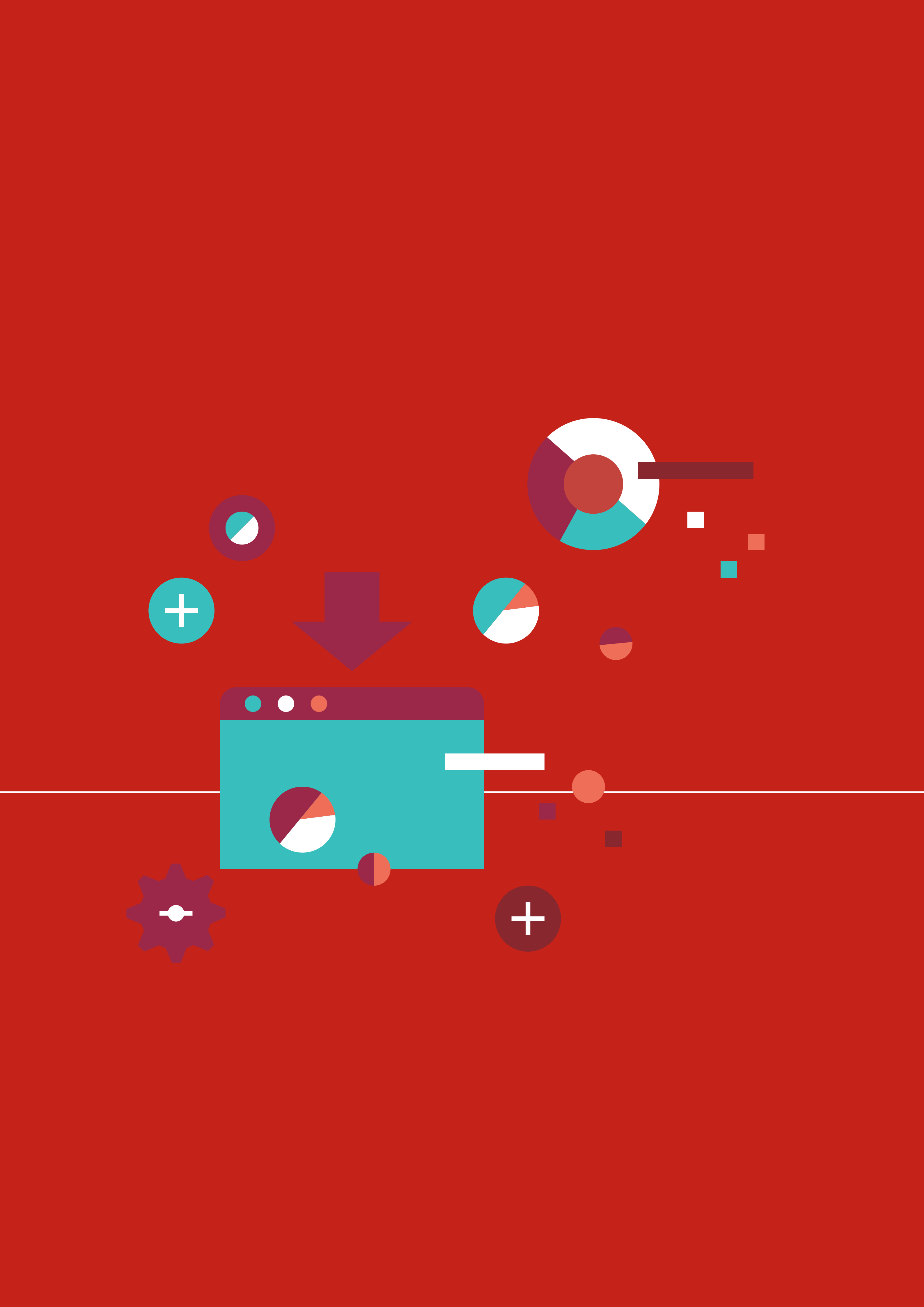
Based on the procedures performed, nothing has come to our attention that causes us to believe that DNF of the Generali Group for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the Decree and the selected GRI Standards, as illustrated in the Annual Integrated Report and Consolidated Financial Statements 2018 section "Note to the Management Report".

Trieste, 3 April 2019

EY S.p.A.

Paolo Ratti
(Partner)

This report has been translated into the English language solely for the convenience of international readers.



Appendices to the Management Report

130 Note to the Management Report

134 Methodological note on alternative performance measures

Note to the Management Report

The Annual Integrated Report and Consolidated Financial Statements 2018 is drafted in compliance with currently effective regulations and it applies the IAS/IFRS international accounting standards as well as the International <IR> Framework.

Consolidated Financial Statements, p. 154 for further details on basis of presentation and accounting principles

The Report is drawn up in euro, i.e. the functional currency used by the entity that prepares the Annual Integrated Report and Consolidated Financial Statements. The amounts are shown in million and rounded to the first decimal, unless otherwise reported. Therefore, the sum of each rounded amounts may sometimes differ from the rounded total.

The details by geographical area highlighted in this document reflect the Group's managerial structure in place at the beginning of 2018 and effective for a large part of the year, made up of the business units of the three main markets - Italy, France and Germany - and four regional structures:
- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, Asia, Europ Assistance and Other companies (including, Generali Global Health and Generali Employee Benefits);
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holding and other companies, which includes the Parent Company's management and coordination activities, including Group reinsurance, other financial holding companies and suppliers of international services not included in the previous geographical areas.

Our reference market: positioning and performance, p. 58

At 31 December 2018, the consolidation area increased from 423 to 455 companies, of which 419 were consolidated line-by-line and 36 measured with the equity method.

Each chapter of the Report meets one or more Content Elements envisaged by the International <IR> Framework issued by the International Integrated Reporting Council (IIRC).

Group Annual Integrated Report

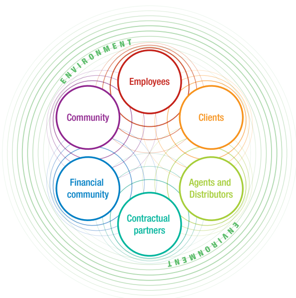
Content Elements

Group Annual Integrated Report	Content Elements
We, Generali	
Group highlights	Performance
2018 and 2019 key facts	Organisational overview and external environ-ment
The Generali 2021 strategy	Strategy Performance Risks and opportunities
Our rules for running business with integrity	Organisational overview and external environment Risks and opportunities
Our purpose and the value creation	Organisational overview and external environ-ment
Challenges and opportunities in the market context	Risks and opportunities
Our governance and remuneration policy	Governance
Our performance	Performance
Outlook	Outlook

The Report also adopts the Guiding Principles of the International <IR> Framework.
The Strategic focus and future orientation principle is applied in the whole document. Indeed, our value creation is based on the strategy that includes the material aspects to the Group. The Materiality approach is presented in detail in the Consolidated Non-Financial Statement.

Consolidated Non-Financial Statement, p. 119

In accordance with the Connectivity of information principle, the report should represent the combination and interrelatedness of the factors that influence the ability to create value over time. The key forms of connectivity used by Generali include the connectivity between qualitative and quantitative information, financial and non-financial information, that is coherent with the information included in other communication tools in accordance with the Core&More reporting approach. Other elements that improve the connectivity of information and the overall usefulness of the report are the cross-referencing , the graphic component and a Glossary at the end of this document to use in case of insurance sector's terminology.



Generali maintains Stakeholder relationships in order to understand and meet their needs, especially their information and dialogue needs.
We regularly engage with investors, analysts and rating agencies. We meet them every quarter following our results' presentation and in specific occasions, thus sharing the reporting required. We organise roadshows and we participate in sector conferences. Some of the main annual recurring occasions for interaction between the financial community and the Company's top management are the annual Shareholders' Meeting and the Investor Day. During the latter, in November 2018 we presented the new strategic plan. During the year we came into contact with more than 540 people - individual meetings and small group meetings - in the main financial centres of Europe and North America.
We regularly interact with regulators and the European and international Institutions to maintain good relationships and share authoritative and updated information in order to properly interpret and apply new regulations. We also offer our skills and contribute to public consultations for the definition of new laws and regulations in the sector, by providing, in view of the Group's direct experience, concrete indications in order to safeguard the specificities of the Group and the insurance industry. To this purpose, we collaborate with several trade organizations and associations. Our active presence in these organizations allows us also to expand our knowledge of the different regulations and potential impacts.
We also engage customers, distributors and Group employees with a view to continuous improvement.

The Generali 2021 strategy, p. 18-23
Challenges and opportunities of the market context, p. 31

www.generali.com/our-responsibilities/responsible-business/stakeholder-engagement for different methods of dialogue with stakeholders

For some years we interact with students from the main Italian universities, providing them with specific sessions on the reporting approach adopted by Generali and its developments at a national and international level, while collecting their feedback and suggestions on the integrated report implementation through a specific survey. As from 2016, we have extended this experience to Group employees as well. Overall, we met more than 300 people in 2018.

1 The Report includes links to web pages that might not exist in the future.

The Conciseness principle is met through the issue of the Group Annual Integrated Report. The diagram below shows the shift from the Annual Integrated Report, drafted in accordance with the Materiality principle, to the Annual Integrated Report and Consolidated Financial Statements, compliant with regulations.

Group Annual Integrated Report

Additional management information

Financial statements and notes

Management Report

Annual Integrated Report and Consolidated Financial Statements

As for Reliability and completeness, the Report is supported by a structured information system, processing financial and non-financial information while ensuring their homogeneity and reliability. The performance indicators are used in the business management in line with the strategic plan. They refer to the whole Group unless otherwise indicated.

In accordance with the Consistency and Comparability principle, the report includes information that is consistent with the previous year, unless otherwise indicated, and the strategic objectives announced to the market.

NFS

The standard adopted in this Report for the disclosure of the material matters identified by the Group, including those non-financial matters envisaged by leg. decree 254/2016, is the Consolidated Set of GRI Sustainability Reporting Standards, issued in 2016 by the GRI-Global Reporting Initiative (GRI-Referenced claims), with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

Consolidated Non-Financial Statement, p. 119

In accordance with the provision of GRI 101: Foundation, paragraph 3, references are made to the following GRI Sustainability Reporting Standards, in addition to GRI 103: Management Approach:

- GRI 102: General Disclosures 2016 - Disclosure 102-9 Supply chain for the material matter Relations with distributors;
- GRI 102: General Disclosures 2016 - Disclosure 102-16 Values, principles, standards, and norms of behavior for the material matter Responsible business management;
- GRI 102: General Disclosures 2016 - Disclosure 102-35 Remuneration policies for the material matter Responsible remuneration and incentives;
- GRI 102: General Disclosures 2016 - Disclosure 102-43 Approach to stakeholder engagement for the material matter Quality of the customer experience;
- GRI 205: Anti-corruption 2016 - Topic-specific disclosure 205-2 (e - aggregated data) Communication and training about anti-corruption policies and procedures for the material matter Prevention of corruption;
- GRI 305: Emissions 2016 - Topic-specific disclosure 305-1 (b, d, g) Direct (Scope 1) GHG emissions, 305-2 (c, d, g) Energy indirect (Scope 2) GHG emissions, 305-3 (b, e, g) Other indirect (Scope 3) GHG emissions, and 305-5 Reduction of GHG emissions for the material matter Climate change and natural disasters;
- GRI 404: Training and Education 2016 - Topic-specific disclosure 404-1 (a - aggregated data) Average hours of training per year per employees, e 404-3 (a - aggregated data) Percentage of employees receiving regular performance and career development reviews for the material matters Attracting talent and development of human capital and Employee engagement and promotion of a common culture;
- GRI 405: Diversity and Equal Opportunities 2016 - Topic-specific disclosure 405-1 (a) Diversity of governance bodies and employees for the material matter Diversity, inclusion and equal opportunities;

2 The reduction of total emissions amounted to t 17,262 CO_2e compared to base year 2013. The latter was chosen since it is the baseline for the goal to reduce total emissions by 20% by 2020. The reduction was attributable to indirect emissions (Scope 2 and Scope 3). The gases included were: CO_2, CH_4 e N_2O. The methodology adopted is the WRI GHG Corporate Standard Protocol, location-based method.

NFS

- GRI 413: Local Communities 2016 for the material matter Demographic and social change;
- GRI 418: Customer Privacy 2016 for the material matter Data and cyber security.

The following indicators of the GRI G4 Financial Services Sector Disclosures are also reported:

- FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose for the material matters Product and service development ad Insurance solutions promoting sustainable and responsible behaviour;
- FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose for the material matters Product and service development ad Insurance solutions promoting sustainable and responsible behaviour;
- FS11 Percentage of assets subject to positive and negative environmental or social screening for the material matter Responsible investments and underwriting.

The reporting process and methodologies to calculate indicators are included in a specific document.

Changes in the presentation of the performance indicators of the Group

All the comparative economic and performance indicators included in the Management Report were restated in line with the current consolidation scope and the review of the disclosure by geographical area as indicated above.
Changes presented in the document are also at constant scope, with the exclusion of discontinued or disposed operations at 31 December 2018 mentioned above from the comparative data.
As reported above, segment information is also enriched with the Asset Management segment as from the end of 2018.
The comparative KPIs included in this Report were restated as follows:

(€ million)	31/12/2017 as previously published	Change	31/12/2017 restated
Gross written premiums	68,537	-4,156	64,381
Life	47,788	-3,956	43,832
Property & Casualty	20,749	-201	20,548
Life net cash inflows	9,718	1,159	10,877
Operating result	4,895	-182	4,713
Life	3,141	-159	2,982
Property & Casualty	1,972	-28	1,944
Asset Magagement	-	261	261
Holding and other businesses	59	-222	-163
Consolidation adjustments	-278	-33	-311
Non operating result	-1,102	2,211	1,109
Asset under Management	541,976	-55,361	486,615
Group debt	42,316	-4,301	38,015

Methodological note on alternative performance measures

In order to help the assessment of the quality and sustainability of the net result of the Generali Group in the various business segments and territorial areas, the Management Report includes the following alternative performance measures.

Operating result

Under CESR Recommendations on alternative performance measures (CESR/05 – 178b), the operating result cannot replace earnings before taxes calculated in accordance with IAS/IFRS. In addition, it should be read with the financial information and related notes on the accounts which are included in the audited financial statements.

The operating result was drawn up by reclassifying items of earnings before taxes for each segment on the basis of the management characteristics of each segment and taking into consideration the recurring holding expenses. Specifically, the operating result represents earnings before taxes, gross of interest expense on liabilities linked to financing activities, specific net income from investments and non-recurring income and expenses.

Starting from this report, the Group has reviewed the portrayal of its operating segments through the introduction of a new Asset Management segment, to provide a disclosure more closely aligned with the new Group organizational structure, in addition to ensure an improved economic representation of the performance of the individual business and geographical segments.

In the Life segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- net realized gains and net impairment losses on investments that do not affect the formation of the local technical reserves, but only the calculation of the deferred liabilities towards policyholders for the amount not attributable to the policyholders, and on those of the free assets;
- net other non-operating expenses that mainly include the results of the run-off activities, company restructuring charges, depreciation of the value of the portfolios acquired directly or through acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses. In particular, with respect to the calculation method of the policyholders' profit sharing based on the net result of the period, the life non-operating result in Germany and Austria was entirely calculated net of the estimated amount attributable to the policyholders. Furthermore, where a new fiscal law materially affects the operating result of the countries where the policyholders' profit sharing is based on the net result of the period, the estimated non-recurring effect on the income taxes attributable to the policyholders has been accounted for in the operating result.

In the Property & Casualty segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- realized gains and losses, unrealized gains and losses, net impairment losses on investments, including gains and losses on foreign currencies;
- net other non-operating expenses, principally including the results of real estate development activities, run-off activities, the impairment losses on property held for own use, company restructuring charges and amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

In the Asset Management segment, all profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- net other non-operating expenses, principally including project costs, including consulting, and severances.

The Holding and other businesses segment includes the activities in the banking and asset management sec- tors, the costs incurred for the direction, coordination and financing activities, as well as all the other operations that the Group considers to be ancillary to the core insurance business.
All profit and loss accounts are considered as operating items, except for the following which are represented in the non-operating result:
- non-recurring realized gains and losses and net impairment losses;
- net other non-operating expenses that mainly include the results of the run-off activities, company restructuring charges, depreciation of the value of the portfolios acquired directly or through acquisition of control of companies operating in the banking and asset management sectors (value of business acquired or VOBA) and other net non-recurring expenses.

With reference to holding costs, the general expenses incurred for management and coordination are considered as operating, by the Parent Company and territorial sub-holdings.
In addition, non-operating holding expenses include:
- interest expenses on financial debt[3],
- restructuring charges and other non-recurring expenses incurred in the management and coordination activities,
- costs arising from the assignment of stock options and stock grants by the Group.

The operating result and non-operating result of the Group are equivalent to the sum of the operating result and the non-operating result of the abovementioned segments and related consolidation adjustments.

In accordance with the approach described above, the Generali Group also provided the operating result in the main countries where it operates for the Life and Property & Casualty segments and the consolidated figures. In order to provide a management view of the operating result by geographical area, the review of the key performance indicators by business segment and geographical area allows measurement of the result of each geographical area from a country viewpoint instead of as a contribution to the Group's results.

Within the context of the life and Property & Casualty operating result of each country, reinsurance operations between Group companies in different countries were considered by the same standards as transactions concluded with external reinsurers. This representation of the life and Property & Casualty operating result by territory makes this performance indicator more consistent with both the risk management policies implemented by each company and the other indicators measuring the technical profitability of the Group's companies.
The following table reconciles the operating and non-operating result with the corresponding income statement items:

Operating and non-operating result	Profit and loss account
Net earned premiums	1.1
Net insurance benefits and claims	2.1
Acquisition and administration costs	2.5.1 - 2.5.3
Net fee and commission income and net income from financial service activities	1.2 - 2.2
Net operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net operating income from other financial instruments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from financial instruments at fair value through profit or loss	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net non-operating income from investments	1.3 - 1.4 - 1.5 - 2.3 - 2.4 - 2.5.2
Net other and holding operating expenses	1.6 - 2.6
Net other and holding non-operating expenses	1.6 - 2.6

3 For further details on the definition of financial debt, please refer to the paragraph Debt in the chapter Group's financial position of the Management Report.

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

- the investment management and investment property management expenses in the operating result were reclassified from acquisition and administration costs to net operating income from other financial instruments, more specifically into other expenses from financial instruments and land and buildings (investment properties);
- income and expenses related to real estate development activities in the operating result were classified as other non-operating income and expenses, in accordance with the management model adopted that provides for sale at completion;
- gains and losses on foreign currencies in the operating result were reclassified in the Life and Holding and other business from net operating income to net operating income from financial instruments at fair value through profit or loss. In the Property & Casualty segment, gains and losses on foreign currencies in the operating result were reclassified from net operating income to net non-operating income from financial instruments at fair value through profit or loss. The classification for each segment is consistent with the related classification of the derivative transaction drawn up in order to hedge the Group's equity exposure to the changes in the main currencies of operations. The net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- in net operating income from financial instruments, interest expenses on deposits and current accounts under reinsurance business are not included among interest expenses related to liabilities linked to operating activities but are deducted from the related interest income. Moreover, the interest expenses related to the abovementioned real estate development activities are not included in interest expenses related to liabilities linked to operating activities, but are classified under other non-operating income and expenses in accordance with the management mod- el adopted that provides for sale at completion;
- the net other operating expenses in the operating result were adjusted for operating taxes and for non-recurring taxes that significantly affect the operating income of the countries where policyholders' stakes are determined by taking the taxes for the period into account. These adjustments were included in the calculation of operating income and are excluded from the income taxes item.

Operating result by margins

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

The operating result of the Life segment comprises a technical margin including insurance costs, a net investment result and a component that includes acquisition and administration costs related to the insurance business and other net operating expenses. The technical margin includes the loadings and the risk and profit from the surrender results for the period.
The net investment result comprises operating income from investments, net of the portion attributable to the policyholders. Finally, the insurance management and other operating components are indicated separately.

The operating result for the Property & Casualty segment comprises the technical result, the financial result and other operating items. The technical result is equivalent to the insurance activity result, i.e. the difference between premiums and claims, acquisition and administration costs and other net technical income. The investment result comprises current income from investments and other operating net financial expenses, like expenses on investment management and interest expenses on operating debt. Finally, other operating items mainly include acquisition and administration costs related to the insurance business, depreciation of tangible assets and amortization of long-term costs, provisions for recurring risks and other taxes.

Operating return on equity

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

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

Return on investments

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

- for the net current return between interest and other income, including income from financial instruments at fair value through profit and loss (excluding income from financial instruments related to linked contracts) net of depreciation on real estate investments and the average investments (calculated on book value);
- for the harvesting rate between net realized gains, net impairment losses and realized and unrealized gains and losses from financial instruments at fair value through profit and loss (excluding those from financial instruments related to linked contracts) and the average investments (calculated on book value).

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

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

The indicators for the return on investments described above were presented for Life and Property & Casualty segments as well as for the Group.

Consolidated investments

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

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

The segment investments were presented in accordance with the methods described in the chapter Segment reporting of the Notes.

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Company **ASSICURAZIONI GENERALI S.p.A.**

CONSOLIDATED STATEMENTS

Consolidated financial statements

as at **31 December 2018**

(Amount in € million)

BALANCE SHEET

Assets

References:	(€ million)	31/12/2018	31/12/2017
	1 INTANGIBLE ASSETS	**8,745**	**8,784**
4	1.1 Goodwill	6,680	6,679
19	1.2 Other intangible assets	2,065	2,105
	2 TANGIBLE ASSETS	**3,768**	**4,075**
20	2.1 Land and buildings (self used)	2,505	2,606
20	2.2 Other tangible assets	1,263	1,469
14	**3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS**	**4,009**	**4,294**
39, 40, 41, 42	**4 INVESTMENTS**	**412,228**	**471,233**
11	4.1 Land and buildings (investment properties)	13,650	12,993
3	4.2 Investments in subsidiaries, associated companies and joint ventures	1,320	1,171
7	4.3 Held to maturity investments	2,171	2,267
8	4.4 Loans and receivables	31,815	40,262
9	4.5 Available for sale financial assets	283,773	320,641
10	4.6 Financial assets at fair value through profit or loss	79,500	93,897
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	65,789	75,372
21	**5 RECEIVABLES**	**11,127**	**11,686**
	5.1 Receivables arising out of direct insurance operations	7,130	7,238
	5.2 Receivables arising out of reinsurance operations	1,481	1,441
	5.3 Other receivables	2,515	3,007
22	**6 OTHER ASSETS**	**69,253**	**30,170**
	6.1 Non-current assets or disposal groups classified as held for sale	55,914	16,146
15	6.2 Deferred acquisition costs	2,143	2,119
	6.3 Deferred tax assets	2,345	2,091
	6.4 Tax receivables	3,021	2,961
	6.5 Other assets	5,830	6,853
12	**7 CASH AND CASH EQUIVALENTS**	**6,697**	**6,849**
	TOTAL ASSETS	**515,827**	**537,091**

Equity and liabilities

References:	(€ million)	31/12/2018	31/12/2017
16	**1 SHAREHOLDERS' EQUITY**	**24,643**	**26,177**
	1.1 Shareholders' equity attributable to the Group	**23,601**	**25,079**
	1.1.1 Share capital	1,565	1,562
	1.1.2 Other equity instruments	0	0
	1.1.3 Capital reserves	7,107	7,098
	1.1.4 Revenue reserves and other reserves	10,035	9,209
	1.1.5 (Own shares)	-7	-8
	1.1.6 Reserve for currency translation differences	-146	-115
	1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	3,454	6,279
	1.1.8 Reserve for other unrealized gains and losses through equity	-716	-1,055
	1.1.9 Result of the period attributable to the Group	2,309	2,110
	1.2 Shareholders' equity attributable to minority interests	**1,042**	**1,098**
	1.2.1 Share capital and reserves	904	915
	1.2.2 Reserve for unrealized gains and losses through equity	-50	-3
	1.2.3 Result of the period attributable to minority interests	189	185
23	**2 OTHER PROVISIONS**	**1,816**	**1,950**
13	**3 INSURANCE PROVISIONS**	**377,828**	**430,489**
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	63,149	67,997
	4 FINANCIAL LIABILITIES	**38,540**	**42,326**
17	4.1 Financial liabilities at fair value through profit or loss	4,159	8,935
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	2,754	7,360
18	4.2 Other financial liabilities	34,382	33,391
	of which subordinated liabilities	8,124	8,379
24	**5 PAYABLES**	**9,287**	**10,494**
	5.1 Payables arising out of direct insurance operations	3,424	3,602
	5.2 Payables arising out of reinsurance operations	658	848
	5.3 Other payables	5,205	6,043
25	**6 OTHER LIABILITIES**	**63,713**	**25,653**
	6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	54,883	15,745
	6.2 Deferred tax liabilities	1,789	2,642
	6.3 Tax payables	1,728	1,487
	6.4 Other liabilities	5,313	5,779
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**515,827**	**537,091**

INCOME STATEMENT

Income statement

References:	(€ million)	31/12/2018	31/12/2017
26	1.1 Net earned premiums	63,405	61,137
	1.1.1 Gross earned premiums	65,192	62,876
	1.1.2 Earned premiums ceded	-1,786	-1,739
27	1.2 Fee and commission income and income from financial service activities	1,028	1,002
28	1.3 Net income from financial instruments at fair value through profit or loss	-6,008	4,826
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	-5,835	3,849
29	1.4 Income from subsidiaries, associated companies and joint ventures	166	134
30	1.5 Income from other financial instruments and land and buildings (investment properties)	12,712	13,155
	1.5.1 Interest income	8,158	8,453
	1.5.2 Other income	2,250	2,065
	1.5.3 Realized gains	2,146	2,421
	1.5.4 Unrealized gains and reversal of impairment losses	157	216
31	1.6 Other income	3,397	3,164
	1 TOTAL INCOME	**74,699**	**83,418**
32	2.1 Net insurance benefits and claims	-52,032	-60,853
	2.1.1 Claims paid and change in insurance provisions	-53,239	-62,472
	2.1.2 Reinsurers' share	1,207	1,619
33	2.2 Fee and commission expenses and expenses from financial service activities	-576	-565
34	2.3 Expenses from subsidiaries, associated companies and joint ventures	-16	-17
35	2.4 Expenses from other financial instruments and land and buildings (investment properties)	-3,467	-2,667
	2.4.1 Interest expense	-1,010	-1,020
	2.4.2 Other expenses	-355	-337
	2.4.3 Realized losses	-680	-560
	2.4.4 Unrealized losses and impairment losses	-1,423	-750
36	2.5 Acquisition and administration costs	-10,682	-10,473
	2.5.1 Commissions and other acquisition costs	-8,015	-7,903
	2.5.2 Investment management expenses	-228	-150
	2.5.3 Other administration costs	-2,438	-2,420
37	2.6 Other expenses	-4,477	-5,332
	2 TOTAL EXPENSES	**-71,250**	**-79,908**
	EARNINGS BEFORE TAXES	**3,450**	**3,511**
38	**3 Income taxes**	**-1,126**	**-1,147**
	EARNINGS AFTER TAXES	**2,324**	**2,364**
	4 RESULT OF DISCONTINUED OPERATIONS	**173**	**-68**
	CONSOLIDATED RESULT OF THE PERIOD	**2,497**	**2,295**
	Result of the period attributable to the Group	2,309	2,110
	Result of the period attributable to minority interests	189	185
16	EARNING PER SHARE		
	Basic earning per share (€)	1.48	1.35
	From continuing operations	1.37	1.40
	Diluted earning per share (€)	1.46	1.33
	From continuing operations	1.35	1.38

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income

(€ million)	31/12/2018	31/12/2017
1 CONSOLIDATED RESULT OF THE PERIOD	2,497	2,295
Items that may be reclassified to profit and loss in future periods		
2.1 Foreign currency translation differences	-45	-190
2.2 Net unrealized gains and losses on investments available for sale	-2,322	108
2.3 Net unrealized gains and losses on cash flows hedging derivatives	26	41
2.4 Net unrealized gains and losses on hedge of a net investment in foreign operations	-4	17
2.5 Share of other comprehensive income of associates	-18	-7
2.8 Result of discontinued operations	-308	-196
2.10 Other		0
Subtotal	-2,670	-227
Items that may not be reclassified to profit and loss in future periods		0
2.5 Share of other comprehensive income of associates	0	-0
2.8 Result of discontinued operations	25	17
2.6 Reserve for revaluation model on intangible assets		
2.7 Reserve for revaluation model on tangible assets		
2.9 Actuarial gains or losses arising from defined benefit plans	81	22
Subtotal	106	39
2 OTHER COMPREHENSIVE INCOME	-2,564	-189
3 TOTAL COMPREHENSIVE INCOME	-66	2,107
attributable to the Group	-208	2,010
attributable to minority interests	141	97
Earnings per share (in €)	-0.13	1.29
Diluted earnings per share (in €)	-0.13	1.27

STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

		Amounts at 31/12/2016	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts at 31/12/2017
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	Share Capital	1,560	0	2	0	0	0	1,562
	Other equity instruments	0	0	0	0	0	0	0
	Capital reserves	7,098	0	0	0	0	0	7,098
	Revenue reserves and other reserves	8,604	0	1,839	0	-1,249	15	9,209
	(Own shares)	-7	0	-1	0	0	0	-8
	Result of the period	2,081	0	29	0	0	0	2,110
	Other comprehensive income	5,208	0	284	-384	0	0	5,108
	Total shareholders' equity attributable to the group	**24,545**	**0**	**2,153**	**-384**	**-1,249**	**15**	**25,079**
SHAREHOLDERS' EQUITY TO MINORITY INTERESTS	Share capital and reserves	879	0	148	0	-114	2	915
	Result of the period	158	0	27	0	0	0	185
	Other comprehensive income	86	0	-107	18	0	0	-3
	Total shareholders' equity attributable to minority interests	**1,123**	**0**	**69**	**18**	**-114**	**2**	**1,098**
TOTAL		**25,668**	**0**	**2,222**	**-366**	**-1,363**	**17**	**26,177**

Amounts at 31/12/2017	Changes in amounts	Allocation	Transfer to profit and loss account	Other transfer	Change in owhership interest	Amounts
1,562	0	3	0	0	0	1,565
0	0	0	0	0	0	0
7,098	0	8	0	0	0	7,107
9,209	0	2,166	0	-1,330	-10	10,035
-8	0	1	0	0	0	-7
2,110	0	199	0	0	0	2,309
5,108	0	-2,622	106	0	0	2,592
25,079	**0**	**-245**	**106**	**-1,330**	**-10**	**23,601**
915	0	134	0	-136	-9	904
185	0	3	0	0	0	189
-3	0	-101	53	0	0	-50
1,098	**0**	**37**	**53**	**-136**	**-9**	**1,042**
26,177	**0**	**-208**	**159**	**-1,466**	**-19**	**24,643**

STATEMENT OF CASH FLOW (INDIRECT METHOD)

Cash flow statement

(€ million)	31/12/2018	31/12/2017
Earnings before taxes	**3,450**	**3,511**
Changes in non-cash items	**12,498**	**12,021**
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	28	87
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	-109	219
Change in the mathematical provisions and other insurance provisions for life segment	6,114	16,031
Change in deferred acquisition costs	-19	-30
Change in other provisions	110	175
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	7,705	-3,026
Other changes	-1,330	-1,435
Change in receivables and payables from operating activities	**-547**	**785**
Change in receivables and payables arising out of direct insurance and reinsurance operations	-390	-6
Change in other receivables and payables	-157	791
Income taxes paid	**-1,102**	**-1,103**
Net cash flows from cash items related to investing or financing activities	**694**	**1,104**
Financial liabilities related to investment contracts	-54	187
Payables to banks and customers	866	788
Loans and receivables from banks and customers	-118	129
Other financial instruments at fair value through profit or loss	0	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**14,992**	**16,317**
Net cash flows from investment properties	-1,892	-313
Net cash flows from investments in subsidiaries, associated companies and joint ventures(***)	499	26
Net cash flows from loans and receivables	1,765	2,046
Net cash flows from held to maturity investments	119	-206
Net cash flows from available for sale financial assets	-10,700	-11,395
Net cash flows from tangible and intangible assets	-355	437
Net cash flows from other investing activities	-1,789	-5,812
CASH FLOW FROM INVESTING ACTIVITIES	**-12,353**	**-15,217**
Net cash flows from shareholders' equity attributable to the Group	0	
Net cash flows from own shares	-0	-0
Dividends payment	-1,249	-1,249
Net cash flows from shareholders' equity attributable to minority interests(****)	-136	-114
Net cash flows from subordinated liabilities and other similar liabilities	-245	-709
Net cash flows from other financial liabilities	-785	441
CASH FLOW FROM FINANCING ACTIVITIES	**-2,415**	**-1,631**
Effect of exchange rate changes on cash and cash equivalents	49	-86
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD(*)	6,313	6,930
CHANGES IN CASH AND CASH EQUIVALENTS	272	-617
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(**)	6,585	6,313

(*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (€ 6,426 million), liabilities to banks payables on demand (€ -64 million) and bank overdrafts (€ -49 million).

(**) Cash and cash equivalents at the end of the period include cash and cash equivalents (€ 6,697 million), liabilities to banks payables on demand (€ -110 million), bank overdrafts (€ -2 million).

(***) Includes mainly proceeds arising from the disposal of the company in Ireland (€ 233 million), The Netherlands (€ 143 milioni), Colombia (€ 27 milion) and Panama (€ 139 milion).

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

Notes

Basis of presentation and accounting principles

Basis of presentation

This document is the consolidated financial statements of Generali Group, registered under number 026 of the Insurance Groups Register, whose Parent Company is Assicurazioni Generali SpA, a company established in Trieste in 1831 with a share capital of € 1.565.165.364 fully paid up.

The registered office of the Group and the Parent Company is established in Trieste, Piazza Duca degli Abruzzi, 2 and is registered under the number 1,00003 of the register of insurance and reinsurance companies.

The Generali Group's consolidated financial statements at 31 December 2018 were drawn up in accordance with the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606 of 19 July 2002 and the Legislative Decree No. 58/1998, as subsequently amended.

The Legislative Decree No. 209/2005 empowered ISVAP to give further instructions for financial statements in compliance with the international accounting standards.

In this yearly report the Generali Group prepared its consolidated financial statements and Notes in conformity with the ISVAP (now IVASS) Regulation No. 7 of 13 July 2007, as subsequently amended, and information of the Consob Communication No. 6064293 of 28 July 2006.

As allowed by the aforementioned Regulation, the Generali Group believed it appropriate to supplement its consolidated financial statements with detailed items and to provide further details in the Notes in order to also meet the IAS/IFRS requirements.

For more information on discontinued operations and their accounting treatment, please refer to the paragraph *Non-current assets or disposal group classified as held for sale* in the section *Information on consolidation area and Group companies*.

The consolidated financial statements at 31 December 2018 were approved by the Board of Directors on 13 March 2019.

The consolidated financial statements at 31 December 2018 were audited by E&Y S.p.A., the appointed audit firm from 2012 to 2020.

Consolidated financial statements

The set of the consolidated financial statements is made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow, as required by the ISVAP Regulation No. 7 of 13 July 2007, as subsequently amended. The financial statements also include special items that are considered significant for the Group.

The Notes, which are mandatory as minimum content established by ISVAP (now IVASS), are presented in the appendices to the notes to this report.

This yearly report is drawn up in Euro (the functional currency used by the entity that prepared the financial statements) and the amounts are shown in millions, unless otherwise stated, the rounded amounts may not add to the rounded total in all cases.

Consolidation methods

Investments in subsidiaries are consolidated line by line, whereas investments in associated companies and interests in joint ventures are accounted for using the equity method.

The balance sheet items of the financial statements denominated in foreign currencies are translated into Euro based on the exchange rates at the end of the year.

The profit and loss account items are translated based on the average exchange rates of the year. They reasonably approximate the exchange rates at the dates of the transactions.

The exchange rate differences arising from the translation of the statements expressed in foreign currencies are accounted for in equity in an appropriate reserve and recognized in the profit and loss account only at the time of the disposal of the investments.

Exchange rates of the balance sheet

Currency	Exchange rate at the end of the period (€)	
	31/12/2018	31/12/2017
US dollar	1.143	1.201
Swiss franc	1.127	1.170
British pound	0.898	0.888
Argentine peso	43.051	22.605
Czech Koruna	25.737	25.529

Exchange rates of the income statement

Currency	Average exchange rate (€)	
	31/12/2018	31/12/2017
US dollar	1.181	1.137
Swiss franc	1.155	1.111
British pound	0.885	0.876
Argentine peso*	32.934	18.738
Czech Koruna	25.647	26.328

(*) in accordance with IAS 29, the items of profit or loss has been restated at the exchage rate at the end of the period.

Basis of consolidation

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

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

Specifically, the Group controls an investee if, and only if, the Group has:
- power over the investee (i.e., existing not merely protective rights that give it the current ability to direct the relevant activities of the investee, that impact meaningfully the returns of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reviews periodically and systematically if there was a variation of one or more elements of control, based on the analysis of the facts and the essential circumstances.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

In preparing the consolidated financial statements:
- the financial statements of the Parent Company and its subsidiaries are consolidated line by line through specific "reporting package", which contribute to the consistent application of the Group's accounting policies. For consolidation purposes, if the financial year-end

date of a company differs from that of the Parent Company, the former prepares interim financial statements at 31 December of each financial year;
- All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation process (intra-group losses are eliminated, except to the extent that the underlying asset is impaired);
- the carrying amount of the Parent Company's investment in each subsidiary and the Parent Company's portion of equity of each subsidiary are eliminated at the date of acquisition;
- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The non-controlling interests, together with their share of profit are shown as separate items.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Consequently, no additional goodwill or badwill is recognized.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Investment funds managed by the Group in which the Group holds an interest and that are not managed in the primary interest of the policyholders are consolidated based on the substance of the economic relationship and if whether the conditions of control stated by IFRS 10 are satisfied. On consolidation of an investment fund, a liability is recognized to the extent that the Group is legally obliged to buy back participations held by third parties. Where this is not the case, other participations held by third parties are presented as non-controlling interests in equity.

Business combination and goodwill

Business combinations are acquisitions of assets and liabilities that constitutes a business and are accounted for applying the so-called acquisition method The acquisition cost is measured as the sum of the consideration transferred measured at its acquisition date fair value, including contingent consideration, liabilities assumed towards the previous owners, and the amount of any non-controlling interests. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If in a business combination achieved in stages, the acquirer's previously held equity interests in the acquire is re-measured at its acquisition date fair value and any resulting gain or loss recognized in profit or loss.

Any contingent consideration to be transferred or received by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

The assets acquired and liabilities assumed in a business combination are initially recognized at fair value at the acquisition date. Goodwill is initially measured at cost being the excess of the aggregate acquisition cost over the net value of the identifiable assets acquired and liabilities assumed is accounted for as goodwill. If the impairment test lead to the result that theacquisition cost is less than the fair value of the assets acquired and liabilities assumed, the difference is recognised in the profit and loss account.

Investments in associates and joint ventures

The investments in associates and joint ventures are consolidated trough the equity method.

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. If an investor holds, directly or indirectly through subsidiaries, 20% or more of the voting power of the investee, it is presumed that the investor has significant influence.

In general, joint arrangements are contractual agreements whereby the Group undertakes with other parties an economic activity that is subject to joint control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control exists when it is contractually agreed to share control of an economic activity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Generali Group has assessed the nature of its current joint arrangements and determined them to be joint ventures and none are joint operations.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investments in associates and joint ventures are accounted for using the equity method and they are initially recognized at cost, which includes goodwill arising on acquisition. Goodwill is not separately tested for impairment. Negative goodwill is recognized in the income statement on the acquisition date. The carrying amount of the investment is subsequently adjusted to recognize changes in the Group's share of the net assets of the associate or joint venture since the acquisition date. The income statements reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. Dividends receivable from associates are recognized as a reduction in the carrying amount of the investment.

At each reporting date, after application of the equity method the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of losses of an associate' in the income statement. Where the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture the Group measures and recognizes and retained investment at its fair value. Any difference between the net proceeds and the fair value of the retained interest and the carrying amount is recognized in the income statement and gains and losses previously recorded directly through OCI are reversed and recorded through the income statement.

Significant judgements in determining control, joint control and significant influence over an entity

The control is normally ensured by the full ownership of the voting rights, having thus the ability to direct the relevant activities and consequently being exposed to the variability of results arising from those activities.

The Group controls all the companies for which holds more than half of the voting rights. The Group does not control any subsidiary having less than the majority of voting rights and does not control any entity even though it holds more than half of the voting rights, except in two cases in which the Group controls the company owning half of the voting rights, being exposed to the variability of returns that depend on the operating policies that the Group, in substance, has the power to direct .

To a minor extent, the Group holds interests in associates and joint ventures. The agreements under which the Group has joint control of a separate vehicle are qualified as joint ventures where they give rights to the net assets.

In one case, the Group has no significant influence on a subject for which it holds more than 20% of the voting rights as the government structure is such that the Group, in substance, does not have the power to participate in financial and operating policies of the investee.

Regardless of the legal form of the investment, the evaluation of the control is made considering the real power on the investee and the practical ability to influence relevant activities, regardless of the voting rights held by the parent company or its subsidiaries.

In the Annexes to the consolidated financial statements the complete list of subsidiaries, associates and joint ventures included in the consolidated financial statements at 31 December 2017 is presented. Unless otherwise stated, the annex shows the share capital of each consolidated entity and the proportion of ownership interest held by the Group equals the voting rights of the Group.

The qualitative and quantitative disclosures required by IFRS 12 are provided in the paragraph “Information on consolidation perimeter and Group companies” in the Notes.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group’s net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

IAS 29 “Financial Reporting in Hyperinflationary Economies” application on the Argentine companies

At December 31, 2018, the conditions for the application of the IAS 29 “Financial Reporting in Hyperinflationary Economies” to the financial statement values of the Argentine companies of the Caja de Seguros SA Group, Europ Assistance Argentina SA, Caja de Ahorro y Seguro SA, Retire SA in particular the cumulative rate of inflation over the last 3 years has exceeded 100%.

Specifically, the financial statements items of the above mentioned Argentine companies have been restated, applying the Argentine Consumer Price Index, which reflects the change of general purchasing power. In particular, the following items have been restated at the unit current at the end of the reporting period:
- non monetary assets and liabilities;
- all items of comprehensive income, applying the change of the general price index from the date when income and expenses were initially registered in the financial statements;
- the items of income statement has been restated at the closing rate;
- restatement in the first period of application of the standard of the components of owners’ equity, except retained earnings and any revaluation surplus, applying the Consumer Price Index index from the dates the components were contributed. . Restated retained earnings are derived from the restatement of assets and liabilities;
- restatement at the end of the period of the components of owner’s equity, applying the Consumer Price Index index at the beginning of the period.

The effects of reassessment until 31 December 2017 are included in the opening balance of shareholder’s equity. The impacts at consolidated level are not material and do not require the presentation of statements of Argentine companies.

Accounting principles

The accounting standards adopted in preparing the consolidated financial statements, and the contents of the items in the financial statements are presented in this section.

New accounting principles, changes in the accounting rules and in the financial statements

Following the endorsement of the European Union, as from the 1st January 2018 new principles and amendments shall be applied. The most relevant changes for the Group with respect to the consolidated financial statements at 31 December 2017 are described below. In addition, the main documents issued by the International Accounting Standard Board, that could be relevant for the Group, but not yet effective, are described.

New accounting principles, changes in the accounting rules that shall be applied from 1 January 2018

There are no new accounting standards or changes to existing standards effective from 1 January relevant for the Group. The changes which become applicable are not significant for the Group and are indicated in the corresponding specific section, after the new accounting standards and changes that are not yet effective, below.

IFRS 15 – Revenue from contracts with customers

IFRS 15 "Revenue form contracts with customers", which treats revenue recognition, is effective from 1 January 2018 and replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue", and includes new requirements concerning the measurement and timing of revenue recognition

Insurance contracts are excluded from the scope of the standard; as a result the potential impacts for insurance companies are connected to contracts that include non-insurance services and management fees.

In particular IFRS 15 defines the following steps:
- Step 1: Identifying contracts
- Step 2: Identifying performance obligations
- Step 3: Determining the transaction price
- Step 4: Allocating the transaction price to performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The transfer of control of the asset is the key element of the revenue recognition, which may be point-in-time or over time.

Revenue is recognized "point-in-time", as the control of the asset is passed, or "over time", during the period. The revenues are recognized "over time" if one of the following criteria is met:
1) the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
2) the entity's performance creates or enhances an asset that the customer controls as the asset is created;
3) the entity's performance does not creates an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Generali Group is a predominantly insurance group. The revenues arising from this business are defined by IFRS 4 "Insurance contracts"; the other revenues arising from the sale of goods and services different from financial and insurance services, and arising from asset management are defined and disciplined by IFRS 15. These revenues are included in the income statement item "Other revenues". In particular, within Generali Group, entities specialized in in banking, asset management and other residual businesses included in the segment "Holding and other activities" operates.

Revenues from contracts with customers for Generali Group are mainly financial and real estate asset manager, investment and pension funds commissions, as well as service and assistance. These revenues are not multi-annual and recognized on accrual basis during the financial year, and included in the item "Commission Income" (note 27). In some cases, in particular in case of asset and pension fund management, the revenues are linked to managed amounts or to the performance of the assets. Despite this, significant judgements in estimate and measurement of revenues has been rarely needed, i.e. for the definition of transfer price, timing etc.

Within the Group, there are also other entities which operates in different activities, with an absolutely residual impact on revenues and income. The revenues arising from these activities are included in the item “Other income” and further detailed in note 31.

The asset/liabilities arising from contracts with customers are not significant, in particular due to the above illustrated business.

In the recognition of the impact on the revenues already accounted for in the past period, the Group applied the simplified retrospective approach, which requires the recognition of the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings.

The Group assessed the economic and accounting effects of the standard and there are not significant impacts on the economic and financial position.

The standard is effective from annual period that started at 1 January 2018.

New accounting principles and amendments not yet applicable

IFRS 9 – Financial instruments

IFRS 9 replaces IAS 39 “Financial Instruments: Classification and Measurement” and includes a principle-based model for the classification and measurement of financial instruments, an impairment model based on expected losses and an hedge accounting approach more in line with risk management strategies.

Classification and measurement

IFRS 9 introduces an approach to the classification of debt instruments that is based on contractual cash flows characteristics and models through which financial instruments are managed (business model).

In particular, the classification of financial instruments is driven by the business model through which the company manages its investments and the contractual terms of their cash flows.

A financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held to collect cash flows (business model assessment)
- the contractual cash flows represent only payments of principal and interest (solely payments of principal and interest – SPPI).

Considering to the contractual characteristics, a financial instrument is eligible for measurement at amortized cost if it consists in a basic lending agreement. The entity shall make its own assessment on the single financial instrument to assess if the nature of the contractual cash flows characteristics exclusively consists in payments of principal and interest (SPPI). If a modification of the time value of the interest results in cash flows that are significantly different than those of a basic lending agreement then the instrument must be classified and measured at fair value through profit or loss.

If the business model (assessed on portfolio basis) has the objective to collect the cash flows from the investments and to sell financial assets and the contractual cash flows characteristics represent only payments of principal and interest, the financial instrument under assessment shall be measured at fair value through other comprehensive income with recycling to profit or loss when the instrument is realized.

As in the current IAS 39 Financial Instruments: classification and measurement the entity has the ability at initial recognition, to designate a financial instrument at fair value through profit or loss if that would eliminate or significantly reduce the accounting mismatch in the measurement of assets or liabilities or recognition of gains and losses related to them.

The equity instruments shall be classified and measured at fair value through profit or loss. The entity has the irrevocable option at initial recognition to present changes in the fair value of the equity instruments that are not held for the purpose of trading at fair value recorded in other comprehensive income, with no recycling in the income statement except dividends.

In other cases, the financial instruments are classified and measured at fair value through profit or loss, which is the residual model.

The Group is assessing the impacts of the new classification model. For further information see the following paragraph ‘Implementation of the standard. Overall, the Group expects to have limited impacts on the classification and measurement of instruments, in particular as regards the application of the SPPI test requirements-Considering to the contractual characteristics, a financial instrument is eligible for measurement at amortized cost if it consists in a basic lending agreement. The entity shall make its own assessment on the single financial instrument to assess if the nature of the contractual cash flows characteristics exclusively consists in payments of principal and interest (SPPI,). If a modification of the time value of the interest results in cash flows that are significantly different than those of a basic lending agreement then the instrument must be classified and measured at fair value through profit or loss.

Impairment

IFRS 9 introduced a new impairment approach for debt instruments measured at amortized cost or fair value recorded in other comprehensive income, which is based on expected losses. In particular, the new standard outlines an approach for the impairment in three stages based on the assessment of credit quality from the date of initial recognition at each balance sheet date:

- Stage 1 includes the financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date (investment grade). For these assets expected losses (ECL) over the next 12 months (12-month expected credit losses - losses expected in view of the possible occurrence of events of default in the next 12 months) are recognized in the profit or loss account. Interest is calculated on the carrying amount (ie without deduction of the loss allowance);
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account , but interest revenue is still calculated on the gross carrying amount of the asset. (i.e. without deduction of the loss allowance);
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised in a capital reserve (loss allowance), and in the profit or loss account. Interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

The model also introduces a simplified approach to trade receivables and leases for which it is not necessary to calculate the 12-month expected credit losses but are always recognized the lifetime expected credit losses.

The Group is assessing the impact of the new impairment model introduced by the standard and expects significant operational impacts related to the implementation of the calculation process of the abovementioned expected credit losses. In light of the high creditworthiness of the debt securities, the new model Expected Credit Losses should not result in significant impacts for the Group.

Hedge accounting

IFRS 9 introduces a model substantially reformed for hedge accounting that allows better than in IAS 39 to reflect in financial statements the hedging activities undertaken by risk management.

In particular there is a significant simplification of the effectiveness test. There are no more predetermined thresholds of coverage to achieve effective hedge (ie 80-125% in the current IAS 39),but it is sufficient that:

- there is an economic relationship between the hedging instrument and the hedged item; and
- credit risk should not be the key component of the hedged risk (i.e. the change in fair value of the hedging relationship must not be dominated by the component of credit risk).

The standard will be effective, in the case of endorsement, from annual periods beginning on or after 1 January 2018. A transitional provision allows continuing to apply IAS 39 for all hedging transactions until completion of the macrohedging project. The principle has been endorsed by the European Union by the EU Regulation 2016/1905.

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

On 12 September 2016 the IASB published the amendment “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”, endorsed by EU Regulation 2017/1988 on 3 November 2017, that introduces the possibility to defer the application of IFRS 9 for predominantly insurers. The amendment aims to address the concerns of the insurance industry arising from the misalignment of effective dates of the new financial instruments standard and IFRS 17, the international standard on insurance contracts with effective date of 1 January 2021.

Both IFRS 9 and IFRS 17 are relevant for insurance entities. The amendment aims to address the concerns of insurance sector arising from the different effective dates of IFRS 9 and IFRS 17.

The Generali Group decided to apply the deferral approach, appropriate in addressing the issues arising from the application of IFRS 9 before the new insurance contracts standard.

The adoption of the overlay approach – the alternative provided by the amendment, which allows the simultaneous application of IAS 39 and IFRS 9, would have in effect implied incremental costs due to reconciliation and alignment, compared to costs arising from the first application of IFRS 9.

The quantitative criteria for the application of the deferral and the disclosures required to the entities that postpone the application of IFRS 9 are included in the section "Disclosures about the temporary exemption from IFRS 9".

Standard implementation

The implementation of IFRS 9 aims to by the Group aims to ensure the correct and consistent application of the new accounting standard in conjunction with the entry into force of IFRS 17, the future standard on insurance contracts. The Group expects impacts that may be material with reference to the classification and measurement of financial instruments and consisting of a larger part of the portfolio of financial investments measured at fair value through profit or loss. With reference to impairment, the Group assessed that the Expected Credit Losses model should lead to less relevant impacts on the financial statements considering the high creditworthiness of the Group debt portfolio.

IFRS 17 – Insurance contracts

On 18 May 2017 the IASB published IFRS 17 "Insurance Contracts", which substitutes the current IFRS 4 – Insurance Contracts. The new standard. proposes a new measurement model for insurance contracts , structured on a Building Block Approach based on the expected value of future cash flows, weighted by the probability of occurrence, on a risk adjustment and on a margin for the services provided within the contract ("contractual service margin"). A simplified approach ("Premium Allocation Approach") is permitted if the coverage period of the contract is less than one year, or if the model used for assessment provides a reasonable approximation compared to the building block approach. The variable fee approach (VFA) was also introduced, an alternative model to the Building Block Approach which applies in particular to profit-sharing contracts, for which the scope of application is very significant for the Group in consideration of the current portfolio mix. The standard, compared to what initially stated and thanks to the ongoing IASB amendment process, will be effective on 1 January 2022 and, substantially, will allow to extend the implementation period of 12 months more.

In the second half of 2017 the IASB set up the Transition Resource Group (TRG) for IFRS 17 "Insurance Contracts", a public forum, similar in form to those for IFRS 15 Revenue from contracts with customers, and for IFRS 9 Financial Instruments relating to impairment, which has the purpose of discussing the implementation issues that emerged and supporting the board in defining what actions may be taken to address such critical issues.

Taking into account some concerns raised by stakeholders regarding several requirements of IFRS 17, the IASB started a process to consider potential amendments to the current formulation of the standard based on specific requirements which aim to protect the integrity of the information provided, avoiding the introduction of further criticalities as well as the interruption of the implementation processes in progress. Within this process the IASB has tentatively decided to defer the date of first application to the 1 January 2022 and, coherently, to align the date of application of IFRS 9 for entities which opted for the postponed application of IFRS 9. The Group is monitoring the IASB re-deliberation process, continuing the implementation plan of the standard.

The Group expects a radical change in the financial statements disclosure both in terms of insurance liabilities evaluation, presentation of economic performance and notes. Considering the extraordinary magnitude of the new requirements introduced by the standard, very significant impacts also in terms of resources, processes and information systems supporting the evaluation framework are expected.

Due to the very significant impacts on financial information and operating model of the companies, the Group started a *finance transformation* program at global level. The program involves different functions at central and local level and aims to implement IFRS 9 and IFRS 17 consistently at Group level.

IFRS 16 – Leases

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

In particular, the distinction between operating and financial leases is eliminated for what concerns the lessee accounting: all leases require the recognition of a lease asset, which represents the right-of-use of the leased asset for the lease term, and a lease liability, which represents the obligation to pay rent payments. The accounting treatment of leases is unchanged for the lessor.

During 2018 the Group performed an impact assessment on the application of IFRS 16, with particular focus on Group Companies acting as lessees.

The Group does not estimate material impacts on shareholders' equity deriving from the application of the requirements of the new standard compared to the current rules of IAS 17. However, an increase of assets and liabilities is expected, deriving from the new accounting of operating leases for lessees. Moreover, expenses for operating lease payments will be split into two components: depreciation of right of use assets and interest expenses on lease liabilities. The final impact of the application of new IFRS 16 at first time adoption will be linked to the scope of lease contracts as at 1 January 2019 (in particular those with remaining lease term of more than 12 months), and market conditions which will impact the determination of discount rates for the calculation of lease liabilities and consequently right of use assets at initial recognition.

On first time adoption of the standard, the Group will adopt the simplified retrospective approach, choosing on a lease-by-lease basis to measure the right of use asset at an amount equal to the lease liability (eventually adjusted by any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application). The cumulative effect of initial application of the principle, even if estimated by the Group as almost nil, will be accounted for as an adjustment of the opening balance of retained earnings.

In applying IFRS 16, the Group will adopt the simplified accounting treatment for short-term leases and low-value leases which allows lessees not to recognise any amount of assets and liabilities in the financial statements, but only to recognise expenses for lease payments.

In the course of the ordinary business, the Group companies normally enter into leasing agreements as lessees. Mentioned agreements are mainly related to use of real estates used for business, company cars and office furniture and equipment. In some cases Group companies acts also as lessor, mainly related to real estates rental through operating lease.

As at 31 December 2018, the Group undiscounted future minimum lease payments under operating leases for Group lessees amounted to around € 750 mln. The Group expects increase of assets and liabilities due to new leasing accounting rules in range of approximately this amount.

The new standard will be effective starting from financial years starting from 1 January 2019.

Other not significant changes for the Group

Amendment	EU Effective date	Date of publication
Amendments to IFRS 2: Classification and Measurement of Share-based Payments Transactions	1 January 2018	December 2016
Amendments to IAS 40: Transfers of Investment Property	1 January 2018	December 2016
Annual Improvements to IFRS 2014-2016	1 January 2018	December 2016
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	December 2016
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	1 January 2019	October 2018
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	1 Janaury 2019	March 2018

Balance Sheet – Assets

Intangible assets

In accordance with IAS 38, an intangible asset is recognised if, and only if, it is identifiable and controllable and it is probable that the expected future economic benefits attributable to the asset will flow to the company and the cost of the asset can be measured reliably.

This category includes goodwill and other intangible assets, such as goodwill recognised in the separate financial statements of the consolidated companies, software and purchased insurance portfolio.

Goodwill

Goodwill is the sum of future benefits not separately identifiable in a business combination. At the date of acquisition, the goodwill is equal to the excess between the sum of the consideration transferred, including contingent consideration, liabilities assumed towards the previous owners the fair value of non-controlling interests as well as, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree and the fair value (present value) of net amount of the separately identifiable assets and liabilities acquired.

After initial recognition, goodwill is measured at cost less any impairment losses and it is no longer amortised. According to IAS 36, goodwill is not subject to amortization. Realized gains and losses on investments in subsidiaries include the related goodwill. Goodwill is tested at least annually in order to identify any impairment losses.

The purpose of the impairment test on goodwill is to identify the existence of any impairment losses on the carrying amount recognised as intangible asset. In this context, cash-generating units to which the goodwill is allocated are identified and tested for impairment. Cash-generating units (CGU) units usually represent the consolidated units within the same primary segment in each country. Any impairment is equal to the difference, if negative, between the carrying amount and the recoverable amount, which is the higher between the fair value of the cash-generating unit and its value in use, i.e. the present value of the future cash flows expected to be derived from the cash-generating units. The fair value of the CGU is determined on the basis of current market quotation or usually adopted valuation techniques (mainly DDM or alternatively Market Value Balance Sheet or appraisal value). The Dividend Discount Model is a variant of the Cash flow method. In particular the Dividend Discount Model, in the excess capital methodology, states that the economic value of an entity is equal to the discounted dividends flow calculated considering the minimum capital requirements. Such models are based on projections on budgets/forecasts approved by management or conservative or prudential assumptions covering a maximum period of five years. Cash flow projections for a period longer than five years are extrapolated using estimated among others growth rates. The discount rates reflect the free risk rate, adjusted to take into account specific risks. Should any previous impairment losses no longer exist, they cannot be reversed.

For further details see paragraph "Information on consolidation perimeter and Group companies" in the Notes.

Other intangible assets

Intangible assets with finite useful life are measured at acquisition or production cost less any accumulated amortisation and impairment losses. The amortisation is based on the useful life and begins when the asset is available for use. Specifically, the purchased software expenses are capitalised on the basis of the cost for purchase and usage.

The costs related to their development and maintenance are charged to the profit and loss account of the period in which they are incurred.

Other intangible assets with indefinite useful life are not subject to amortization. They are periodically tested for impairment.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

Contractual relations with customers - insurance contracts acquired in a business combination or portfolio transfer

In case of acquisition of life and non-life insurance contract portfolios in a business combination or portfolio transfer, the Group recognises an intangible asset, i.e. the value of the acquired contractual relationships (Value Of Business Acquired). The VOBA is the present value of the pre-tax future profit arising from the contracts in force at the purchase date, taking into account the probability of renewals of the one year contracts in the non-life segment. The related deferred taxes are accounted for as liabilities in the consolidated balance sheet.

The VOBA is amortised over the effective life of the contracts acquired, by using an amortization pattern reflecting the expected future profit recognition. Assumptions used in the development of the VOBA amortization pattern are consistent with the ones applied in its initial measurement. The amortization pattern is reviewed on a yearly basis to assess its reliability and, if applicable, to verify the consistency with the assumptions used in the valuation of the corresponding insurance provisions.

The difference between the fair value of the insurance contracts acquired in a business combination or a portfolio transfer, and the insurance liabilities measured in accordance with the acquirer's accounting policies for the insurance contracts that it issues, is recognised as intangible asset and amortised over the period in which the acquirer recognises the corresponding profits.

The Generali Group applies this accounting treatment to the insurance liabilities assumed in the acquisition of life and non-life insurance portfolios.

The future VOBA recoverable amount is nonetheless tested on yearly basis.

As for as the life and non-life portfolios, the recoverable amount of the value of the in force business acquired is carried out through the liability adequacy test (LAT) of the insurance provisions — mentioned in the paragraph related to life and non-life insurance provisions— taking into account, if any, the deferred acquisition costs recognised in the balance sheet. If any, the impairment losses are recognised in the profit or loss account and cannot be reversed in a subsequent period.

Similar criteria are applied for the initial recognition, the amortization and the impairment test of other contractual relationships arising from customer lists of asset management sector, acquired in a business combination where the acquiree belongs to the financial segment.

Tangible assets

This item comprises land and buildings used for own activities and other tangible assets.

Land and buildings (self-used)

In accordance with IAS 16, this item includes land and buildings used for own activities.

Land and buildings (self-used) are measured applying the cost model set out by IAS 16. The cost of the self-used property comprises purchase price and any directly attributable expenditure.

The depreciation is systematically calculated applying specific economic/technical rates which are determined locally in accordance with the residual value over the useful economic life of each individual component of the property

Land and buildings (self-used) are measured at cost less any accumulated depreciation and impairment losses. Land and agricultural properties are not depreciated but periodically tested for impairment losses. Costs, which determine an increase in value, in the functionality or in the expected useful life of the asset, are directly charged to the assets to which they refer and depreciated in accordance with the residual value over the assets' useful economic life. Cost of the day-to-day servicing are charged to the profit and loss account.

Finance leases of land and buildings are accounted for in conformity with IAS 17 and require that the overall cost of the leasehold property is recognised as a tangible asset and, as a counter-entry, the present value of the minimum lease payments and the redemption cost of the asset are recognised as a financial liability.

Other tangible assets

Property, plant, equipment, furniture and property inventories are classified in this item as property inventory. They are initially measured at cost and subsequently recognised net of any accumulated depreciation and impairment losses. They are systematically depreciated on the basis of economic/technical rates determined in accordance with their residual value over their useful economic life. In particular the inventories are measured at the lower of cost (including cost of purchase, cost of conversion and cost incurred the inventories to their present location and condition) and net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to sell.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Reinsurance provisions

The item comprises amounts ceded to reinsurers from insurance provisions that fall under IFRS 4 scope. They are accounted for in accordance with the accounting principles applied to direct insurance contracts.

Investments

Land and Buildings (Investment Properties)

In accordance with IAS 40, this item includes land and buildings held to earn rentals or for capital appreciation or both. Land and buildings for own activities and property inventories are instead classified as tangible assets. Furthermore, assets for which the sale is expected to be completed within one year are classified as non-current assets or disposal groups classified as held for sale.

To measure the value of land and buildings (investment properties), the Generali Group applies the cost model set out by IAS 40, and adopts the depreciation criteria defined by IAS 16. Please refer to the paragraph on land and buildings (self-used) for information about criteria used by the Group and finance leases of land and buildings.

Investments in subsidiaries, associated companies and joint ventures

This item includes investments in subsidiaries and associated companies valued at equity or at cost. Immaterial investments in subsidiaries and associated companies, as well as investments in associated companies and interests in joint ventures valued using the equity method belong to this category.

A list of such investments is shown in attachment to this Consolidated financial statement.

Financial investments – classification and measurement

Financial Instruments included in scope of IAS 39 are classified as follows:
- Held to maturity
- Loans and receivables
- Available for sale financial assets
- Financial assets at fair value through profit or loss.

The classification depends on the nature and purpose of holding financial instruments and is determined at initial recognition except for allowed reclassifications in rare circumstances and when the purpose of holding the financial assets changes.

The financial investments are initially recognized at fair value plus, in the case of instruments not measured at fair value through profit or loss, the directly attributable transactions costs.

Non-derivative financial assets with fixed and determinable payments, those that the entity has the intention and the ability to hold to maturity, unquoted and not available for sale are subsequently measured at amortised cost.

Held to maturity financial assets

The category comprises the non-derivative financial assets with fixed or determinable payments and fixed maturity that a company has the positive intention and ability to hold to maturity, other than loans and receivables and those initially designated as at fair value through profit or loss or as available for sale. The intent and ability to hold investments to maturity must be demonstrated when initially acquired and at each reporting date.

In the case of an early disposal (significant and not due to particular events) of said investments, any remaining investments must be reclassified as available for sale.

Held to maturity investments are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity.

Loans and receivables

This category comprises non-derivative financial assets with fixed or determinable payments, not quoted in an active market. It does not include financial assets held for trading and those designated as at fair value through profit or loss or as available for sale upon initial recognition.

In detail, the Generali Group includes in this category some unquoted bonds, mortgage loans, policy loans, term deposits with credit institutions, deposits under reinsurance business accepted, repurchase agreements, receivables from banks or customers accounted for by companies of the financial segment, and the mandatory deposit reserve with the central bank. The Group's trade receivables are instead classified as other receivables in the balance sheet.

Loans and receivables are accounted for at settlement date and measured initially at fair value and subsequently at amortised cost using the effective interest rate method and considering any discounts or premiums obtained at the time of the acquisition which are accounted for over the remaining term to maturity. Short-term receivables are not discounted because the effect of discounting cash flows is immaterial. Gains or losses are recognised in the profit and loss account when the financial assets are de-recognised or impaired as well as through the normal amortization process envisaged by the amortised cost principle.

Available for sale financial assets

Available for sale financial assets are accounted for at the settlement date at the fair value at the related transaction dates, plus the transaction costs directly attributable to the acquisition.

The unrealized gains and losses on available for sale financial assets arising out of subsequent changes in value are recognised in other comprehensive income in a specific reserve until they are sold or impaired. At this time the cumulative gains or losses previously recognised in other comprehensive income are accounted for in the profit and loss account.

This category includes quoted and unquoted equities, investment fund units (IFU) not held for trading, nor designated as financial assets at fair value through profit or loss, and bonds, mainly quoted, designated as available for sale.

Interests on debt financial instruments classified as available for sale are measured using the effective interest rate with impact on profit or loss. Dividends related to equities classified in this category are reported in profit or loss when the shareholder's right to receive payment is established, which usually coincides with the shareholders' resolution.

The Group evaluates whether the ability and intention to sell its Available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Financial assets at fair value through profit or loss

This category comprises financial assets held for trading, i.e. acquired mainly to be sold in a short term, and financial assets that upon initial recognition are designated as at fair value through profit or loss.

In particular both bonds and equities, mainly quoted, and all derivative assets, held for both trading and hedging purposes, are included in this category. Financial assets at fair value through profit or loss also take into account investments back to policies where the investment risk is borne by the policyholders and back to pension funds in order to significantly reduce the valuation mismatch between assets and related liabilities.

Structured instruments, whose embedded derivatives cannot be separated from the host contracts, are classified as financial assets at fair value through profit or loss.

The financial assets at fair value through profit or loss are accounted for at settlement date and are measured at fair value. Their unrealized and realized gains and losses at the end of the period are immediately accounted for in the profit and loss account.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, Available for sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Receivables

This item includes receivables arising out of direct insurance and reinsurance operations, and other receivables.

Receivables arising out of direct insurance and reinsurance operations

Receivables on premiums written in course of collection and receivables from intermediates and brokers, co-insurers and reinsurers are included in this item. They are accounted for at their fair value at acquisition date and subsequently at their presumed recoverable amounts.

Other receivables

This item includes all other receivables, which do not have an insurance or tax nature. They are accounted for at fair value at recognition and subsequently at their presumed recoverable amounts.

Other assets

Non-current assets or disposal groups classified as held for sale, deferred acquisition costs, tax receivables, deferred tax assets, and other assets are classified in this item.

Non-current assets or disposal groups classified as held for sale

This item comprises non-current assets or disposal groups classified as held for sale under IFRS 5. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

They are measured at the lower of their carrying amount and fair value less costs to sell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount in profit or loss after tax from discontinued operations in the income statement.

Deferred acquisition costs

Concerning deferred acquisition costs, according to requirements of IFRS 4, the Group continued to apply accounting policies prior to the transition to international accounting principles. In this item acquisition costs paid before the subscription of multi-year contracts to amortize within the duration of the contracts are included.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences between the carrying amounts of assets and liabilities and the corresponding amounts recognized for tax purposes.

In the presence of tax losses carried forward or unused tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the aforementioned tax losses or unused tax credits.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are measured at the tax rates that are expected to be applied in the year when the asset is realized, based on information available at the reporting date.

Deferred tax assets are not recognized in the following cases provided in paragraph 24 of IAS 12:
- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
- for all deductible temporary differences between the carrying amount of assets or liabilities and their tax

base to the extent that it is probable that taxable income will be available, against which the deductible temporary differences can be utilised.

Tax receivables

Receivables related to current income taxes as defined and regulated by IAS 12 are classified in this item. They are accounted for based on the tax laws in force in the countries where the consolidated subsidiaries have their offices.

Current income tax relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other assets

The item mainly includes accrued income and prepayments, specifically accrued interest from bonds.

It also comprises deferred commissions for investment management services related to investment contracts. Deferred fee and commission expenses include acquisition commissions related to investment contracts without DPF fair valued as provided for by IAS 39 as financial liabilities at fair value through profit or loss. Acquisition commissions related to these products are accounted for in accordance with the IAS 18 treatment of the investment management service component. They are recognised along the product life by reference to the stage of completion of the service rendered. Therefore, acquisition commissions are incremental costs recognised as assets, which are amortised throughout the whole policy term on a straight line approach, reasonably assuming that the management service is constantly rendered.

Deferred commissions for investment management services are amortised, after assessing their recoverability in accordance with IAS 36.

Cash and cash equivalents

Cash in hand and equivalent assets, cash and balances with banks payable on demand and with central banks are accounted for in this item at their carrying amounts.

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are included in this item. Investments are qualified as cash equivalents only when they have a short maturity of 3 months or less from the date of the acquisition.

Balance sheet – Liabilities and equity

Shareholder’s equity

Shareholder’s equity attributable to the Group

Share capital

Ordinary shares are recognized as share capital and their value equals the nominal value.

Other equity instruments

The item includes preference shares and equity components of compound financial instruments.

Capital reserve

The item includes the share premium account of the Parent Company.

Revenue reserve and other reserves

The item comprises retained earnings or losses adjusted for the effect of changes arising from the first-time application of IAS/IFRS, reserves for share-based payments, equalisation and catastrophe provisions not recognised as insurance provisions according to IFRS 4, legal reserves envisaged by the Italian Civil Code and special laws before the adoption of IAS, as well as reserves from the consolidation process.

Own shares

As provided for by IAS 32, the item includes equity instruments of the Parent company held by the same company or by its consolidated subsidiaries.

Reserve for currency translation differences

The item comprises the exchange differences to be recognised in equity in accordance with IAS 21, which derive from accounting for transactions in foreign currencies and from the translation of subsidiaries’ financial statements denominated in foreign currencies.

Reserve for unrealised gains and losses on available for sale financial assets

The item includes gains or losses arising from changes in the fair value of available for sale financial assets, as previously described in the corresponding item of financial investments.

The amounts are accounted for net of the related deferred taxes and deferred policyholder liabilities.

Reserve for other unrealised gains and losses through equity

The item includes the cash flow hedging derivatives reserve, the reserve for hedges of net investments in foreign operations. This item includes gains or losses on cash flow hedging instruments and gains or losses on hedging instruments of a net investment in a foreign operation. In addition, this item also includes the profits and losses relating to defined benefit plans and the part of the balance sheet reserves whose the variation is part of the comprehensive income of participations and those relating to non-current assets or disposal groups classified as held for sale.

Result of the period

The item refers to the Group consolidated result of the period. Dividend payments are accounted for after the approval of the shareholders’ general meeting.

Shareholder’s equity attributable to minority interests

The item comprises equity instruments attributable to minority interests.

It also includes the reserve for unrealized gains and losses on available for sale investments and any other gains or losses recognized directly in equity attributable to minority interests.

Provisions

Provisions for risks and charges are provided only when it is deemed necessary to respond to an obligation (legal or implicit) arising from a past event and it is probable that an outflow of resources whose amount can be reliably estimated, as required by IAS 37.

Insurance provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

Life insurance policies

In accordance with IFRS 4, policies of the life segment are classified as insurance contracts or investment contracts based on the significance of the underlying insurance risk.

Classification requires the following steps:
- identification of the characteristics of products (option, discretionary participation feature, etc.) and services rendered;
- determination of the level of insurance risk in the contract; and
- application of the international principle.

Insurance contracts and investment contracts with DPF

Premiums, payments and change in the insurance provision related to products whose insurance risk is considered significant (e.g. term insurance, whole life and endowment with annual premiums, life contingent annuities and contracts containing an option to elect at maturity a life contingent annuity at rates granted at inception, long-term health insurance and unit-linked with sum assured in case of death significantly higher than the value of the fund) or investment contracts with discretionary participation feature –DPF – (e.g. policies linked to segregated funds, contracts with additional benefits that are contractually based on the economic result of the company) are accounted for in accordance with previous local GAAP. Gross premiums are recognised as a revenue, net of cancellations of the period, and ceded premiums are recognised as expenses of the period.

Shadow accounting

In order to mitigate the valuation mismatch between financial investments carried at fair value according to IAS 39 and insurance provisions which are accounted for in accordance with previous local GAAP, shadow accounting is applied to insurance contracts and investments contracts with DPF. This accounting practice attributes to the policyholders part of the difference between IAS/IFRS valuation of the basis on which the profit sharing is determined and valuation which is used to determine the profit sharing actually paid. This accounting treatment is included in the deferred policyholder liabilities in the life insurance provisions.

The policyholders' share is calculated on the average contractual percentage for the policyholder participation, as the local regulation already foresees the protection of guaranteed obligations through the recognition of additional provisions for interest rate risk if future financial returns based on a proper time horizon are not sufficient to cover the financial guaranties included in the contract.

The accounting item arising from the shadow accounting application is included in the carrying amount of insurance liabilities whose adequacy is tested by the liability adequacy test (LAT) according to IFRS 4 (refer to paragraph Details on insurance and investment contracts), to rectify the IAS/IFRS carrying amount of insurance provisions.

The main accounting effect of the shadow accounting is double fold: on the one hand, the recognition of the policyholders' share of unrealized gains and losses on available for sale financial assets in the deferred policyholders' liabilities; on the other, the insurer's share is recognised in equity. If financial instruments are fair valued through profit or loss or financial investments are impaired, the policyholders' share on the difference between the market value and valuation used to determine the return which the profit sharing is based on (e.g. the carrying amount in segregated fund) is recognised in the profit and loss account. The shadow accounting also allows the recognition of an insurance liability related to unrealized gains on available for sale financial assets linked to contracts with discretionary participation feature, up to the amount of the increase in value of these assets due to the change of market rates.

Investment contracts

Investment contracts without DPF and that do not have a significant investment risk, mainly include unit/index-linked policies and pure capitalization contracts. These products are accounted for in accordance with IAS 39 as follows:

- the products are recognised as financial liabilities at fair value or at amortised cost. In detail, linked products classified as investment contracts are fair valued through profit or loss, while pure capitalization policies are generally valued at amortised cost;
- fee and commission income and expenses are recognised in the profit and loss account. Specifically, IAS 39 and IAS 18 require that they are separately identified and classified in the different components of: (i) origination, to be charged in the profit and loss account at the date of the issue of the product; and (ii) investment management service, to be recognised throughout the whole policy term by reference to the stage of completion of the service rendered;
- fee and commission income and incremental costs of pure capitalization contracts without DPF (other than administration costs and other non-incremental costs) are included in the amortised cost measurement;
- the risk component of linked products is unbundled, if possible, and accounted for as insurance contracts

Life insurance provisions

Life insurance provisions are related to insurance contracts and investment contracts with discretionary participation features. These provisions are accounted for based on local GAAP, in compliance with IFRS 4.

Liabilities related to insurance contracts and investment contracts with discretionary participation features are determined analytically for each kind of contract on the basis of appropriate actuarial assumptions. They meet all the existing commitments based on best estimates.

These actuarial assumptions take into consideration the most recent demographic tables of each country where the risk is underwritten, aspects of mortality, morbidity, determination of risk-free rates, expenses and inflation. The tax charge is based on laws in force.

Among life insurance provisions, provisions in addition to mathematical provisions, already envisaged by the local regulations in case of adverse changes in the interest rates or mortality, are classified as provisions for the liability adequacy test.

As previously mentioned, insurance provisions include deferred policyholder liabilities related to contracts with DPF. The recognition of the deferred policyholder liabilities is made in accordance to shadow accounting, as already mentioned in paragraph “Shadow accounting” of section Insurance Provision.

Liability adequacy test (LAT)

In accordance with IFRS 4, in order to verify the adequacy of the reserves a Liability Adequacy Test (LAT) is performed. The aim of the test is to verify if the technical provisions - inclusive of deferred policyholders liabilities - are adequate to cover the current value of future cash flows related to insurance contracts.

The liability adequacy test is performed through the comparison of the IFRS reserves (which include the impact of “shadow accounting”), net of any deferred acquisition costs or intangible assets related to these contracts, with the current value of future cash flows related to insurance contracts.

The abovementioned amount also includes the costs of embedded financial options and guarantees, which are measured with a market-consistent methodology. Technical reserves which are subject to the Liability Adequacy Test also include the interest rate risk provisions as required by local regulations.

The insurance contracts modelling and best estimates assumptions used are consistent with the evaluation process of the insurance provisions in accordance with Solvency II and subject to audit process in compliance with the current regulation.

Each inadequacy is charged to the profit and loss account, initially reducing deferred acquisition costs and value of business acquired, and subsequently accounting for a provision.

Non-life insurance provisions

The local GAAP for each country is applied to non-life insurance provisions, since all the existing policies fall under IFRS 4 scope. In conformity with the international standard, no provisions for future claims are recognised, in line with the derecognition of the equalisation and catastrophe provisions and some additional components of the unearned premiums provisions, carried out on the date of the first-time application.

The provisions for unearned premiums includes the pro-rata temporis provision, which is the amount of gross premiums written allocated to the following financial periods, and the provision for unexpired risks, which provides for claims and expenses in excess of the related unearned premiums.

The provisions for outstanding claims are determined by a prudent assessment of damages, based on objective and prospective considerations of all predictable charges.

Provisions are deemed adequate to cover payments of damages and the cost of settlement of claims related to accident occurred during the year but not yet reported.

The non-life insurance provisions meets the requirements of the liability adequacy test according to IFRS 4.

Amounts ceded to reinsurers from insurance provisions are determined in accordance with the criteria applied for the direct insurance and accepted reinsurance.

Financial liabilities

Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost are included in this item.

Financial liabilities at fair value through profit or loss

The item refers to financial liabilities at fair value through profit or loss, as defined and regulated by IAS 39. In detail, it includes the financial liabilities related to investment contracts where the investment risk is borne by the policyholders as well as derivative liabilities.

Other financial liabilities

The item includes financial liabilities within the scope of IAS 39 that are not classified as at fair value through profit or loss and are instead measured at amortised cost.

This item comprises both subordinated liabilities, which, in the case of bankruptcy, are to be repaid only after the claims of all other creditors have been met, and hybrid instruments.

Bond instruments issued are measured at issue price, net of costs directly attributed to the transaction. The difference between the aforesaid price and the reimbursement price is recognised along the duration of the issuance in the profit and loss account using the effective interest rate method.

Furthermore, it includes liabilities to banks or customers, deposits received from reinsurers, bonds issued, other loans and financial liabilities at amortised cost related to investment contracts that do not fall under IFRS 4 scope.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Payables

Payables arising out insurance operations

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

Other payables

This item mainly includes provisions for the Italian ”trattamento di fine rapporto” (employee severance pay). These provisions are accounted for in accordance with IAS 19 (see paragraph Other liabilities).

Other liabilities

The item comprises liabilities not elsewhere accounted for. In detail, it includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, tax payables and deferred tax liabilities and deferred fee and commission income.

Liabilities directly associated with non-current assets and disposal groups classified as held for sale

The item includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, as defined by IFRS 5.

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of assets and liabilities and their tax base, Deferred tax liabilities are measured at the tax rates that are expected to be applied in the year when temporary differences will be taxable, are based on the tax rates and tax laws enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are not recognized in the following cases provided for in paragraph 15 of IAS 12:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Tax payables

The item includes payables due to tax authorities for current taxes. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Other liabilities

This item includes provisions for defined benefit plans, such as termination benefit liabilities and other long-term employee benefits (the Italian provision for “trattamento di fine rapporto” is excluded and classified as other payables). In compliance with IAS 19, these provisions are measured according to the project unit credit method. This method implies that the defined benefit liability is influenced by many variables, such as mortality, employee turnover, salary trends, expected inflation, expected rate of return on investments, etc. The liability recognised in the balance sheet represents the net present value of the defined benefit obligation less the fair value of plan assets (if any), adjusted for any actuarial gains and losses and any past service costs not amortised. The rate used to discount future cash flows is determined by reference to market yields on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency. The actuarial gains and losses arising from subsequent changes in variables used to make estimates are recognised shall be accounted for in other comprehensive income without any possibility of recycling to profit and loss.

Deferred fee and commission income includes acquisition loadings related to investment contracts without DPF, which are classified as financial liabilities at fair value through profit or loss, according to IAS 39.

Acquisition loadings related to these products are accounted for in accordance with IAS 18 treatment of the investment management service component during the product life. They are recognised by reference to the stage of completion of the service rendered.

Therefore, the acquisition commissions have been reclassified in the balance sheet, as liabilities to be released to the profit and loss account during the life of the product.

Profit and loss account

Income

Earned premiums

The item includes gross earned premiums on insurance contracts and investment contracts with discretionary participation features, net of earned premiums ceded.

Fee and commission income

The item includes fee and commission income for financial services rendered by companies belonging to the financial segment and fee and commission income related to investment contracts.

Net income from financial instruments at fair value through profit or loss

The item comprises realized gains and losses, interests, dividends and unrealized gains and losses on financial assets and liabilities at fair value through profit or loss.

Income from subsidiaries, associated companies and joint ventures

The item comprises income from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset items of the balance sheet.

Income from financial instruments and other investments

The item includes income from financial instruments not at fair value through profit or loss and from land and buildings (investment properties). In detail, it includes mainly interests from financial instruments measured using the effective interest method, other income from investments, including dividends recognised when the right arises, income from properties used by third parties, realized gains from financial assets, financial liabilities and investment properties and reversals of impairment.

Other income

The item includes: revenue arising from sale of goods and rendering of services other than financial services; other insurance income; gains on foreign currency accounted for under IAS 21; realized gains and reversals of impairment on tangible assets and other assets; and any gains recognised on the re-measurement of non-current assets or disposal groups classified as held for sale.

Expenses

Net insurance benefit and claims

The item includes the amounts paid in respect of claims occurring during the period, maturities and surrenders, as well as the amounts of changes in insurance provisions that fall under IFRS 4 scope, net of recoveries and reinsurance. It also comprises changes in the provision for deferred policyholders liabilities with impact on the profit and loss account.

Fee and commission expenses and expenses from financial service activities

The item includes fee and commission expenses for financial services received by companies belonging to the financial segment and fee and commission expenses related to investment contracts.

Expenses from subsidiaries, associated companies and joint ventures

The item includes expenses from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset items of the balance sheet.

Expenses from financial instruments and other instruments

The item comprises expenses from land and buildings (investment properties) and from financial instruments not at fair value through profit or loss. It includes: interest expense; expenses on land and buildings (investment properties), such as general property expenses and maintenance and repair expenses not recognised in the carrying amount of investment properties; realized losses from financial assets, financial liabilities and land and buildings (investment properties); depreciations and impairment of such investments.

Acquisition and administration costs

The item comprises acquisition commissions, other acquisition costs and administration costs related to contracts that fall under IFRS 4 scope. Other acquisition costs and administration costs related to investment contracts without discretionary participation features are also included, as well as overheads and personnel expenses for investment management, and administration expenses of non-insurance companies.

Other expenses

The item includes: other insurance expenses; allocation to provisions; losses on foreign currency accounted for under IAS 21; realized losses, impairment and depreciation of tangible assets not elsewhere allocated; and amortization of intangible assets. It also comprises any loss on the re-measurement of non-current assets or disposal groups classified as held for sale, other than discontinued operations.

Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes

The item includes income taxes for the period and for previous years, deferred taxes and tax losses carried back.

Comprehensive income

The statement of comprehensive income was introduced by the revised IAS 1 issued in September 2007 by the IASB, approved by the EC Regulation No 1274/2008. The statement comprises items of income and expenses different from those included in profit or loss, recognised directly in equity other than those changes resulting from transactions with shareholders.

In accordance with the ISVAP (now IVASS) Regulation n.7/2007 as subsequently amended, items of income and expenses are net of taxes as well as net of gains and losses on available for sale assets attributable to the policyholders according to the deferred policyholders liabilities calculation.

The transactions with owners and the result of comprehensive income are presented in the statement of changes in equity.

Statement of changes in equity

The statement was prepared in accordance with the requirements of the ISVAP (now IVASS). 7 of 13 July 2007 as subsequently amended, and explains all the variations of equity.

Change of the closing balance

This section comprises changes of the closing balance of the previous financial year determined by the correction of errors or changes in accounting policies (IAS 8) and the recognition of gains or losses arising from the first time application of accounting standards (IFRS 1).

Allocation

This section comprises the allocation of the profit or loss of the year, the allocation of the previous year profit or loss into the capital reserves, increases in capital and other reserves (for the issuance of new shares, equity instruments, stock options or derivatives on own shares, for the sale of shares pursuant to IAS 32.33, for the reclassification to equity instruments previously recognized in liabilities and, in the consolidated financial statements, for changes in scope of consolidation), changes within equity reserves (es. allocation of surplus capital, stock option exercise, transfer of revaluation reserves related to tangible and intangible assets to retained earnings in accordance with IAS 38.87 and IAS 16.41 etc.), the changes in gains and losses recognized directly in equity.

Reclassification adjustments to profit or loss

This section comprises gains or losses previously recognized in equity, that are reclassified to the profit or loss according to IFRSs (e.g. following the transfer of a financial asset available for sale).

Transfer

This section comprises the distribution of ordinary or extraordinary dividends, decreases in capital and other reserves (for redemption of shares, equity instruments and distributable reserves, the purchase of own shares, for the reclassification of liabilities previously recognized in equity instruments and, in the consolidated financial statements, for changes in scope of consolidation) and the attribution of profit or loss recognized directly in equity and in other balance sheet items (i.e. gains or losses on cash flow hedging instruments allocated to the carrying amount of hedged instruments).

Changes in ownership interests

This section comprises the effects capita transaction of the subsidiaries, that do not result in the loss of control.

Existence

This section comprises the equity components and gains or losses directly recognized in equity at the end of the reporting period.

The statement illustrates all changes net of taxes and gains and losses arising from the valuation of financial assets available for sale, attributable to policyholders and accounted for in the insurance liabilities.

Cash Flows statement

The report, prepared using the indirect method, is drawn up in accordance with the ISVAP (now IVASS) requirements n. 7 of 13 July 2007, as amended by Measure ISVAP (now IVASS) No. 2784 of 8 March 2010, and distinguishing its component items among operating, investing and financing activities.

Other information

Fair value

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in fair value hierarchy levels.

With reference to the investments, Generali Group measures financial assets and liabilities at fair value in the financial statements, or discloses the contrary in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:
(a) in the principal market for the asset or liability; or
(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value is equal to market price if market information are available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

If there isn't an active market, a valuation technique should be used which shall maximise the observable inputs. If the fair value cannot be measured reliably, amortised cost is used as the best estimate in determining the fair value.

As for measurement and disclosure, the fair value depends on the unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.

However when determining fair value, the valuation should reflect its use if in combination with other assets.

With reference to non-financial assets, fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

For the liabilities, the fair value is represented by the price that would be paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price).

When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.

Fair value hierarchy

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value with the use of adequate valuation techniques, which shall maximize the market observable inputs and limit the use of unobservable inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3: inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3. In this case, generally the main inputs used in the valuation techniques are volatility, interest rate, yield curves, credit spreads, dividend estimates and foreign exchange rates.

Valuation techniques

Valuation techniques are used when a quoted price is not available or shall be appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Single or multiple valuation techniques valuation technique will be appropriate. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

Three widely used valuation techniques are:
- market approach: uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities;
- cost approach: reflects the amount that would be required currently to replace the service capacity of an asset; and
- income approach: converts future amounts to a single current (i.e. discounted) amount.

Application to assets and liabilities

- Debt securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk, using interest rates and yield curves commonly observable at frequent intervals. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

- Equity securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method estimating the present value of future dividends. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

- Investments fund units

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of IFU is mainly determined using net asset values (NAV) provided by the fund's managers provided by the subjects responsible for the NAV calculation. This value is based on the valuation of the underlying assets carried out through the use of the most appropriate approach and inputs, eventually adjusted for illiquidity and consequently hierarchized in accordance with the quality of used inputs. Moreover, depending on how the share value is collected, directly from public providers or through counterparts, the appropriate hierarchy level is assigned. If this NAV equals the price at which the quote can be effectively traded on the market in any moment, the Group considers this value comparable to the market price.

- Private equity funds and Hedge funds

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of private equity funds and hedge funds is generally expressed as the net asset value at the balance sheet date, determined using periodical net asset value and audited financial statements provided by fund administrators. If at the balance sheet date, such information is not available, the latest official net asset value is used. The fair value of these investments is also closely monitored by a team of professionals within the Group.

- Derivatives

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of derivatives is determined using internal valuation models or provided by third parties. In particular, the fair value is determined primarily on the basis of income approach using deterministic or stochastic models of discounted cash flows commonly shared and used by the market.

The main input used in the valuation include volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates observed at frequent intervals.

With reference to the fair value adjustment for credit and debt risk of derivatives (credit and debt valuation adjustment CVA / DVA), the Group considered this adjustment as not material for the valuation of its positive and negative derivatives, as almost entirely of them is collateralized. Their evaluation does not take into account for these adjustments.

- Financial assets where the investment risk is borne by the policyholders and related to pension funds

Generally, if available and if the market is defined as active, fair value is equal to the market price. On the contrary, valuation methodologies listed above for the different asset classes shall be used.

- Financial liabilities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques.

In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of funding of the Group for similar types of loans, with maturities consistent with the maturity of the debt instruments subject to valuation.

The fair value of other liabilities relating to investment contracts is determined using discounted cash flow models that incorporate several factors, including the credit risk embedded derivatives, volatility, servicing costs and redemptions. In general, however, are subject to the same valuation techniques used for financial assets linked policies.

Accounting for derivatives

Derivatives are financial instruments or other contracts with the following characteristics:

- their value changes in response to the change in interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other pre-defined underlying variables;
- they require no initial net investment or, if necessary, an initial net investment that is smaller than one which would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- they are settled at a future date. Derivatives are classified as at fair value through profit or loss.

According to this accounting model the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income while the ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss.

The amount accumulated in the other components of comprehensive income is reversed to profit and loss account in line with the economic changes of the hedged item.

When the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instruments, that remains recognized directly in the other components of other comprehensive income from the period when the hedge was effective, remains separately recognized in comprehensive income until the forecast transaction occurs. However, if the forecasted transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in the other components of comprehensive income from the period when the hedge was effective is immediately recognized in profit or loss.

With reference to emissions of some subordinated liabilities, the Group has entered into hedging transactions of the interest rates volatility and exchange rate fluctuations GBP/EURO, which for accounting purposes is designated as hedging the volatility of cash flows (cash flow hedge) and accounted adopting the hedge accounting technique.

Further the Group set cash flow hedges on forecast refinancing operations of subordinated liabilities that are accounted for as hedge of a forecast operations, that are highly probable and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income. The ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss. If a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges: the effective portion of gain or loss on the hedging instrument is recognized among the components of profit or loss, while the part is not effective be recognized in the separate income statement.

Impairment losses on financial assets

As for financial assets, except investments at fair value through profit or loss, IAS 39 is applied whether there is any objective evidence that they are impaired.

Evidence of impairment includes, for example, significant financial difficulties of the issuer, its default or delinquency in interest or principal payments, the probability that the borrower will enter bankruptcy or other financial reorganisation and the disappearance of an active market for that financial asset.

The recognition of impairment follows a complex analysis in order to conclude whether there are conditions to effectively recognize the loss. The level of detail and the detail with which testing is being undertaken varies depending on the relevance of the latent losses of each investment.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its average cost is considered as an objective evidence of impairment.

The threshold of significance is defined at 30%, while the prolonged decline in fair value is defined as a continuous decline in market value below average cost for 12 months.

The prolonged decline in value of bonds and loans are evaluated as a result of specific analysis that involve the single issuances.

If an investment has been impaired in previous periods, further fair value declines are automatically considered prolonged.

If there is objective evidence of impairment the loss is measured as follows:

- on financial assets at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate;
- on available for sale financial assets, as the difference between the cost and the fair value at the measurement date.

Reversals of impairment are recognized respectively: in the profit or loss in the case of debt instruments, in the equity reserve in the case of equity securities including shares of mutual funds (IFU).

Use of estimates

The preparation of financial statements compliant to IFRS requires the Group to make estimates and assumptions that affect items reported in the consolidations financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The use of estimates mainly refers to as follows:

- insurance provisions for the life and non-life segment;
- financial instruments measured at fair value classified in level 3 of the fair value hierarchy;
- the analysis in order to identify durable impairments on intangible assets (e.g. goodwill) booked in in the balance sheet (impairment test);
- deferred acquisition costs and value of business acquired;
- other provisions
- deferred and anticipated taxes;
- defined benefit plan obligation;
- share-base payments.
- Estimates are periodically reviewed and are based on key management's best knowledge of current facts and circumstances.

However, due to the complexity and uncertainty affecting the above mentioned items, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

Further information on the process used to determine assumptions affecting the above mentioned items and the main risk factors are included in the paragraphs on accounting principles and in the risk report.

Share based payments

The stock option plans granted by the Board in past periods configure as share based payments to compensate officers and employees. The fair value of the share options granted is estimated at the grant date and is based on the option pricing model that takes into account, at the grant date, factors such as the exercise price and the life of the options, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on a binomial simulation that takes into account the possibility of early exercise of the options. If present, the pricing model estimates separately the option value and the probability that the market conditions are satisfied. Therefore, the abovementioned values determine the fair value of equity instruments granted.

Long term incentive plans, aimed at strengthening the bond between the remuneration of management and expected performance in accordance with the Group strategic plan, as well as the link between remuneration and generation of value in comparison with peers, are also treated as an equity-settled share-based payment.

The fair value of the right to obtain free shares in relation to market condition is assessed at grant date and is based on a model that takes into account factors such as historical volatility of the Generali share price and of the peer group, the correlation between these shares, the dividends expected on the shares, the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on simulation models generally used for this type of estimation. Other conditions different than market condition are considered external to this valuation. The probability that these conditions are satisfied, combined with the estimated fair value of the right to obtain free shares, defines the overall plan cost.

The cost is charged to the profit and loss account and, as a double-entry, to equity during the vesting period, taking into account, where possible, the probability of satisfaction of the vesting condition related to the rights granted.

The charge or credit to the profit or loss for a period represents the change in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or a non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense to be recognised is the expense had the terms had not been modified, only if the original terms of the award are met.

An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Information of financial and insurance risk

In accordance with IFRS 7 and IFRS 4, the information which enables the users of financial statements to evaluate the Group exposure to financial and insurance risks and how these risks are managed is disclosed in the section "Risk report" in the management report. It provides a description of the principal risks to which the Group is exposed and risk governance.

Further information regarding risk exposures are included in the Notes.

Segment reporting

Generali activities could be split in different lines of business according to the products and services offered. In particular, in accordance to IFRS 8, four main sectors of activity have been defined:

- Non life segment, which includes insurance activities performed in the non life business;
- Life segment, which includes insurance activities performed in the life business;
- Asset management;
- Holding and other business segment.

Life segment

Activities of Life segment include saving and protection business, both individual and for family, as well as unit linked products with investment purposes and complex plans for multinationals.

Non life segment

Activities of Non life segment include both motor and non-motor businesses, among which motor third party liabilities, casualty, accident and health. It includes also more sophisticated covers for commercial and industrial risks and complex plans for multinationals.

Investment vehicles and entities supporting the activities of life companies are also reported in this segment.

Asset management

This segment operates as a supplier of products and services both for the insurance companies of the Generali Group and for third-party customers.

The products include equity and fixed-income funds, as well as more alternative products. The objective pursued by Asset Management is to identify investment opportunities and sources of income for all of its customers, simultaneously managing risks.

The segment includes many companies that may specialise in institutional or retail clients, rather than on Group insurance companies or on third-party customers, or on products such as real assets, high conviction strategies or more traditional solutions.

Holding and other business segment

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

Methods of disclosure presentation

According to IFRS 8, the disclosure regarding operating segments of the Group is consistent with the evidence reviewed periodically at the highest managerial level for the purpose of making operational decisions about resources to be allocated to the segments and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the tables below, prepared as defined by the ISVAP Regulation No. 7 of 13 July 2007 and subsequent amendments.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of transactions between companies belonging to the same segment and eliminating the carrying amount of the investments in subsidiaries of the same segment. The reporting and control process implemented by Generali Group implies that assets, liabilities, income and expenses of companies operating in different business segments are allocated to each segment through specific segment reporting. Intra-group balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile segment information with consolidated information.

In this context, Generali Group adopts a business approach on segment reporting, characterized by the fact that some transactions between companies belonging to different segments are eliminated within each segment.

The main impacts are explained below:
- the elimination in the non-life segment and holding and other businesses segment of participations and loans to companies of other segments, belonging to the same country, as well as related income (dividends and interests)
- the elimination in the non-life segment and holding and other businesses segment of realized gains and losses arising from intra-segment operations
- the elimination in the life segment of participations and loans to companies of other segments, belonging to the same country, as well the related income (dividends and interests) if not backing technical reserves
- the elimination in the life segment of realized gains and losses arising from intra-segment operations if not backing technical reserves.

Furthermore, loans and related interest expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

This approach allows to reduce consolidation adjustments, which in this view principally consist of investments and dividends received by life and non-life companies from companies belonging to other segments, intragroup financing and related interest income and fee and commissions income and expenses on financial services rendered or received by Group companies, still allowing for an adequate performance presentation for each segment.

As mentioned in previous sections of this document, the details by geographical area highlighted in this document reflect the Group's managerial structure in place at the beginning of 2018 and effective for a large part of the year, made up of the business units of the three main markets - Italy, France and Germany - and four regional structures:
- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, Asia, Europ Assistance and Other companies (including, Generali Global Health and Generali Employee Benefits);
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holding and other companies, which includes the Parent Company's management and coordination activities, including Group reinsurance, other financial holding companies and suppliers of international services not included in the previous geographical areas.

In order to provide a management view of the key performance indicators, the geographical reporting is disclosed as country's or regional structure's consolidated view, instead of contribution to the Group's results. The elimination of transactions between Generali Group companies in different geographic regions is included within the cluster "Holding and other businesses".
For more information on performance indicators used refer to Management report.

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

Annex 1

Segment reporting - Balance sheet

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
1 INTANGIBLE ASSETS	3,501	3,530	4,768	4,788
2 TANGIBLE ASSETS	1,898	1,791	583	841
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,765	3,215	1,244	1,079
4 INVESTMENTS	36,041	36,959	366,505	425,810
4.1 Land and buildings (investment properties)	3,964	3,749	7,301	8,245
4.2 Investments in subsidiaries, associated companies and joint ventures	2,008	1,778	5,447	4,120
4.3 Held to maturity investments	29	31	1,307	1,256
4.4 Loans and receivables	3,743	3,258	26,561	35,792
4.5 Available for sale financial assets	25,340	27,073	247,702	284,078
4.6 Financial assets at fair value through profit or loss	956	1,070	78,187	92,319
5 RECEIVABLES	5,317	5,856	5,349	5,429
6 OTHER ASSETS	4,352	4,004	65,373	25,531
6.1 Deferred acquisition costs	276	276	1,867	1,843
6.2 Other assets	4,075	3,728	63,506	23,688
7 CASH AND CASH EQUIVALENTS	2,180	2,352	2,671	3,656
TOTAL ASSETS	**56,053**	**57,707**	**446,493**	**467,134**
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	916	994	576	640
3 INSURANCE PROVISIONS	31,720	32,902	346,108	397,588
4 FINANCIAL LIABILITIES	9,810	9,524	17,718	20,898
4.1 Financial liabilities at fair value through profit or loss	319	316	3,846	8,626
4.2 Other financial liabilities	9,491	9,208	13,872	12,272
5 PAYABLES	3,715	4,056	4,592	5,482
6 OTHER LIABILITIES	4,150	5,033	58,647	19,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
18	9	457	459	1	-1	8,745	8,784
5	7	1,281	1,437	0	0	3,768	4,075
0	0	0	0	0	0	4,009	4,294
489	345	23,671	20,629	-14,477	-12,510	412,228	471,233
0	0	2,385	999	0	0	13,650	12,993
55	0	595	401	-6,785	-5,128	1,320	1,171
0	0	835	980	0	0	2,171	2,267
260	103	8,942	8,493	-7,691	-7,383	31,815	40,262
171	239	10,560	9,252	0	0	283,773	320,641
3	3	353	505	0	0	79,500	93,897
139	84	326	361	-4	-45	11,127	11,686
81	50	587	675	-1,140	-90	69,253	30,170
0	0	0	0	0	0	2,143	2,119
81	50	587	675	-1,140	-90	67,110	28,051
297	213	1,979	1,081	-430	-454	6,697	6,849
1,030	**708**	**28,300**	**24,641**	**-16,049**	**-13,099**	**515,827**	**537,091**
						24,643	26,177
34	28	402	401	-113	-113	1,816	1,950
0	0	0	0	0	0	377,828	430,489
0	0	15,702	15,482	-4,689	-3,578	38,540	42,326
0	0	1	0	-8	-8	4,159	8,935
0	0	15,700	15,482	-4,682	-3,571	34,382	33,391
139	115	840	857	-0	-16	9,287	10,494
108	67	850	618	-43	-31	63,713	25,653
						515,827	**537,091**

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
1.1 Net earned premiums	19,597	19,510	43,807	41,627
1.1.1 Gross earned premiums	20,607	20,546	44,585	42,330
1.1.2 Earned premiums ceded	-1,009	-1,036	-778	-703
1.2 Fee and commission income and income from financial service activities	3	1	63	89
1.3 Net income from financial instruments at fair value through profit or loss	111	114	-6,124	4,698
1.4 Income from subsidiaries, associated companies and joint ventures	143	89	288	203
1.5 Income from other financial instruments and land and buildings (investment properties)	1,366	1,472	10,818	11,328
1.6 Other income	1,706	1,503	1,632	1,572
1 TOTAL INCOME	**22,926**	**22,690**	**50,485**	**59,516**
2.1 Net insurance benefits and claims	-12,768	-12,716	-39,264	-48,138
2.1.1 Claims paid and change in insurance provisions	-13,403	-13,784	-39,837	-48,688
2.1.2 Reinsurers' share	635	1,068	573	551
2.2 Fee and commission expenses and expenses from financial service activities	0	-0	-26	-32
2.3 Expenses from subsidiaries, associated companies and joint ventures	-10	-9	-3	-1
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-539	-452	-2,098	-1,390
2.5 Acquisition and administration costs	-5,568	-5,512	-4,807	-4,705
2.6 Other expenses	-2,387	-2,204	-1,710	-2,661
2 TOTAL EXPENSES	**-21,272**	**-20,893**	**-47,909**	**-56,927**
EARNINGS BEFORE TAXES	**1,654**	**1,797**	**2,576**	**2,589**

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
0	-0	1	0	0	0	63,405	61,137
0	-0	0	0	0	0	65,192	62,876
0	0	1	0	0	0	-1,786	-1,739
635	571	862	850	-536	-510	1,028	1,002
-0	0	5	14	0	0	-6,008	4,826
55	48	24	15	-345	-221	166	134
9	5	628	440	-110	-90	12,712	13,155
89	84	390	305	-420	-299	3,397	3,164
788	**708**	**1,910**	**1,624**	**-1,410**	**-1,120**	**74,699**	**83,418**
0	0	0	0	0	0	-52,032	-60,853
0	0	0	0	0	0	-53,239	-62,472
0	0	0	0	0	0	1,207	1,619
-166	-167	-421	-413	37	46	-576	-565
0	0	-3	-7	0	0	-16	-17
-3	-2	-868	-857	42	33	-3,467	-2,667
-212	-195	-371	-341	277	280	-10,682	-10,473
-74	-98	-890	-819	584	450	-4,477	-5,332
-455	**-462**	**-2,553**	**-2,436**	**940**	**810**	**-71,250**	**-79,908**
333	**247**	**-642**	**-812**	**-470**	**-310**	**3,450**	**3,511**

Information on consolidation area and group companies

1. Consolidation area

Based on the IFRS 10, the Consolidated financial statements include the figures for both the Parent company and the subsidiaries directly or indirectly controlled.

As at 31 December 2018, the consolidation area went from 423 to 455 companies, of which 419 are subsidiaries consolidated line by line and 36 associated companies valued at equity.

Changes in the consolidation area compared to the previous year and the table listing companies included in the consolidation area are attached to these Notes, in the Appendix related to the change in the consolidation area, compared to 2017.

2. Disclosures on interests in other entities

2.1 Interests in Subsidiaries

Non-controlling-interests

A summary of the financial information relating to each subsidiary that have non-controlling interests material for the Group is provided here below. The amounts disclosed are before inter-company eliminations (except for the item "Cumulated non controlling interests of the subsidiary" and "profit or loss attributable to non-controlling interests" that are disclosed from a consolidated perspective).

Non-controlling interests

Principal place of business	Banca Generali Group Italy		Generali China Life Insurance Co. Ltd China	
(€ million)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
BALANCE SHEET				
Investments	7,763	7,655	7,252	6,686
Other assets	712	678	336	333
Cash and cash equivalents	1,315	804	83	94
TOTAL ASSETS	9,790	9,137	7,671	7,113
Technical provisions	-	-	5,710	5,300
Financial liabilities	8,609	7,851	960	868
Other liabilities	487	541	365	376
Net Assets	694	745	636	570
TOTAL NET ASSETS AND LIABILITIES	**9,790**	**9,137**	**7,671**	**7,113**
NET ASSETS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**335**	**357**	**318**	**285**
INCOME STATEMENT				
Net earned premiums	-	-	1,657	1,110
Fee and commission income	840	869	3	3
NET RESULT	334	406	71	51
OTHER COMPREHENSIVE INCOME	-78	13	26	-170
TOTAL COMPREHENSIVE INCOME	256	419	97	-119
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**92**	**102**	**33**	**23**
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	**73**	**62**	**15**	**15**
CASH FLOW				
cash flow from operating activities	448	371	68	133
cash flow from investing activities	136	-259	-160	95
cash flow from financing activities	-158	-132	81	-176

Transactions with non controlling interests

No relevant transactions with minority shareholders occurred during 2018.

Significant restrictions

In relation to the Group’s interests in subsidiaries, no significant restrictions exist on the Group’s ability to access or use its assets and settle its liabilities. For further details regarding restrictions on Group assets, please refer to paragraph *Contingent liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information section*.

2.2 Interest in Associates

The Group has material interests into two associates that are accounted for according to the equity method.

Material Group associates

Company	Deutsche Vermogensberatung Aktiengesellshaft DVAG	Guotai Asset Manegement Company
Nature of the relationship with the Group	DVAG is the leading sales network for financial services in Germany and has an exclusive distribution partnership with a company held by Generali Deutschland Group	Guotai is one of the first professional fund management companies in China. The company manages mutual funds and several Social Security Fund (SSF) portfolios adding up to approximately 60 billion of renmimbi (approximately € 8 billion) value of assets under management
Principal Place of business	Germany	China
Profit rights/voting rights held (if different)	30% / 40%	30%

The summarised financial information relating to the most material associates in which the Group has an interest including the reconciliation with the related carrying amounts (including goodwill, where present) are provided here below.

Summarised financial information - material associates

(€ million)	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
	31/12/2017(*)	31/12/2016(*)	31/12/2018	31/12/2017
INCOME STATEMENT				
Revenues	1,371	1,350	185	169
Profit from continuing operations	196	189	51	58
Profit from discontinued operations after taxes	-	-		-
OTHER COMPREHENSIVE INCOME	-	-	9	3
TOTAL COMPREHENSIVE INCOME	**196**	**189**	**42**	**62**
BALANCE SHEET				
Current assets	408	385	302	260
Non-current assets	748	776	26	19
Current liabilities	308	333	50	47
Non-current liabilities	211	203	56	38
NET ASSETS	**636**	**626**	**221**	**194**

(*) The financial information are referred to the last approved financial statements by the Shareholders meeting of the associated company Deutchsche Vermogensberatung Aktiengesellshaft DVAG

Carrying amount reconciliation - material associates

(€ million)	Deutsche Vermogensberatung Aktiengesellshaft DVAG		Guotai Asset Manegement Company	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Carrying amount of interest in immaterial associates	**234**	**234**	**155**	**145**
Total comprehensive income attributable to the Group	53	51	12	16
Dividends received during the year	-141	-52	-4	-6
Carrying amount in investee at the end of the year	**146**	**234**	**163**	**155**

As part of the commercial relationships in the German area with the distribution partner DVAG, we inform that the current controlling shareholder hold a put option exercisable in respect of Generali Group.

At the reporting date no liability has been accounted for because the put option refers to an associate and therefore it does not fall into the category of the options on non-controlling interests referred to in par. 23 of IAS 32.

The potential outflow of resources will be defined by the parties when and if the option is exercised on the basis of the fair value measurement criteria of the option itself.

Furthermore, the Group holds interests in associates which are not individually material that, as mentioned above, are accounted for according to the equity method. The associates in which the Group has interest mainly operate in the insurance and financial services industries.

For these associates aggregated summarised financial information are provided here below:

Summarized financial information - immaterial associates

(€ million)	31/12/2018	31/12/2017
Carrying amount of interests in immaterial associates	**432**	**420**
Aggregated Group's share of:		
Profit from continuing operations	10	5
Profit from discontinued operations after taxes	-	-
Other comprehensive income	2	8
Total comprehensive income	**13**	**12**

In relation to the Group's interests in associates, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities. With respect to contingent liabilities, please refer to paragraph *Contingent liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information* section.

2.3 Joint ventures

Here below please find the information on Group joint ventures:

Aggregated information on immaterial joint ventures

(€ million)	31/12/2018	31/12/2017
Carrying amount of interests in immaterial joint ventures	**218**	**224**
Aggregated Group's share of:		
Aggregated Group's share of:	51	19
Profit from continuing operations	-	-
Profit from discontinued operations after taxes	-1	-12
Total comprehensive income	**50**	**7**

Significant restrictions

In relation to the Group's interests in joint ventures, no significant contractual, legal or regulatory restrictions exist on the Group's ability to access or use its assets and settle its liabilities, nor significant commitments exist. For further details regarding restrictions on Group assets, please refer to paragraph *Contingent liabilities, commitments, guarantees, pledged assets and collaterals* in *Additional information* section

2.4 Unconsolidated Structured Entites

As of 31 December 2018, Generali Group holds no interests in unconsolidated structured entities that expose the Group to the variability of returns arising from their performance.

However, please find below the following cases:

- In 2016 Generali Group stipulated a contract with Horse Capital I, an Irish designated activity company, to protect the aggregate motor third party liability (MTPL) loss ratio of 12 of its subsidiaries that write business in the 7 European countries in which Generali has a relevant market share in motor business (Italy, Germany, France, Austria, Czeck Republic, Spain and Switzerland)
- Generali Group is considered a sponsor because it originated the insurance risk of the structured entity. The Group transfers,by this protection, part of the risk linked to unexpected fluctuations of the MTPL loss ratio. Generali pays a different premium every year depending on the subscribed tranche - being 4% on Class A, 6,25% on Class B and 12% on Class C – on the amount of cover provided corresponding to each tranche amounting to € 85 million. The related cost is presented within "The Earned premiums cede" line in the statement of Profit or loss.
- In 2017 Assicurazioni Generali stipulated a reinsurance contract in the current year with Lion II Re DAC, an Irish special purpose company, which for a period of four years will cover the possible catastrophic losses suffered by the Generali Group following storms and floods in Europe and earthquakes in Italy. The Lion II Re transaction transfers part of the risk to bond investors, thus optimizing the Group's protection against disasters. The positive outcome of the placement of ILS debt securities on the capital market has made it possible to guarantee the protection provided by Lion II Re DAC to Generali with an annual premium of 3% for a total of € 200 million of reinsurance coverage. This amount will be returned by Lion II Re DAC to investors if during the 4 years of operation of the transaction no events occurred on the Generali Group, deriving respectively from storms or floods in Europe or earthquake in Italy, in excess of pre-established damage thresholds each type of risk.

The aforementioned vehicles are not consolidated as the Generali Group has no control over the entities and is not exposed to the resulting variable returns.

3 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures

(€ million)	31/12/2018	31/12/2017
Investments in non-consolidated subsidiaries	192	127
Investments in associated companies valued at equity	741	810
Investments in joint ventures	218	224
Investments in other associated companies	170	9
Total	**1,320**	**1,171**

4 Goodwill

Goodwill

(€ million)	31/12/2018	31/12/2017
Gross book value as at 31 December previous year	**6,679**	**6,664**
Accumulated depreciation and impairment as at 31 December previous year	**0**	**0**
Carrying amount as at 31 December previous year	**6,679**	**6,664**
Changes in consolidation scope	8	0
Other variations	-7	15
Gross book value as at the end of the period	**6,680**	**6,679**
Accumulated depreciation and impairment as at the end of the period	**-0**	**-0**
Carrying amount as at the end of the period	**6,680**	**6,679**

As at 31 December 2018 Group's goodwill amounted to € 6,680 million.

The table below details the goodwill by relevant companies:

Goodwill: details

(€ million)	31/12/2018	31/12/2017
Generali Deutschland Holding	2,179	2,179
Alleanza Assicurazioni	1,461	1,461
Generali Italia	1,332	1,332
Generali CEE Holding Group	629	625
Generali France Group	415	415
Generali Schweiz Holding AG	309	296
Generali Holding Vienna AG	153	153
Other	201	218
Total goodwill	**6,680**	**6,679**

The goodwill booked was subject to impairment tests as stated by IAS 36.

Cash generating units were established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments, which Assicurazioni Generali identified as Life and Non-Life.

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

Goodwill by cash generating unit

(€ million)	Life	Non Life	Total
Generali Deutschland Holding	562	1,617	2,179
Alleanza Assicurazioni	1,461	0	1,461
Generali Italia	640	692	1,332
Generali CEE Holding Group	405	224	629
Generali France Group	319	96	415
Generali Schweiz Holding AG	87	221	309
Generali Holding Vienna AG	76	77	153
Europ Assistance Group	0	97	97
Other			103
Goodwill	**3,551**	**3,026**	**6,680**

The cash generating units have been defined consistently with IAS 36; with regard to the measurement of the recovery value, of the cash generating unit (CGU) of Generali Italia, Alleanza Assicurazioni, Generali Deutschland Holding, Generali CEE Holding Group, Generali Schweiz Holding AG, Europ Assistance, Generali Holding Vienna and Generali France the Dividend Discount Model (DDM) has been used, as described in the basis of presentation and accounting principles, for the determination of the recovery value.

This method represents a variant of the method of cash flows. In particular, the Excess Capital variant, defines the entity's economic value as the discounted dividend maintaining an appropriate capital structure taking into consideration the capital constraints imposed by the Supervisor as the solvency margin. This method results in the sum of discounted value of future dividends and the cash generating unit terminal value.

The application of this criterion entailed in general the following phases:

- explicit forecast of the future cash flows to be distributed to the shareholders in the planned time frame, taking into account the limit due to the necessity of maintaining an adequate capital level;
- calculation of the cash generating unit's terminal value, that was the foreseen value of the cash generating unit at the end of the latest year planned.

The expected cash flows used in the analysis for each CGU, were those detailed in the Strategic Plan 2019-2021, presented to the Board of Directors in December 2018 and any significant subsequent events. In order to extend the analysis horizon to a 5 years period, the main economic and financial data were estimated for a further two years (2022 and 2023). The net result (2022 and 2023) was calculated using a sustainable growth rate for each CGU.

The table below shows the evaluation parameters used for the main CGU:

A) Nominal growth rate (g):

Goodwill: Nominal growth rate (g)

	g scelto
Generali Deutschland Holding	2.00%
Alleanza Assicurazioni	2.00%
Generali Italia	2.00%
Generali CEE Holding Group	2.50%
Generali France Group	2.00%
Generali Schweiz Holding AG	1.00%
Generali Holding Vienna AG	2.00%
Europ Assistance Group	2.00%

B) Cost of equity (Ke) of the company net of taxes:

Goodwill: cost of equity (Ke) net of taxes

	ke
Generali Deutschland Holding	
Life Companies	7.70%
Non Life Companies	6.70%
Alleanza Assicurazioni	
Life Companies	10.10%
Generali Italia	
Life Companies	10.10%
Non Life Companies	9.10%
Generali CEE Holding Group	
Life Companies	9.30%
Non Life Companies	8.40%
Generali France Group	
Life Companies	7.60%
Non Life Companies	6.50%
Generali Schweiz Holding AG	
Life Companies	6.80%
Non Life Companies	5.80%
Generali Holding Vienna AG	
Life Companies	7.40%
Non Life Companies	6.40%
Europ Assistance Group AG	
Non Life Companies	8.30%

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

In detail:
- the risk free rate was defined as the average value - observed during the last three months of 2018 of the 10-years government bond of the reference country of operation of the CGU, on which the goodwill has been allocated;
- the Beta coefficient was determined based on a homogeneous basket of securities of the non-life and life insurance sectors, which was compared to market indexes. The observation period was 5 years with weekly frequency;
- the market risk premium amounts to 5.5% for all Group's CGUs.

All CGUs passed the impairment test, being their recoverable amounts higher than their carrying amounts. Furthermore a sensitivity analysis was performed on the results changing the cost of own capital of the company (Ke) (+/-1%) and the perpetual growth rate of distributable future cash flows (g) (+/-1%) and for Non-life segment also for the main non-financial assumptions. This sensitivity did not highlight any negative difference between the carrying amount and the recoverable amount.

5 Non-current assets or disposal group classified as held for sale

With reference to policy of divestment of non-core and not strategic assets set by Generali Group, please note the following:

- Colombia

In April 2018, the Group finalized the sale of insurance activities held in Guatemala undertaken in 2016, following the release of the necessary regulatory authorizations. Therefore, the related investment and the related assets and liabilities, profits and losses are no longer recorded in the Group financial statements.

The consideration for the sale is € 27 million with a consequent realized profit of € 8 million, net of taxes.

- The Netherlands

In February 2018, the Group finalized the sale of its entire investment in The Netherlands. Therefore, the related investment and the related assets and liabilities, profits and losses are no longer recorded in the Group financial statements.

The consideration for the sale is € 143 million. The related economics effects have been accounted for in 2017.

- Ireland

In June 2018, the Group finalized also the sale of its entire investment in Generali Pan Europe. Therefore, the related investment and the related assets and liabilities, profits and losses are no longer recorded in the Group financial statements.

The consideration for the sale is € 233 million with an overall impact on the result of the period of € 49 million, net of taxes.

- Liechtenstein

The Group no longer considers this Company as "non-current assets classified as held for sale". Consequently, assets in Liechtenstein are presented within individual items of the balance sheet.

- Belgium

In April 2018, Generali has signed an agreement for the sale of its investment in Generali Belgium SA.

Pending the release of the necessary regulatory authorisation, in accordance with IFRS 5, Generali Belgium SA was classified as disposal group held for sale. As a result, this investment was not excluded from consolidation, but both the total assets and liabilities and the related profit or loss, net of tax effects, have been recorded separately in the specific lines of the financial statements.

The comparative data of the comprehensive income statement and the cash flow statement have been restated. In line with this adjustment, also the tables related to the statement of comprehensive income and the cash flow statement have been restated.

The following tables show a condensed indication of the balance sheet and income statement of discontinued operations.

Non current assets held for sale in Belgium: Assets

(€ million)	31/12/2018	31/12/2017
1 INTANGIBLE ASSETS	1	2
2 TANGIBLE ASSETS	8	9
3 INSURANCE PROVISIONS CEEDED	36	35
4 INVESTMENTS	6,267	6,234
5 RECEIVABLES	107	96
6 OTHER ASSETS	113	118
7 CASH AND CASH EQUIVALENTS	36	68
TOTAL ASSETS	**6,568**	**6,562**

Non current liabilities held for sale in Belgium: Liabilities

(€ million)	31/12/2018	31/12/2017
2 OTHER PROVISIONS	22	20
3 INSURANCE PROVISIONS	4,931	5,390
4 FINANCIAL LIABILITIES	795	640
5 PAYABLES	98	75
6 OTHER LIABILITIES	163	225
TOTAL LIABILITIES	**6,010**	**6,350**

Non current assets held for sale in Belgium: Revenues and Costs

(€ million)	31/12/2018	31/12/2017
Revenues	650	626
Expenses	-611	-579
Profit before tax of discontinued operations	39	48
Income taxes	-9	-8
Result of the year from discontinued operations	**30**	**40**

With reference to the statement of cash flows, the above information will not be considered for the purposes of the cash flow for the year. In particular, with reference to 31 December 2018 these activities reduced cash for € 32 million (€ 84 million from operating activities, € -127 million from investing activities and € 11 million from financing activities).

Finally, the following table shows the fair value hierarchy of assets and liabilities at fair value held by discontinued operations as at 31 December 2018.

(€ million)	Level 1	Level 2	Level 3	Total
Available for sale financial assets	4,632	440	0	5,073
Equities	56	0	0	57
Bonds	4,495	440	0	4,935
Investment fund units	81	0	0	81
Other assets available for sale	0	0	0	0
Financial assets at fair value through profit or loss	917	1	0	918
Equities	0	0	0	0
Bonds	0	0	0	0
Investment fund units	167	0	0	167
Derivatives	0	1	0	1
Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	750	0	0	750
Other assets at fair value through profit or loss	0	0	0	0
Total assets at fair value	**5,549**	**441**	**0**	**5,990**
Financial liabilities at fair value through profit or loss	750	20	0	770
Financial liabilities related to investment contracts issued by insurance companies	750	0	0	750
Derivatives	0	0	0	0
Hedging derivatives	0	20	0	20
Other financial liabilities	0	0	0	0
Total liabilities at fair value	**750**	**20**	**0**	**770**

– Guernsey

In July 2018, Generali has signed an agreement for the sale of its investment in Generali Worldwide Insurance Company Limited, located in Guernsey.

Pending the release of the necessary regulatory authorisation, in accordance with IFRS 5, these activities were classified as disposal group held for sale. As a result, this investment was not excluded from consolidation, but both the total assets and liabilities and the related profit or loss, net of tax effects, have been recorded separately in the specific lines of the financial statements.

The comparative data of the comprehensive income statement and the cash flow statement have been restated. In line with this adjustment, also the tables related to the statement of comprehensive income and the cash flow statement have been restated.

The following tables show a condensed indication of the balance sheet and income statement of discontinued operations.

Non current assets held for sale in Guernsey: Assets

(€ million)	31/12/2018	31/12/2017
1 INTANGIBLE ASSETS	3	9
2 TANGIBLE ASSETS	1	2
3 INSURANCE PROVISIONS CEEDED	14	20
4 INVESTMENTS	4,381	4,657
5 RECEIVABLES	24	24
6 OTHER ASSETS	24	23
7 CASH AND CASH EQUIVALENTS	55	49
TOTAL ASSETS	**4,502**	**4,784**

Non current assets held for sale in Guernsey: Liabilities

(€ million)	31/12/2018	31/12/2017
2 OTHER PROVISIONS	47	0
3 INSURANCE PROVISIONS	717	722
4 FINANCIAL LIABILITIES	3,196	3,531
5 PAYABLES	63	76
6 OTHER LIABILITIES	72	78
TOTAL LIABILITIES	**4,094**	**4,408**

Non current assets held for sale in Guernsey: Revenues and Costs

(€ million)	31/12/2018	31/12/2017
Revenues	183	276
Expenses	-184	-219
Profit before tax of discontinued operations	-1	57
Income taxes	-0	-1
Result of the year from discontinued operations	**-1**	**56**

With reference to the statement of cash flows, the above information will not be considered for the purposes of the cash flow for the year. In particular, with reference to 31 December 2018 these activities increased cash for € 5 million (€ -281 million from operating activities, € 657 million from investing activities and € -371 million from financing activities).

Finally, the following table shows the fair value hierarchy of assets and liabilities at fair value held by discontinued operations as at 31 December 2018.

(€ million)	Level 1	Level 2	Level 3	Totale
Available for sale financial assets	317	0	0	317
Equities	0	0	0	0
Bonds	282	0	0	282
Investment fund units	35	0	0	35
Other assets available for sale	0	0	0	0
Financial assets at fair value through profit or loss	3,829	224	8	4,060
Equities	0	0	0	0
Bonds	688	0	1	689
Investment fund units	141	0	0	141
Derivatives	0	0	0	0
Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	3,000	224	6	3,230
Other assets at fair value through profit or loss	0	0	0	0
Total assets at fair value	**4,146**	**224**	**8**	**4,377**
Financial liabilities at fair value through profit or loss	3,057	139	0	3,196
Financial liabilities related to investment contracts issued by insurance companies	3,057	139	0	3,196
Derivatives	0	0	0	0
Hedging derivatives	0	0	0	0
Other financial liabilities	0	0	0	0
Total liabilities at fair value	**3,057**	**139**	**0**	**3,196**

– Generali Leben

In July 2018, Generali has also started the procedure for the sale of its investment in Generali Leben.

Pending the release of the necessary regulatory authorisation, in accordance with IFRS 5, Generali Leben was classified as disposal group held for sale. As a result, this investment was not excluded from consolidation, but both the total assets and liabilities and the related profit or loss, net of tax effects, have been recorded separately in the specific lines of the financial statements.

The comparative data of the comprehensive income statement and the cash flow statement have been restated. In line with this adjustment, also the tables related to the statement of comprehensive income and the cash flow statement have been restated.

The following tables show a condensed indication of the balance sheet and income statement of discontinued operations.

Non current assets held for sale of Generali Leben: Assets

(€ million)	31/12/2018	31/12/2017
1 INTANGIBLE ASSETS	40	40
2 TANGIBLE ASSETS	121	243
3 INSURANCE PROVISIONS CEEDED	34	32
4 INVESTMENTS	43,441	44,176
5 RECEIVABLES	231	216
6 OTHER ASSETS	762	948
7 CASH AND CASH EQUIVALENTS	258	305
TOTAL ASSETS	**44,888**	**45,960**

Non current assets held for sale of Generali Leben: Liabilities

(€ million)	31/12/2018	31/12/2017
2 OTHER PROVISIONS	4	5
3 INSURANCE PROVISIONS	44,138	45,729
4 FINANCIAL LIABILITIES	140	140
5 PAYABLES	221	344
6 OTHER LIABILITIES	280	359
TOTAL LIABILITIES	**44,782**	**46,578**

Non current assets held for sale of Generali Leben: Revenues and Costs

(€ million)	31/12/2018	31/12/2017
Revenues	4,659	4,903
Expenses	-4,476	-4,821
Profit before tax of discontinued operations	183	83
Income taxes	-72	-30
Profit of the year from discontinued operations	**111**	**53**

With reference to the statement of cash flows, the above information will not be considered for the purposes of the cash flow for the year. In particular, with reference to 31 December 2018 these activities reduced cash for € 47 million (€ -182 million from operating activities, € 252 million from investing activities and € -117 million from financing activities).

Finally, the following table shows the fair value hierarchy of assets and liabilities at fair value held by discontinued operations as at 31 December 2018.

(€ million)	Level 1	Level 2	Level 3	Totale
Available for sale financial assets	27,348	4,021	104	31,472
Equities	188	94	16	298
Bonds	26,966	3,719	0	30,684
Investment fund units	193	203	74	471
Other assets available for sale	0	4	13	18
Financial assets at fair value through profit or loss	4,490	239	0	4,729
Equities	0	0	0	0
Bonds	0	223	0	223
Investment fund units	1,348	0	0	1,348
Derivatives	0	15	0	15
Hedging derivatives	0	2	0	2
Investments back to policies where the investment risk is borne by the policyholders	3,143	0	0	3,143
Other assets at fair value through profit or loss	0	0	0	0
Total assets at fair value	**31,838**	**4,259**	**104**	**36,201**
Financial liabilities at fair value through profit or loss	0	111	0	111
Financial liabilities related to investment contracts issued by insurance companies	0	0	0	0
Derivatives	0	15	0	15
Hedging derivatives	0	96	0	96
Other financial liabilities	0	0	0	0
Total liabilities at fair value	**0**	**111**	**0**	**111**

6 Related parties disclosure

With regard to transactions with related parties, the main intra-group activities, conducted at market prices or at cost, were undertaken through relations of insurance, reinsurance and co-insurance, administration and management of securities and real estate assets, leasing, loans and guarantees, IT and administrative services, personnel secondment and claims settlement.

These services substantially aim at guaranteeing the streamlining of operational functions, greater economies in overall management, appropriate levels of service and an exploitation of Group-wide synergies.

For further information regarding related parties transactions - and in particular regarding the procedures adopted by the Group to ensure that these transactions are performed in accordance with the principles of transparency and substantive and procedural correctness - please refer to the paragraph 'Related Party Transaction Procedures' included in section 'Internal control and risk management system' of the 'Corporate governance and share ownership report'.

The most significant economic and financial transactions with Group companies that are not included in the consolidation area and other related parties are listed below.

As shown in the table below, the impact of such transactions, if compared on a Group basis, is not material.

Related parties

(€ million)	Subsidiaries with significant control not consolidated	Associated companies	Other related parties	Total	% on balance - sheet item
Loans	4	334	77	414	0.1%
Loans issued	-5	-1	-92	-99	0.3%
Interest income	0	4	9	13	0.2%
Interest expense	0	0	-2	-2	0.2%

The subtotal associated companies includes loans to Group companies valued with equity method for € 334 million, mostly related to real estate French companies

The subtotal other related parties includes the transactions with Mediobanca Group regarding investment bonds for € 77 million and financial liabilities amounting to € 92 million.

With reference to the paragraph 18 of Related Party Transactions Procedures adopted by the Board of Directors in November 2010 there were no (i) Operations of major importance concluded during the reporting period (ii) Related Party Transactions, concluded during the reference period, which influenced the Group's financial statements or profit to a significant extent.

Investments

In the table below Group investments are split into the four IAS categories, as reported on balance sheet, as well as by nature (equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments).

Given their short term investments nature, the reverse repurchase agreements are reclassified within 'cash and similar instruments'. For the same reason repurchase agreements are reclassified in the same item, as well. Derivatives instruments are presented net of derivatives held as financial liabilities, hedging derivatives are excluded, as they are presented within hedged item asset classes.

Investments fund units (IFU) are allocated to respective asset classes based on prevailing underling assets. IFU are therefore allocated within the items equity instruments, fixed income instruments, real estate instruments, other investments and cash and similar instruments.

Comments on specific balance sheet items are presented in the following paragraphs.

Investments

(€ million)	31/12/2018		31/12/2017	
	Total Book value	Impact (%)	Total Book value	Impact (%)
Equity instruments	**19,807**	**5.7%**	**18,403**	**4.6%**
Available for sale financial assets	18,171	5.2%	16,735	4.2%
Financial assets at fair value through profit or loss	1,636	0.5%	1,668	0.4%
Fixed income instruments	**299,736**	**85.6%**	**347,834**	**87.1%**
Bonds	271,448	77.5%	317,484	79.5%
Other fixed income instruments	28,288	8.1%	30,350	7.6%
Held to maturity investments	2,171	0.6%	2,267	0.6%
Loans	27,996	8.0%	36,543	9.2%
Available for sale financial assets	263,391	75.2%	301,264	75.5%
Financial assets at fair value through profit or loss	6,178	1.8%	7,759	1.9%
Real estate investments	**15,258**	**4.4%**	**15,018**	**3.8%**
Other investments	**4,290**	**1.2%**	**4,487**	**1.1%**
Investments in subsidiaries, associated companies and joint ventures	1,320	0.4%	1,171	0.3%
Derivatives	593	0.2%	1,043	0.3%
Receivables from banks or customers	1,673	0.5%	1,561	0.4%
Other investments	704	0.2%	711	0.2%
Cash and similar instruments	**11,114**	**3.2%**	**13,390**	**3.4%**
Total	**350,205**	**100.0%**	**399,130**	**100.0%**
Investments back to unit and index-linked policies	65,789		75,372	
Total investments	**415,994**		**474,502**	

7 Held to maturity investments

Held to maturity investments

(€ million)	31/12/2018	31/12/2017
Quoted bonds	2,171	2,267
Other held to maturity investments	0	0
Total	**2,171**	**2,267**

The Group limits the use of this category only to high quality quoted bonds that Group companies are able to hold till maturity.

Debt securities in this category are almost entirely investment grade.

The fair value of the held to maturity investments amounted to € 2.202 million.

8 Loans and receivables

Loans and receivables

(€ million)	31/12/2018	31/12/2017
Loans	**30,142**	**38,701**
Unquoted bonds	16,564	24,189
Deposits under reinsurance business accepted	734	766
Other loans and receivables	12,845	13,746
Mortgage loans	5,692	6,600
Policy loans	1,868	2,186
Term deposits with credit institutions	914	785
Other loans	4,371	4,175
Receivables from banks or customers	**1,673**	**1,561**
Receivables from banks	212	174
Receivables from customers	1,460	1,387
Total	**31,815**	**40,262**

This category mainly consisted of unquoted bonds and mortgage loans, which represent 55% and 18.9% of total loans, respectively. Debt securities, mainly of long-term average, account for more than 92% represented by fixed-rate securities.

The decline was mainly due to change in perimeter in particular with reference to the activities in Germany, amounting to € 7,093 million, and to maturities and sales made during the year, showing in particular a decrease in corporate bonds.

The debt securities of this category are almost entirely investment grade and more than 59% of the class boasts a rating greater or equal to A.

Receivables from banks or customers are mainly short-term.

The fair value of total loans and receivables amounted to € 34,146 million, of which € 18,521 million related to bonds.

9 Available for sale financial assets

Available for sale financial assets

(€ million)	31/12/2018	31/12/2017
Unquoted equities at cost	13	13
Equities at fair value	10,366	10,051
quoted	8,521	7,794
unquoted	1,844	2,256
Bonds	249,315	286,293
quoted	246,866	283,121
unquoted	2,449	3,172
Investment fund units	22,830	20,205
Other available for sale financial assets	1,249	4,080
Total	**283,773**	**320,641**

This category accounted for 68.2% of the total investments. The decrease compared 31 December 2017 was mainly attributable to change in perimeter for € 36.590 million, with reference mainly to the activities in Germany and Belgium, and to decline in value of both bonds and equities, almost entirely offset by net acquisitions of the period.

The item Available for sale assets consists of bonds for 87.9%, of which with a rating higher or equal to BBB, class assigned to the Italian government bonds.

As already mentioned, available for sale financial assets are measured at fair value and unrealized gains and losses on these assets are accounted for in shareholders' equity in an appropriate reserve. The amortized cost of the available for sale financial assets amounted to € 268,319 million.

The table below shows unrealized gains and losses and gains and losses recognized in profit or loss in the reporting period of available for sale financial assets.

Available for sale financial assets - unrealised gains and losses 31/12/2018

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	13	0	13
Equities at fair value	10,366	171	10,195
Bonds	249,315	14,254	235,061
Investment fund units	22,830	851	21,979
Other available for sale financial assets	1,249	178	1,071
Total	**283,773**	**15,454**	**268,319**

Available for sale financial assets - unrealised gains and losses 31/12/2017

(€ million)	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	13	0	13
Equities at fair value	10,051	1,469	8,581
Bonds	286,293	26,810	259,483
Investment fund units	20,205	1,068	19,137
Other available for sale financial assets	4,080	713	3,367
Total	**320,641**	**30,061**	**290,581**

Available for sale financial assets: gains and losses at profit or loss 31/12/2018

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	738	-245	-805
Bonds	919	-201	-25
Investment fund units	293	-194	-390
Other available for sale financial assets	41	-14	-9
Total	**1,990**	**-654**	**-1,229**

Available for sale financial assets: gains and losses at profit or loss 31/12/2017

(€ million)	Realized gains	Realized losses	Net impairment losses
Equities	445	-131	-70
Bonds	1,283	-197	-214
Investment fund units	280	-112	-90
Other available for sale financial assets	18	-55	-25
Total	**2,026**	**-495**	**-398**

10 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

(€ million)	Financial assets held for trading		Financial assets designated as at fair value through profit or loss		Total financial assets at fair value through profit or loss	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Equities	0	1	87	87	87	88
Quoted	0	1	44	41	45	42
Unquoted	0	0	43	46	43	46
Bonds	34	50	3,364	4,685	3,398	4,735
Quoted	32	48	2,627	3,555	2,660	3,603
Unquoted	2	2	737	1,130	739	1,132
Investment fund units	0	0	8,457	11,294	8,457	11,294
Derivatives	1,261	1,910	0	0	1,261	1,910
Hedging derivatives	0	0	363	355	363	355
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0	0	65,789	75,372	65,789	75,372
Other financial investments	0	0	144	144	144	144
Total	**1,295**	**1,961**	**78,204**	**91,937**	**79,500**	**93,897**

This category accounted for 19.1% of total investments. In detail, these investments were mainly allocated in the life segment (€ 78,187 million, which accounted for 98.3% of this category) whereas the residual part referred to the non-life segment (€ 956 million which accounted for 1.2% of this category).

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

The decrease compared to 31 December 2017 was mainly due to change in perimeter for € 10,183 million with reference mainly to the activities in Germany and Guernsey, and to decline in value only partially offset by net acquisitions of the period.

Assets covering contracts where the financial risk is borne by the policyholders

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Assets	64,103	73,643	1,686	1,729	65,789	75,372
Total assets	**64,103**	**73,643**	**1,686**	**1,729**	**65,789**	**75,372**
Financial liabilities	1,515	6,094	1,239	1,266	2,754	7,360
Insurance provisions (*)	63,146	67,994	0	0	63,146	67,994
Total liabilities	**64,662**	**74,088**	**1,239**	**1,266**	**65,900**	**75,354**

(*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

The item 'Financial liabilities' decreased compared to 31 December 2017 due to the change in perimeter mainly with reference to activities in Guernsey and, to a lesser extent, in Belgium.

11 Land and buildings (investment properties)

The table below shows the main changes in land and buildings (investment properties) in the reporting period, i.e. those held to earn rentals or capital appreciation or both, and their fair value:

Investment properties

(in milioni euro)	31/12/2018	31/12/2017
Gross book value as at 31 December previous year	**15,509**	**15,074**
Accumulated depreciation and impairment as at 31 December previous year	**-2,516**	**-2,490**
Carrying amount as at 31 December previous year	**12,993**	**12,584**
Foreign currency translation effects	31	-94
Acquisition of the period	2,341	613
Capitalized expenses	100	81
Changes in consolidation scope	-1,008	33
Reclassifications	118	233
Sales of the period	-757	-300
Depreciation of the period	-177	-184
Impairment loss of the period	-19	-27
Reversal of impairment of the period	26	54
Carrying amount as at the end of the period	**13,650**	**12,993**
Accumulated depreciation and impairment as at the end of the period	**2,149**	**2,516**
Gross book value as at the end of the period	**15,799**	**15,509**
Fair value	**20,631**	**19,763**

Fair value of land and buildings (investment properties) at the end of the reporting period is mainly based on external appraisals.

12 Cash and cash equivalents

Cash and cash equivalents

(€ million)	31/12/2018	31/12/2017
Cash and cash equivalents	115	113
Cash and balances with central banks	1,029	593
Cash at bank and short-term securities	5,553	6,143
Total	**6,697**	**6,849**

Details on investments

Bonds

Group's exposures to bonds - detailed by rating and maturity - are reported at book value in the following tables:

Bonds: breakdown by rating

(€ million)	Avalaible for sale fin. assets	Financial assets at fair value through profit	Held to maturity investments	Loans	Total
AAA	14,828	18	15	3,961	18,822
AA	60,366	201	311	3,405	64,283
A	53,316	2,103	693	2,374	58,486
BBB	112,300	660	1,015	6,258	120,232
Non investment grade	7,736	390	131	331	8,588
Not Rated	769	26	5	234	1,035
Total	**249,315**	**3,398**	**2,171**	**16,564**	**271,448**

Bonds: breakdown by maturity

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
Until 1 year	10,086	268	183	1,421	11,957
From 1 to 5 years	58,317	639	787	4,822	64,565
From 5 to 10 years	76,938	565	741	3,986	82,230
More than 10 years	102,426	1,890	460	6,332	111,107
Perpetual	1,549	37		2	1,588
Total	**249,315**	**3,398**	**2,171**	**16,564**	**271,448**

The incidence of maturities of debt securities by asset classes remains substantially in line with that of the previous year.

Bond investments totalled € 271,448 million at the end of the period. The portfolio was composed for € 159,431 million by government bonds, while corporate bonds amounted to € 112,017 million.

Group's exposures to government bonds, detailed by country of risk and rating, are reported at book value in the following tables :

Government bonds: breakdown by country

(€ million)	31/12/2018	
	Total book value	Impact (%)
Government bonds	**159,431**	
Italy	58,736	36.8%
France	31,846	20.0%
Germany	3,716	2.3%
Central and Eastern Europe	17,987	11.3%
Rest of Europe	34,981	21.9%
Spain	17,199	10.8%
Austria	3,180	2.0%
Belgium	6,316	4.0%
Others	8,286	5.2%
Rest of world	3,974	2.5%
Supranational	8,191	5.1%

The government bonds portfolio amounted to € 159,431 million at the end of the period, with the 59.1% of the portfolio represented by Italian, French and German debt instruments. The exposure to individual sovereign bonds is mainly allocated to their respective countries of operation.

Government bonds: detail by rating

(€ million)	31/12/2018		31/12/2017	
	Total book value	Impact (%)	Total book value	Impact (%)
Government bonds	**159,431**		**180,905**	
AAA	8,835	5.5%	13,238	7.3%
AA	52,414	32.9%	59,632	33.0%
A	30,123	18.9%	21,130	11.7%
BBB	66,518	41.7%	85,267	47.1%
Not investment grade	1,487	0.9%	1,521	0.8%
Not rated	55	0.0%	117	0.1%

In terms of exposure to different rating classes, the Class AAA credit rating includes German, Dutch and some supranational issuances. Class AA includes French, Belgian, Czech and Austrian government bonds while the class BBB mainly includes Italian bonds.

Group's exposures to investments in corporate bonds, detailed by sector and rating, are reported at book value in the following tables:

Corporate bonds: breakdown by sector

(€ million)	31/12/2018	
	Total book value	Impact (%)
Corporate bonds	**112,017**	
Financial	26,045	23.3%
Covered Bonds	17,497	15.6%
Utilities	17,910	16.0%
Industrial	9,895	8.8%
Consumer	9,302	8.3%
Telecommunication services	8,918	8.0%
Energy	4,980	4.4%
Other	17,471	15.6%

Corporate bonds: breakdown by rating

(€ million)	31/12/2018		31/12/2017	
	Total book value	Impact (%)	Total book value	Impact (%)
Corporate bonds	**112,017**		**136,579**	
AAA	9,987	8.9%	13,357	9.8%
AA	11,869	10.6%	15,266	11.2%
A	28,364	25.3%	39,026	28.6%
BBB	53,715	48.0%	57,522	42.1%
Non investment grade	7,101	6.3%	10,194	7.5%
Not Rated	980	0.9%	1,213	0.9%

The investments in corporate bonds totalled € 112,017 million at the end of the period. The portfolio was composed for 61.1% by non-financial corporate bonds and for 38.9% by financial corporate bonds.

Equities

Group's exposures to investments in equities, detailed by sector and country of risk, are reported at fair value in the following tables:

Equity investments: breakdown by sector

(€ million)	31/12/2018	
	Total fair value	Impact (%)
Equity instruments	**19,807**	
Financial	3,222	16.3%
Consumer	1,369	6.9%
Utilities	1,351	6.8%
Industrial	1,080	5.5%
Other	3,444	17.4%
Alternative investments	5,584	28.2%
Asset allocation funds	3,758	19.0%

Direct equity investments: breakdown by country of risk

(€ million)	31/12/2018	
	Total fair value	Impact (%)
Direct equity investments	**10,466**	
Italy	1,209	11.6%
France	3,458	33.0%
Germany	1,811	17.3%
Central and Eastern Europe	311	3.0%
Rest of Europe	2,997	28.6%
Spain	651	6.2%
Austria	197	1.9%
Switzerland	121	1.2%
The Netherlands	724	6.9%
United Kingdom	443	4.2%
Others	861	8.2%
Rest of world	679	6.5%

Real estate investments

Group's exposures to direct real estate investments, detailed by country of location, is reported at fair values in the following table:

Direct real estate investments: breakdown by country of location

(€ million)	31/12/2018		31/12/2018	
	Investment properties		Self-used real estates	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Direct Real-estate investments	**20,631**		**3,349**	
Italy	5,577	27.0%	1,835	54.8%
France	7,801	37.8%	383	11.4%
Germany	1,880	9.1%	698	20.8%
Central and Eastern Europe	782	3.8%	84	2.5%
Rest of Europe	4,441	21.5%	226	6.8%
Spain	899	4.4%	77	2.3%
Austria	1,692	8.2%	120	3.6%
Switzerland	1,211	5.9%	4	0.1%
Others	639	3.1%	24	0.7%
Rest of world	150	0.7%	123	3.7%

Further information on reclassified financial instruments

As of 1st January 2009 the Group transferred to the loans and receivables category € 14,658 million of corporate bonds, according to the IAS 39 reclassification option. At 31 December 2018, after sales and pay backs made up till the balance sheet date, the stock of these reclassified financial instruments amounted to € 1,360 million.

Assets transferred that do not qualify for derecognition

Generali Group in the context of its business activities enters into securities lending transactions (REPO e Reverse REPO). In general, if the Group retains substantially all risks and rewards of the financial assets underlying these transactions, the Group continues to recognise the underlying assets.

For REPO contracts, the Group continues to recognise in its financial statements the underlying financial asset as the risks and benefits are retained by the Group. The consideration received upon ale is recognised as a liability.

As far as Reverse REPO transactions are concerned, if all the underlying risks and rewards are retained by the counterparty for the entire life of the transaction, the related financial asset is not recognised as an asset in the Group's financial statements. The consideration paid is accounted for within the loans and receivable category.

Finally, the Group is committed in a variety of transactions in which some financial assets are pledged as collateral but they are still recognised in the financial statements because all risks and rewards are retained by the Group.

As at 31 December 2018, the Group has retained substantially all risks and rewards arising from the ownership of the transferred assets and there are no transfers of financial assets which have been completely or partially derecognised on which the Group continues to control. In particular, the Group continues to recognize, in terms of market value, approximately € 12,058 million of financial assets linked to various contracts such as, securities lending transactions, mainly in France for € 6,969 million, repurchase agreements for € 2,331 and assets pledged as collateral for € 2,758 million (please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in section Additional Information).

Derivative financial instruments

The Group's balance sheet exposure to derivative instruments is mainly associated with economic hedging transactions of financial assets or liabilities, in line with strategies aiming at mitigating financial and currency risks. The total exposure amounts to € 409 million for a corresponding notional amount of € 39,430 million. The notional exposure is presented in absolute amounts, including positions with both positive and negative balances, and it arises for an amount of € 8,172 million from instruments for which a hedge accounting relationship has been formally designated, in accordance with the international accounting standard IAS 39. The remaining notional amount is attributable to derivative instruments for which, notwithstanding their purpose as economic hedging instruments, a formal hedge accounting relationship has not been activated.

Derivative instruments designated for hedge accounting

The exposure in terms of amounts recognised in the financial statements amounts to € -185 million.

– *Fair value hedge*

Fair value hedging relationships mainly relate to hedging strategies implemented in Life portfolios of subsidiaries operating in Central-Eastern Europe, with particular reference to risks arising from fluctuations in interest rates and foreign exchange rates

– *Cash flow hedge*

The cash flow hedging relationships mainly relate to cross currency swaps hedging subordinated liabilities issued by the Group in British pound and to micro-hedge and reinvestment risk reduction operations in the life portfolios

– *Hedge of net investment in foreign operations*

The Group continued the hedging strategy aimed at neutralising risks arising from foreign exchange fluctuations of its subsidiaries whose functional currency is the Swiss franc, Czech crowns and British pound.

Other derivative instruments

The recognised amounts in the financial statements for these exposures at 31 December 2018 amounted to € 593 million for a corresponding notional amount of € 31,257 million, which mainly relates to over-the-counter positions. The exposure is mainly associated with operations relating to interest rates hedges and foreign exchange rates hedges. Furthermore the Group undertakes macro hedge strategies aimed at protecting the capital and the income statement from the risk of a significant reduction in share prices.

In general, in order to mitigate the credit risk arising from over-the-counter transactions, the Group collateralises most of them. Furthermore, a list of selected authorised counterparties is identified for the opening of new derivative transactions.

Below the detail on exposures in derivatives instruments designated as hedge accounting and other derivative instruments.

Details on exposure in derivative instruments

(€ million)	Maturity distribution by nominal amount			Total notional	Positive fair value	Negative fair value	Net fair value
	Within 1 year	Between 1 and 5 years	More than 5 years				
Total equity/index contracts	2,241	131	0	2,372	207	-14	193
Total interest rate contracts	1,202	14,500	9,938	25,639	1,192	-598	594
Total foreign exchange contracts	6,797	1,431	3,189	11,418	226	-604	-379
Total	**10,240**	**16,062**	**13,128**	**39,430**	**1,625**	**-1,216**	**409**

Sensitivity analysis to market and credit risks

The Generali Group makes its own analysis of sensitivity to market and credit risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report.

Insurance and investment contracts

13 Insurance provisions

Insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life insurance provisions	**30,333**	**31,279**	**1,386**	**1,623**	**31,720**	**32,902**
Provisions for unearned premiums	5,111	5,082	190	210	5,301	5,292
Provisions for outstanding claims	24,974	25,900	1,191	1,406	26,164	27,305
Other insurance provisions	248	297	6	7	255	304
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions	**343,871**	**395,783**	**2,237**	**1,805**	**346,108**	**397,588**
Provisions for outstanding claims	5,477	5,897	1,414	1,085	6,891	6,982
Mathematical provisions	242,928	278,521	673	577	243,601	279,097
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	63,142	67,989	7	8	63,149	67,997
Other insurance provisions	32,324	43,376	143	135	32,467	43,511
of which provisions for liability adequacy test	843	842	5	-0	847	842
of which deferred policyholder liabilities	10,584	21,231	0	0	10,584	21,231
Total	**374,204**	**427,062**	**3,624**	**3,428**	**377,828**	**430,489**

In the non-life segment insurance provisions decreased (-3.6% compared to 31 December 2017), also attributable to the classification, in application of IFRS5, of disposal activities as assets held for sale. Net of change in perimeter, insurance provisions of the non-life segment decreased by 1.5%.

In the life segment insurance provisions decreased by 12.9%, both for change in perimeter and for value changes of investments, which is reflected on the deferred policyholders liabilities.

The overall total of other life insurance provisions included both the provision for profit sharing and premium refunds, which amounts to € 5,172 million (€ 6,762 million in 2017) and the ageing provisions for life segment, which amount to € 14,785 million (€ 13,784 million in 2017).

As part of the technical provisions of the life segment, subject to liability adequacy test, are also included the reservations made in accordance with applicable locally regulations related to the risk of interest rates change.

14 Amounts ceded to reinsurers from insurance provisions

Insurance provisions ceded to reinsurers

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life amounts ceded to reinsurers from insurance provisions	**2,012**	**2,113**	**752**	**1,102**	**2,765**	**3,215**
Life amounts ceded to reinsurers from insurance provisions	**496**	**469**	**749**	**610**	**1,244**	**1,079**
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	2	3	0	0	2	3
Mathematical provisions and other insurance provisions	493	466	749	610	1,242	1,076
Total	**2,508**	**2,582**	**1,501**	**1,713**	**4,009**	**4,294**

15 Deferred acquisition costs

Deferred acquisition costs

(€ million)	Segment Life		Segment Non Life		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Carrying amount as at 31 December previous year	**1,843**	**1,806**	**276**	**277**	**2,119**	**2,083**
Acquisition costs deferred	364	342	193	47	557	389
Changes in consolidation scope	0	0	3	0	3	0
Amortization of the period	-340	-305	-195	-50	-535	-355
Other movements	-0	0	-1	2	-1	2
Carrying amount as at 31 December current year	**1,867**	**1,843**	**276**	**276**	**2,143**	**2,119**

The deferred acquisition costs amounted to € 2,143 million, slightly increased compared to the previous year.

Details on insurance and investment contracts

Insurance provisions and financial liabilities related to policies of the life segment

Insurance provisions and financial liabilities related to the life segment

(€ million)	Net amount
	31/12/2018
Insurance contracts	164,788
Investment contracts with discretionary participation feature	156,270
Total insurance provisions	**321,058**
Investments contracts fair valued	2,907
Investments contracts at amortised cost	6,221
Total financial liabilities	**9,128**
Total	**330,185**

Total insurance provisions, net of reinsurance, include the mathematical provisions and provisions for policies where the investment risk is borne by policyholders and for pension funds (which amounted to € 243,148 million and € 63,146 million respectively), and net ageing provisions for life segment, which amounted to € 14,763 million. In the Life portfolio the policies with significant insurance risk amounted to 51.3%, whereas investment contracts with discretionary participation feature amounted to 48.7%.

The investment contracts contribute 2.8% to Life portfolio and the 32% consist of unit/index linked policies without significant insurance risk.

Mathematical provisions and ageing for life segment

(€ million)	Gross direct amount	
	31/12/2018	31/12/2017
Carrying amount as at 31 December previous year	**292,303**	**287,034**
Foreign curreny translation effects	144	-761
Premiums and payments	634	-1,517
Interests and bonuses credited to policyholders	7,652	9,843
Acquisitions, disinvestments and other movements	-157	-492
Transfer to Non-current assets or disposal group classified as held for sale	-42,865	-1,804
Carrying amount as at the end of the period	**257,711**	**292,303**

The decrease in mathematical provisions and ageing for life segment is due to change in perimeter.

Provisions for policies where the investment risk is borne by policyholders and for pension funds

(€ million)	Gross direct amount	
	31/12/2018	31/12/2017
Carrying amount as at 31 December previous year	**67,989**	**60,790**
Foreign curreny translation effects	228	-608
Premiums and claims	3,675	4,513
Interests and bonuses credited to policyholders	-5,842	4,045
Acquisitions, disinvestments and other	584	403
Transfer to Non-current assets or disposal group classified as held for sale	-3,492	-1,154
Carrying amount as at the end of the period	**63,142**	**67,989**

The development of provisions for policies where the investment risk is borne by policyholders and for pension funds highlights the development in the value of assets backing unit/index linked policies, due to financial market movements, only partially offset by the trend of net inflow, and by change in perimeter.

The item 'Transfer to Non-current assets or disposal group classified as held for sale' includes the technical reserves of the companies held for sale, reclassified in application of IFRS5.

Group's financial guarantee of life insurance provisions and financial liabilities of gross direct insurance is reported in the following table.

Life insurance provisions and financial liabilities: financial guarantees

(€ million)	Gross direct insurance	
	31/12/2018	31/12/2017
Liabilities with guaranteed interest (*)	**246,791**	**283,464**
lesser than 1%	105,099	102,090
between 1% and 3%	100,103	113,774
between 3% and 4%	26,765	43,544
more than 4%	14,823	24,057
Provisions without guaranteed interest	**75,604**	**81,786**
Provisions matched by specific assets	**7,585**	**8,423**
Total	**329,980**	**373,674**

(*) The upper bound of each range is excluded

The total insurance provisions include the gross direct amount of mathematical provisions, which amount to € 242,928 million (€278,521 million at 31 December 2017), the provisions for policies where the investment risk is borne by the policyholders and for pension fund, which amount to € 63,142 million (€ 67,989 million at 31 December 2017), the ageing provision for life segment, which amounted to € 14,782 million (€ 13,782 million at 31 December 2017), and financial liabilities related to investment contacts, which amount to € 9,128 million (€ 13,382 million at 31 December 2017). It should be noted that the significant decline in financial liabilities from investment contracts is mainly attributable to change in perimeter.

The table above shows a shift of the exposures towards 'less than 1%' guarantee classes, due to the inflow of new business with a guarantee of less than or equal to zero. With reference to liabilities within more than 1% guarantee classes, the strong shift compared to 2017 is due to activities of Generali Leben classified as held for sale, in application of IFRS5. Liabilities without guaranteed interest, normalized of the abovementioned effect, amount to € 75,604 million in 2018, showing an increase compared to the previous year (€ 74,203 million as at 31 December 2017 on a like-for-like basis), driven by the increase in new unit-linked production.

The table below shows the amount of the life gross direct insurance provisions broken down by expected contractual residual duration.

Life insurance provisions and financial liabilities related to investment contracts: contractual term to maturity

(€ million)	Gross direct insurance
	31/12/2018
Up to 1 year	23,510
Between 1 and 5 years	64,583
Between 5 and 10 years	51,157
Between 11 and 20 years	85,573
More than 20 years	105,158
Total	**329,980**

Deferred policyholders liabilities

(€ million)	31/12/2018	31/12/2017
Carrying amount as at the beginning of the period	**21,231**	**23,882**
Foreign currency translation effects	10	-31
Change of the period	-10,657	-2,620
Acquisitions and disinvestments	-0	0
Carrying amount as at the end of the period	**10,584**	**21,231**

Deferred policyholders liabilities recorded a decrease which mainly reflects the trend of the policyholders' share recognized on the fair value of the investment available for sale, with particular reference to the bonds component.

Provisions for outstanding claims

Provisions for outstanding claims

(€ million)	Gross direct insurance	
	31/12/2018	31/12/2017
Motor	11,194	11,798
Non motor	13,779	14,101
Personal and commercial lines	11,104	11,416
Accident/Health (*)	2,675	2,685
Total	**24,974**	**25,900**

(*) Life segment includes health insurance with life features.

With reference to the gross direct claims provisions 44.8% was referred to the motor business in line with the prior year (45.6%). In the non-motor business, the personal and commercial lines weighted 80.6%.

With reference to non-life segment, the table below shows the amount of gross direct claims and unearned premiums reserves split by remaining maturity. The total liability is broken down by remaining duration in proportion to the cash flows expected to arise during each duration band.

Non-life insurance provisions: maturity

(€ million)	Gross direct insurance	
	31/12/2018	31/12/2017
Up to 1 year	9,478	9,213
Between 1 and 5 years	13,160	14,108
Between 5 and 10 years	3,863	3,842
Between 11 and 20 years	2,478	2,615
More than 20 years	1,105	1,203
Total	**30,085**	**30,981**

The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and their development from 2009 to 2018. The ultimate cost includes paid losses, outstanding reserves on reported losses, estimated reserves for IBNR claims and ULAE.

The amount refers to direct business gross of reinsurance and recoveries.

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2018 constitutes the claim reserve for accident years 2009 to 2018. The reserve reported in the balance sheet also includes a residual claim reserve that is composed almost exclusively by the accident years not reported in the development triangle.

The observed trend in the ultimate cost for generations 2009-2018 indicates the adequate level of prudence adopted by the Generali Group in its reserving policy.

Claims development

(€ million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Cumulative claim payments											
at the end of accident year	5,619	5,557	5,140	5,274	5,225	4,982	5,170	5,287	5,500	5,592	
one year later	9,396	9,219	8,593	8,751	8,521	8,084	8,249	8,497	8,762		
two years later	10,499	10,267	9,580	9,719	9,422	8,939	9,105	9,386			
three years later	11,055	10,736	10,031	10,166	9,830	9,352	9,501				
four years later	11,370	11,035	10,308	10,423	10,068	9,590					
five years later	11,605	11,243	10,517	10,612	10,246						
six years later	11,777	11,406	10,671	10,756							
seven years later	11,910	11,520	10,801								
eight years later	12,019	11,622									
nine years later	12,103										
Estimate of ultimate cumulative claims costs:											
at the end of accident year	13,053	12,856	12,232	12,627	12,233	11,690	11,916	11,996	12,014	12,439	123,054
one year later	13,052	12,684	11,969	12,230	12,006	11,656	11,691	11,936	12,048		
two years later	12,821	12,495	11,802	11,997	11,641	11,298	11,338	11,547			
three years later	12,734	12,468	11,733	11,838	11,496	11,079	11,143				
four years later	12,723	12,406	11,682	11,767	11,356	10,921					
five years later	12,698	12,393	11,650	11,675	11,265						
six years later	12,668	12,338	11,578	11,614							
seven years later	12,618	12,263	11,552								
eight years later	12,619	12,233									
nine years later	12,595										
Estimate of ultimate cumulative claims costs at reporting date	**12,595**	**12,233**	**11,552**	**11,614**	**11,265**	**10,921**	**11,143**	**11,547**	**12,048**	**12,439**	**117,357**
Cumulative payments to date	**-12,103**	**-11,622**	**-10,801**	**-10,756**	**-10,246**	**-9,590**	**-9,501**	**-9,386**	**-8,762**	**-5,592**	**-98,358**
Provision recognised in the balance sheet	**493**	**611**	**751**	**857**	**1,019**	**1,331**	**1,643**	**2,161**	**3,287**	**6,847**	**18,999**
Provision not included in the claims development table											6,523
Total provision included in the balance sheet											**25,521**

Reinsurance policy of the Group

With reference to the reinsurance policy, the table proves that the careful criteria for the selection of reinsurers adopted by the Group over the past allowed Generali to have a significant presence of counterparties in rating classes of high quality.

Insurance provisions ceded to reinsurers: breakdown by rating

(€ million)	31/12/2018	31/12/2017
AAA	0	0
AA	1,945	2,111
A	753	712
BBB	6	11
Non investment grade	0	1
No Rating	1,305	1,459
Total	**4,009**	**4,294**

In some circumstances, local regulations, market practice or specific types of business allow the Group to benefit from mitigation of the related reinsurance credit risk through deposits from reinsurers and/or letters of credit as a guarantee on ceded reserves.

“No Rating” counterparties still remain; as in the past, they also include a considerable amount of captive insurance companies of large industrial Groups that do not qualify for any rating while showing a good financial strength, companies that are no longer active in the reinsurance market and not valued by the rating agencies, but not necessarily less financially sound, companies that are part of major insurance groups which benefit from high rating but who have abandoned their reinsurance activities, or, finally, of mutual and reinsurance pools.

“No Rating” is partially mitigated by the presence of forms of guarantee such as cut through clause, parental guarantee or other collateral.

Sensitivity analysis of life underwriting risk

The Generali Group makes its own analysis of sensitivity to insurance, not market, risks following the logic of Solvency II. For further information and the relevant numerical evidence please refer to the Risk Report in the Management Report.

Shareholders’ equity and share

16 Shareholders’ equity

Shareholders’ equity

(€ million)	31/12/2018	31/12/2017	Comparative period restated pursuant to IFRS5
Shareholders' equity attributable to the Group	**23,601**	**25,079**	**25,079**
Share capital	1,565	1,562	1,562
Capital reserves	7,107	7,098	7,098
Revenue reserves and other reserves	10,035	9,209	9,209
(Own shares)	-7	-8	-8
Reserve for currency translation differences	-146	-115	-115
Reserve for unrealized gains and losses on available for sale financial assets	3,454	6,279	5,742
Reserve for other unrealized gains and losses through equity	-716	-1,055	-519
Result of the period	2,309	2,110	2,110
Shareholders' equity attributable to minority interests	1,042	1,098	1,098
Total	**24,643**	**26,177**	**26,177**

The share capital is made up of 1,565,165,364 ordinary shares with a par value of € 1 each.

The Group’s own shares are € -7 million, amounting to 310,273 shares.

During the year the Parent company distributed dividends amounting to € 1,330 million.

The reserve for currency translation differences arising from the translation of the subsidiaries’ financial statements denominated in foreign currencies amounted to € -146 million (€ -115 million as at 31 December 2017). The negative variation was attributable to the appreciation of the euro against most major currencies.

The reserve for unrealized gains and losses on available for sale financial assets, i.e. the balance between unrealized gains and losses on financial assets, net of life deferred policyholder liabilities and deferred taxes, amounted to € 3,454 million (€ 5,742 million at 31 December 2017).

The reserve for other unrealised gains and losses though equity comprised, among other component, gains or losses on re-measurement of the net defined benefit liability in accordance with IAS 19, and gains or losses on hedging instruments accounted for as hedging derivatives (cash flow hedge), put in place in order to hedge interest rate change and British pound/Euro rate change on various subordinated bonds issued and the reserves belonging to disposal groups held for sale reclassified also for the comparative period. The item amounted to € -716 million (€ -529 million as at 31 December 2017); the variation is mainly due to movement in reserves attributable to disposal groups classified as held for sale amounting to € 250 million (€ 534 million as at 31 December 2017) and to movement in defined benefit plans remeasurements reserve in application of IAS19 which amounted to € -892 million (€ -973 million as at 31 December 2017).

Other Comprehensive Income

Other comprehensive income

(€ million)	31/12/2018	31/12/2017
Consolidated result of the period	**2,497**	**2,295**
Items that may be reclassified to profit and loss in future periods	**0**	**0**
Foreign currency translation differences	-45	-190
Allocation	-39	-190
Transfer to profit and loss account	-5	-0
Net unrealized gains and losses on investments available for sale	-2,322	108
Allocation	-2,543	282
Transfer to profit and loss account	221	-175
Net unrealized gains and losses on cash flows hedging derivatives	26	41
Allocation	-11	60
Transfer to profit and loss account	37	-19
Net unrealized gains and losses on hedge of a net investment in foreign operations	-4	17
Allocation	5	18
Transfer to profit and loss account	-10	-1
Share of other comprehensive income of associates	-18	-7
Allocation	-18	-7
Transfer to profit and loss account	0	0
Result of discontinued operations	-308	-196
Allocation	-223	-25
Transfer to profit and loss account	-85	-171
Others	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Subtotal	-2,670	-227
Allocation	-2,829	139
Transfer to profit and loss account	159	-366
Items that may not be reclassified to profit and loss in future periods	**0**	**0**
Share of other comprehensive income of associates	0	-0
Allocation	0	-0
Result of discontinued operations	25	17
Allocation	25	17
Reserve for revaluation model on intangible assets	0	0
Allocation	0	0
Reserve for revaluation model on tangible assets	0	0
Allocation	0	0
Actuarial gains or losses arising from defined benefit plans	81	22
Allocation	81	22
Subtotal	106	39
Allocation	106	39
Total other comprehensive income	**-2,564**	**-189**
Total comprehensive income	**-66**	**2,107**
attributable to the Group	-208	2,010
attributable to minority interests	141	97

The following table shows the change of deferred tax assets and liabilities related to gains or losses recognized in shareholders' equity or transferred from shareholders' equity.

Income taxes related to other comprehensive income

(€ million)	31/12/2018	31/12/2017
Income taxes related to other comprehensive income	**872**	**91**
Foreign currency translation differences	1	-0
Unrealized gains and losses on available for sale financial assets	816	70
Net unrealized gains and losses on cash flows hedging derivatives	-8	-10
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	-0
Reserve on associates	0	0
Reserve for revaluation model on intangible assets	0	0
Reserve for revaluation model on tangible assets	0	0
Result of discontinued operations	94	51
Actuarial gains or losses arising from defined benefit plans	-30	-20

Earnings per share

Basic earnings per share are calculated by dividing the result of the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the Parent Company's average number of shares owned by itself or by other Group companies during the period.

Diluted earnings per share reflect the eventual dilution effect of potential ordinary shares.

Earning per share

	31/12/2018	31/12/2017
Result of the period (€ million)	2,309	2,110
- from continuing operations	2,135	2,178
- from discontinued operations	173	-68
Weighted average number of ordinary shares outstanding	1,562,763,749	1,560,771,499
Adjustments for potential diluitive effect	21,954,603	21,954,603
Weighted average number of ordinary shares outstanding	1,584,718,352	1,582,726,102
Earnings per share (in €)	1.48	1.35
- from continuing operation	1.37	1.40
- from discontinued operations	0.11	-0.04
Diluted earnings per share (in €)	1.46	1.33
- from continuing operation	1.35	1.38
- from discontinued operations	0.11	-0.04

For more details on dividend per share please refer to the Management Report.

Reconciliation statement of the result of the period and shareholders' equity of the Group and the Parent Company

In accordance with the CONSOB Communication No. 6064293 of 28 July 2006, the table below summarizes the reconciliation of the result of the period and shareholders' equity of the Group and the Parent Company.

Reconciliation report

(€ million)	31/12/2018		31/12/2017	
	Shareholders' equity before the result of the period	Result of the period	Shareholders' equity before the result of the period	Result of the period
Parent Company amounts in conformity with the Italian accounting principles	**13,504**	**1,473**	**13,421**	**1,404**
Adjustments to Parent Company for IAS/IFRS application	817	-9	957	-31
Parent Company amounts in conformity with IAS/IFRS principles	**14,320**	**1,464**	**14,378**	**1,374**
Result of the period of entities included in the consolidation area		8,633		8,949
Dividends	6,858	-6,858	6,883	-6,883
Elimination of participations, equity valuation impacts and other consolidation adjustments	-2,686	-931	-3,534	-1,330
Reserve for currency translation differences	-146		-115	
Reserve for unrealized gains and losses on available for sale financial assets	3,473		6,211	
Reserve for other unrealized gains and losses through equity	-528		-854	
Shareholders equity attributable to the group	**21,292**	**2,309**	**22,969**	**2,110**

Financial liabilities

17 Liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss

(€ million)	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Financial liabilities related to investment contracts issued by insurance companies	0	0	2,907	7,454	2,907	7,454
where the investment risk is borne by the policyholders	0	0	1,515	6,094	1,515	6,094
pension funds	0	0	1,239	1,266	1,239	1,266
other financial liabilities related to investment contracts	0	0	153	94	153	94
Derivatives	668	867	0	0	668	867
Hedging derivatives	0	0	548	576	548	576
Other financial liabilities at FV	0	0	36	38	36	38
Total	**668**	**867**	**3,491**	**8,068**	**4,159**	**8,935**

The item "Financial liabilities related to investment contracts issued by insurance companies" decreased compared to 31 December 2017 due to the change in the scope of consolidation particularly with reference to the operations in Guernsey and to a lesser extent Belgium.

18 Other financial liabilities

Other financial liabilities

(€ million)	31/12/2018	31/12/2017
Subordinated liabilities	**8,124**	**8,379**
Loans and bonds	**13,263**	**12,986**
Deposits received from reinsurers	747	607
Bonds	3,111	3,171
Other loans	3,184	3,279
Financial liabilities related to investment contracts issued by insurance companies	6,221	5,928
Liabilities to banks or customers	**12,995**	**12,027**
Liabilities to banks	116	423
Liabilities to customers	12,880	11,603
Total	**34,382**	**33,391**

The decrease of the item 'Subordinated liabilities' was attributable to early repayment on the subordinated perpetual obligation issued in 2008, made at the end of 2018 for a nominal value of € 250 million.

The main Group's financial liabilities at amortized cost are represented by senior bonds and subordinated liabilities. The following tables sort Senior and Subordinated liabilities into categories based on maturity, or first call date, when applicable. For each category of maturity, the undiscounted cash flows (including the related hedging derivatives), the book value and the fair value of financial liabilities are reported.

Subordinated liabilities - undiscounted cash flows

(€ million)	31/12/2018			31/12/2017		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	1,275	750	762	796	251	269
between 1 and 5 years	4,373	2,570	2,942	5,459	3,324	4,110
between 5 and 10 years	5,930	4,803	4,883	5,307	3,964	4,570
more than 10 years	0	0	0	893	840	982
Total subordinated liabilities	**11,578**	**8,124**	**8,587**	**12,454**	**8,379**	**9,930**

The following main subordinated issuances are included as part of the subordinated liabilities category:

Main subordinated issues

	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Call date	Maturity
Assicurazioni Generali	6.27%	350	GBP	388	16/06/2006	16/02/2026	Perp
Assicurazioni Generali	6.42%	495	GBP	549	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	7.24%	350	EUR	350	04/03/2009	04/03/2019	Perp
Assicurazioni Generali	8.50%	350	EUR	350	06/03/2009	06/03/2019	Perp
Assicurazioni Generali	9.00%	50	EUR	50	15/07/2009	15/07/2019	Perp
Assicurazioni Generali	10.13%	750	EUR	748	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	1,250	EUR	1,248	12/12/2012	12/12/2022	12/12/2042
Assicurazioni Generali	4.13%	1,000	EUR	991	02/04/2014	n.a.	04/05/2026
Assicurazioni Generali	4.60%	1,500	EUR	1,341	21/11/2014	21/11/2025	Perp
Assicurazioni Generali	5.50%	1,250	EUR	1,243	27/10/2015	27/10/2027	27/10/2047
Assicurazioni Generali	5.00%	850	EUR	841	08/06/2016	08/06/2028	08/06/2048

(*) In currency million.

(**) In € million.

Unquoted subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries are also classified in this category. The remaining subordinated liabilities relate to securities issued by Austrian subsidiaries corresponding to an amortized cost of approximately € 25 million.

In November and December 2018 two subordinated bonds issued by the Group in 2008 for a nominal value of € 250 million by mean of available liquidity.

The fair value of subordinated liabilities amounts to € 8.587 million.

Senior bonds - undiscounted cash flows

(€ million)	31/12/2018			31/12/2017		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	197	0	0	201	0	0
between 1 and 5 years	1,712	1,376	1,411	1,820	1,438	1,520
between 5 and 10 years	1,840	1,740	2,057	1,929	1,733	2,238
more than 10 years	0	0	0	0	0	0
Total bond issued	**3,749**	**3,116**	**3,469**	**3,950**	**3,171**	**3,757**

The category of bonds includes several quoted senior issues shown below:

Main senior bonds issues

Emittente	Coupon	Outstanding (*)	Currency	Amortised cost (**)	Issue date	Maturity
Assicurazioni Generali	5.13%	1,750	EUR	1,733	16/09/2009	16/09/2024
Assicurazioni Generali	2.88%	1,250	EUR	1,247	14/01/2014	14/01/2020

(*) In currency million.

(**) In € million.

The category of ‘bonds issued’ includes both the issues described in the table ‘Main senior bonds issues’ and a senior bond issued in May 2010, for a nominal amount of € 560 million (at 31 December 2017 the remaining amount was about € 128 million), to fund the tax recognition of goodwill related to the unusual transaction Alleanza Toro. This issue was classified as operating debt because the debt structure provides a perfect correlation between cash flows arising from their recognition of taxes and loan repayments both in terms of interest and of capital.

The fair value of bonds issued amounted to € 3,469 million.

Details on financial liabilities

The major monetary and non-monetary changes occurred during the period for the main items of financial liabilities (non-insurance) as well as for derivatives at fair value are shown below:

Other financial liabilities

(€ million)			Non-monetary changes				
	Carrying amount as at 31.12 previous year	Cash-flows movements	Fair value changes	Changes in consolidation scope	Foreign currency translation effects	Other non cash movements	Carrying amount as at the end of the period
Subordinated liabilities	8,379	-245	0	0	-10	-0	8,124
Net position of hedging derivatives on subordinated liabilities	362	0	18	0	-4	0	376
Bonds and other loans at long term	3,882	-67	0	378	1	0	4,195
Derivatives and hedging derivatives classified as financial liabilities	1,081	-236	-1	0	-4	0	840
REPO and other short term financial liabilities	2,508	-393	0	0	-19	0	2,097
Other financial liabilites at fair value	38	0	-2	0	-0	0	36
Total	**13,289**	**-469**	**-15**	**379**	**-21**	**0**	**13,164**

Other balance sheet items

19 Intangible assets

Intangible assets

(€ million)	31/12/2018	31/12/2017
Goodwill	**6,680**	**6,679**
Other intangible assets	**2,065**	**2,105**
Software	427	373
Value of in-force business arising from insurance business combination	681	773
Other intangible assets	957	959
Total	**8,745**	**8,784**

Other intangible assets

(€ million)	31/12/2018	31/12/2017
Gross book value as at 31 December previous year	**6,192**	**5,996**
Accumulated depreciation and impairment as at 31 December previous year	**-4,087**	**-3,794**
Carrying amount as at 31 December previous year	**2,105**	**2,202**
Foreign currency translation effects	-11	28
Acquisitions of the period	382	165
Changes in consolidation scope	22	-58
Sales of the period	-31	-4
Amortization of the period	-420	-259
Impairment losses of the period	0	-2
Other variations	18	33
Carrying amount as at the end of the period	**2,065**	**2,105**
Accumulated depreciation and impairment as at the end of the period	**4,079**	**4,087**
Gross book value as at the end of the period	**6,144**	**6,192**

Other intangible assets, which According to the IFRS 3 included the value of the insurance portfolio (or "The value in force") acquired in business combinations, amounted to € 681 million. This amount was attributable to:

- the acquisitions which took place in 2006 of portfolios of Toro Group (€ 62 million net of accumulated amortisation) and in Central-Eastern Europe (€ 8 million net of accumulated amortisation);
- the acquisition of the Ceška group, which brought an activation of € 605 million, net of accumulated amortisation;
- the acquisition of companies in Poland, which brought an activation of € 7 million, net of accumulated amortisation.

Deferred tax liabilities were accounted for with reference to the above mentioned intangible assets. Further information on calculation method are detailed in the paragraph 'Other intangible assets' of the section Basis for presentation and accounting principles.

20 Tangible assets

The main changes that occurred in the period and the fair value of the properties used for own activity by the Parent Company and its subsidiaries to run the activity are shown in the table below.

Land and buildings (Self used)

(€ million)	31/12/2018	31/12/2017
Gross book value as at 31 December previous year	**3,682**	**3,951**
Accumulated depreciation and impairment as at 31 December previous year	**-1,076**	**-1,140**
Carrying amount as at 31 December previous year	**2,606**	**2,810**
Foreign currency translation effects	18	-17
Acquisition of the period	13	36
Capitalized expenses	57	59
Changes in consolidation scope	-226	-5
Reclassifications	148	-7
Sales of the period	-70	-215
Depreciation of the period	-39	-53
Impairment loss of the period	-3	-3
Reversal of impairment of the period	1	3
Carrying amount as at the end of the period	**2,505**	**2,606**
Accumulated depreciation and impairment as at the end of the period	**979**	**1,076**
Gross book value as at the end of the period	**3,484**	**3,682**
Fair value	**3,350**	**3,304**

The fair value of land and buildings (self-used) at the end of the reporting period was mainly based on external appraisals.

Other tangible assets

(€ million)	31/12/2018	31/12/2017
Gross book value as at 31 December previous year	**2,706**	**2,935**
Accumulated depreciation and impairment as at 31 December previous year	**-1,237**	**-1,269**
Carrying amount as at 31 December previous year	**1,469**	**1,666**
Foreign currency translation effects	-3	-4
Acquisition of the period	116	100
Changes in consolidation scope	-3	-21
Sales of the period	-25	-61
Amortization of the period	-91	-88
Net mpairment losses of the period	-6	1
Other variations	-194	-125
Carrying amount as at the end of the period	**1,263**	**1,469**
Accumulated depreciation and impairment as at the end of the period	**1,254**	**1,237**
Gross book value as at the end of the period	**2,517**	**2,706**

Other tangible assets, which amounted to € 1,263 million (€ 1,469 million at 31 December 2017), mainly includes property inventories for an amount of € 867 million (mainly related to Citylife) and furniture, fittings and office equipment, net of accumulated amortisation and impairment losses (€ 337 million). The item 'Other changes' highlights the reclassification of some properties for which the completion stage was completed within self-used properties.

21 Receivables

Receivables

(€ million)	31/12/2018	31/12/2017
Recivables arising out of direct insurance operations	7,130	7,238
Recivables arising out of reinsurance operations	1,481	1,441
Other receivables	2,515	3,007
Receivables	**11,127**	**11,686**

The category included receivables arising out of the different activities of the Group, such as direct insurance and reinsurance operations.

The decrease in 'Other receivables' is mainly attributable to receivables related to collateral pledged from derivative transactions.

22 Other assets

Other assets

(€ million)	31/12/2018	31/12/2017
Non-current assets or disposal groups classified as held for sale	55,914	16,146
Deferred acquisition costs	2,143	2,119
Tax receivables	3,021	2,961
Deferred tax assets	2,345	2,091
Other assets	5,830	6,853
Total	**69,253**	**30,170**

The item 'Non-current assets or disposal groups classified as held for sale' includes assets in the Belgium, Guernsey and Germany being sold. For more details on the item 'Non-current assets or disposal groups classified as held for sale', reference should be made to paragraph Non-current assets or disposal group classified as held for sale.

For details on deferred taxes please refer to paragraph 38 Income taxes of the section Notes to the income statement.

23 Other provisions

Other provisions

(€ million)	31/12/2018	31/12/2017
Provisions for taxation	75	89
Provisions for commitments	617	612
Other provisions	1,125	1,249
Total	**1,816**	**1,950**

Provisions for commitments and other provisions include provisions for corporate restructuring, litigation or similar events as well as other commitments for which, at balance sheet date, an outflow of resources to settling the related obligation is considered probable and reliably estimated. In particular, the increase in 'Other provisions' is mainly attributable to provisions for restructuring in Germany.

The amounts recognized in the financial statements represents the best estimate of their value. In particular, in the assessment all the peculiarities of the specific provisions are taken into account, including the effective period of incurrence of the contingent liabilities and consequently the expected cash flows on the different estimates and assumptions.

The table below summarized the main changes occurred during the period:

Other provisions - main changes occurred during the period

(€ million)	31/12/2018	31/12/2017
Carrying amount as at 31 December previous year	**1,950**	**1,804**
Foreign currency translation effects	-3	-1
Changes in consolidation scope	-2	-47
Changes	-129	194
Carrying amount as at the end of the period	**1,816**	**1,950**

In the normal course of business, the Group may enter into arrangements that do not lead to the recognition of those commitments as assets and liabilities in the consolidated financial statements under IFRS (contingent assets and liabilities). For further information regarding contingent liabilities please refer to the paragraph Contingent liabilities, commitments, guarantees, pledged assets and collaterals in Additional information.

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 abovementioned request for damages are not met.

24 Payables

Payables

(€ million)	31/12/2018	31/12/2017
Payables arising out of direct insurance operations	**3,424**	**3,602**
Payables arising out of reinsurance operations	**658**	**848**
Other payables	**5,205**	**6,043**
Payables to employees	1,107	1,113
Provision for defined benefit plans	97	103
Payables to suppliers	1,348	1,297
Social security	284	268
Other payables	2,369	3,263
Total	**9,287**	**10,494**

The category mainly included payables related to collateral as guarantee of derivative operations. In particular, the decrease in 'Other payables' is mainly attributable to payables related to derivative operations.

25 Other liabilities

Other liabilities

(€ million)	31/12/2018	31/12/2017
Liabilities directly associated to non-current assets and disposal groups classified as held for sale	54,883	15,745
Deferred tax liabilities	1,789	2,642
Tax payables	1,728	1,487
Other liabilities	5,313	5,779
Total	**63,713**	**25,653**

The item 'liabilities directly associated to non-current assets and disposal groups classified as held for sale' includes assets in Belgium, Guernsey and Germany being sold. For further details on the item 'liabilities directly associated to non-current assets and disposal groups classified as held for sale', reference should be made to paragraph Non-current assets or disposal group classified as held for sale.

Other liabilities include liabilities related to defined employee benefit plans amounting to € 3,640 million (€ 3,928 million at 31 December 2017).

For details on deferred taxes please refer to paragraph 38 Income taxes of the section Notes to the income statement.

Notes to the income statement

Income

26 Net earned premiums

Net earned premiums

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life earned premiums	**20,607**	**20,546**	**-1,009**	**-1,036**	**19,597**	**19,510**
Premiums written	20,649	20,592	-1,020	-995	19,629	19,597
Change in the provision for unearned premiums	-42	-46	10	-41	-32	-87
Life premiums	**44,585**	**42,330**	**-778**	**-703**	**43,807**	**41,627**
Other premiums written	**0**	**0**	**1**	**0**	**1**	**0**
Total	**65,192**	**62,876**	**-1,786**	**-1,739**	**63,405**	**61,137**

27 Fee and commissions income and income from financial service activities

Fee and commissions income from financial services activities

(€ million)	31/12/2018	31/12/2017
Fee and commission income from banking activity	204	167
Fee and commission income from asset management activity	752	741
Fee and commission income related to investment contracts	32	60
Fee and commission income related to pension funds management	16	18
Other fees and commission income	24	16
Total	**1,028**	**1,002**

28 Net income from financial asset at fair value through profit and loss

Net income from financial asset at fair value through profit or loss

(€ million)	Financial investments held for trading		Financial investments back to policies where the investment risk is borne by the policyholders and related to pension funds		Financial investments designated at fair value through profit or loss		Total financial investments at fair value through profit or loss	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Interest income	-7	10	304	473	325	386	623	869
Realized gains	321	366	272	370	47	51	640	787
Realized losses	-287	-186	-499	-223	-55	-52	-841	-461
Unrealized gains	689	1,025	3,304	4,966	343	502	4,336	6,493
Unrealized losses	-728	-758	-9,216	-1,738	-822	-366	-10,767	-2,862
Total	**-11**	**458**	**-5,835**	**3,849**	**-161**	**520**	**-6,008**	**4,826**

The net income from financial assets at fair value through profit or loss mainly referred to the life segment (€ -6,124 million). This item is not material for non-life segment (€ 111 million).

29 Income and expenses from subsidiaries, associated companies and joint venture

Income and expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2018	31/12/2017
Dividends and other income	138	109
Realized gains	17	22
Reversal of impairment	10	3
Total	**166**	**134**

30 Income from other financial instruments and land and buildings (investment properties)

Income from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2018	31/12/2017
Interest income	**8,158**	**8,453**
Interest income from held to maturity investments	83	88
Interest income from loans and receivables	1,062	1,177
Interest income from available for sale financial assets	6,974	7,147
Interest income from other receivables	5	10
Interest income from cash and cash equivalents	34	31
Other income	**2,250**	**2,065**
Income from land and buildings (investment properties)	827	790
Other income from available for sale financial assets	1,423	1,275
Realized gains	**2,146**	**2,421**
Realized gains on land and buildings (investment properties)	86	163
Realized gains on held to maturity investments	2	0
Realized gains on loans and receivables	67	230
Realized gains on available for sale financial assets	1,990	2,026
Realized gains on other receivable	0	0
Realized gains on financial liabilities at amortised cost	0	2
Reversal of impairment	**157**	**216**
Reversal of impairment of land and buildings (investment properties)	30	36
Reversal of impairment of held to maturity investments	2	1
Reversal of impairment of loans and receivables	31	20
Reversal of impairment of available for sale financial assets	27	77
Reversal of impairment of other receivables	69	82
Total	**12,712**	**13,155**

31 Other income

Other income

(€ million)	31/12/2018	31/12/2017
Gains on foreign currencies	876	1,060
Income from tangible assets	382	370
Reversal of other provisions	334	296
Leasing fees	7	0
Income from service and assistance activities and recovery of charges	815	589
Income from non-current assets or disposal group classified as held for sale	0	0
Other technical income	829	700
Other income	154	150
Total	**3,397**	**3,164**

Expenses

32 Net insurance benefits and claims

Net insurance benefits and claims

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life net insurance benefits and claims	**13,403**	**13,784**	**-635**	**-1,068**	**12,768**	**12,716**
Claims paid	13,622	13,236	-745	-737	12,877	12,499
Change in the provisions for outstanding claims	-221	507	111	-331	-110	176
Change in claims paid to be recovered	-50	11	0	0	-50	11
Change in other insurance provisions	51	30	-0	-0	51	29
Life net insurance benefits and claims	**39,837**	**48,688**	**-573**	**-551**	**39,264**	**48,138**
Claims payments	33,714	32,236	-563	-503	33,151	31,733
Change in the provisions for outstanding claims	272	204	-36	-33	235	170
Change in the mathematical provisions	7,481	6,871	11	-16	7,492	6,855
Change in the provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	-2,172	8,247	0	0	-2,171	8,247
Change in other insurance provisions	541	1,131	16	1	557	1,132
Total	**53,239**	**62,472**	**-1,207**	**-1,619**	**52,032**	**60,853**

33 Fee and commissions expenses and expenses from financial service activities

Fee and commissions expenses and expenses from financial service activities

(€ million)	31/12/2018	31/12/2017
Fee and commission expenses from banking activity	392	379
Fee and commission expenses from asset management activity	159	154
Fee and commission expenses related to investment contracts	14	19
Fee and commission expenses related to pension funds management	11	12
Total	**576**	**565**

34 Expenses from subsidiaries, associated companies and joint ventures

Expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2018	31/12/2017
Realized losses	4	4
Impairment losses	12	14
Total	**16**	**17**

35 Expenses from other financial instruments and land and buildings (investment properties)

Expenses from other finncial instruments and land and buildings (investment properties)

(€ million)	31/12/2018	31/12/2017
Interest expense	**1,010**	**1,020**
Interest expense on subordinated liabilities	557	558
Interest expense on loans, bonds and other payables	346	361
Interest expense on deposits received from reinsurers	10	10
Other interest expense	97	91
Other expenses	**355**	**337**
Other expenses on financial instruments	0	0
Depreciation of land and buildings (investment properties)	176	162
Expenses from land and buildings (investment properties)	178	175
Realized losses	**680**	**560**
Realized losses on land and buildings (investment properties)	8	12
Realized losses on held to maturity investments	0	0
Realized losses on loans and receivables	16	51
Realized losses on available for sale financial assets	654	495
Realized losses on other receivables	2	3
Realized losses on financial liabilities at amortized cost	0	0
Impairment losses	**1,423**	**750**
Impairment of land and buildings (investment properties)	19	27
Impairment on held to maturity investments	0	3
Impairment of loans and receivables	111	206
Impairment of available for sale financial assets	1,256	475
Impairment of other receivables	37	39
Total	**3,467**	**2,667**

36 Acquisition and administration costs

Acquisition and administration costs

(€ million)	Non-life segment		Life segment		Other businesses	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Net acquisition costs and other commissions	4,437	4,343	3,578	3,560	-0	-0
Investment management expenses(*)	84	78	320	267	101	85
Other administration costs	1,046	1,090	909	878	483	451
Total	**5,568**	**5,512**	**4,807**	**4,705**	**584**	**536**

(*) Before the elimination of intra-group transactions between segments.

In the Property&Casualty segment, acquisition and administration costs increased mainly due to increase in costs related to insurance activities; non-insurance administration expenses amounted to € 16 million (€ 14 million at 31 December 2017), of which € 11 million related to real estate activity (€ 12 million at 31 December 2017).

Within "other administrative costs" of the Life segment, the investment management expenses amounted to € 54 million (€ 24 million at 31 December 2017), the non-insurance management expenses amounted to € 3 million (€ 6 million at 31 December 2017) and are mainly referred to real estate activity.

37 Other expenses

Other expenses

(€ million)	31/12/2018	31/12/2017
Amortization and impairment of intangible assets	310	322
Amortization of tangible assets	69	78
Expenses from tangible assets	180	158
Losses on foreign currencies	875	1,949
Restructuring charges, termination employee benefit expenses and allocation to other provisions	569	711
Other taxes	219	221
Expenses from service and assistance activities and charges incurred on behalf of third parties	559	342
Expenses from non-current assets or disposal group classified as held for sale	0	0
Other technical expenses	547	491
Holding costs	596	536
Other expenses	555	523
Total	**4,477**	**5,332**

38 Income taxes

This item shows the income taxes due by the Italian and the foreign consolidated companies by applying the income tax rates and rules in force in each country.

The components of the income tax expense for 2018 and 2017 are as follow:

Income taxes

(€ million)	31/12/2018	31/12/2017
Income taxes	1,258	858
Deferred taxes	-132	289
Total taxes of period	**1,126**	**1,147**
Income taxes on discontinued operations	223	65
Total income taxes	**1,348**	**1,212**

In Italy, with respect to the 2018 fiscal year, income taxes are calculated by using the ordinary corporate income tax rate of 24% (IRES). Furthermore, income taxes of Italian companies include the regional tax on productive activities (IRAP).

Income realised in Germany is subject to the corporate income tax - which is calculated on a rate of 15% plus a solidarity surcharge of 5.50% - and the trade tax (Gewerbesteuer). The trade tax rate varies depending on the municipality in which the company is situated. In 2018 the weighted average tax rate remained substantially unchanged at approximately 16.20%.

In France, income taxes are calculated by using an overall corporate income tax rate of 34.43%. In particular, this overall rate includes the basic rate expected in the tax on corporate income, equal to 33.33%, increased by an additional (contribution sociale) of 3.30% and a further additional temporary always calculated with reference the standard rate.

All other foreign subsidiaries apply their national tax rates, including: Austria (25%), Bulgaria (10%), China (25%), Czech Republic (19%), the Netherlands (25%), Poland (19%), Romania (16%), Spain (25%), Switzerland (22%) and United States (21%).

The following table shows a reconciliation from the theoretical income tax expense, by using the Italian corporate income tax rate of 24%, to the effective tax rate.

Reconciliation from theoretical income tax expenses to the effective tax rate

(€ million)	31/12/2018	31/12/2017
Expected income tax rate	**24.0%**	**24.0%**
Earning before taxes	**3,450**	**3,511**
Expected income tax expense	**828**	**843**
Effect of permanent differencies and foreign tax rate differential	-54	125
Effect of fiscal losses	-3	-4
IRAP, trade tax and other local income taxes	164	154
Substitute taxes	103	69
Foreign withholding taxes not recoverable	59	49
Income taxes for prior years	43	-103
Other	-14	14
Tax expenses	**1,126**	**1,147**
Effective tax rata	**32.6%**	**32.7%**

With respect to the 2018 fiscal year, the effective tax rate was equal to 32.6%, in line with that of the previous fiscal year. The reduction of the tax burden in absolute terms is essentially due to the slight reduction of the profit before tax.

Fiscal losses carried forward are recognised to the extent that future taxable income will be sufficient to offset the amount of the losses before their expiration.

Fiscal losses carried forward are scheduled according to their expiry periods as follows.

Fiscal losses

(€ million)	31/12/2018	31/12/2017
2018	6	0
2019	0	0
2020	1	1
2021	11	2
2022	1	2
2023	26	28
2024	9	0
2025	8	12
2026 and over	20	28
Unlimited	834	890
Fiscal losses carried forward	**917**	**963**

With regards to fiscal losses, it is worth noting that Italian Law by Decree 98/2011 introduced that fiscal losses can be carried forward with no time limits (as opposed to the previous five-year limitation). Losses from a given year may, however, only be used to offset up to 80% of the taxable income of any following fiscal year.

Deferred income taxes are calculated on the temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their tax base, by using the tax rates applicable at the expected time of realisation according to each country's current legislation.

The ultimate realisation of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.

Furthermore, in making this assessment, management considers the scheduled reversal of deferred tax liabilities and tax planning strategies.

Assessments show that deferred tax assets will be recovered in the future through either (i) expected taxable income of each consolidated company or (ii) expected taxable income of other companies included in the same tax group (e.g. "Consolidato fiscale" in Italy, "Steuerliche Organschaft" in Germany and "Régime d'intégration fiscale" in France).

Deferred taxes are related to the following assets and liabilities.

Net deferred tax assets

(€ million)	31/12/2018	31/12/2017
Intangible assets	220	113
Tangible assets	166	102
Land and buildings (investment properties)	525	563
Available for sale financial assets	1,942	4,980
Other investments	300	203
Deferred acquisition costs	12	11
Other assets	309	336
Fiscal losses carried forward	58	61
Allocation to other provisions and payables	543	487
Insurance provisions	482	488
Financial liabilities and other liabilities	662	729
Other	136	178
Total deferred tax assets	**5,356**	**8,252**
Netting	-3,011	-6,161
Total net deferred tax assets	**2,345**	**2,091**

Net deferred tax liabilities

(€ million)	31/12/2018	31/12/2017
Intangible assets	133	149
Tangible assets	103	98
Land and buildings (investment properties)	193	339
Available for sale financial assets	2,767	6,513
Other investments	157	313
Deferred acquisition costs	472	433
Other assets	52	44
Other provisions and payables	120	80
Insurance provisions	937	855
Financial liabilities and other liabilities	-102	-147
Other	-30	126
Total deferred tax liabilities	**4,800**	**8,803**
Netting	-3,011	-6,161
Total net deferred tax liabilities	**1,789**	**2,642**

Fair Value measurement

IFRS 13 - Fair Value Measurement provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in the levels of fair value hierarchy.

With reference to the investment, Generali Group measures financial assets and liability at fair value of in the financial statements, or discloses it in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

(a) in the principal market for the asset or liability; or

(b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value is equal to market price if market information are available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

If there isn't an active market, it should be used a valuation technique which however shall maximise the observable inputs.

If the fair value cannot be measured reliably, amortized cost is used as the best estimate in determining the fair value.

As for measurement and disclosure, the fair value depends on its unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS.

The table below illustrates both the carrying amount and the fair value of financial assets and liabilities recognised in the balance sheet at 31 December 2018[1].

1 With reference to investments in subsidiaries, associates and joint ventures, the book value, based on the fraction of equity for associates and interests in joint ventures or on cost adjusted for any impairment losses for non-consolidated subsidiaries, was used as a reasonable proxy of their fair value.

Carrying amount and Fair value

(€ million)	31/12/2018	
	Total carrying amount	Total fair value
Available for sale financial assets	283,773	283,773
Financial assets at fair value through profit or loss	13,711	13,711
Held to maturity investments	2,171	2,202
Loans	30,167	32,498
Land and buildings (investment properties)	13,650	20,631
Own used land and buildings	2,505	3,350
Investments in subsidiaries, associated companies and joint ventures	1,320	1,320
Cash and cash equivalents	6,697	6,697
Investments back to unit and index-linked policies	65,789	65,789
Total investments	**419,782**	**429,970**
Financial liabilities at fair value through profit or loss	4,159	4,159
Other liabilities	14,418	15,208
Liabilities to banks or customers	12,995	12,995
Total financial liabilities	**31,572**	**32,363**

From the table above, in line with IFRS 13 definitions, the following items, part of below mentioned balance sheet categories, are excluded:

- Loans and receivables: reinsurance deposits provided and term deposits;
- Other financial liabilities: reinsurance deposits received and liabilities arising from investment contracts measured at cost sold by insurance entities.

39 Fair value hierarchy

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3.

The table shows the classification of financial assets and liabilities measured at fair value among the levels of fair value hierarchy as defined by IFRS13.

Fair Value Hierarchy

31/12/2018	Level 1	Level 2	Level 3	Total
Available for sale financial assets	255,396	20,876	7,501	283,773
Equities	8,550	560	1,270	10,379
Bonds	230,825	17,259	1,231	249,315
Investment funds units	15,491	2,735	4,604	22,830
Other assets available for sale financial	530	323	396	1,249
Financial assets at fair value through profit or loss	72,525	5,349	1,625	79,499
Equities	44	3	40	87
Bonds	2,320	1,041	37	3,398
Investment fund units	7,380	874	203	8,457
Derivatives	41	1,172	48	1,261
Hedging derivatives	0	363	0	363
Investments back to policies where the risk is borne by the policyholders	62,740	1,827	1,221	65,788
Other assets at fair value through profit or loss	0	70	74	144
Total assets at fair value	**327,921**	**26,226**	**9,126**	**363,272**
Financial liabilities at fair value through profit or loss	2,830	1,244	84	4,159
Financial liabilities related to investments contracts issued by insurance companies	2,823	11	72	2,907
Derivatives	3	652	12	668
Hedging derivatives	0	548	0	548
Other finanical liabilities	3	33	0	36
Total liabilities at fair value	**2,830**	**1,244**	**84**	**4,159**

Fair Value Hierarchy: comparative period

31/12/2017	Level 1	Level 2	Level 3	Total
Available for sale financial assets	280,744	34,205	5,693	320,641
Equities	7,913	837	1,313	10,063
Bonds	255,330	30,070	893	286,293
Investment funds units	16,925	2,922	358	20,205
Other assets available for sale financial	576	376	3,128	4,080
Financial assets at fair value through profit or loss	85,528	6,844	1,526	93,897
Equities	41	3	43	88
Bonds	3,178	1,473	84	4,735
Investment fund units	10,250	839	205	11,294
Derivatives	18	1,881	11	1,910
Hedging derivatives	0	355	0	355
Investments back to policies where the risk is borne by the policyholders	72,040	2,219	1,113	75,372
Other assets at fair value through profit or loss	0	74	69	144
Total assets at fair value	**366,272**	**41,049**	**7,218**	**414,539**
Financial liabilities at fair value through profit or loss	6,505	2,371	58	8,935
Financial liabilities related to investments contracts issued by insurance companies	6,501	896	57	7,454
Derivatives	0	866	-0	867
Hedging derivatives	0	576	0	576
Other finanical liabilities	3	34	2	38
Total liabilities at fair value	**6,505**	**2,371**	**58**	**8,935**

40 Transfers of financial instruments measured at fair value between Level 1 and Level 2

Generally transfers between levels are attributable to changes in market activities and observability of the inputs used in valuation techniques to determine the fair value of certain instruments.

Financial assets and financial liabilities are mainly transferred from level 1 to level 2 when the liquidity and the frequency of transactions are no longer indicative of an active market. Conversely, for transfers from level 2 to level 1.

The transfers were as follows:
- from level 2 to level 1 € 6,466 million and from level 1 to level 2 € 154 million of bonds, mainly corporate, mainly due to the different availability of information on their value and price
- from level 2 to level 1 € 508 million and from level 1 to level 2 € 239 million of investments back to policies where the risk is borne by the policyholders for the same reasons of the latter point.

41 Additional information on level 3

The amount of financial instruments classified in Level 3 represents 2.5% of total financial assets and liabilities at fair value, slightly increasing compared to 31 December 2017 mainly due to change in perimeter.

Generally, the main inputs used in valuation techniques are volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates.

The more significant assets classified within Level 3 are the following:

- Unquoted equities

It includes unquoted equity securities, mainly classified into available for sale. Their fair value is determined using the valuation methods described above or based on the net asset value of the company. These contracts are valued individually using appropriate input depending on the security and therefore neither a sensitivity analysis nor an aggregate of unobservable inputs used would be indicative of the valuation.

In addition, for certain securities the amortized cost is considered to be a reasonable proxy for fair value, and does not therefore apply a sensitivity analysis.

- IFU funds, private equity and hedge funds

It includes unquoted IFU funds, private equity and hedge funds, which are classified into available for sale and fair value through profit or loss. Their fair value is substantially provided by the fund administrators on the basis of the net asset value of the fund. The fair value of these investments is closely monitored by a team of professionals inside the Group.

Being the asses described, by their nature, on a straight-line basis sensitive to changes in the value of the underlying assets, the Group considers that, for a given change in the fair value of the underlying of such assets, their value undergoes a similar variation.

For more details on the nature of Group funds please refer to the section Investments in the Notes.

- Bonds

Are corporate bonds, classified into available for sale and fair value through profit or loss. Their fair value is mainly determined based on the market or income approach. In terms of sensitivity analysis any changes in the inputs used in the valuation do not cause a significant impact on the fair value at the Group level considering the lack of materiality of these securities classified in level 3.

Moreover, given the analyses described above, the Group has decided to classify all the *asset-backed securities* items in Level 3 considering that their evaluation is generally not corroborated by market inputs. For what regards prices provided by providers or counterparties, bonds for which it is not possible to replicate the price using market inputs have been classified in Level 3. Therefore, given the lack of information concerning the inputs used for the determination of the price, the Group is not able to perform a sensitivity analysis on this bonds.

- Financial assets where the investment risk is borne by the policyholders and related to pension funds

Their fair value is determined using the valuation methods and observations on sensitivity analysis and input described above.

The following table shows a reconciliation of financial instruments measured at fair value and classified as level 3.

Rollforward of financial instruments classified as level 3

(€ million)	Carrying amount at the beginning of the period	Purchases and issues	Net transfers in (out of) Level 3	Disposals through sales and settlements
Available for sale assets	**5,693**	**1,350**	**612**	**-596**
- Equities	1,313	26	-2	-27
- Bonds	893	28	565	-245
- Investment fund units	358	1,296	49	-301
- Other available for sale financial assets	3,128	0	-0	-23
Financial assets at fair value through profit or loss	**1,526**	**269**	**17**	**-178**
- Equities	43	0	0	-0
- Bonds	84	3	-1	-34
- Investment fund units	205	10	-0	-26
- Derivatives	11	0	37	0
- Hedging derivatives	0	0	0	0
Investments back to policies where the investment risk is borne by the policyholders	1,113	256	-19	-118
Other assets at fair value through profit or loss	69	0	0	0
Total assets at fair value	**7,218**	**1,619**	**629**	**-774**
Financial liabilities at fair value through profit or loss	**58**	**17**	**13**	**-2**
- Financial liabilities related to investment contracts issued by insurance companies	57	17	0	0
- Derivatives	0	0	13	0
- Hedging derivatives	0	0	0	0
Other financial liabilities	2	0	0	-2
Total liabilities at fair value	**58**	**17**	**13**	**-2**

Net unrealised gains and losses recognized in P&L	Net unrealised gains and losses recognized in OCI	Other changes	Carrying amount at the end of the period	Net impairment loss of the period recognised in P&L	Net realised gains of the period recognised in P&L
21	**401**	**20**	**7,501**	**-5**	**-26**
0	21	-61	1,270	8	-14
21	-43	12	1,231	-21	-0
0	419	2,783	4,604	0	-4
0	4	-2,714	396	7	-8
19	**0**	**-27**	**1,625**	**-2**	**-0**
-0	0	-4	40	0	0
-1	0	-13	37	0	-1
15	0	-1	203	-2	1
0	0	-0	48	0	0
0	0	0	0	0	0
3	0	-13	1,221	0	-0
1	0	3	74	0	0
40	**401**	**-7**	**9,126**	**-7**	**-27**
-1	**0**	**-2**	**83**	**0**	**0**
-1	0	-2	71	0	0
0	0	0	13	0	0
0	0	0	0	0	0
0	0	0	0	0	0
-1	**0**	**-2**	**83**	**0**	**0**

42 Information on fair value hierarchy of assets and liabilities not measured at fair value

The table here below provides information on the fair value hierarchy for the main investment classes and financial liabilities.

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2018	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,421	781	0	2,202
Loans	2,892	21,452	6,481	30,825
Debt securities	2,889	15,546	86	18,521
Other loans	3	5,907	6,395	12,305
Receivables from banks and customers	0	1,080	593	1,673
Investments in subsidiaries, associated companies and joint ventures	0	0	1,320	1,320
Land and buildings (investment properties)	0	0	20,631	20,631
Own used land and buildings	0	0	3,349	3,349
Total assets	**4,313**	**23,313**	**32,373**	**59,999**
Other liabilities	11,148	2,576	1,486	15,210
Subordinated liabilities	7,803	0	784	8,587
Senior debt	3,340	129	6	3,475
Other debt	5	2,447	696	3,148
Liabilities to banks and customers	12	7,848	5,135	12,995
Total liabilities	**11,160**	**10,424**	**6,621**	**28,205**

Fair Value Hierarchy of assets and liabilities not measured at fair value

31/12/2017	Level 1	Level 2	Level 3	Total
Held to maturity investments	1,511	808	0	2,319
Loans	3,582	31,347	6,417	41,345
Debt securities	3,567	24,224	51	27,842
Other loans	15	7,122	6,366	13,503
Receivables from banks and customers	0	1,020	541	1,561
Investments in subsidiaries, associated companies and joint ventures	0	0	1,171	1,171
Land and buildings (investment properties)	0	0	19,763	19,763
Own used land and buildings	0	0	3,304	3,304
Total assets	**5,093**	**33,175**	**31,197**	**69,464**
Other liabilities	12,377	2,756	1,828	16,960
Subordinated liabilities	8,817	24	1,092	9,933
Senior debt	3,553	198	7	3,757
Other debt	7	2,534	729	3,270
Liabilities to banks and customers	15	6,924	5,087	12,027
Total liabilities	**12,392**	**9,680**	**6,915**	**28,987**

– Held to maturity investments

The category includes primarily bonds, which valuation is above described. If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

– Loans

The category includes bonds, which valuation is described above, mortgages and other loans .

In particular, mortgages and other loans are valued on the basis of future payments of principal and interest discounted at the interest rates for similar investments by incorporating the expected future losses or alternatively discounting (with risk-free rate) to the probable future cash flows considering market or entity-specific data (i.e. probability of default). These assets are classified as level 2 or 3 depending on whether or not the inputs are corroborated by market data.

If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

– Receivables from banks or customers

Considering their nature, the amortized cost is generally considered a good approximation of fair value and therefore classified within level 3. If appropriate, they are valued at market value, considering observable inputs, and therefore classified within level 2.

– Land and buildings (investment and self-used properties)

These assets are mainly valuated on the basis of inputs of similar assets in active markets or of discounted cash flows of future income and expenses of the rental considered as part of the higher and best use by a market participant. Based on the analysis of inputs used for valuation, considering the limited cases where the inputs would be observable in active markets, the Group proceeded to classify the whole category at level 3.

In particular, the valuation takes into consideration not only the discounted net future income but also the peculiarities of the properties such as intended use and location as well as the entity of the vacancy rate.

The fair value of land and buildings (investment properties) is mainly based on external appraisals based on methods described above.

– Investments in subsidiaries, associated companies and joint ventures

The carrying amount, based on the share of equity for associates and interests in joint ventures or on cost adjusted for eventual impairment losses for non-consolidated subsidiaries, is used as a reasonable estimate of the related fair value and, therefore, these investments are classified in level 3.

– Subordinated debts, loans and bonds and liabilities to banks and customers

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques. In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of the Group financing for similar types of instruments, with maturities consistent with the residual maturity of the debt instruments subject to valuation.

If measured at amortized cost as an approximation of fair value, they are classified in Level 3.

Additional information

43 Disclosure regarding the deferred application of IFRS 9 “Financial Instruments”

The Group adopted the temporary exemption from the application of IFRS 9, as provided for in the amendment to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”. The Group qualifies for temporary exemption from application of IFRS 9. In fact, the carrying amount of liabilities for insurance operations (€ 443 billion) is higher than 90% of the carrying amount of total liabilities (€ 476 billion) as of 31 December 2015 (application period required by the principle. Specifically, the liabilities related to insurance operations not included in the scope of IFRS 4 are listed below:

- non-derivative liabilities linked to investment contracts measured at fair value through profit and loss, for which IAS 39 applies (€ 22 billion);
- subordinated liabilities that qualify as own funds pursuant to the Solvency II regulations (€ 9 billion);
- liabilities arising from defined benefit plans of Group companies operating in the Life and P&C segments (€ 4 billion);
- tax liabilities related to insurance operations (€ 4 billion).

The other liabilities, not related to insurance operations, consist mainly of liabilities to banks and bank customers.

The information required by the amendment to IFRS 4 for financial instruments as at 31 December 2018 is provided below.

Change in the fair value of financial instruments included in the scope of application of IFRS 9 with the details of financial instruments that give rise to specific dates for cash flows that consist exclusively of payment of principal and interest.

Change in fair value of financial instruments in scope of IFRS 9

31/12/2018	31/12/2018	Change in the fair value since 31 December 2017
Financial assets managed on fair value basis and held for trading*	**77,459**	**-**
Equities	87	-
Investment funds	8,457	-
Derivatives	1,261	-
Investments back to policies where the risk is borne by the policyholders and pension funds**	63,749	-
Other financial instruments managed on fair value basis	3,905	-
Available for sale financial assets (AFS), held to maturity and loans and receivables***	**339,848**	**-11,134**
Financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest	297,588	-8,199
Bonds	277,472	-8,283
Loans and other debt instruments	18,400	84
Receivables from banks and customers	1,648	0
Other investments	69	0
Financial assets that do not give rise on specified dates to cash flows that are solely payments of principal and interest****	42,260	-2,935
Equities	10,379	-1,722
Investment funds	22,830	-921
Bonds	8,705	-284
Loans and other debt instruments	295	-8
Receivables from banks and customers	49	0
Other financial instruments that do not give rise on specified dates to cash flows that are solely payments of principal and interest	1	0

*,** The fair value change of financial assets measured at fair value through profit or loss is provided in the relative section in the notes.

*** Policy loans and leashold assets are excluded from the scope of SPPI test because in the scope respectively of insurance contracts and leases

**** These assets would be measured as at fair value through profit or loss if IFRS 9 was applied.

The following disclosure is provided on the credit risk of the financial instruments that give rise to specific dates for cash flows consisting exclusively of principal and interest payments; specifically, the carrying amount in accordance with IAS 39 for rating classes of financial instruments that give rise to specific dates for cash flows consisting of exclusively of payment of principal and interest.

Carrying amount by risk rating grade of bonds that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(€ million)	Carrying amount* (IAS 39)
AAA	24,111
AA	74,599
A	67,643
BBB	118,140
Non investment grade	6,181
Not Rated	4,228
Total	**294,903**

In addition to the bonds presented in the table above, financial assets that envisage cash flows represented solely by principal and interest payments also include mortgages and other loans, term deposits, repurchase agreements (reverse REPO) and receivables from banks and bank customers.

The loan portfolio consists mainly of mortgages with low credit risk (analogous to investment grade); largely guaranteed by collateral, mainly real estate, and primarily managed by Group banks. Furthermore, the credit risk management process includes a careful assessment of the customer's credit rating, whether an individual or corporation.

The counterparty for term deposits is generally assessed by using the highest available rating, where possible, and considering minimum rating requirements, in particular, BBB for Group companies in countries classified as "investment grade", or similar to the sovereign debt rating in countries that have a rating below investment grade.

Repurchase agreements are mainly with bank counterparties with high credit ratings.

The carrying amount of bonds that do not have low credit risk, considered as exposure with a rating lower than investment grade, is € 10,409 mln.

Application of IFRS 9 by Group companies for their separate financial statements

There are no material associated companies or joint ventures that apply IFRS 9.

The main Subsidiaries that have applied IFRS 9 are banking, investment management and asset management companies. Information on their investments and the procedures for applying IFRS 9 are included in their published financial statements.

44 Information on employees

Employees

	31/12/2018	31/12/2017
Managers	1,902	1,816
Employees	52,516	52,339
Sales attendant	16,154	16,958
Others	162	214
Total	**70,734**	**71,327**

The number of employees decreased mainly due to specific reorganization projects in the main countries in which the Group operates and due to disposal of some Group companies during the year (Colombia, Ireland, Netherlands and Panama).

45 Provisions for defined benefit plans

The pension benefits of Generali Group's employees are mainly in the form of defined benefit plans and defined contribution plans.

As for defined benefit plans, participants are granted a defined pension benefits either by the employers or via external entities.

The main defined benefits plans are concentrated in Germany, Austria and Switzerland, while in Italy the provision for Trattamento di fine rapporto (employee severance pay) matured until 1st January 2007 is included in the provisions for defined benefit plan for € 97 million.

The table below shows the movements in the defined benefit plans liability which occurred during the financial year, net of assets legally separate and held solely to pay or fund employee benefits:

Net defined benefit plans liabilities: movements

(€ million)	31/12/2018	31/12/2017
Net liability as at 31 December previous year	**4,001**	**4,298**
Foreign currency translation effects	3	-12
Net expense recognised in the income statement	155	130
Re-measurements recognised in Other Comprehensive Income	-124	-71
Contributions and benefits paid	-185	-171
Changes in consolidation scope and other changes	-128	-172
Net liability as at 31 December current year	**3,722**	**4,001**

The item "Change in consolidation scope and other changes" mainly reflects the classification of the operations in Belgium and related to Generlai Leben as "disposal groups classified as held for sale", in application of IFRS 5.

Part of the Group's defined benefit plans have assets that are designated, but not legally segregated, to meet the pension defined benefit obligations. These are investments backing insurance provisions or policies issued by Generali Group companies, or other investments owned by the Group entities. Consequently, in accordance with IAS 19, these investments are not recognised as plan assets and so cannot be deducted from the defined benefit obligations. However, to assess the net liability for defined benefit plans, these assets should have been netted against the present value of the related pension obligations.

In Germany and Austria, where is allocated approximately 90% of the present net value of defined benefit obligations, the pension guarantee associations, for yearly contributions to be paid by the companies, are liable for the fulfilment of the pension commitments granted in case of company insolvency.

The net defined benefit plans expense of the year recognised in the profit or loss account is represented as follows:

Net defined benefit plans expenses recognised in profit or loss (*)

(€ million)	31/12/2018	31/12/2017
Current service cost	92	83
Net interest	63	66
Past service cost	1	-25
Losses (gains) on settlements	-0	-0
Net expense recognised in the income statement	**155**	**124**

(*) Comparative figures are presented on homogeneous scope, excluding contribution from activities classified as held for sale

The re-measurement of liabilities related to defined benefit plans and plan assets, recognised in Other comprehensive income are detailed as follows:

Re-measurements recognised in Other Comprehensive Income (*)

(€ million)	31/12/2018	31/12/2017
Actuarial gains (losses) from change in financial assumptions	150	-0
Actuarial gains (losses) from change in demographical assumptions	-53	-6
Actuarial gains (losses) from experience	22	41
Return on plan assets (other than interest)	5	36
Re-measurements recognised in Other Comprehensive Income	**124**	**71**

(*) Comparative figures are presented on homogeneous scope, excluding contribution from activities classified as held for sale

The increase in the reference rates at the end of the year, in application of IAS 19 for the determination of the discount rate applicable to the valuation of these liabilities, leads to greater actuarial gains compared to the previous year.

The amounts reported are gross of deferred taxes and deferred policyholders liabilities, where applicable.

The table below shows the movements in the defined benefit obligation during the financial year and the current value of the plan assets:

Present value of defined benefit obligation: movements

(€ million)	31/12/2018	31/12/2017
Defined benefit obligation as at 31 December previous year	**5,116**	**5,313**
Foreign currency translation effects	24	-65
Current Service cost	92	87
Past service cost	1	-25
Interest expense	76	81
Actuarial losses (gains)	-119	-35
Losses (gains) on settlements	-0	-0
Contribution by plan participants	10	9
Benefits paid	-221	-201
Changes in consolidation scope and other variation	-170	-48
Defined benefit obligation as at 31 December current year	**4,808**	**5,116**

The item “Change in consolidation scope and other changes” mainly reflects the above commented changes due to the operations in Belgium and related to Generali Leben classified as “disposal groups classified as held for sale” and defined benefit obligations of the pension plan, reclassified within the defined benefit plan liabilities.

Current value of plan assets: movements

(€ million)	31/12/2018	31/12/2017
Defined benefit obligation as at 31 December previous year	**1,116**	**1,015**
Foreign currency translation effects	21	-53
Interest income	13	14
Return on plan assets (other than interest)	5	36
Gains (losses) on settlements	0	0
Employer contribution	24	25
Contribution by plan participants	10	9
Benefits paid	-60	-55
Changes in consolidation scope and other changes	-42	123
Fair value of plan assets as at 31 December	**1,086**	**1,116**

The item “Change in consolidation scope and other changes” mainly reflects the reclassification of assets backing the defined benefit liabilities of a pension plan reclassified from defined contribution liability, as described above.

The defined benefit plans’ weighted-average asset allocation by asset category is as follows:

Defined benefit plans: asset allocation

(%)	31/12/2018	31/12/2017
Bonds	44.4	46.4
Equities	15.5	15.8
Real estate	13.3	12.5
Investment fund units	11.3	11.5
Insurance policies issued by non Group insurers	1.6	2.8
Other investments	13.9	10.9
Total	**100.0**	**100.0**

The assumptions used in the actuarial calculation of the defined benefit obligations and the related periodic pension cost are based on the best estimates of each companies granting defined benefit plans. The main weighted-average hypotheses considered for the value definition of defined benefits plans obligations are summarized in the following table, for the main operating areas:

Assumptions for actuarial calculation of defined benefit plans

(%)	Eurozone		Switzerland		United Kingdom	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Discount rate for evaluation at reporting date	1.9	1.7	0.8	0.6	2.8	2.4
Rate of salary increase	2.8	2.8	1.3	1.3	n.a.	n.a.
Rate of pension increase	2.0	2.0	0.0	0.0	3.1	3.1

The average duration of the obligation for defined benefit plans is 15 years as at 31 December 2018 (15 years at 31 December 2017).

A sensitivity analysis was carried out showing how the defined benefit obligation would have been affected by changes in the discount rate and the most relevant actuarial assumptions on these liabilities:

Defined benefit plans: sensitivity

(€ million) Assumptions	Discount rate for evaluation at reporting date		Rate of salary increase		Rate of pension increase
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase
Impact on defined benefit obligation	-296	327	33	-34	225

To provide an indication of the effect of the defined benefit plans on the future cash flows of the Group, the future expected payments, divided by bands of maturity, are presented below:

Defined benefit plans: expected payments

(€ million)	31/12/2018	31/12/2017
Within the next 12 months	221	238
Between 2 and 5 years	899	954
Between 5 and 10 years	1,159	1,225
Beyond 10 years	4,656	5,083
Total	**6,935**	**7,500**

46 Share-based compensation plans

At 31 December 2018 different incentive plans based on equity instruments granted by the Parent Company and other Group companies are outstanding.

46.1 Share-based compensation plans granted by the Parent Company

Long-Term Incentives (LTI) represent the long-term variable remuneration of Generali which takes the form of multi-year plans, approved from time to time by the competent bodies and may be addressed to directors, managers with strategic responsibilities and other Generali employees; they may be based on cash disbursements or financial instruments.

Generali Group adopted multi-year plans, based on one cycle of three years. Once the cycle reaches its conclusion, participants may be granted a certain number of free shares, again assuming certain targets have been achieved, subject to specific holding/lock up periods.

The plan LTI 2015 has fully accrued its relevant cost component in the first half of the year, coming to a close with the equity instruments assignment upon verification of the Group's performance levels in terms of ROE and relative TSR, as well as threshold levels required in terms of Return on Risk Capital.

The LTI plans 2016 and 2017, currently in progress, may result in shares' granting respectively in 2019 and 2020, subject to the Group performance level (determined by the comparison of ranges of ROE and relative TSR) and the overcoming of the minimum level, where requested, in terms of Economic Solvency ratio.

As far as the lock-up constraint, 50% of the shares are immediately available, the remaining 50% is subject to a two year lock-up period.

Further details are given in the information reports approved at the time by the Shareholders' Meeting and published on the Generali Group website, as well as in the Remuneration Report annually published.

With a structure similar to the last year, a new long-term incentive plan based on Assicurazioni Generali shares – Group Long Term Incentive (LTI) 2018 - has been submitted for the approval of the Shareholders' Meeting.

In line with market practices and investor expectations, shares are assigned and available to beneficiaries over a total time frame of 6 years, subject to the achievement of Group's performance conditions (Return on Equity – ROE - and relative Total Shareholders Return - rTSR) and the achievement of a minimum level of Regulatory Solvency Ratio, as detailed below.

The Plan is based on the following key aspects:
- the incentive connected with the achievement of the targets is paid through the grant of Assicurazioni Generali S.p.A. ordinary shares;
- the right to receive the shares is subject to an entry threshold, defined annually by the Board of Directors and which represents a condition precedent;
- the targets to which payment of the incentive is subject are Group financial ones and are defined at the beginning of the three-year performance period.

In detail, the maximum number of shares that can be assigned is determined at the start of the plan. The maximum potential bonus to be disbursed in shares equals to 175% of the gross fixed remuneration of the plan participants (or a different percentage considered the role of the related beneficiaries); therefore, the maximum number of shares that can be assigned is the result of the ratio of the maximum bonus and the share value, with the latter calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Holding Company and the consolidated financial statements for the year previous to the year of Plan start.

The maximum number of shares that can potentially be assigned to participants at the end of the three years is divided up into three tranches; the first tranche is for 30% of the maximum number of shares to be possibly assigned, the second is for a further 30% and the remaining 40% represents the third tranche, each tranche being subject to certain specific targets as described below.

Once the level of the Regulatory Solvency ratio has been reached, the achievement of the Group's financial targets, represented by the ROE and the relative TSR, compared with the peers part of the STOXX Euro Insurance index, is verified on a yearly and overall three-year cycle basis.

The performance level, expressed as a percentage, is determined by a calculation methodology, based on two independent baskets respectively for the achievement of the ROE and the relative TSR. The final results in each basket, with a 50% weight on the bonus assignable, shall be calculated using a linear interpolation approach. The maximum performance level is 175% overall (or a different percentage considered the role of the related beneficiaries).

During each year of the plan and at the end of the three years, the Board of Directors evaluates the degree to which the Regulatory Solvency Ratio has been achieved as compared with the limit set as 120%, or alternative percentage as may be chosen from time to time by the Board of Directors. On the basis of this evaluation, the number of shares to be accrued annually or definitively granted may be reduced or even zeroed by the Board of Directors if the Regulatory Solvency Ratio should fall below the threshold established.

In any case, no incentive will be paid in the event of a significant worsening of the capital and financial situation of the Company. Any amount disbursed will be subject to claw-back if the performance considered should later be found to be non-lasting or ineffective as a result of wilful misconduct or gross negligence.

Individual tranches of shares are only granted at the end of the performance period and, therefore, at the end of the three years, after verifying the degree to which the targets have been achieved in the third year (i.e. assessment by the Board of Directors on the actual achievement of the targets set, considered both on an annual and overall 3-year basis) and as long as there continues to be an employment/ director relationship in place with the Company or with other companies of the Group as at the grant date. Consequently, save for extraordinary situations as specifically envisaged by the plan rules, and unless otherwise decided by the delegated bodies, any case of termination of the employment/director relationship automatically entails forfeiture of the right to be granted shares.

As regards the holding period, in line with investors requests. at the grant date, 50% of the shares are immediately available (to allow the participants to pay the tax charges connected with the grant), the remaining 50% is subject to a two year lock-up period; subject to the requirement for the directors that participate the plan to maintain a suitable number of shares assigned until term of the office in course at the expiry of the lock-up.

In line with the LTI plans 2015 and 2016, a dividend equivalent mechanism has been introduced on the basis of the dividends distributed during the three-year performance period. In particular, should the shareholders' meeting resolve upon the distribution of dividends in favour of the shareholders during the three-year reference period, at the expiry of such three-year reference period, an additional number of shares determined in relation to the overall dividends distributed during the three-year reference period will be assigned in favour of the beneficiaries. The additional number of shares thus determined shall be assigned simultaneously and in relation with the other shares assigned in favour of each beneficiary, subject to the same restrictions (holding period) mentioned above and determined considering the shares' value at the assignment of the plan, to be calculated as the average price of the share in the three months prior to the meeting of the Board of Directors called to resolve on the draft statutory financial statements of the Parent Company and the consolidated financial statements for the year previous to the year of the Plan start.

The maximum number of shares that can be granted is 11,500,000, accounting for 0.74% of the current share capital.

For additional information related to incentive plans refer to the 2018 Remuneration Report.

In line with the previous plans, the 2018 LTI plan can be treated as an equity-settled share-based payment falling under IFRS 2 scope, which provides a grant date measurement model seeking to capture the value of the contingent right to shares promised at grant date, to the extent that that promises becomes an entitlement of the counterparty, rather than the value of any shares finally delivered.

The condition related to rTSR configures as a market condition, other conditions mentioned above are considered whether as performance or as service condition.

The fair value of the right to receive free shares related to the market condition is estimated at grant date using statistic model which estimates the statistically probable positioning of Group TSR respect to peer group identified in the STOXX Euro Insurance Index.

As regards 2014 plans, the performance level to be assessed was determined by the cross-comparison of ranges of ROE and relative TSR; for each tranche was calculated a fair value for each of the possible RoE intervals according to the reference matrix for the cross-comparison of ranges of ROE and relative TSR.

In order to assess the cumulative cost of the individual plans, for each tranche, the fair value related to the most probable RoE outcome was multiplied by the number of shares that can be assigned based on satisfaction of the vesting conditions. This cost has been allocated over a period of maturity of 3 years (vesting period), with a corresponding increase in equity.

In line with the calculation method applied from 2015, described above and based on an independent assessment of the levels of achievement on the Group's financial indicators, the cost of the plans 2016, 2017 and 2018 was determined by separating the component connected to the relative TSR to the one linked to the ROE.

The evaluation of the bonus right linked to market condition is made by multiplying the fair value of assignable shares (equal to the market price at grant date) with the determined pay-out by applying the linear interpolation of the probable position of rTSR estimated using a statistical model. The linear interpolation method is applied to a range between the maximum pay-out, recognized in the case of the TSR positioning at the first place, and a pay-out zero in the case where the TSR is in the last position with respect to selected peer or has a negative value.

For each tranche of the LTI plan 2018, the table below shows the fair value at the grant date of the bonus right related to the performance level in terms of rTSR:

(%)	Tranche 2018	Tranche 2019	Tranche 2020
Fair value bonus related to market condition	6.47	6.34	6.50

The related cost on overall plan is resulted from the multiplication, weighted for each tranche, of the above mentioned fair value with the number of rights related to the market condition, to be assigned based on the satisfaction of the vesting condition.

A similar calculation was applied to the bonus portion linked to the ROE, identifying the pay-out through the linear interpolation applied to the level of RoE considered most probable. The range applied to the linear interpolation is included between the maximum pay-out, granted in case of a level of RoE equal to or greater than 13%, and a pay-out equal to 0 in case of a level of RoE equal to or lower than 11%.

Finally, the cost related to the recognition of dividends paid during the three-year period (so called dividend equivalent) was estimated by applying an estimated dividend to the expected number of shares to be assigned under the plan, based on the degree of achievement assessed as above described.

The overall cost of the LTI plans 2016, 2017 and 2018, sum of the three components above mentioned, is allocated over a period of maturity of 3 years (vesting period) starting from the first financial year on which the performance levels are assessed, with a corresponding increase in equity.

In addition, last year, during Shareholders' Meeting has been approved a special Stock Plan for the Managing Director / Group CEO.

The Plan involves the free award of a maximum of n. 200.000 ordinary Assicurazioni Generali shares, subject to the following conditions being met:
- the Managing Director/Group CEO continuing to hold his existing n. 200.000 Assicurazioni Generali shares, acquired with his own means, until the end of his current term in office;
- achieving a specific three-year Total Shareholders Return (TSR) target of +72.8%, calculated over the period from July 2016 to July 2019;
- maintaining Economic Solvency Ratio thresholds at 130% or different percentage defined later by the Board of directors
- maintaining the position as Managing Director/Group CEO until the end of the current term (therefore losing all rights in the event of termination of the working relationship for any reason before the end of this term).

Furthermore, the Plan calls for the award of additional shares, determined on the basis of the amount of the overall dividends distributed during the reference period, according to a dividend equivalent mechanism.

The Plan also obligates the Managing Director/Group CEO to retain 50% of the shares awarded to him for free for at least two years, as well as other standard sustainability clauses (e.g. malus, clawback, hedging restrictions) to protect financial solidity and the Group's non-excessive exposure to risk.

The condition related to TSR configures as a market condition, other conditions mentioned above are considered as service condition.

The estimated fair value of the bonus right subject to the performance in terms of TRS was calculated by multiplying the share price at the Plan's approval grant date with the pay-out given linearly interpolating the probable TSR, estimated by applying a statistical model for the possible evolution of the share price in the three years considered.

The relative cost of the overall plan is obtained by multiplying the market value above mentioned (amounting to EUR 2.4) with the number of rights relating to the market condition, assignable on the basis of the achievement of vesting condition; the cost related to the recognition of dividends paid during the three-year period (so called dividend equivalent) was estimated by applying a deemed dividend to the expected number of shares to be assigned under the Plan.

The total cost of the plan, sum of the two components described above, was allocated over a period of accrual of three years in line with the service period required.

The cost associated with all above mentioned outstanding plans recognised during the period amounted to € 66 million. The maximum number of shares that can be granted in relation to mentioned plans is approximately 22 million.

At the reporting date there are no other share-based compensation plans.

46.2 Share-based compensation plans granted by the other Group companies

The main share-based payments granted by the other Group companies are detailed here below.

Share-based compensation plans granted by Banca Generali

At 31 December 2018, Banca Generali's following payment agreements based on own equity instruments were in place:

- the plans launched with respect to the Banca Generali Group's Remuneration and Incentivisation Policy, in effect from time to time, which calls for a part of the variable remuneration of Key Personnel to be paid using Banca Generali's own financial instruments;
- the plans launched in service of the Framework Loyalty Programme 2017-2026, approved by the General Shareholders' Meeting on 20 April 2017 and now in its second annual cycle (2018-2026), which calls for a maximum of 50% of the indemnity accrued to be paid using own financial instruments;
- the new Long-Term Incentive plan based on Banca Generali shares, approved by the General Shareholders' Meeting on 12 April 2018, reserved for the Banking Group's top management.

Share-based payment plans linked to the variable portion of remuneration based on performance objectives

The Remuneration and Incentivisation Policy for the Key Personnel of the Banca Generali Group — adopted in compliance with the Supervisory Provisions currently in force — requires a portion of the variable component of remuneration, both current and deferred, to be paid by allotting Banca Generali's own financial instruments, based on the rules annually submitted for approval to the Bank's General Shareholders' Meeting.

The overall number of shares to be allotted is defined by dividing the 25% portion of variable remuneration payable in the form of shares by the average price of the Banca Generali stock during the three months prior to the meeting of the Board of Directors that approves the Separate and Consolidated Financial Statements for the year prior to that in which the cycle in question begins. However, the number of shares actually allotted to beneficiaries may change based on the assessment of satisfaction of the individual objectives set for the year.

The fair value of Banca Generali stock at the allotment date is equal to the market price reported at the date of the Shareholders' Meeting that approved the Remuneration Policy for the current year.

These plan categories also include any other compensation paid in the form of shares related to:

- ordinary sales incentives and new-recruit plan for Financial Advisors other than the main network managers and employed sales personnel;
- agreements entered into in view or upon the early termination of the work or agency relationship, with regard to the beneficiaries falling within the category of Key Personnel.

At 31 December 2018, there were three active cycles of share-based plans in connection to the Remuneration Policies relating to 2016, 2017 and 2018.

The main features of the share-based plan, linked to 2016 Remuneration Polices and approved by the General Shareholders' Meeting on 21 April 2016, are as follows:

- for the purpose of determining the number of shares to be allotted, the price of reference of Banca Generali shares, calculated as the average official market price during the period 12 December 2015 to 9 March 2016, was determined to be 25.26 euros;
- the fair value of Banca Generali shares at the allotment date was equal to the market price (approximately 26 euros) reported on 21 April 2016, subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, the shares to be allotted to Key Personnel totalled 72,973, of which 59,377 were allotted to Network Managers, 11,695 to employees, and 1,721 referred to

2 Circolare Banca d'Italia n° 285/2013 "Disposizioni di vigilanza per le banche" - Parte I titolo IV capitolo 2 "Politiche e Prassi di Remunerazione e incentivazione".

the subsidiary BGFML, for a total fair value amounting to approximately 1.7 million euros.

In 2016, a plan for new recruits was also implemented. This plan is subject to long-term deferral and envisages the allotment of ten annual variable instalments to be paid from 2016 to 2025, conditional upon the maintenance of the net inflows contributed at 30 November 2016. Each annual instalment of this plan is also subject to deferral and payment in shares according to the Remuneration Policy from time to time in force, until the year 2028. The shares to be allotted under this plan have been quantified as 18,373, of which 2,847 have already been allotted.

The main features of the share-based plan, linked to 2017 Remuneration Polices and approved by the General Shareholders' Meeting on 20 April 2017, are as follows:

- for the purpose of determining the number of shares to be allotted, the price of reference of Banca Generali shares, calculated as the average official market price during the period 12 December 2016 to 9 March 2017, was determined to be 23.73 euros;
- the fair value of Banca Generali shares at the allotment date was equal to the market price (approximately 25.4 euros) reported on 20 April 2017, subsequently adjusted to account for the loss of dividends expected in the deferral period.

In that cycle, the shares to be allotted to Key Personnel totalled 146,436, of which 98,454 were awarded to Network Managers, 30,973 referred to ordinary incentives and entry bonuses paid to Financial Advisors falling within Key Personnel on the basis of the fee volume accrued, 16,311 to employees, and 4,297 referred to the subsidiary BGFML, for a total fair value amounting to approximately 3.3 million euros.

In 2017, a settlement agreement was also reached with a former Area Manager which, based on the current Remuneration Policy, provided for the granting of a portion of the indemnity, estimated in the amount of 17,591 Banca Generali shares and a total fair value of an additional 0.4 million euros.

The main features of the share-based plan, linked to 2017 Remuneration Polices and approved by the General Shareholders' Meeting on 12 April 2018, are as follows:

- for the purpose of determining the number of shares to be allotted, the price of reference of Banca Generali shares, calculated as the average official market price during the period 28 December 2017 to 1 March 2018, was determined to be 28.57 euros;
- the fair value of Banca Generali shares at the allotment date was equal to the market price (approximately 27.00 euros) reported on 12 April 2018, subsequently adjusted to account for the loss of dividends expected in the deferral period.

In respect of the assessment of the achievement by Key Personnel of the objectives set for 2018, it was estimated that the portion of variable remuneration subject to share-based payment amounted to approximately 118 thousand shares, for a total plan fair value of 2.7 million euros.

In 2018, a settlement agreement was also reached with a former Employee which, based on the current Remuneration Policy, provided for the granting of a portion of the indemnity, amounting to 2,975 Banca Generali shares.

In the reporting period, on the basis of the achievement of the performance objectives set out in the 2015, 2016 and 2017 Remuneration Policy, 121,129 treasury shares were allotted to company managers and network managers, of which 18,895 to employees and 102,234 to area managers and Financial Advisors[3].

In particular, the shares allotted for 2015 and 2016 related, respectively, to the first and second tranches deferred by one year (20%), whereas the shares allotted for 2017 related to the upfront amount (60%).

3 Including former area managers.

(€ thousand)	Date of General Shareholders' Meeting	Bank of Italy's authorisation	Price of allotment	Weighted average FV	Total shares accrued/in the process of accruing	Shares vested	Shares granted in 2018	Shares to be granted	Plan's Fair value (€ million)
Year 2015	23/04/2015	03/06/2015	23.94	29	61.9	61.9	11.5	0.0	2.0
Year 2016	21/04/2016	06/06/2016	25.28	23	90.0	76.5	15.3	28.0	2.1
Year 2017	20/04/2017	03/07/2017	23.73	23	164.0	129.7	94.4	68.7	3.7
Year 2018 - estimated	12/04/2018	11/06/2018	28.57	24	118.5	72.4	0.0	118.5	2.7
Total (*)					**434.4**	**340.4**	**121.1**	**215.2**	**10.5**

(*) Including leaving-incentive agreements.

2017-2026 Framework Loyalty Programme for the Network

The 2017-2026 Framework Loyalty Programme for the Network was approved by the Board of Directors on 21 March 2017 and ratified by the General Shareholders' Meeting on 20 April 2017.

The Framework Loyalty Programme is divided into eight annual individual plans, all set to expire on 31 December 2026 and of decreasing lengths, to be activated following prior authorisation by the General Shareholders' Meeting of Banca Generali.

The indemnities accrued over the term of the Programme will be, in any event, paid out in one tranche, within 60 days from the General Shareholders' Meeting called to approve the 2026 Financial Statements.

For each plan, a portion of the accrued indemnity may be paid out in Banca Generali shares (up to a maximum of 50%), following an assessment of the potential effects at the level of capital ratios and floating capital by the Corporate Bodies (Board of Directors and General Shareholders' Meeting).

Participation in each of the plans envisaged by the Programme is reserved for Financial Advisors and Relationship Managers who have at least five years of company seniority by 31 December of the financial year before the reference year for each Plan.

To be eligible to access the benefits of the plans it is necessary:

– to achieve at the end of the reference year a minimum volume of total AUM and qualified AUM increasing over time and with non-negative net inflows (vesting condition);
– to be regularly employed and not in a notice period on the disbursement date, except when the termination of employment is caused by death or permanent incapacity, retirement or withdrawal from the relationship by Banca Generali not for cause (condition of service).

In the event of death, the indemnities accrued are understood to be permanently acquired, but are payable to the heirs under the same conditions specified for the other beneficiaries.

Finally, the accrued indemnity is commensurate for each individual plan with a rate for verified AUM and is differentiated according to the type of person (Financial Advisor/RM) and service seniority until a cap is reached.

Recognition of the indemnities on the disbursement date is also subject to the Banking Group's access gates being exceeded as defined in the Remuneration Policies applicable from time to time and the rules of propriety.

The number of Banca Generali shares due is determined in the same way as for the share-based payment Plans connected with the Remuneration Policies, namely based on the average price of Banca Generali shares during the three months prior to the meeting of the Board of Directors that approves the draft Separate and Consolidated Financial Statements for the year prior to that in which the annual plan of reference begins.

For the two annual plans launched up to the reporting date, 50% of the indemnity accrued can be paid out in shares.

The accrued indemnity value was determined based on the AUM of the plan's potential beneficiaries at 31 December 2017 and 31 December 2018, respectively, whilst the number of financial instruments to be allotted was determined based on the same reference value as the Banca Generali stock applied for the Remuneration Policies in force in the respective years.

Overall, the total number of shares allotted and in the process of accruing amounted to about 360.5 thousand (334 thousand net of the estimated turnover), for a total value of 4.6 million euros, of which 0.7 million euros already recognised through profit and loss.

(thousands of shares)	Maximum No. of shares	No. of shares net of the estimated turnover	Plan's Fair value (€ million)
2017- 2026 Plan - estimate	207.5	190.9	2.4
2018- 2026 Plan - estimate	153.1	143.1	2.2
	360.6	**334.1**	**4.7**

Long Term Incentive Plan

On 12 April 2018, the General Shareholders' Meeting of Banca Generali approved a new long-term incentive plan for the Banking Group's top management based exclusively on Banca Generali S.p.A. shares (LTI Plan 2018).

The new plan presents characteristics similar to those of the plans that the parent company Assicurazioni Generali activates yearly and are based on the allotment of its own shares. However, this plan is mainly aimed at increasing the value of Banca Generali shares, by strengthening the link between the remuneration of beneficiaries and performance of the Banking Group, without prejudice to the consistency required with the expected results set forth in the Insurance Group's strategic plan.

In light of the above, the new incentivisation plan calls for:
1. allotment to the beneficiaries of Banca Generali shares acquired on the market instead of Assicurazioni Generali shares directly allotted by the latter;
2. increased weight of the Banking Group's objectives, equal to 80%.

The key characteristics of the plan are as follows:
- the maximum number of the shares to be allotted is determined at the beginning of the period of reference using a multiplier of the beneficiary's current remuneration[4] and is divided into three notional instalments, respectively referring to each of the three years of the plan;
- once it has been determined that the access gate[5] conditions of the Banking Group and of the Insurance Group have been met, Banca Generali's Board of Director assesses the attainment of the targets set for the three-year period and determined the exact number of shares that can potentially be allotted for the year in question;
- at the end of the three-year period, after having assessed that the access gate conditions have been met, the total number of shares accrued are paid in one tranche through the free granting to the beneficiaries of own ordinary shares, repurchased on the market (stock granting), provided that the beneficiary's work relationship with one of the Banking Group companies is still in force (service condition);
- 50% of the shares allotted vest immediately upon allotment, whereas the remaining 50% do not vest for an additional two years[6];
- the plan does not include dividend equivalent mechanisms, in accordance with the law and common practice in the banking sector.

The targets triggering accrual of the incentive are broken down into:
- two Banking Group targets (ROE and EVA), weighting for 80% on the overall bonus;
- two Insurance Group targets (Operating ROE and rTSR – relative Total Shareholders' Return compared to a Peer Group), weighting for the remaining 20%.

4 The potential maximum bonus to be paid in shares corresponds to 175% of the gross annual remuneration of the plan participants for top managers and to 87.5% for other beneficiaries.
5 The access gate conditions consist of:
> two indicators representing the specific access thresholds for the Banking Group tied to the Total Capital Ratio and Liquidity Capital Ratio, on which the right to allotment of the shares (100%) is contingent;
> an indicator representing an access threshold for the Generali Group linked to the Regulatory Solvency Ratio, on which the right to the allotment of the part of the shares tied to the satisfaction of the Generali Group Objectives (20%) is contingent.
6 Subject to the requirement that the Chief Executive Officer retain an adequate number of the shares allotted until the end of the term in office in progress on the vesting date.

Performance levels are expressed as percent satisfaction of the target levels linked to each of the four indicators.

The actual percentage of accrual of the shares that can be potentially allotted are therefore calculated individually for each target basket (indicator and relevant weighting) using the linear interpolation between the performances actually achieved and the target levels.

Overall, the total number of shares, either allotted or in the process of accruing, amounted to about 90 thousand, for a total value of 1.7 million euros, of which 0.6 million euros already recognised through profit and loss.

Share-based compensation plans granted by Generali France

At the balance sheet date, there are the following share-based compensation plans granted by Generali France to the employees of Generali France group: twelve stock grant plans approved by the board on 21 December 2006, 20 December 2007, 4 December 2008, 10 December 2009, 9 December 2010, 14 March 2012, 25 June 2013, 7 March 2014, 6 March 2015, 9 March 2016, 9 March 2017 and 1 March 2018.

At 31 December 2018, the number of shares granted amounted to 6,825,897 preferred shares, of which 281,099 related to the plan granted for 175th anniversary of foundation of Parent Company.

With reference to the stock granting plans assigned by Generali France within the scope of IFRS 2, the charge recognised in the profit or loss amounted to € 16.3 million. The plans are considered as cash-settled, for which a liability is recorded on balance sheet equalling € 118.6 million.

47 Contingent liabilities, commitments, guarantees, pledged assets and collaterals

47.1 Contingent liabilities

In the course of the ordinary business, the Group may encounter agreements or transactions which do not lead to the recognition of these commitments as assets and liabilities in the consolidated financial statements according to the IFRS definitions and requirements (contingent assets and liabilities). As at 31 December 2018 the estimate of the contingent liabilities results as of € 3 million, mainly related to some disputes for which the probability of occurrence is not considered as remote, however not sufficiently material to recognise them as liabilities on the balance sheet.

A contingent liability is:
- a possible obligation that arise from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because:
  - (i) it is not probable than an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

47.2 Commitments

Generali Group at 31 December 2018 held outstanding commitments for a total amount of € 8,900 million, related to potential commitments on investments, loans and other commitments.

Because part of these commitments may expire without being called, the amounts disclosed are not indicative of the actual liquidity needs arising from these commitments.

In particular, € 6,108 million represent commitments associated with alternative investments (private equity), mainly allocated in private equity funds which are consolidated line-by-line by the Group. Moreover, € 1,925 million refer to several investment opportunities and, in particular, to real estate investment funds. The potential commitments to grant loans amount to € 342 million, mainly associated to liquidity or funding needs of the customers of the Group's banking operations.

As far as other commitments are concerned, the main part that amounted totally to € 384 million refesr to potential commitments of the German life companies towards a specific German entity in order to protect the policyholders in the local market if the funds already available within the policyholders protection scheme are not sufficient to face the insolvency of one or more insurers.

47.3 Guarantees

The Group's nominal exposure towards third parties amounts to € 332 million, of which € 215 million refer to guarantees provided in the context of the Group's real estate development and € 99 million to sureties normally given by Banca Generali as part of it ordinary business.

Furthermore, the Group in the context of its business operations in some countries receives guarantees provided by third parties, mainly in the form of letters of credit.

47.4 Pledged assets and collaterals

As at 31 December 2018, as already mentioned in the paragraph Assets transferred that do not qualify for derecognition of the section Investments, the Group has pledged € 2,758 million of its assets. In particular, € 1,207 million have been pledged to cover bonds and loans issued, mainly related to the Group's banking and real estate activities, and € 1 million to cover its reinsurance activities. Residual part is related to collateral pledged in relation to transactions in derivatives. Additionally, € 2,331 million has been pledged in repurchase agreements (REPO).

Furthermore, the Group has received financial assets as collateral for € 5,357 million, in particular for transactions in bonds and loans for € 4,143 million and € 632 million to cover Group reinsurers' obligations.

48 Significant non-recurring events and transaction

It should be noted that the Group is completing the sale of some interests held in some Countries considered non-core and non-strategic. For further information, please refer to paragraph Non-current assets or disposal group classified as held for sale in the section Information on consolidation perimeter and Group Companies.

It should also be noted that, in April 2018, the Group completed the sale of its assets in Panama, a Country in which the Group was present through a branch of Assicurazioni Generali S.p.A. mainly active in the Non-life segment.

The consideration for the sale reported in US dollar is equal to 172 million with a consequent gain of € 62 million, net of taxes.

49 Other Information

It should be noted that, pursuant to Law 124/2017 (125), in the course of 2018 the Group received contributions and grants for a total amount of € 8.3 million.

50 Audit and other service fees for the fiscal year

In the table below, drawn up pursuant to the article 149-duodecies of Consob Regulation, are reported the 2018 fees for auditing and other services to Parent company's audit and companies within audit company's network.

Audit and other service fees

(€ thousands)	E&Y Italy	E&Y Network
	31/12/2018	31/12/2018
Parent Company	**9,325**	**562**
Audit fee	1,065	548
Attestation service fees	2,228	14
Other services	6,032	
Subsidiaries	**7,079**	**22,440**
Audit fee	3,057	15,517
Attestation service fees	2,719	5,804
Other service fees	1,303	1,118
Total	**16,404**	**23,002**

Appendices to the Notes

Tangible and intangible assets

Appendix 3

(€ million)	At cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	13,650		13,650
Land and buildings (self used)	2,505		2,505
Other tangible assets	1,263		1,263
Other intangible assets	2,065		2,065

Amounts ceded to reinsurers from insurance provisions

Appendix 4

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life amounts ceded to reinsurers from insurance provisions(*)	2,012	2,113	752	1,102	2,765	3,215
Provisions for unearned premiums	271	215	85	103	356	318
Provisions for outstanding claims	1,738	1,896	667	999	2,405	2,895
Other insurance provisions	3	2	0	0	3	2
Life amounts ceded to reinsurers from insurance provisions(*)	496	469	749	610	1,244	1,079
Provisions for outstanding claims	342	282	399	371	741	653
Mathematical provisions	107	141	345	217	453	358
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	2	3	0	0	2	3
Other insurance provisions	44	43	4	23	49	65
Total	**2,508**	**2,582**	**1,501**	**1,713**	**4,009**	**4,294**

(*) After the elimination of intra-group transactions between segments.

Financial assets

Appendix 5

(€ million)	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss				Total book value	
							Financial assets held for trading		Financial assets designated as at fair value through profit or loss			
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Equities at cost					13	13					13	13
Equities at fair value					10,366	10,051	0	1	2,065	2,087	12,431	12,138
- of which quoted equities					8,521	7,794	0	1	1,561	1,799	10,082	9,594
Bonds	2,171	2,267	16,564	24,189	249,315	286,293	34	50	7,140	9,482	275,224	322,281
- of which quoted bonds	2,171	2,267			246,866	283,121	32	48	6,039	7,756	255,109	293,191
Investment fund units					22,830	20,205	0	0	67,357	78,849	90,187	99,054
Loans and receivables from customers			1,460	1,387							1,460	1,387
Loans and receivables from banks			212	174							212	174
Deposits under reinsurance business accepted			734	766							734	766
Deposit components of reinsurance contracts											0	0
Other loans and receivables			12,845	13,746							12,845	13,746
Derivatives							1,261	1,910	32	39	1,293	1,949
Hedging derivatives(*)									363	355	363	355
Other financial investments	0	0			1,249	4,080	0	0	1,248	1,125	2,497	5,206
Total	**2,171**	**2,267**	**31,815**	**40,262**	**283,773**	**320,641**	**1,295**	**1,961**	**78,204**	**91,937**	**397,259**	**457,068**

(*) Ai sensi del Regolamento n, 7 del 13 luglio 2007 sono da intendersi di copertura esclusivamente i derivati per i quali è stato applicato l'hedge accounting,

Assets and liabilities related to policies where the investment risk is borne by policyholders and to pensions funds

Appendix 6

(€ million)	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Assets	64,103	73,643	1,686	1,729	65,789	75,372
Intra-group assets(*)						
Total	**64,103**	**73,643**	**1,686**	**1,729**	**65,789**	**75,372**
Financial liabilities	1,515	6,094	1,239	1,266	2,754	7,360
Insurance provisions(**)	63,146	67,994	0	0	63,146	67,994
Intra-group liabilities(*)						
Total	**64,662**	**74,088**	**1,239**	**1,266**	**65,900**	**75,354**

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.

(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

Insurance provisions

Appendix 7

(€ million)	Direct insurance		Accepted reinsurance		Total book value	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Non-life insurance provisions(*)	**30,333**	**31,279**	**1,386**	**1,623**	**31,720**	**32,902**
Provisions for unearned premiums	5,111	5,082	190	210	5,301	5,292
Provisions for outstanding claims	24,974	25,900	1,191	1,406	26,164	27,305
Other insurance provisions	248	297	6	7	255	304
of which provisions for liability adequacy test	0	0	0	0	0	0
Life insurance provisions(*)	**343,871**	**395,783**	**2,237**	**1,805**	**346,108**	**397,588**
Provisions for outstanding claims	5,477	5,897	1,414	1,085	6,891	6,982
Mathematical provisions	242,928	278,521	673	577	243,601	279,097
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	63,142	67,989	7	8	63,149	67,997
Other insurance provisions	32,324	43,376	143	135	32,467	43,511
of which provisions for liability adequacy test	843	842	5	-0	847	842
of which deferred policyholder liabilities	10,584	21,231			10,584	21,231
Total provisions	**374,204**	**427,062**	**3,624**	**3,428**	**377,828**	**430,489**

(*) After the elimination of intra-group transactions between segments.

Financial liabilities

Appendix 8

(€ million)	Financial liabilities at fair value through profit or loss				Other financial liabilities		Total book value	
	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss					
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Preference shares							0	0
Subordinated liabilities					8,124	8,379	8,124	8,379
Financial liabilities related to investment contracts issued by insurance companies			2,907	7,454	6,221	5,928	9,128	13,382
where the investment risk is borne by the policyholders			1,515	6,094			1,515	6,094
pension funds			1,239	1,266			1,239	1,266
other liabilities related to investment contracts			153	94	6,221	5,928	6,374	6,022
Deposits received from reinsurers					747	607	747	607
Deposit components of insurance contract							0	0
Bonds					3,111	3,171	3,111	3,171
Liabilities to customers					12,880	11,603	12,880	11,603
Liabilities to banks					116	423	116	423
Other loans					3,184	3,279	3,184	3,279
Derivatives	668	867					668	867
Hedging derivatives (*)			548	576			548	576
Other financial liabilities			36	38			36	38
Total	**668**	**867**	**3,491**	**8,068**	**34,382**	**33,391**	**38,540**	**42,326**

(*) In accordance with Regolamento n° 7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Technical insurance items

Appendix 9

(€ million)	31/12/2018			31/12/2017		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
NON-LIFE SEGMENT						
NET EARNED PREMIUMS	20,607	-1,009	19,597	20,546	-1,036	19,510
a Premiums written	20,649	-1,020	19,629	20,592	-995	19,597
b Change in the provisions for unearned premiums	-42	10	-32	-46	-41	-87
NET INSURANCE BENEFITS AND CLAIMS	-13,403	635	-12,768	-13,784	1,068	-12,716
a Claims paid	-13,622	745	-12,877	-13,236	737	-12,499
b Change in the provisions for outstanding claims	221	-111	110	-507	331	-176
c Change in claims to be recovered	50	-0	50	-11	-0	-11
d Change in other insurance provisions	-51	0	-51	-30	0	-29
LIFE SEGMENT						
NET PREMIUMS	44,585	-778	43,807	42,330	-703	41,627
NET INSURANCE BENEFITS AND CLAIMS	-39,837	573	-39,264	-48,688	551	-48,138
a Claims paid	-33,714	563	-33,151	-32,236	503	-31,733
b Change in the provisions for outstanding claims	-272	36	-235	-204	33	-170
c Change in the mathematical provisions	-7,481	-11	-7,492	-6,871	16	-6,855
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	2,172	-0	2,171	-8,247	-0	-8,247
e Change in other insurance provisions	-541	-16	-557	-1,131	-1	-1,132

Income and expenses from investments, receivables and payables

Appendix 10

(€ million)	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized losses and impairment losses		Total unrealized gains and losses	Total income and expenses 31/12/2018	Total income and expenses 31/12/2017
							Unrealized gains	Reversal of impairment losses	Unrealized losses	Impairment losses			
Income and expenses from investments	**8,509**	**2,773**	**-355**	**2,555**	**-1,413**	**12,069**	**4,086**	**99**	**-10,373**	**-1,398**	**-7,586**	**4,483**	**16,537**
a from land and buildings (investment properties)		827	-355	86	-8	551		30		-19	11	562	614
b from investments in subsidiaries, associated companies and joint ventures		138		17	-4	152		10		-12	-2	150	117
c from held to maturity investments	83		0	2	0	86		2		0	2	87	86
d from loans and receivables	1,062		-0	67	-16	1,113		31		-111	-81	1,033	1,171
e from available for sale financial assets	6,974	1,423	-0	1,990	-654	9,732		27		-1,256	-1,229	8,503	9,556
f from financial assets held for trading	102	0	0	73	-178	-3	442		-334		108	105	576
g from financial assets designated as at fair value through profit or loss	288	384	0	319	-554	437	3,645		-10,039		-6,394	-5,957	4,417
Income and expenses from receivables	**5**			**0**	**-2**	**3**		**69**		**-37**	**32**	**35**	**50**
Income and expenses from cash and cash equivalents	**34**					**34**					**0**	**34**	**31**
Income and expenses from financial liabilities	**-1,161**	**0**	**-0**	**248**	**-109**	**-1,022**	**250**	**0**	**-394**	**0**	**-144**	**-1,166**	**-1,186**
a from financial liabilities held for trading	-109			248	-109	30	248		-394		-146	-116	-118
bfrom financial liabilities designated as at fair value through profit or loss	-42			0	0	-42	2		0		2	-40	-49
c from other financial liabilities	-1,010		-0	0	0	-1,010					0	-1,010	-1,018
Income and expenses from payables						**0**					**0**	**0**	
Total	**7,387**	**2,773**	**-355**	**2,804**	**-1,524**	**11,084**	**4,336**	**167**	**-10,767**	**-1,435**	**-7,698**	**3,387**	**15,431**

Acquisition and administration costs of insurance business

Appendix 11

(€ million)	Non-life segment		Life segment	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Commissions and other acquisition costs	4,583	4,478	3,707	3,681
a Acquisition and administration commissions	3,575	3,471	2,737	2,704
b Other acquisition costs	894	887	941	958
c Change in deferred acquisition costs	5	7	-24	-37
d Collecting commissions	110	113	53	56
Commissions and profit commissions from reinsurers	-146	-135	-129	-121
Commissions and other acquisition costs net of commissions and profit commissions from reinsurers(*)	84	78	320	267
Other administration costs	1,046	1,090	909	878
Total	**5,568**	**5,512**	**4,807**	**4,705**

(*) Before the elimination of intra-group transactions between segments.

Details on other comprehensive income

Appendix 12

(€ million)	Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amounts	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Items that may be reclassified to profit and loss in future periods												
Reserve for currency translation differences	-39	-190	-5	-0			-45	-190	1	-0	-157	-112
Net unrealized gains and losses on investments available for sale	-2,543	282	221	-175			-2,322	108	816	70	3,417	5,739
Net unrealized gains and losses on cash flows hedging derivatives	-11	60	37	-19			26	41	-8	-10	-43	-69
Net unrealized gains and losses on hedge of a net investment in foreign operations	5	18	-10	-1			-4	17	0	-0	-93	-89
Share of other comprehensive income of associates	-18	-7	0	0			-18	-7	0	0	61	79
Result of discontinued operations	-223	-25	-85	-171			-308	-196	94	51	255	563
Others												
Items that may not be reclassified to profit and loss in future periods												
Revenue reserve from valuation of equity	0	-0					0	-0	0	0	-0	-0
Result of discontinued operations	25	17					25	17	0	0	-4	-29
Reserve for revaluation model on intangible assets												
Reserve for revaluation model on tangible assets												
Actuarial gains or losses arising from defined benefit plans	81	22					81	22	-30	-20	-895	-976
TOTAL OTHER COMPREHENSIVE INCOME	**-2,723**	**178**	**159**	**-366**	**0**	**0**	**-2,564**	**-189**	**872**	**91**	**2,541**	**5,105**

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

Appendix 14

(€ million)	Level 1		Level 2		Level 3		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Financial assets and liabilities at fair value through profit or loss on recurring basis								
Available for sale financial assets	255,396	280,744	20,876	34,205	7,501	5,693	283,773	320,641
Financial assets at fair value through profit or loss	72,525	85,528	5,349	6,844	1,625	1,526	79,499	93,897
Financial assets held for trading	43	23	1,204	1,917	48	20	1,295	1,961
Financial assets designated at fair value through profit or loss	72,482	85,504	4,145	4,927	1,576	1,505	78,203	91,937
Investment properties								
Tangible assets								
Intangible assets								
Total financial assets at fair value	327,921	366,272	26,226	41,049	9,126	7,218	363,272	414,539
Financial liabilities at fair value through profit or loss	2,830	6,505	1,244	2,371	84	58	4,159	8,935
Financial liabilities held for trading	3	0	652	866	12	-0	668	867
Financial liabilities designated at fair value through profit or loss	2,826	6,505	592	1,505	72	58	3,491	8,068
Total financial liabilities on recurring basis	2,830	6,505	1,244	2,371	84	58	4,159	8,935
Total financial assets and liabilities at fair value on non recurring basis								
Non-current assets or of discontinued operations	0	5,852	0	8,353	0	65	0	14,270
Non-current liabilities or of discontinued operations	0	10,925	0	0	0	0	0	10,925

Details of the variations of assets and liabilities measured at fair value on a recurring basis classified in Level 3

Appendix 15

(€ million)	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	**5,693**	**20**	**1,505**				**0**	**58**
Purchases and issues	1,350	0	269				0	17
Disposals through sales and settlements	-455	-9	-176				0	-2
Pay-backs	-141	0	7				0	0
Net gains and losses recognized in P&L	422	0	19				0	1
of which net unrealised gains and losses								
Net unrealised gains and losses recognized in OCI	401	0	19				0	1
Net transfers in Level 3	658	37	11				13	0
Net transfers out of Level 3	-47	0	-31				0	0
Other changes	20	-0	-27				0	-2
Closing balance	**7,480**	**48**	**1,576**				**13**	**72**

Assets and liabilities not measured at fair value: fair value hierarchy

Appendix 16

(€ million)	Book value		Fair Value							
			Level 1		Level 2		Level 3		Total	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Assets										
Held to maturity investments	2,171	2,267	1,421	1,511	781	808	0	0	2,202	2,319
Loans and receivables	30,167	38,712	2,892	3,582	22,532	32,367	7,074	6,958	32,498	42,906
Investments in subsidiaries, associated companies and joint ventures	1,320	1,171	0	0	0	0	1,320	1,171	1,320	1,171
Land and buildings (investment properties)	13,650	12,993	0	0	0	0	20,631	19,763	20,631	19,763
Other assets	2,505	2,606	0	0	0	0	3,349	3,304	3,349	3,304
Total assets	49,812	57,749	4,313	5,093	23,313	33,175	32,373	31,197	59,999	69,464
Liabilities										
Other liabilities	27,414	26,856	11,160	12,392	10,424	9,680	6,621	6,915	28,205	28,987

Consolidation area: interests in entities with significant minority interests

Appendix 17

Entity Name	% Minority interests	% Availability to Minority Interests of voting rights in the General Shareholders' meeting	Consolidated Profit (loss) attributable to minority interests	Shareholders' equity attributable to minority interests	Summarised financial information							
					Total Assets	Investments	Technical provisions	Financial Liabilities	Total shareholders' equity	Net profit (loss) of the period	Dividends distributed to minority interests	Gross Premiums
Banca Generali Group	49.43%	49.43%	92	335	9,790	7,763	-	8,609	694	334	73	-
Generali China Life Insurance Co. Ltd	50.00%	50.00%	33	318	7,671	7,252	5,710	961	636	71	15	1,795

Change in the consolidation area(*)

Newly consolidated:	
1.	BILIKI Plac M, Warsaw
2.	Cologne 1 S.à r.l., Luxembourg
3.	Concordia Capital SA, Poznan
4.	Concordia Polska Towarzystwo Ubezpieczen Wzajemnych, Poznan
5.	Europ Assistance Argentina S.A., Buenos Aires
6.	Europ Assistance CEI OOO, Moscow
7.	Europ Assistance India Private Ltd, Mumbai
8.	Europ Assistance Magyarorszag Kft, Budapest
9.	Europ Assistance Polska Sp.zo.o., Warsaw
10.	Europ Assistance s.r.o., Prague
11.	Europ Assistance SA, Santiago
12.	Europ Assistance Travel Assistance Services (Beijing) Co Ltd, Beijing
13.	Europ Assistance Yardim ve Destek Hizmetleri Ticaret Anonim Sirketi, Istanbul
14.	Europ Servicios S.p.A., Santiago
15.	Fondo Immobiliare Mantegna, Trieste
16.	Fondo Immobiliare Schubert - comparto 1, Trieste
17.	Fondo Immobiliare Schubert - comparto 2, Trieste
18.	Fondo Immobiliare Schubert - comparto 3, Trieste
19.	Fondo Immobiliare Segantini, Trieste
20.	Fondo Immobiliare Tiepolo, Trieste
21.	Gconcierges S.A.S., Paris
22.	GDPK-FI1 GmbH & Co. offene Investment KG, Cologne
23.	Generali Health Solutions GmbH, Cologne
24.	Generali Investments Partners S.p.A. SGR, Milano
25.	Generali Real Estate Asset Repositioning S.A., Luxembourg
26.	Generali Welion S.c.a.r.l., Trieste
27.	GIE-Fonds AADMGI, Cologne
28.	GIE-Fonds AADMSE, Cologne
29.	GIE-Fonds AASBWA, Cologne
30.	GRE PANEU Cœur Marais SCI, Paris
31.	GRE PANEU Fhive SCI, Paris
32.	GRE PAN-EU Frankfurt 2 S.à r.l., Luxembourg
33.	GRE PAN-EU MADRID 2 SL, Madrid
34.	Købmagergade 39 ApS, Copenhagen
35.	OPPCI K Archives, Paris
36.	OPPCI K Charlot, Paris
37.	PLAC M GP SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw
38.	PLAC M LP SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ, Warsaw

* Consolidation area consists of companies consolidated “line by line”.

Newly consolidated:	
39.	Ponte Alta - Consultoria e Assistência, Lda, Funchal
40.	Preciados 9 Desarrollos SL, Madrid
41.	Project Montoyer S.A., Bruxelles
42.	Retail One Fund , Luxembourg
43.	Retail One Fund OPPCI, Paris
44.	Sarl Breton, Paris
45.	SAS Retail One, Paris
46.	SCI luxuary real estate, Paris
47.	SCI Retail One, Paris
48.	SIBSEN Invest sp. z o.o., Warsaw

Company disposed of/wound up/merged in:	
1.	Assitimm S.r.l. (fusa in Generali Properties S.p.A.), Trieste
2.	B.V. Algemene Holding en Financierings Maatschappij (fusa in Graafschap Holland N.V.), Amsterdam
3.	BG Fiduciaria - Società di Intermediazione Mobiliare S.p.A. (fusa in Banca Generali S.p.A.), Trieste
4.	Coris Gestión de Riesgos, S.L., Madrid
5.	Generali Colombia Seguros Generales S.A., Bogotà
6.	Generali Colombia Vida - Compañia de Seguros S.A., Bogotà
7.	Generali Deutschland Finanzdienstleistung GmbH (fusa in AM Versicherungsvermittlung GmbH), Aachen
8.	Generali Diversification Corporate Opportunities, Luxembourg
9.	Generali Finance B.V. (fusa in Assicurazioni Generali S.p.A.), Amsterdam
10.	Generali Levensverzekering Maatschappij N.V., Amsterdam
11.	Generali Nederland N.V., Amsterdam
12.	Generali PanEurope dac, Dublin
13.	Generali Real Estate Investments Netherlands B.V., Amsterdam
14.	Generali Schadeverzekering Maatschappij N.V., Amsterdam
15.	GID-Fonds AACBGS, Cologne
16.	GID-Fonds AAHYSL, Cologne
17.	PL Investment Jerozolimskie II SP. Z o.o., Warsaw

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]
						Direct	Indirect	Through	Total	
Assicurazioni Generali S.p.A.	086	EUR	1,565,165,364	G	1	0.01			0.03	100.00
							0.01	Banca Generali S.p.A.		
							0.01	Generali Italia S.p.A.		
Genertel S.p.A.	086	EUR	23,000,000	G	1		100.00	Genertellife S.p.A.	100.00	100.00
UMS - Immobiliare Genova S.p.A.	086	EUR	15,993,180	G	10		99.90	Generali Italia S.p.A.	99.90	99.90
Europ Assistance Italia S.p.A.	086	EUR	12,000,000	G	1		73.95	Europ Assistance Holding S.A.S.	100.00	100.00
							26.05	Generali Italia S.p.A.		
Europ Assistance Trade S.p.A.	086	EUR	540,000	G	11		91.56	Europ Assistance Italia S.p.A.	100.00	100.00
							8.44	Europ Assistance VAI S.p.A.		
Europ Assistance VAI S.p.A.	086	EUR	4,325,000	G	11		100.00	Europ Assistance Italia S.p.A.	100.00	100.00
Generali Investments Partners S.p.A. Società di Gestione Risparmio	086	EUR	1,000,000	G	8		100.00	Generali Investments Holding S.p.A.	100.00	99.55
Generali Welion S.c.a.r.l.	086	EUR	10,000	G	11	1.00			100.00	100.00
							1.00	Genertel S.p.A.		
							1.00	Generali Business Solutions S.c.p.A.		
							2.00	Alleanza Assicurazioni S.p.A.		
							2.00	Genertellife S.p.A.		
							93.00	Generali Italia S.p.A.		
Generali Properties S.p.A.	086	EUR	117,159,490	G	10		100.00	Generali Italia S.p.A.	100.00	100.00
Alleanza Assicurazioni S.p.A.	086	EUR	210,000,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
Genagricola - Generali Agricoltura S.p.A.	086	EUR	219,900,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Agricola San Giorgio S.p.A.	086	EUR	22,160,000	G	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00
GenerFid S.p.A.	086	EUR	240,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.45
Banca Generali S.p.A.	086	EUR	116,851,637	G	7		9.58	Generali Vie S.A.	50.57	50.45
							0.44	Genertel S.p.A.		
							2.42	Alleanza Assicurazioni S.p.A.		
							4.86	Genertellife S.p.A.		
							33.28	Generali Italia S.p.A.		
Fondo Scarlatti - Fondo Immobiliare chiuso	086	EUR	510,756,634	G	10		2.89	Generali Vie S.A.	67.31	67.28
							1.94	Genertel S.p.A.		
							3.35	Alleanza Assicurazioni S.p.A.		
							5.87	Genertellife S.p.A.		
							53.26	Generali Italia S.p.A.		
Generali Real Estate S.p.A.	086	EUR	780,000	G	11	100.00			100.00	100.00
Fondo Immobiliare Mascagni	086	EUR	2,116,012,344	G	10		1.25	Genertel S.p.A.	100.00	100.00
							29.63	Alleanza Assicurazioni S.p.A.		
							12.70	Genertellife S.p.A.		
							56.42	Generali Italia S.p.A.		
Fondo Immobiliare Toscanini	086	EUR	775,711,318	G	10		1.78	Generali Vie S.A.	100.00	99.98

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding %				Group Equity Ratio(3)
						Direct	Indirect	Through	Total	
							0.34	Genertel S.p.A.		
							0.18	Generali Properties S.p.A.		
							32.49	Alleanza Assicurazioni S.p.A.		
							9.10	Genertellife S.p.A.		
							56.11	Generali Italia S.p.A.		
GSS - Generali Shared Services S.c.a.r.l.	086	EUR	1,002,000	G	11	47.80			100.00	99.84
							0.10	Generali Belgium S.A.		
							0.10	Generali Investments Partners S.p.A. Società di Gestione Risparmio		
							0.10	Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio		
							0.10	Generali Vida Companhia de Seguros S.A.		
							0.10	Generali Pojišt'ovna a.s.		
							0.10	Ceská pojišt'ovna a.s.		
							0.50	Generali Vie S.A.		
							50.90	Generali Business Solutions S.c.p.A.		
							0.20	Generali Companhia de Seguros, S.A.		
Generali Business Solutions S.c.p.A.	086	EUR	7,853,626	G	11	1.22			99.99	99.71
							0.25	Genertel S.p.A.		
							0.01	Europ Assistance Italia S.p.A.		
							0.01	Generali Welion S.c.a.r.l.		
							0.01	Generali Properties S.p.A.		
							0.01	Alfuturo Servizi Assicurativi s.r.l.		
							0.01	Generali Real Estate S.p.A. SGR		
							1.28	Alleanza Assicurazioni S.p.A.		
							0.57	Banca Generali S.p.A.		
							0.05	GSS - Generali Shared Services S.c.a.r.l.		
							0.27	Genertellife S.p.A.		
							0.27	Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio		
							96.03	Generali Italia S.p.A.		
CityLife S.p.A.	086	EUR	351,941	G	10		100.00	Generali Italia S.p.A.	100.00	100.00
Residenze CYL S.p.A.	086	EUR	39,921,667	G	10		0.30	CityLife S.p.A.	66.67	66.67
							66.37	Generali Italia S.p.A.		
D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	086	EUR	2,750,000	G	1		50.01	Generali Italia S.p.A.	50.01	50.01
D.A.S. Legal Services S.r.l.	086	EUR	100,000	G	11		100.00	D.A.S. Difesa Automobilistica Sinistri - S.p.A. di Assicurazione	100.00	50.01
Alfuturo Servizi Assicurativi s.r.l.	086	EUR	70,000	G	11		100.00	Alleanza Assicurazioni S.p.A.	100.00	100.00
Fondo Canaletto	086	EUR	118,817,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Generali Real Estate S.p.A. SGR	086	EUR	6,732,889	G	8		100.00	Generali Real Estate S.p.A.	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Generali Investments Holding S.p.A.	086	EUR	41,360,000	G	9	37.72			100.00	99.55
							28.29	Generali Deutschland AG		
							33.99	Generali France S.A.		
Fondo Donizetti	086	EUR	851,889,960	G	11		1.73	Europ Assistance Italia S.p.A.	100.00	100.00
							30.54	Alleanza Assicurazioni S.p.A.		
							16.12	Genertellife S.p.A.		
							51.61	Generali Italia S.p.A.		
Fondo Immobiliare Mantegna	086	EUR	255,000,001	G	11		44.44	Generali Properties S.p.A.	100.00	100.00
							55.56	Generali Italia S.p.A.		
Fondo Immobiliare Tiepolo	086	EUR	113,850,049	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.37
Fondo Immobiliare Schubert - comparto 1	086	EUR	276,500,000	G	11	6.59			100.00	100.00
							93.41	Generali Italia S.p.A.		
Fondo Immobiliare Schubert - comparto 2	086	EUR	124,450,000	G	11		59.70	Generali Properties S.p.A.	100.00	100.00
							40.30	Generali Italia S.p.A.		
Fondo Immobiliare Schubert - comparto 3	086	EUR	217,970,000	G	11		100.00	Generali Italia S.p.A.	100.00	100.00
Fondo Immobiliare Segantini	086	EUR	203,450,000	G	11		100.00	Generali Properties S.p.A.	100.00	100.00
Genertellife S.p.A.	086	EUR	168,200,000	G	1		100.00	Generali Italia S.p.A.	100.00	100.00
Generali Italia S.p.A.	086	EUR	1,618,628,450	G	1	100.00			100.00	100.00
Generali Insurance Asset Management S.p.A. Società di Gestione del Risparmio	086	EUR	60,085,000	G	8		17.13	Alleanza Assicurazioni S.p.A.	100.00	99.63
							82.87	Generali Investments Holding S.p.A.		
Dialog Lebensversicherungs-Aktiengesellschaft	094	EUR	2,045,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
GDPK-FI1 GmbH & Co. offene Investment KG	094	EUR	10,000	G	9		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
Generali Health Solutions GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland AG	094	EUR	137,560,202	G	5	4.04			100.00	100.00
							94.10	Generali Beteiligungs-GmbH		
							1.86	Alleanza Assicurazioni S.p.A.		
AachenMünchener Lebensversicherung AG	094	EUR	71,269,998	G	2		100.00	Generali Deutschland AG	100.00	100.00
AachenMünchener Versicherung AG	094	EUR	136,463,896	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Lebensversicherung Aktiengesellschaft	094	EUR	520,053,300	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Versicherung Aktiengesellschaft	094	EUR	27,358,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Central Krankenversicherung Aktiengesellschaft	094	EUR	34,017,984	G	2		100.00	Generali Deutschland AG	100.00	100.00
Europ Assistance Versicherungs-AG	094	EUR	2,800,000	G	2		100.00	Europ Assistance S.A.	100.00	100.00
Europ Assistance Services GmbH	094	EUR	250,000	G	11		100.00	Europ Assistance Versicherungs-AG	100.00	100.00
Cosmos Lebensversicherungs Aktiengesellschaft	094	EUR	11,762,200	G	2		100.00	Generali Deutschland AG	100.00	100.00
Cosmos Versicherung Aktiengesellschaft	094	EUR	9,205,200	G	2		100.00	Generali Deutschland AG	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
ENVIVAS Krankenversicherung Aktiengesellschaft	094	EUR	1,022,800	G	2		100.00	Generali Deutschland AG	100.00	100.00
ADVOCARD Rechtsschutzversicherung AG	094	EUR	12,920,265	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Pensionskasse AG	094	EUR	7,500,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali Beteiligungs-GmbH	094	EUR	1,005,000	G	4	100.00			100.00	100.00
Generali Deutschland Finanzierungs-GmbH	094	EUR	17,895,500	G	10		46.86	AachenMünchener Versicherung AG	100.00	100.00
							53.14	Generali Versicherung Aktiengesellschaft		
Generali 3. Immobilien AG & Co. KG	094	EUR	62,667,551	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
VVS Vertriebsservice für Vermögensberatung GmbH	094	EUR	250,000	G	11		100.00	ATLAS Dienstleistungen für Vermögensberatung GmbH	100.00	74.00
GLL GmbH & Co. Retail KG i.L.	094	EUR	381,010,000	G	10	31.50			52.49	52.49
							5.25	AachenMünchener Lebensversicherung AG		
							7.87	Generali Lebensversicherung Aktiengesellschaft		
							7.87	Central Krankenversicherung Aktiengesellschaft		
Generali Pensionsfonds AG	094	EUR	5,100,000	G	2		100.00	Generali Deutschland AG	100.00	100.00
Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG	094	EUR	404,020,250	G	10		2.97	Dialog Lebensversicherungs-Aktiengesellschaft	99.99	99.99
							19.37	AachenMünchener Lebensversicherung AG		
							6.25	AachenMünchener Versicherung AG		
							20.63	Generali Lebensversicherung Aktiengesellschaft		
							7.87	Generali Versicherung Aktiengesellschaft		
							23.25	Central Krankenversicherung Aktiengesellschaft		
							17.50	Cosmos Lebensversicherungs Aktiengesellschaft		
							1.17	Cosmos Versicherung Aktiengesellschaft		
							0.98	ADVOCARD Rechtsschutzversicherung AG		
Generali Northern America Real Estate Investments GmbH & Co. KG	094	EUR	17,560,021	G	10		27.77	AachenMünchener Lebensversicherung AG	99.94	99.94
							38.83	Generali Lebensversicherung Aktiengesellschaft		
							16.65	Central Krankenversicherung Aktiengesellschaft		
							16.65	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.04	Generali Real Estate S.p.A.		
AM Erste Immobilien AG & Co. KG	094	EUR	53,875,499	G	10		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
CENTRAL Erste Immobilien AG & Co. KG	094	EUR	4,823,507	G	10		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
CENTRAL Zweite Immobilien AG & Co. KG	094	EUR	12,371,997	G	10		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
Deutsche Bausparkasse Badenia Aktiengesellschaft	094	EUR	40,560,000	G	7		100.00	Generali Deutschland AG	100.00	100.00
Volksfürsorge 1.Immobilien AG & Co. KG	094	EUR	3,583	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Thuringia Generali 1.Immobilien AG & Co. KG	094	EUR	21,388,630	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Thuringia Generali 2.Immobilien AG & Co. KG	094	EUR	84,343,265	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
AM Vers Erste Immobilien AG & Co. KG	094	EUR	16,775,749	G	10		100.00	AachenMünchener Versicherung AG	100.00	100.00
Generali Finanz Service GmbH	094	EUR	26,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
AM Sechste Immobilien AG & Co. KG	094	EUR	85,025,000	G	10		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
DBB Vermögensverwaltung GmbH & Co. KG	094	EUR	21,214,579	G	10		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00
Generali Deutschland Services GmbH	094	EUR	100,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Schadenmanagement GmbH	094	EUR	100,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Generali Deutschland Informatik Services GmbH	094	EUR	15,000,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
ATLAS Dienstleistungen für Vermögensberatung GmbH	094	EUR	4,100,000	G	11		74.00	AachenMünchener Lebensversicherung AG	74.00	74.00
AM Gesellschaft für betriebliche Altersversorgung mbH	094	EUR	60,000	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
Cosmos Finanzservice GmbH	094	EUR	25,565	G	11		100.00	Cosmos Versicherung Aktiengesellschaft	100.00	100.00
Generali Vitality GmbH	094	EUR	250,000	G	9	100.00			100.00	100.00
FPS GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
FLI GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
FFDTV GmbH	094	EUR	25,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Generali Pensions- und SicherungsManagement GmbH	094	EUR	25,000	G	11		100.00	Generali Deutschland AG	100.00	100.00
Volksfürsorge 5.Immobilien AG & Co. KG	094	EUR	637,238,457	G	10		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Marienplatz-Galerie Schwerin mbH & Co. KG	094	EUR	14,805,190	G	10		100.00	AachenMünchener Versicherung AG	100.00	100.00
Grundstücksgesellschaft Einkaufszentrum Louisen-Center Bad Homburg mbH & Co. KG	094	EUR	57,975,829	G	10		100.00	Generali Deutschland AG	100.00	100.00
GID Fonds AAREC	094	EUR	2,729,122,617	G	11		1.16	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							31.00	AachenMünchener Lebensversicherung AG		
							28.68	Central Krankenversicherung Aktiengesellschaft		
							7.65	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.92	Generali Deutschland Pensionskasse AG		
							30.59	GID Fonds GLRET		
GID Fonds ALAOT	094	EUR	824,541,656	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CLAOT	094	EUR	332,585,186	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
GID Fonds AVAOT	094	EUR	91,899,605	G	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00
GID Fonds CEAOT	094	EUR	791,102,804	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID Fonds VLAOT	094	EUR	1,676,094,615	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLLAE	094	EUR	651,433,814	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GDRET	094	EUR	175,807,521	G	11		21.38	Generali Deutschland AG	100.00	100.00
							47.16	Generali Versicherung Aktiengesellschaft		
							2.95	Cosmos Versicherung Aktiengesellschaft		
							28.51	ADVOCARD Rechtsschutzversicherung AG		
GID Fonds AMLRET	094	EUR	584,069,884	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds GVMET	094	EUR	332,152,720	G	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLMET	094	EUR	801,922,792	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 3	094	EUR	947,684,475	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 2	094	EUR	892,348,694	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds GLRET 4	094	EUR	483,018,441	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
Vofü Fonds I Hamburgische Grundbesitz und Anlage GmbH & Co.KG	094	EUR	14,800,000	G	10		54.19	Generali Deutschland AG	54.19	54.19
GID-Fonds GPRET	094	EUR	42,553,767	G	11		91.70	Generali Pensionsfonds AG	91.70	91.70
GLL AMB Generali Properties Fund I GmbH & Co. KG	094	EUR	47,448,479	G	11		99.90	GLL AMB Generali Cross-Border Property Fund FCP	99.90	99.90
GLL AMB Generali Properties Fund II GmbH & Co. KG	094	EUR	64,304,996	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
GLL Properties Fund I LP	069	USD	33,296,035	G	10		99.99	GLL AMB Generali Properties Fund I GmbH & Co. KG	99.99	99.89
GLL Properties Fund II LP	069	USD	82,366,056	G	11		100.00	GLL AMB Generali Properties Fund II GmbH & Co. KG	100.00	100.00
GLL Properties 444 Noth Michig. LP	069	USD	82,366,056	G	10		100.00	GLL Properties Fund II LP	100.00	100.00
GLL AMB Generali 200 State Street	094	EUR	10,044,506	G	11		99.50	GLL AMB Generali Cross-Border Property Fund FCP	99.50	99.50
GID Fonds AVAOT II	094	EUR	45,670,983	G	11		100.00	AachenMünchener Versicherung AG	100.00	100.00
GID Fonds AVAOT III	094	EUR	9,273,590	G	11		100.00	ADVOCARD Rechtsschutzversicherung AG	100.00	100.00
GID Fonds ALRET	094	EUR	2,321,910,814	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID Fonds CERET	094	EUR	2,544,665,198	G	11		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00
GID-Fonds CLRET	094	EUR	796,311,833	G	11		100.00	GID-Fonds CLRET 2	100.00	100.00
GID Fonds GLRET	094	EUR	3,991,435,224	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds DLRET	094	EUR	79,010,376	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID Fonds GDPRET	094	EUR	169,424,148	G	11		100.00	Generali Deutschland Pensionskasse AG	100.00	100.00
GID Fonds GVRET	094	EUR	322,535,027	G	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Gentum Nr. 1	094	EUR	610,128,585	G	11		0.92	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							29.52	AachenMünchener Lebensversicherung AG		
							4.56	AachenMünchener Versicherung AG		
							27.68	Generali Lebensversicherung Aktiengesellschaft		
							5.28	Generali Versicherung Aktiengesellschaft		
							20.99	Central Krankenversicherung Aktiengesellschaft		
							9.21	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.46	Cosmos Versicherung Aktiengesellschaft		
							1.38	ADVOCARD Rechtsschutzversicherung AG		
GID Fonds AVRET	094	EUR	140,318,928	G	11		100.00	AachenMünchener Versicherung AG	100.00	100.00
GID Fonds GLAKOR	094	EUR	168,613,725	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID-Fonds GLRET 5	094	EUR	7,719,506,511	G	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00
GID Fonds DLAET	094	EUR	52,735,965	G	11		100.00	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
GID-Fonds AAINF	094	EUR	178,829,060	G	11		27.50	AachenMünchener Lebensversicherung AG	100.00	100.00
							40.00	Generali Lebensversicherung Aktiengesellschaft		
							17.50	Central Krankenversicherung Aktiengesellschaft		
							15.00	Cosmos Lebensversicherungs Aktiengesellschaft		
GID-Fonds CLRET 2	094	EUR	1,967,239,000	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET	094	EUR	362,052,792	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GID-Fonds CLTGP	094	EUR	172,999,821	G	11		100.00	Cosmos Lebensversicherungs Aktiengesellschaft	100.00	100.00
GID-Fonds ALAET II	094	EUR	434,999,545	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
GIE-Fonds AADMSE	094	EUR	713,238,172	G	11		1.12	Dialog Lebensversicherungs-Aktiengesellschaft	100.00	100.00
							46.34	AachenMünchener Lebensversicherung AG		
							20.35	Central Krankenversicherung Aktiengesellschaft		
							21.01	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.70	ENVIVAS Krankenversicherung Aktiengesellschaft		
							10.48	Generali Deutschland Pensionskasse AG		
GIE-Fonds AASBWA	094	EUR	294,999,736	G	11		52.53	AachenMünchener Lebensversicherung AG	100.00	100.00
							27.13	Central Krankenversicherung Aktiengesellschaft		
							20.34	Cosmos Lebensversicherungs Aktiengesellschaft		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding %				Group Equity Ratio(3)
						Direct	Indirect	Through	Total	
GIE-Fonds AADMGI	094	EUR	0	G	11		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00
Generali IARD S.A.	029	EUR	94,630,300	G	2		100.00	Generali France S.A.	100.00	98.67
Generali Vie S.A.	029	EUR	336,872,976	G	2		100.00	Generali France S.A.	100.00	98.67
L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature	029	EUR	26,469,320	G	2		99.99	Generali IARD S.A.	99.99	98.67
							0.01	Generali Vie S.A.		
GFA Caraïbes	213	EUR	6,839,360	G	2		100.00	Generali IARD S.A.	100.00	98.67
Prudence Creole	247	EUR	7,026,960	G	2		95.62	Generali IARD S.A.	95.63	94.36
							0.01	Generali France S.A.		
SAS Lonthènes	029	EUR	529,070	G	10		100.00	Generali Vie S.A.	100.00	98.67
Europ Assistance France S.A.	029	EUR	2,541,712	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Europ Assistance Océanie S.A.S.	225	XPF	24,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Ocealis S.A.S.	029	EUR	300,000	G	11		75.00	Europ Assistance Holding S.A.S.	75.00	75.00
Generali France S.A.	029	EUR	114,595,514	G	4	66.92			98.67	98.67
							31.75	Participatie Maatschappij Graafschap Holland N.V.		
Europ Assistance Holding S.A.S.	029	EUR	19,894,880	G	2	95.69			100.00	100.00
							4.31	Participatie Maatschappij Graafschap Holland N.V.		
Cofifo S.A.S.	029	EUR	22,070,390	G	9		100.00	Generali France S.A.	100.00	98.67
Suresnes Immobilier S.A.S.	029	EUR	43,040,000	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Terra Nova V Montreuil	029	EUR	19,800,000	G	10		30.00	Generali Vie S.A.	100.00	98.67
							70.00	Generali IARD S.A.		
GEII Rivoli Holding SAS	029	EUR	12,000,000	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Immobiliere Commerciale des Indes Orientales IMMOCIO	029	EUR	134,543,500	G	10		100.00	Generali Vie S.A.	100.00	98.67
SAS IMMOCIO CBI	029	EUR	61,058,016	G	10		100.00	Immobiliere Commerciale des Indes Orientales IMMOCIO	100.00	98.67
Europ Assistance S.A.	029	EUR	35,402,786	G	2		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Europ Assistance Brokerage Solutions S.a.r.l.	029	EUR	15,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Europ Téléassistance S.A.S.	029	EUR	100,000	G	11		100.00	Europ Assistance France S.A.	100.00	100.00
SCI Generali Reaumur	029	EUR	10,643,469	G	10		100.00	Generali Vie S.A.	100.00	98.67
Gconcierges S.A.S.	029	EUR	50,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
GEIH France OPCI	029	EUR	149,271,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
SCI GRE PAN-EU 74 Rivoli	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.90
							99.90	GEIH France OPCI		
SCI GRE PAN-EU 146 Haussmann	029	EUR	1,000	G	11		0.10	Generali Europe Income Holding S.A.	100.00	98.90
							99.90	GEIH France OPCI		
SCI du 68 Pierre Charron	029	EUR	1,000	G	10		0.10	Generali Europe Income Holding S.A.	100.00	98.90
							99.90	GEIH France OPCI		
OPPCI K Archives	029	EUR	16,500	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.90

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
OPPCI K Charlot	029	EUR	15,300	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PANEU Cœur Marais SCI	029	EUR	10,000	G	10		99.99	OPPCI K Archives	100.00	98.90
							0.01	Generali Europe Income Holding S.A.		
GRE PANEU Fhive SCI	029	EUR	10,000	G	10		99.99	OPPCI K Charlot	100.00	98.90
							0.01	Generali Europe Income Holding S.A.		
SAS Retail One	029	EUR	18,700,000	G	11		100.00	Retail One Fund	100.00	98.90
Retail One Fund OPPCI	029	EUR	120,999,890	G	11		35.29	Generali Vie S.A.	100.00	98.82
							64.71	Retail One Fund		
SCI Retail One	029	EUR	120,001,000	G	11		0.10	Retail One Fund	100.00	98.82
							99.90	Retail One Fund OPPCI		
SCI du 54 Avenue Hoche	029	EUR	152,400	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI 42 Notre Dame Des Victoires	029	EUR	13,869,690	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Generali Wagram	029	EUR	284,147	G	10		100.00	Generali IARD S.A.	100.00	98.67
SCI du Coq	029	EUR	12,877,678	G	10		0.81	Generali IARD S.A.	100.00	98.67
							99.19	Generali Vie S.A.		
SCI Espace Seine-Generali	029	EUR	1,000	G	10		99.90	Generali Vie S.A.	99.90	98.58
SCI GF Pierre	029	EUR	47,394,248	G	10		1.17	Generali IARD S.A.	100.00	98.67
							90.96	Generali Vie S.A.		
							7.87	SCI Generali Wagram		
SCI Landy-Novatis	029	EUR	672,000	G	10		0.10	Generali Vie S.A.	100.00	98.67
							99.90	SC Novatis		
SCI Cogipar	029	EUR	10,000	G	10		99.99	Generali Vie S.A.	99.99	98.66
SC Commerce Paris	029	EUR	1,746,570	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Landy-Wilo	029	EUR	1,000	G	10		0.10	Generali IARD S.A.	100.00	98.67
							99.90	Generali Vie S.A.		
SCI Generali Carnot	029	EUR	10,525,000	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Generali Commerce 1	029	EUR	100,000	G	10		0.10	Generali Vie S.A.	100.00	98.67
							53.80	SCI GF Pierre		
							46.10	SC Commerce Paris		
SCI Generali Commerce 2	029	EUR	100,000	G	10		100.00	Generali IARD S.A.	100.00	98.67
SCI Generali le Moncey	029	EUR	1,923,007	G	10		100.00	Generali Vie S.A.	100.00	98.67
SC Generali Logistique	029	EUR	160,001,000	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Parcolog Lille Hénin Beaumont 2	029	EUR	1,130,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Iris La Défense	029	EUR	1,350	G	10		44.44	Generali IARD S.A.	100.00	98.67
							55.56	Generali Vie S.A.		
OPCI Parcolog Invest	029	EUR	225,848,750	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Parc Logistique Maisonneuve 1	029	EUR	7,051,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parc Logistique Maisonneuve 2	029	EUR	5,104,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parc Logistique Maisonneuve 3	029	EUR	8,004,000	G	10		100.00	SC Generali Logistique	100.00	98.67

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
SCI Parc Logistique Maisonneuve 4	029	EUR	8,004,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Isle D'Abeau 1	029	EUR	11,472,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Isle D'Abeau 2	029	EUR	12,476,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Isle D'Abeau 3	029	EUR	12,476,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Combs La Ville 1	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Bordeaux Cestas	029	EUR	9,508,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Marly	029	EUR	7,001,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Parcolog Messageries	029	EUR	1,000	G	10		100.00	SC Generali Logistique	100.00	98.67
SCI Commerces Regions	029	EUR	1,000	G	10		1.00	Generali IARD S.A.	100.00	98.67
							99.00	Generali Vie S.A.		
SCI Thiers Lyon	029	EUR	1,000	G	10		40.00	Generali Vie S.A.	100.00	98.67
							60.00	SCI GF Pierre		
SCI Iliade Massy	029	EUR	1,000	G	10		100.00	Generali Vie S.A.	100.00	98.67
SAS Parcolog Lille Henin Beaumont 1	029	EUR	302,845	G	10		100.00	OPCI Parcolog Invest	100.00	98.67
OPCI Generali Bureaux	029	EUR	103,996,539	G	10		100.00	Generali Vie S.A.	100.00	98.67
OPCI Generali Residentiel	029	EUR	149,607,800	G	10		100.00	Generali Vie S.A.	100.00	98.67
OPCI GB1	029	EUR	153,698,740	G	10		100.00	Generali Vie S.A.	100.00	98.67
OPCI GR1	029	EUR	200,481,793	G	10		19.13	Generali IARD S.A.	100.00	98.67
							73.69	Generali Vie S.A.		
							7.18	L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature		
SCI 18-20 Paix	029	EUR	20,207,750	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Berges de Seine	029	EUR	6,975,233	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI 6 MESSINE	029	EUR	9,631,000	G	10		100.00	OPCI GR1	100.00	98.67
SCI 204 Pereire	029	EUR	4,480,800	G	10		100.00	OPCI GR1	100.00	98.67
SCI du 33 avenue Montaigne	029	EUR	174,496	G	10		100.00	OPCI GR1	100.00	98.67
SCI 5/7 MONCEY	029	EUR	13,263,396	G	10		100.00	OPCI GR1	100.00	98.67
SCI 28 Cours Albert 1er	029	EUR	14,629,770	G	10		100.00	OPCI GR1	100.00	98.67
SC Novatis	029	EUR	17,081,141	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Bureaux Paris	029	EUR	250	G	10		100.00	Generali Vie S.A.	100.00	98.67
Sarl Breton	029	EUR	42,888,458	G	10		100.00	Generali Vie S.A.	100.00	98.67
SCI Luxuary Real Estate	029	EUR	1,000	G	10		99.90	Generali Vie S.A.	99.90	98.58
Generali Holding Vienna AG	008	EUR	63,732,464	G	5	0.05			100.00	100.00
							29.67	Generali Beteiligungsverwaltung GmbH		
							32.47	Participatie Maatschappij Graafschap Holland N.V.		
							37.81	Transocean Holding Corporation		
Europäische Reiseversicherung Aktiengesellschaft	008	EUR	730,000	G	2		74.99	Generali Versicherung AG	74.99	74.99
HSR Verpachtung GmbH	008	EUR	100,000	G	10		40.00	Generali Versicherung AG	100.00	85.00
							60.00	BAWAG P.S.K. Versicherung AG		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]
						Direct	Indirect	Through	Total	
Generali Versicherung AG	008	EUR	70,000,000	G	2		75.00	Generali Holding Vienna AG	100.00	100.00
							25.00	Generali Beteiligungs- und Vermögensverwaltung GmbH		
BAWAG P.S.K. Versicherung AG	008	EUR	12,000,000	G	2		75.00	Generali Versicherung AG	75.00	75.00
Europ Assistance Gesellschaft mbH	008	EUR	70,000	G	11		25.00	Generali Versicherung AG	100.00	100.00
							75.00	Europ Assistance Holding S.A.S.		
Car Care Consult Versicherungsvermittlung GmbH	008	EUR	60,000	G	11		100.00	Generali Versicherung AG	100.00	100.00
Generali Beteiligungs- und Vermögensverwaltung GmbH	008	EUR	35,000	G	11		100.00	Generali Holding Vienna AG	100.00	100.00
Allgemeine Immobilien-Verwaltungs GmbH & Co. KG	008	EUR	17,441,553	G	10		100.00	Generali Versicherung AG	100.00	100.00
Generali Immobilien GmbH	008	EUR	4,900,000	G	10		100.00	Generali Versicherung AG	100.00	100.00
Generali Beteiligungsverwaltung GmbH	008	EUR	1,000,000	G	4	100.00			100.00	100.00
SW 13	008	EUR	35,000	G	11		33.33	FPS GmbH	100.00	98.90
							33.34	FFDTV GmbH		
							33.33	FLI GmbH		
Generali Bank AG	008	EUR	26,000,000	G	7		100.00	Generali Versicherung AG	100.00	100.00
Generali Leasing GmbH	008	EUR	730,000	G	11		100.00	Generali Versicherung AG	100.00	100.00
Care Consult Versicherungsmakler GmbH	008	EUR	138,078	G	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.99
3 Banken-Generali-GLStock	008	EUR	4,680	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken Generali GLBond Spezialfonds	008	EUR	90	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken-Generali-GSBond	008	EUR	3,650	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken-Generali - GEN4A Spezialfonds	008	EUR	21,935	G	11		100.00	Generali Versicherung AG	100.00	100.00
BAWAG PSK Spezial 6	008	EUR	13,730	G	11		100.00	BAWAG P.S.K. Versicherung AG	100.00	75.00
3 Banken-Generali - GNLStock	008	EUR	1,248,500	G	11		100.00	Generali Versicherung AG	100.00	100.00
3 Banken-Generali-GHStock	008	EUR	313,061	G	11		100.00	Generali Versicherung AG	100.00	100.00
Generali European Retail Investments Holdings S.A.	092	EUR	256,050	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.44
Generali Luxembourg S.A.	092	EUR	45,000,000	G	2		100.00	Generali Vie S.A.	100.00	98.67
Generali Investments Luxembourg S.A.	092	EUR	1,921,900	G	11		100.00	Generali Investments Holding S.p.A.	100.00	99.55
Generali Real Estate Multi-Manager	092	EUR	250,000	G	8		100.00	Generali Real Estate S.p.A.	100.00	100.00
Generali North American Holding 1 S.A.	092	USD	13,246,799	G	11		100.00	Generali Vie S.A.	100.00	98.67
Generali North American Holding 2 S.A.	092	USD	7,312,384	G	11		100.00	Generali Northern America Real Estate Investments GmbH & Co. KG	100.00	99.94
Generali North American Holding S.A.	092	USD	15,600,800	G	8		22.22	Alleanza Assicurazioni S.p.A.	100.00	100.00
							10.56	Genertellife S.p.A.		
							67.22	Generali Italia S.p.A.		
Generali Europe Income Holding S.A.	092	EUR	1,315,285,216	G	8		4.61	Generali Versicherung AG	100.00	98.90
							2.63	BAWAG P.S.K. Versicherung AG		
							0.20	Generali Immobilien GmbH		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							2.10	GP Reinsurance EAD		
							13.56	Generali European Real Estate Income Investments GmbH & Co. Geschlossene Investment KG		
							5.27	Generali España, S.A. de Seguros y Reaseguros		
							32.46	Generali Vie S.A.		
							38.67	Fondo Donizetti		
							0.50	Generali Luxembourg S.A.		
GRE PAN-EU Munich 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PAN-EU Hamburg 1 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PAN-EU Hamburg 2 S.à r.l.	092	EUR	12,500	G	9		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PAN-EU Frankfurt 1 S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Cologne 1 S.à.r.l.	092	EUR	12,000	G	11		100.00	Generali Real Estate Asset Repositioning S.A.	100.00	99.37
GRE PAN-EU Frankfurt 2 S.à r.l.	092	EUR	12,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Retail One Fund	092	EUR	237,000,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Generali European Real Estate Investments S.A.	092	EUR	154,972,858	G	8		7.98	Generali Versicherung AG	100.00	99.44
							6.38	AachenMünchener Lebensversicherung AG		
							13.56	Generali Lebensversicherung Aktiengesellschaft		
							3.99	Generali España, S.A. de Seguros y Reaseguros		
							42.22	Generali Vie S.A.		
							23.95	Generali Italia S.p.A.		
							0.96	Generali Vida Companhia de Seguros S.A.		
							0.96	Generali Companhia de Seguros, S.A.		
Frescobaldi S.à.r.l.	092	EUR	1,000,000	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.44
GLL AMB Generali Cross-Border Property Fund FCP	092	EUR	164,880,845	G	9		28.00	AachenMünchener Lebensversicherung AG	100.00	100.00
							48.00	Generali Lebensversicherung Aktiengesellschaft		
							16.00	Central Krankenversicherung Aktiengesellschaft		
							8.00	Cosmos Lebensversicherungs Aktiengesellschaft		
BG Fund Management Luxembourg S.A.	092	EUR	2,000,000	G	11		100.00	Banca Generali S.p.A.	100.00	50.45
GLL AMB Generali City22 S.à.r.l.	092	EUR	200,000	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00
Corelli S.à.r.l.	092	EUR	12,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.44
Torelli S.à.r.l.	092	EUR	12,500	G	9		100.00	Generali European Real Estate Investments S.A.	100.00	99.44
GLL AMB Generali Bankcenter S.à.r.l.	092	EUR	175,000	G	11		100.00	GLL AMB Generali Cross-Border Property Fund FCP	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
Generali Real Estate Asset Repositioning S.A.	092	EUR	178,479,993	G	11		5.35	Generali España, S.A. de Seguros y Reaseguros	100.00	99.37
							46.79	Generali Vie S.A.		
							47.86	Fondo Donizetti		
Generali Financial Holding FCP-FIS - Sub-Fund 2	092	EUR	10,387,833	G	11		4.70	Generali Deutschland AG	100.00	99.87
							4.70	Alleanza Assicurazioni S.p.A.		
							10.00	Generali Vie S.A.		
							7.20	Genertellife S.p.A.		
							44.50	Generali Italia S.p.A.		
							28.90	Participatie Maatschappij Graafschap Holland N.V.		
Generali España, S.A. de Seguros y Reaseguros	067	EUR	60,925,401	G	2		95.24	Generali España Holding de Entidades de Seguros S.A.	99.91	99.90
							4.67	Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales		
Cajamar Vida S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Cajamar Seguros Generales, S.A. de Seguros y Reaseguros	067	EUR	9,015,200	G	2		50.00	Generali España Holding de Entidades de Seguros S.A.	50.00	50.00
Europ Assistance España S.A. de Seguros y Reaseguros	067	EUR	4,163,790	G	2		5.00	Generali España, S.A. de Seguros y Reaseguros	100.00	100.00
							95.00	Europ Assistance Holding S.A.S.		
Europ Assistance Servicios Integrales de Gestion, S.A.	067	EUR	400,000	G	11		100.00	Europ Assistance España S.A. de Seguros y Reaseguros	100.00	100.00
Generali España Holding de Entidades de Seguros S.A.	067	EUR	563,490,658	G	4	100.00			100.00	100.00
Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales	067	EUR	24,933,093	G	10		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
Vitalicio Torre Cerdà S.l.	067	EUR	1,112,880	G	10		90.66	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							9.34	Grupo Generali España, A.I.E.		
Grupo Generali España, A.I.E.	067	EUR	35,599,000	G	11		99.97	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90
							0.03	Generali España Holding de Entidades de Seguros S.A.		
Preciados 9 Desarrollos Urbanos SL	067	EUR	3,032	G	10		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PAN-EU MADRID 2 SL	067	EUR	3,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GLL City22 S.L.	067	EUR	20,003,006	G	11		100.00	GLL AMB Generali City22 S.à.r.l.	100.00	100.00
Generali Vida Companhia de Seguros S.A.	055	EUR	14,000,000	G	2	86.60			99.99	99.99
							13.39	Generali Companhia de Seguros, S.A.		
Generali Companhia de Seguros, S.A.	055	EUR	73,000,000	G	2	100.00			100.00	100.00
Europ Assistance - Companhia Portuguesa de Seguros, S.A.	055	EUR	7,500,000	G	2		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Europ Assistance - Serviços de Assistencia Personalizados S.A.	055	EUR	250,000	G	11		99.98	Europ Assistance - Companhia Portuguesa de Seguros, S.A.	99.98	99.98
Ponte Alta, SGPS, Unipessoal, Lda.	055	EUR	400,000	G	11		100.00	Europ Assistance - Companhia Portuguesa de Seguros, S.A.	100.00	100.00

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding %				Group Equity Ratio(3)
						Direct	Indirect	Through	Total	
Generali Belgium S.A.	009	EUR	40,000,000	G	2		32.29	Generali Italia S.p.A.	99.99	99.99
							67.70	Participatie Maatschappij Graafschap Holland N.V.		
Generali Real Estate Investments B.V.	050	EUR	250,000,000	G	10		100.00	Generali Belgium S.A.	100.00	99.99
Europ Assistance Belgium S.A.	009	EUR	6,012,000	G	2		100.00	Europ Assistance S.A.	100.00	100.00
Europ Assistance Services S.A.	009	EUR	186,000	G	11		99.99	Europ Assistance Belgium S.A.	100.00	100.00
							0.01	Europ Assistance Holding S.A.S.		
GRE PAN-EU Brussels 1 s.p.r.l.	009	EUR	492,391	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
GRE PAN-EU Brussels 2 s.p.r.l.	009	EUR	3,671,500	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Participatie Maatschappij Graafschap Holland N.V.	050	EUR	3,000,000,000	G	4	52.43			100.00	100.00
							3.37	Alleanza Assicurazioni S.p.A.		
							5.60	Genertellife S.p.A.		
							38.60	Generali Italia S.p.A.		
Redoze Holding N.V.	050	EUR	22,690,000	G	9	6.02			100.00	100.00
							50.01	Participatie Maatschappij Graafschap Holland N.V.		
							43.97	Transocean Holding Corporation		
Generali Asia N.V.	050	EUR	250,000	G	4		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Turkey Holding B.V.	050	EUR	100,000	G	4		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Saxon Land B.V.	050	GBP	15,576	G	10		30.00	Generali Deutschland AG	100.00	99.60
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Lion River I N.V.	050	EUR	640,954	G	9	27.01			100.00	99.61
							0.28	Generali Versicherung AG		
							0.03	BAWAG P.S.K. Versicherung AG		
							0.03	GP Reinsurance EAD		
							0.32	Generali Assurances Générales SA		
							0.03	Generali Personenversicherungen AG		
							0.01	Generali Pojišt'ovna a.s.		
							0.01	Generali Poistovna, a. s.		
							0.05	Ceská pojišt'ovna a.s.		
							27.96	Generali Deutschland AG		
							0.47	AachenMünchener Lebensversicherung AG		
							0.04	AachenMünchener Versicherung AG		
							0.06	Generali Versicherung Aktiengesellschaft		
							0.25	Central Krankenversicherung Aktiengesellschaft		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							0.16	Cosmos Lebensversicherungs Aktiengesellschaft		
							0.24	Generali España, S.A. de Seguros y Reaseguros		
							0.11	Generali IARD S.A.		
							28.76	Generali Vie S.A.		
							0.01	Generali Biztosító Zrt.		
							0.74	Alleanza Assicurazioni S.p.A.		
							0.10	Genertellife S.p.A.		
							1.52	Generali Italia S.p.A.		
							11.70	Lion River II N.V.		
							0.11	Generali CEE Holding B.V.		
Generali Horizon B.V.	050	EUR	90,760	G	9		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Lion River II N.V.	050	EUR	48,500	G	9		2.06	Generali Beteiligungs-GmbH	100.00	99.97
							2.06	Generali Vie S.A.		
							2.06	Generali Italia S.p.A.		
							93.82	Participatie Maatschappij Graafschap Holland N.V.		
Generali CEE Holding B.V.	275	CZK	2,621,820	G	4	100.00			100.00	100.00
CZI Holdings N.V.	275	CZK	2,662,000,000	G	4		100.00	Generali CEE Holding B.V.	100.00	100.00
CP Strategic Investments N.V.	050	EUR	225,000	G	9		100.00	Ceská pojišt'ovna a.s.	100.00	100.00
GW Beta B.V.	050	EUR	400,001,626	G	9		51.00	Generali Financial Holding FCP-FIS - Sub-Fund 2	100.00	99.93
							49.00	Generali CEE Holding B.V.		
MyDrive Solutions Limited	031	GBP	776	G	11		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Saxon Land Development Company Ltd	031	GBP	250,000	G	8		30.00	Generali Deutschland AG	100.00	99.60
							30.00	Generali Vie S.A.		
							10.00	Alleanza Assicurazioni S.p.A.		
							10.00	Genertellife S.p.A.		
							20.00	Generali Italia S.p.A.		
Generali Worldwide Insurance Company Limited	201	EUR	346,903,472	G	3		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Generali Portfolio Management (CI) Ltd	201	USD	194,544	G	9		100.00	Generali Worldwide Insurance Company Limited	100.00	100.00
Genirland Limited	040	EUR	113,660,000	G	9		100.00	Participatie Maatschappij Graafschap Holland N.V.	100.00	100.00
Købmagergade 39 ApS	021	EUR	6,709	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Generali Hellas Insurance Company S.A.	032	EUR	22,776,198	G	2	100.00			100.00	100.00
Generali Biztosító Zrt.	077	HUF	4,500,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Európai Utazási Biztosító Zrt.	077	HUF	400,000,000	G	2		13.00	Europäische Reiseversicherung Aktiengesellschaft	74.00	70.75
							61.00	Generali Biztosító Zrt.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
Europ Assistance Magyarorszag Kft	077	HUF	24,000,000	G	11		74.00	Europ Assistance Holding S.A.S.	100.00	100.00
							26.00	Generali Biztosító Zrt.		
Vàci utca Center Uzletközpont Kft	077	EUR	4,497,122	G	10		100.00	Generali Immobilien GmbH	100.00	100.00
Generali-Ingatlan Vagyonkezelo és Szolgáltató Kft.	077	HUF	5,296,788,000	G	10		100.00	Generali Biztosító Zrt.	100.00	100.00
Generali Alapkezelo Zártköruen Muködo Részvénytársaság	077	HUF	500,000,000	G	8		74.00	Generali Biztosító Zrt.	100.00	100.00
							26.00	Generali CEE Holding B.V.		
Genertel Biztosító Zrt.	077	HUF	1,180,000,000	G	2		100.00	Generali Biztosító Zrt.	100.00	100.00
Generali Pojišt'ovna a.s.	275	CZK	500,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Europ Assistance s.r.o.	275	CZK	3,866,666	G	11		75.00	Europ Assistance Holding S.A.S.	100.00	100.00
							25.00	Ceska pojišt'ovna a.s.		
Generali Velký Špalícek s.r.o.	275	CZK	1,800,000	G	10		100.00	Generali Immobilien GmbH	100.00	100.00
CP Distribuce a.s	275	CZK	2,000,000	G	10		100.00	Ceska pojišt'ovna a.s.	100.00	100.00
GRE PAN-EU Prague 1 s.r.o.	275	EUR	1,000	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
PCS Praha Center Spol.s.r.o.	275	CZK	396,206,000	G	10		100.00	Generali Versicherung AG	100.00	100.00
Direct Care s.r.o.	275	CZK	1,000,000	G	11		100.00	Ceská pojišt'ovna a.s.	100.00	100.00
Parížská 26, s.r.o.	275	CZK	200,000	G	10		100.00	Ceská pojišt'ovna a.s.	100.00	100.00
Palac Krizik a.s.	275	CZK	2,020,000	G	10		50.00	Ceská pojišt'ovna a.s.	100.00	100.00
							50.00	Generali Real Estate Fund CEE a.s., investicní fond		
IDEE s.r.o.	275	CZK	200,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Small GREF a.s.	275	CZK	109,000,000	G	10		38.53	Generali Pojišt'ovna a.s.	100.00	100.00
							33.03	Generali Biztosító Zrt.		
							28.44	Generali Poistovna, a. s.		
Námestí Republiky 3a, s.r.o.	275	CZK	1,000,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Mustek Properties, s.r.o.	275	CZK	200,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Office Center Purkynova, a.s.	275	CZK	2,000,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Ceská pojišt'ovna a.s.	275	CZK	4,000,000,000	G	2		100.00	CZI Holdings N.V.	100.00	100.00
Penzijní spolecnost Ceské Pojištovny, a.s.	275	CZK	50,000,000	G	11		100.00	CP Strategic Investments N.V.	100.00	100.00
Ceská pojišt'ovna ZDRAVÍ a.s.	275	CZK	105,000,000	G	2		100.00	Ceská pojišt'ovna a.s.	100.00	100.00
Generali Investments CEE, Investicní Spolecnost, a.s.	275	CZK	91,000,000	G	8		100.00	CZI Holdings N.V.	100.00	100.00
Generali Distribuce a.s.	275	CZK	3,000,000	G	11		100.00	Generali Pojišt'ovna a.s.	100.00	100.00
Acredité s.r.o.	275	CZK	100,000	G	11		19.60	Generali Pojišt'ovna a.s.	100.00	100.00
							80.40	Ceská pojišt'ovna a.s.		
Generali Real Estate Fund CEE a.s., investicní fond	275	CZK	449,000,000	G	9		20.49	GP Reinsurance EAD	100.00	100.00
							13.59	Small GREF a.s.		
							65.92	Ceská pojišt'ovna a.s.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]
City Empiria a.s.	275	CZK	2,004,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Solitaire Real Estate, a.s.	275	CZK	128,296,000	G	10		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Transformovaný fond Penzijní spolecnosti Ceské Pojištovny, a.s.	275	CZK	300,000,000	G	11		100.00	Penzijní spolecnost Ceské Pojištovny, a.s.	100.00	100.00
Generali Poistovna, a. s.	276	EUR	25,000,264	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Green Point Offices a.s.	276	EUR	25,000	G	10		100.00	Ceská pojišt'ovna a.s.	100.00	100.00
Generali Towarzystwo Ubezpieczen Spólka Akcyjna	054	PLN	191,000,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Zycie Towarzystwo Ubezpieczen Spólka Akcyjna	054	PLN	63,500,000	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Wielkopolskie Towarzystwo Ubezpieczen Zyciowych i Rentowych Concordia Capital SA	054	PLN	27,000,000	G	2		96.30	Generali Zycie Towarzystwo Ubezpieczen Spólka Akcyjna	96.30	96.30
Concordia Polska Towarzystwo Ubezpieczen Wzajemnych	054	PLN	66,260,270	G	2		98.76	Generali CEE Holding B.V.	98.76	98.76
Europ Assistance Polska Sp.zo.o.	054	PLN	5,000,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
PLAC M GP SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	054	EUR	1,580	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
PLAC M LP SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ	054	EUR	3,511,729	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
BILIKI Plac M	054	EUR	11,706	G	11		100.00	Generali Europe Income Holding S.A.	100.00	98.90
Generali Finance spólka z ograniczona odpowiedzialnoscia	054	PLN	15,230,000	G	8		100.00	Generali Towarzystwo Ubezpieczen Spólka Akcyjna	100.00	100.00
Generali Powszechne Towarzystwo Emerytalne S.A.	054	PLN	78,000,000	G	11		100.00	Generali Towarzystwo Ubezpieczen Spólka Akcyjna	100.00	100.00
PL Investment Jerozolimskie I Spòlka Ograniczona Odpowiedzialnoscia	054	PLN	9,050	G	11		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Cleha Invest Sp. z o.o.	054	PLN	1,314,300	G	10		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
SIBSEN Invest sp. z o.o.	054	PLN	16,764,000	G	11		100.00	Generali Real Estate Fund CEE a.s., investicní fond	100.00	100.00
Generali zavarovalnica d.d. Ljubljana	260	EUR	39,520,356	G	2		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Societate de Administrare a Fondurilor de Pensii Private S.A.	061	RON	52,000,000	G	11		99.99	Ceská pojišt'ovna a.s.	100.00	100.00
							0.01	S.C. Generali Romania Asigurare Reasigurare S.A.		
S.C. Generali Romania Asigurare Reasigurare S.A.	061	RON	178,999,222	G	2		99.97	Generali CEE Holding B.V.	99.97	99.97
Generali Insurance AD	012	BGN	47,307,180	G	2		99.78	Generali CEE Holding B.V.	99.78	99.78
Generali Zakrila Medical and Dental Centre EOOD	012	BGN	4,114,100	G	11		100.00	Generali Insurance AD	100.00	99.78
GP Reinsurance EAD	012	BGN	53,400,000	G	5		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Osiguranje d.d.	261	HRK	81,000,000	G	3		100.00	Generali CEE Holding B.V.	100.00	100.00
Generali Assurances Générales SA	071	CHF	27,342,400	G	3		99.98	Generali (Schweiz) Holding AG	99.98	99.98
Generali Personenversicherungen AG	071	CHF	106,886,890	G	3		15.06	Generali Assurances Générales SA	100.00	100.00
							84.94	Generali (Schweiz) Holding AG		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
Fortuna Rechtsschutz-Versicherung-Gesellschaft AG	071	CHF	3,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	100.00
Europ Assistance (Suisse) S.A.	071	CHF	200,000	G	11		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Assurances S.A.	071	CHF	3,000,000	G	3		100.00	Europ Assistance (Suisse) Holding S.A.	100.00	70.00
Europ Assistance (Suisse) Holding S.A.	071	CHF	1,400,000	G	4		70.00	Europ Assistance Holding S.A.S.	70.00	70.00
Generali (Schweiz) Holding AG	071	CHF	4,332,000	G	4	51.05			100.00	100.00
							20.01	Generali Versicherung AG		
							28.94	Redoze Holding N.V.		
Fortuna Investment AG	071	CHF	1,000,000	G	8		100.00	Generali (Schweiz) Holding AG	100.00	100.00
Fortuna Lebens-Versicherungs AG	090	CHF	10,000,000	G	3		100.00	Generali (Schweiz) Holding AG	100.00	100.00
Generali Sigorta A.S.	076	TRY	302,485,822	G	3		99.96	Generali Turkey Holding B.V.	99.96	99.96
Europ Assistance Yardim ve Destek Hizmetleri Ticaret Anonim Sirketi	076	TRY	1,804,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Akcionarsko društvo za osiguranje Generali Osiguranje Montenegro	290	EUR	4,399,000	G	3		26.82	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
							7.93	Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd		
							65.25	Generali CEE Holding B.V.		
Europ Assistance CEI OOO	262	RUB	10,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	289	RSD	2,131,997,310	G	3		0.05	GP Reinsurance EAD	100.00	100.00
							99.95	Generali CEE Holding B.V.		
Akcionarsko društvo za reosiguranje Generali Reosiguranje Srbija, Beograd	289	RSD	616,704,819	G	6		0.01	GP Reinsurance EAD	100.00	100.00
							99.99	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd		
Akcionarsko društvo za upravljanje dobrovoljnim penzijskim fondom Generali	289	RSD	135,000,000	G	11		100.00	Akcionarsko društvo za osiguranje Generali Osiguranje Srbija, Beograd	100.00	100.00
Generali Global Assistance Inc.	069	USD	5,000,000	G	11		100.00	Europ Assistance North America, Inc.	100.00	100.00
Europ Assistance North America, Inc.	069	USD	106,061,342	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Customized Services Administrators Inc.	069	USD	2,974,773	G	11		100.00	Europ Assistance North America, Inc.	100.00	100.00
GMMI, Inc.	069	USD	400,610	G	11		100.00	Europ Assistance North America, Inc.	100.00	100.00
							56.52	DWP Partnership		
CareLinx Inc.	069	USD	28,174,949	G	11		80.00	Europ Assistance North America, Inc.	80.00	80.00
Transocean Holding Corporation	069	USD	194,980,600	G	9	100.00			100.00	100.00
General Securities Corporation of North America	069	USD	364,597	G	9		1.00	Generali North American Holding 1 S.A.	100.00	99.51
							1.00	Generali North American Holding 2 S.A.		
							1.00	Generali North American Holding S.A.		
							97.00	GNAREH 1 Farragut LLC		
GNAREH 1 Farragut LLC	069	USD	34,421,491	G	10		1.00	General Securities Corporation of North America	100.00	99.51
							35.73	Generali North American Holding 1 S.A.		
							21.09	Generali North American Holding 2 S.A.		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)
							42.18	Generali North American Holding S.A.		
GNAREI 1 Farragut LLC	069	USD	34,037,500	G	10		100.00	GNAREH 1 Farragut LLC	100.00	99.51
Genamerica Management Corporation	069	USD	100,000	G	11	100.00			100.00	100.00
Generali Consulting Solutions LLC	069	USD	0	G	11	100.00			100.00	100.00
Generali Claims Solutions LLC	069	USD	269,558	G	11		100.00	Generali Consulting Solutions LLC	100.00	100.00
CMN Global Inc.	013	CAD	4,708,011	G	11	100.00			100.00	100.00
Caja de Seguros S.A.	006	ARS	228,327,700	G	3		99.01	Caja de Ahorro y Seguro S.A.	100.00	90.09
							0.99	Participatie Maatschappij Graafschap Holland N.V.		
Europ Assistance Argentina S.A.	006	ARS	53,647,849	G	11		56.09	Ponte Alta, SGPS, Unipessoal, Lda.	100.00	95.65
							43.91	Caja de Seguros S.A.		
Caja de Ahorro y Seguro S.A.	006	ARS	269,000,000	G	4	62.50			90.00	90.00
							27.50	Genirland Limited		
Ritenere S.A.	006	ARS	530,000	G	11		2.85	Caja de Seguros S.A.	100.00	90.00
							97.15	Caja de Ahorro y Seguro S.A.		
Generali Brasil Seguros S.A.	011	BRL	1,371,177,726	G	3	99.07			100.00	100.00
							0.93	Transocean Holding Corporation		
AG SE&A Prestação de Serviços e Participações Ltda.	011	BRL	150,000	G	11	99.99			99.99	99.99
Asesoria e Inversiones Los Olmos SA	015	CLP	4,769,708,625	G	11		0.92	Participatie Maatschappij Graafschap Holland N.V.	100.00	44.57
							99.08	Atacama Investments Ltd		
AFP Planvital S.A.	015	CLP	36,243,962,493	G	11		86.11	Asesoria e Inversiones Los Olmos SA	86.11	38.38
Europ Servicios S.p.A.	015	CLP	1,037,476	G	11		100.00	Europ Assistance SA	100.00	50.96
Europ Assistance SA	015	CLP	740,895,029	G	11		25.48	Europ Assistance Holding S.A.S.	50.96	50.96
							25.48	Ponte Alta, SGPS, Unipessoal, Lda.		
Generali Ecuador Compañía de Seguros S.A.	024	USD	8,000,000	G	3	52.45			52.45	52.45
Atacama Investments Ltd	249	USD	76,713	G	11		44.06	Participatie Maatschappij Graafschap Holland N.V.	44.06	44.06
Europ Assistance Pacifique	253	XPF	10,000,000	G	11		75.00	Europ Assistance Holding S.A.S.	75.00	75.00
PT Asuransi Jiwa Generali Indonesia	129	IDR	1,103,000,000,000	G	3		98.00	Generali Asia N.V.	98.00	98.00
PT Generali Services Indonesia	129	USD	11,376,454	G	10		1.00	Generali IARD S.A.	100.00	98.67
							99.00	Generali Vie S.A.		
Generali Life Assurance Philippines, Inc.	027	PHP	2,421,260,600	G	3		100.00	Generali Asia N.V.	100.00	100.00
Generali Life Assurance (Thailand) Public Co. Ltd	072	THB	3,627,000,000	G	3		49.00	Generali Asia N.V.	93.11	90.89
							44.11	KAG Holding Company Ltd		
Generali Insurance (Thailand) Public Co. Ltd	072	THB	1,105,000,000	G	3		48.42	Generali Asia N.V.	86.43	84.51
							38.01	KAG Holding Company Ltd		
IWF Holding Company Ltd	072	THB	2,300,000	G	4		43.48	Participatie Maatschappij Graafschap Holland N.V.	100.00	94.67
							56.52	DWP Partnership		

Subsidiaries Consolidated line by line

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding %				Group Equity Ratio(3)
						Direct	Indirect	Through	Total	
KAG Holding Company Ltd	072	THB	2,078,873,000	G	4		5.77	Generali Asia N.V.	100.00	94.97
							94.23	IWF Holding Company Ltd		
FTW Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.57
MGD Company Limited	072	THB	500,000	G	4		90.57	Generali Asia N.V.	90.57	90.57
DWP Partnership	072	THB	200,000	G	4		50.00	FTW Company Limited	100.00	90.57
							50.00	MGD Company Limited		
Generali Vietnam Life Insurance Limited Liability Company	062	VND	4,852,600,000,000	G	3	100.00			100.00	100.00
Europ Assistance India Private Ltd	114	INR	296,540,000	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Generali China Life Insurance Co. Ltd	016	CNY	3,700,000,000	G	3	50.00			50.00	50.00
Europ Assistance Travel Assistance Services (Beijing) Co Ltd	016	CNY	91,995,181	G	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00
Generali China Assets Management Company Co. Ltd	016	CNY	200,000,000	G	9		80.00	Generali China Life Insurance Co. Ltd	80.00	40.00
Generali Insurance Agency Company Limited	016	CNY	88,000,000	G	11		100.00	NKFE Insurance Agency Company Limited	100.00	100.00
Generali Services Pte. Ltd.	147	SGD	335,770	G	11		100.00	Generali Asia N.V.	100.00	100.00
Generali Financial Asia Limited	103	HKD	169,840,000	G	9	100.00			100.00	100.00
Generali Life (Hong Kong) Limited	103	HKD	475,000,000	G	3		100.00	Generali Asia N.V.	100.00	100.00
Generali Investments Asia Limited	103	HKD	50,000,000	G	9		100.00	Generali Investments Holding S.p.A.	100.00	99.55
NKFE Insurance Agency Company Limited	103	HKD	110,073,100	G	11		100.00	Generali Financial Asia Limited	100.00	100.00
Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	078	ZAR	881,385	G	11		87.50	Europ Assistance Holding S.A.S.	87.50	87.50
EASA Training Academy (Pty) Ltd	078	ZAR	100	G	11		100.00	Europ Assistance Worldwide Services (South Africa) (Pty) Ltd	100.00	87.50

The percentage of consolidation in each subsidiaries consolidated line by line is 100%.

(1) Consolidation Method: Line-by-line consolidation method =G, Proportionate consolidation method = P, Line-by-line consolidation method arising from joint management = U

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other”

(3) Net Group partecipation percentage.

The total percentage of votes exercitable at shereholders’general meeting, which differs from that of direct on indirect shareholding, is a follows:

Generali France S.A. 100.00%

Atacama Investments Ltd 100.00%

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]	Book Value (€ thousand)
Generali CyberSecurTech S.r.l.	086	EUR	10,000	a	11	100.00			100.00	100.00	1,410
Risparmio Assicurazioni S.p.A. in liquidazione	086	EUR	150,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	161
Initium S.r.l. in liquidazione (*)	086	EUR	250,000	b	10		49.00	Generali Properties S.p.A.	49.00	49.00	3,065
Sementi Dom Dotto S.p.A.	086	EUR	3,500,000	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	3,820
Finagen S.p.A. Società in liquidazione	086	EUR	6,700,000	a	8		99.90	Alleanza Assicurazioni S.p.A.	100.00	100.00	3,341
							0.10	Generali Italia S.p.A.			
Investimenti Marittimi S.p.A.	086	EUR	39,655,000	b	9		30.00	Generali Italia S.p.A.	30.00	30.00	
Servizi Tecnologici Avanzati S.p.A.	086	EUR	102,000	b	11	25.00			25.00	25.00	
GRA S.p.A.	086	EUR	120,000	a	11		51.00	Generali Investments Holding S.p.A.	51.00	50.77	61
Tiberina S.r.l. Unipersonale	086	EUR	20,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	1,277
Telco S.p.A. (*)	086	EUR	129,329	b	8	9.07			19.32	19.30	3
							3.76	Generali Italia S.p.A.			
							3.57	Alleanza Assicurazioni S.p.A.			
							0.07	Generali Versicherung Aktiengesellschaft			
							0.11	Central Krankenversicherung Aktiengesellschaft			
							0.08	Cosmos Lebensversicherungs Aktiengesellschaft			
							1.43	Generali Vie S.A.			
							0.05	AachenMünchener Versicherung AG			
							0.90	Generali Lebensversicherung Aktiengesellschaft			
							0.28	AachenMünchener Lebensversicherung AG			
CityLife Sviluppo 2 S.r.l.	086	EUR	10,000	a	10		100.00	Generali Properties S.p.A.	100.00	100.00	
CityLife Sviluppo 3 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
CityLife Sviluppo 4 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
CityLife Sviluppo 5 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
CityLife Sviluppo 6 S.r.l.	086	EUR	10,000	a	10		100.00	CityLife S.p.A.	100.00	100.00	9
Fondo Yielding (*)	086	EUR	248,079,480	b	11		45.00	Generali Europe Income Holding S.A.	45.00	44.50	114,109
Solaris S.r.l. in liquidazione	086	EUR	20,000	b	10		50.00	Generali Properties S.p.A.	50.00	50.00	
Fondo Sammartini (*)	086	EUR	115,294	c	11	32.00			48.00	48.00	
							16.00	Generali Italia S.p.A.			
Generali Jeniot S.p.A.	086	EUR	3,100,000	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	3,235
Donatello Intermediazione S.r.l.	086	EUR	59,060	a	11		100.00	Generali Italia S.p.A.	100.00	100.00	1,848
Generali Deutschland Alternative Investments Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	Generali Deutschland AG	100.00	100.00	25
vSPS Management GmbH i. L.	094	EUR	25,000	a	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00	25

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]	Book Value (€ thousand)
BBG Beteiligungsgesellschaft m.b.H.	094	EUR	25,600	a	9		100.00	Deutsche Bausparkasse Badenia Aktiengesellschaft	100.00	100.00	33
Alstercampus Verwaltungsgesellschaft mbH	094	EUR	25,000	a	9		50.00	Generali Real Estate S.p.A.	50.00	50.00	13
Generali Partner GmbH	094	EUR	250,000	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	
Generali Deutschland Immobilien Verwaltungs GmbH	094	EUR	35,000	a	10		100.00	Generali Real Estate S.p.A.	100.00	100.00	35
BA1 Altercampus Grundstücksgesellschaft mbH & Co. KG	094	EUR	1,000	c	10		50.00	Generali Lebensversicherung Aktiengesellschaft	50.00	50.00	
Zweite AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	AachenMünchener Versicherung AG	100.00	100.00	25
Generali Akademie GmbH	094	EUR	25,600	a	11		100.00	Generali Versicherung Aktiengesellschaft	100.00	100.00	
Versicherungs-Planer-Vermittlungs-GmbH	094	EUR	45,600	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	
MLV Beteiligungverwaltungsgesellschaft mbH	094	EUR	51,129	a	9		100.00	Generali Versicherung AG	100.00	100.00	40
Deutsche Vermögensberatung Aktiengesellschaft DVAG (*)	094	EUR	150,000,000	b	11		40.00	Generali Deutschland AG	40.00	40.00	145,900
MPC Real Value Fund GmbH & Co. KG	094	EUR	5,000,200	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	
Generali SicherungsTreuhand GmbH	094	EUR	52,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	112
Volksfürsorge Fixed Assets GmbH	094	EUR	104,000	a	11		100.00	Generali Lebensversicherung Aktiengesellschaft	100.00	100.00	
Central Fixed Assets GmbH	094	EUR	25,000	a	9		100.00	Central Krankenversicherung Aktiengesellschaft	100.00	100.00	25
AVW Versicherungsmakler GmbH	094	EUR	1,550,000	b	11		26.00	Generali Versicherung Aktiengesellschaft	26.00	26.00	2,232
AM RE Verwaltungs GmbH	094	EUR	25,000	a	9		100.00	AachenMünchener Lebensversicherung AG	100.00	100.00	25
Generali Deutschland Versicherungsvermittlung GmbH	094	EUR	25,000	a	11		100.00	AachenMünchener Versicherung AG	100.00	100.00	25
ver.di Service GmbH	094	EUR	75,000	b	11		50.00	Generali Versicherung Aktiengesellschaft	50.00	50.00	
Dein Plus GmbH	094	EUR	50,000	b	11		60.00	Generali Versicherung Aktiengesellschaft	60.00	60.00	
GEL Management GmbH	094	EUR	25,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	27
VOV GmbH	094	EUR	154,000	b	11		21.50	Generali Versicherung Aktiengesellschaft	43.00	43.00	1,735
							21.50	AachenMünchener Versicherung AG			
Louisen-Center Bad Homburg Verwaltungsgesellschaft mbH	094	EUR	25,000	a	10		94.90	Generali Deutschland AG	94.90	94.90	24
Verwaltungsgesellschaft Marienplatz-Galerie Schwerin mbH	094	EUR	25,000	a	10		100.00	AachenMünchener Versicherung AG	100.00	100.00	25
Blitz 17-628 AG	094	EUR	50,000	a	11		100.00	Generali Deutschland AG	100.00	100.00	54
Association pour La Location du Moncey	029	EUR	0	a	11		100.00	Generali Vie S.A.	100.00	98.67	
Equi#Generali S.A.S.	029	EUR	7,223	a	9		100.00	Generali France S.A.	100.00	98.67	
Cabinet Berat et Fils S.A.S.	029	EUR	8,000	a	11		100.00	Cofifo S.A.S.	100.00	98.67	10,288

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio[3]	Book Value (€ thousand)
ASSERCAR SAS	029	EUR	37,000	b	11		14.87	L'Equité S.A. Cie d'Assurances et Réass.contre les risques de toute nature	29.73	29.34	538
							14.87	Generali IARD S.A.			
COSEV@D Société par actions simplifiée	029	EUR	4,759,035	a	11		40.88	Generali France S.A.	100.00	98.67	11,145
							59.12	Cofifo S.A.S.			
Trieste Courtage S.A.	029	EUR	39,000	a	11		99.96	Generali France S.A.	99.98	98.66	39
							0.02	Generali Vie S.A.			
Generali 7 S.A.	029	EUR	270,000	a	11		0.06	Generali Vie S.A.	99.89	98.57	
							99.83	Generali France S.A.			
PMC Treize Montluçon S.A.S.	029	EUR	3,371,730	a	9		79.21	Generali France S.A.	100.00	98.67	2,242
							20.79	Cofifo S.A.S.			
Generali 10 S.A.S.	029	EUR	37,000	a	9		100.00	Generali France S.A.	100.00	98.67	37
EAP France SAS (*)	029	EUR	100,000	c	11		50.10	Europ Assistance France S.A.	50.10	50.10	725
Bien Être Assistance S.A.S. (*)	029	EUR	1,000,000	c	11		50.10	Europ Assistance France S.A.	50.10	50.10	640
Risque et Sérénité S.A.	029	EUR	6,135,300	a	9		12.04	Generali France S.A.	61.16	60.35	2,708
							49.12	Generali Vie S.A.			
MAPREG	029	EUR	133,182	b	11		25.26	Generali France S.A.	25.26	24.93	900
GF Sante S.A.S.	029	EUR	921,150	a	11		100.00	Cofifo S.A.S.	100.00	98.67	953
ABT SAS	029	EUR	125,000	c	11		25.00	Generali France S.A.	25.00	24.67	18
Metropole Assurances S.à r.l.	029	EUR	1,166,460	a	11		100.00	Generali IARD S.A.	100.00	98.67	
Reunion Aerienne & Spatiale SAS	029	EUR	999,999	c	11		33.33	Generali IARD S.A.	33.33	32.89	
SAP BEA	029	EUR	10,000	c	11		100.00	Bien Être Assistance S.A.S.	100.00	50.10	
Generali Global Infrastructure S.A.S.	029	EUR	204	a	8		50.98	Generali Investments Holding S.p.A.	50.98	50.75	276
Generali 11 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 12 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 13 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 14 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 15 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 16 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	15
Generali 17 S.A.S.	029	EUR	15,000	a	11		100.00	Generali France S.A.	100.00	98.67	37
SAS 100 CE (*)	029	EUR	49,967,080	c	10		50.00	Generali Europe Income Holding S.A.	50.00	49.45	22,216
SCI Les 3 Collines Le Ferandou	029	EUR	304,000	b	10		33.30	Generali IARD S.A.	48.30	47.66	142
							15.00	Generali Vie S.A.			
SCI Font Romeu Neige et Soleil	029	EUR	15,200	a	10		100.00	Generali IARD S.A.	100.00	98.67	
Sarl Parcolog Lyon Isle d'Abeau Gestion	029	EUR	8,156	a	10		100.00	SC Generali Logistique	100.00	98.67	24
SCE Château La Pointe	029	EUR	2,068,903	a	10		100.00	Generali France S.A.	100.00	98.67	35,646
Bois Colombes Europe Avenue SCI (*)	029	EUR	1,000	c	10		50.00	Generali Vie S.A.	50.00	49.34	8,164

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
SCI 11/15 Pasquier (*)	029	EUR	6,437,750	c	10		50.00	Generali IARD S.A.	50.00	49.34	11,207
SCI 9 Messine (*)	029	EUR	2,420,250	c	10		50.00	Generali Vie S.A.	50.00	49.34	4,664
SCI Daumesnil (*)	029	EUR	16,753,270	c	10		50.00	Generali IARD S.A.	50.00	49.34	20,282
SCI Malesherbes (*)	029	EUR	32,930,674	c	10		50.00	Generali Vie S.A.	50.00	49.34	23,129
SCI 15 Scribe (*)	029	EUR	14,738,000	c	10		50.00	Generali IARD S.A.	50.00	49.34	25,619
SCI CIC	213	EUR	1,000,000	a	10		100.00	GFA Caraïbes	100.00	98.67	967
SCI GFA Caraibes	213	EUR	1,500,000	a	10		100.00	GFA Caraïbes	100.00	98.67	1,487
Lead Equities II. Auslandsbeteiligungs AG	008	EUR	730,000	b	9		21.59	Generali Versicherung AG	21.59	21.59	
Lead Equities II. Private Equity Mittelstandsfinanzierungs AG	008	EUR	7,300,000	b	9		21.59	Generali Versicherung AG	21.59	21.59	
SK Versicherung AG (*)	008	EUR	3,633,500	b	2		39.66	Generali Versicherung AG	39.66	39.66	6,070
Drei Banken Versicherungsagentur GmbH	008	EUR	7,500,000	b	7		20.00	Generali Versicherung AG	20.00	20.00	1,646
Bonus Pensionskassen AG (*)	008	EUR	5,087,098	b	11		50.00	Generali Versicherung AG	50.00	50.00	21,091
Generali 3 Banken Holding AG (*)	008	EUR	70,000	b	9		49.30	Generali Versicherung AG	49.30	49.30	111,880
M.O.F. Immobilien AG	008	EUR	1,000,000	b	10		20.00	Generali Immobilien GmbH	20.00	20.00	
3 Banken-Generali Investment-Gesellschaft m.b.H. (*)	008	EUR	2,600,000	b	8		48.57	Generali Versicherung AG	48.57	48.57	1,979
Risk-Aktiv Versicherungsservice GmbH	008	EUR	35,000	a	11		100.00	Generali Versicherung AG	100.00	100.00	35
BONUS Vorsorgekasse AG (*)	008	EUR	1,500,000	b	11		50.00	Generali Versicherung AG	50.00	50.00	
Generali Betriebsrestaurants-GmbH	008	EUR	36,336	a	11		100.00	Generali Versicherung AG	100.00	100.00	484
TTC - Training Center Unternehmensberatung GmbH	008	EUR	35,000	a	11		100.00	Europäische Reiseversicherung Aktiengesellschaft	100.00	74.99	166
Point Partners GP Holdco S.à r.l. (*)	092	EUR	25,000	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.86	
Point Partners Special Limited Partnership (*)	092	GBP	55,102,630	b	11		25.00	Generali European Retail Investments Holdings S.A.	25.00	24.86	
Holding Klege S.à.r.l. (*)	092	EUR	12,500	c	9		50.00	Torelli S.à.r.l.	50.00	49.72	
GARBE Logistic European Strategic Fund II (*)	092	EUR	52,898,440	b	11		7.95	Central Krankenversicherung Aktiengesellschaft	39.73	39.73	4,878
							7.95	AachenMünchener Lebensversicherung AG			
							23.84	Generali Lebensversicherung Aktiengesellschaft			
Europ Assistance Travel S.A.	067	EUR	60,101	a	11		100.00	Europ Assistance Servicios Integrales de Gestion, S.A.	100.00	100.00	219
Generali Cliente, Agencia de Seguros Exclusiva, SL	067	EUR	3,000	a	11		100.00	Generali España, S.A. de Seguros y Reaseguros	100.00	99.90	3
Keviana – Empreendimentos Imobiliários, S.A.	055	EUR	50,000	a	10		100.00	Generali Vie S.A.	100.00	98.67	
Dedale S.A.	009	EUR	108,600	a	11		99.98	Generali Belgium S.A.	99.98	99.98	
B&C Assurance S.A.	009	EUR	627,000	a	11		99.58	Generali Belgium S.A.	100.00	99.99	
							0.42	Groupe Vervietois d'Assureurs S.A.			
Webbroker S.A.	009	EUR	5,160,000	a	11		100.00	Generali Belgium S.A.	100.00	99.99	
Verzekeringskantoor Soenen N.V.	009	EUR	18,600	a	11		99.80	Generali Belgium S.A.	99.80	99.79	

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method(1)	Activity(2)	Shareholding % Direct	Indirect	Through	Total	Group Equity Ratio(3)	Book Value (€ thousand)
Groupe Vervietois d'Assureurs S.A.	009	EUR	94,240	a	11		99.95	Generali Belgium S.A.	99.95	99.94	
Amulio Governance B.V.	050	EUR	18,000	c	9		50.00	Lion River II N.V.	50.00	49.99	9
Sigma Real Estate B.V. (*)	050	EUR	18,000	c	9		22.34	Corelli S.à.r.l.	22.34	22.21	
La Reunion Aerienne London Limited	031	GBP	51,258	b	11		33.33	Generali IARD S.A.	33.33	32.89	
Ioca Entertainment Limited (*)	031	GBP	10,000	b	11		35.00	Banca Generali S.p.A.	35.00	17.66	1,663
CM Investment Solutions Limited	031	USD	5,000,001	a	9		100.00	Generali Investments Holding S.p.A.	100.00	99.55	41,884
Generali Link Limited	040	EUR	2,000,001	a	11	100.00			100.00	100.00	2,000
Europ Assistance A/S	021	DKK	500,000	a	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00	
Citadel Insurance plc	105	EUR	5,000,400	b	11		20.16	Generali Italia S.p.A.	20.16	20.16	978
Roar Biztosítási És Pénzügyi Közvetíto Korlátolt Felelösségü Társaság	077	HUF	12,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	613
GP Consulting Pénzügyi Tanácsadó Kft.	077	HUF	22,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	872
AUTOTÁL Biztosítási Szolgáltató Kft	077	HUF	104,000,000	a	11		100.00	Generali Biztosító Zrt.	100.00	100.00	998
Top Torony Zrt. (*)	077	HUF	84,603,426	c	11		50.00	GLL AMB Generali Bankcenter S.à.r.l.	50.00	50.00	38,181
BRISTIH CORNER s.r.o.	275	CZK	10,000	a	11		100.00	Generali Pojišt'ovna a.s.	100.00	100.00	0
OVOCNÝ TRH 2 s.r.o.	275	CZK	10,000	a	11		100.00	Generali Pojišt'ovna a.s.	100.00	100.00	0
VARENSKÁ 1 s.r.o.	275	CZK	10,000	a	11		100.00	Generali Pojišt'ovna a.s.	100.00	100.00	0
REVOLUČNÍ 2 s.r.o.	275	CZK	10,000	a	11		100.00	Generali Pojišt'ovna a.s.	100.00	100.00	0
Nadace GCP	275	CZK	1,000,000	a	11		100.00	Ceská pojišt'ovna a.s.	100.00	100.00	135
VUB Generali dôchodková správcovská spolocnost', a.s. (*)	276	EUR	10,090,976	b	11		50.00	Generali Poistovna, a. s.	50.00	50.00	8,581
Generali IT S.r.o.	276	EUR	165,970	a	11		100.00	Generali Versicherung AG	100.00	100.00	132
GSL Services s.r.o.	276	EUR	6,639	a	11		100.00	Generali Poistovna, a. s.	100.00	100.00	7
Concordia Innowacje Sp. Z o.o.	054	PLN	50,000	a	11		100.00	Concordia Polska Towarzystwo Ubezpieczen Wzajemnych	100.00	98.76	
Bankowy Osrodek Doradztwa i Edukacji Sp. Z o.o.	054	PLN	1,156,000	b	11		25.95	Concordia Polska Towarzystwo Ubezpieczen Wzajemnych	25.95	25.63	
Bezpieczny.pl Sp z.o.o.	054	PLN	125,500	a	11		51.00	Generali Towarzystwo Ubezpieczen Spólka Akcyjna	51.00	51.00	1,921
LEV Registracija, registracija vozil, d.o.o.	260	EUR	18,000	a	11		100.00	Generali zavarovalnica d.d. Ljubljana	100.00	100.00	298
FATA Asigurari S.A.	061	RON	47,032,850	a	2	100.00			100.00	100.00	4,319
S.C. Genagricola Romania S.r.l.	061	RON	70,125,720	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	31,013
S.C. Vignadoro S.r.l.	061	RON	40,835,190	a	11		32.26	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	10,746
							67.75	Agricola San Giorgio S.p.A.			
Genagricola Foreste S.r.l.	061	RON	100,000	a	11		99.90	S.C. Genagricola Romania S.r.l.	100.00	100.00	
							0.10	S.C. Vignadoro S.r.l.			
Generali Group Partner AG	071	CHF	100,000	a	11		100.00	Generali (Schweiz) Holding AG	100.00	100.00	89
Generali Russia	262	RUB	10,000	a	4		100.00	GW Beta B.V.	100.00	99.93	
Generali Insurance Brokers – Russia and CIS Limited Liability Company	262	RUB	3,000,000	a	11		100.00	Generali Russia	100.00	99.93	

Non-Consolidated Subsidiaries and Associated Companies

Company	Country	Currency	Share capital in original currency	Method[1]	Activity[2]	Shareholding %				Group Equity Ratio[3]	Book Value (€ thousand)
						Direct	Indirect	Through	Total		
Generali Development d.o.o. Beograd	289	RSD	23,864,000	a	11		100.00	Generali CEE Holding B.V.	100.00	100.00	200
Generali Realties Ltd	182	ILS	2	a	10	100.00			100.00	100.00	0
Generali Alpha Corp.	069	USD	12,050,000	a	9		100.00	Generali Investments Holding S.p.A.	100.00	99.55	9,992
Aperture Investors LLC	069	USD	17,140,000	a	9		70.00	Generali Alpha Corp.	70.00	69.68	
Montcalm Wine Importers Ltd	069	USD	7,277,483	a	11		100.00	Genagricola - Generali Agricoltura S.p.A.	100.00	100.00	1,931
GLL 200 State Street L.P. (*)	069	USD	24,247,864	c	11		49.99	GLL AMB Generali 200 State Street	49.99	49.74	10,698
Europ Assistance Brasil Serviços de Assistência S.A. (*)	011	BRL	60,532,534	c	11		100.00	EABS Serviços de Assistencia e Participaçoes S.A.	100.00	50.00	8,021
EABS Serviços de Assistencia e Participaçoes S.A. (*)	011	BRL	77,425,600	c	9		50.00	Ponte Alta, SGPS, Unipessoal, Lda.	50.00	50.00	7,254
CEABS Serviços S.A. (*)	011	BRL	28,839,325	c	11		100.00	Europ Assistance Brasil Serviços de Assistência S.A.	100.00	50.00	4,089
Europ Assistance (Bahamas) Ltd	160	BSD	10,000	a	11		99.99	Europ Assistance Holding S.A.S.	99.99	99.99	
Generali Pacifique NC	253	XPF	1,000,000	a	11		100.00	Generali France S.A.	100.00	98.67	2,095
MPI Generali Insurans Berhad (*)	106	MYR	100,000,000	b	3		49.00	Generali Asia N.V.	49.00	49.00	106,419
Future Generali India Life Insurance Company Ltd (*)	114	INR	17,928,206,090	c	3		49.00	Sprint Advisory Services Private Limited	74.50	49.00	9,037
							25.50	Participatie Maatschappij Graafschap Holland N.V.			
Future Generali India Insurance Company Ltd (*)	114	INR	8,098,037,050	c	3		49.00	Shendra Advisory Services Private Limited	74.50	49.00	23,854
							25.50	Participatie Maatschappij Graafschap Holland N.V.			
Sprint Advisory Services Private Limited	114	INR	5,263,423,950	b	4		47.96	Participatie Maatschappij Graafschap Holland N.V.	47.96	47.96	92,192
Shendra Advisory Services Private Limited	114	INR	2,244,940,650	b	4		47.96	Participatie Maatschappij Graafschap Holland N.V.	47.96	47.96	62,950
FG&G DISTRIBUTTION PRIVATE LIMITED	114	INR	277,100,000	b	11		49.00	Participatie Maatschappij Graafschap Holland N.V.	49.00	49.00	1,731
Generali China Insurance Co. Ltd (*)	016	CNY	1,300,000,000	b	3	49.00			49.00	49.00	51,997
Guotai Asset Management Company (*)	016	CNY	110,000,000	b	8	30.00			30.00	30.00	162,930
Zhonghe Sihai Insurance Agency Company Limited	016	CNY	50,000,000	b	11		24.99	Generali Financial Asia Limited	24.99	24.99	1,613
Shanghai Sinodrink Trading Company, Ltd	016	CNY	5,000,000	b	11		45.00	Genagricola - Generali Agricoltura S.p.A.	45.00	45.00	242
Europ Assistance Worldwide Services Pte Ltd	147	SGD	3,689,148	a	11		100.00	Europ Assistance Holding S.A.S.	100.00	100.00	
ONB Technologies Pte. Ltd.	147	SGD	3,459	c	11		18.50	Europ Assistance Holding S.A.S.	18.50	18.50	2,999
Europ Assistance (Macau) - Serviços De Assistência Personalizados, Lda.	059	MOP	400,000	a	11		70.00	Ponte Alta, SGPS, Unipessoal, Lda.	70.00	70.00	

(1) a=non consolidated subsidiaries (IAS 27); b=associated companies (IAS 28); c=joint ventures (IAS 31)

(2) 1=Italian Insurance companies; 2=EU Insurance companies; 3=non EU Insurance companies; 4=Insurance holding companies; 5=EU Reinsurance companies; 6=non EU Reinsurance companies; 7=Banks; 8=Asset Management companies; 9=other Holding companies; 10=Real Estate companies; 11=other

(3) (3) Net Group partecipation percentage.

(*) Partecipations valued at equity.

List of countries

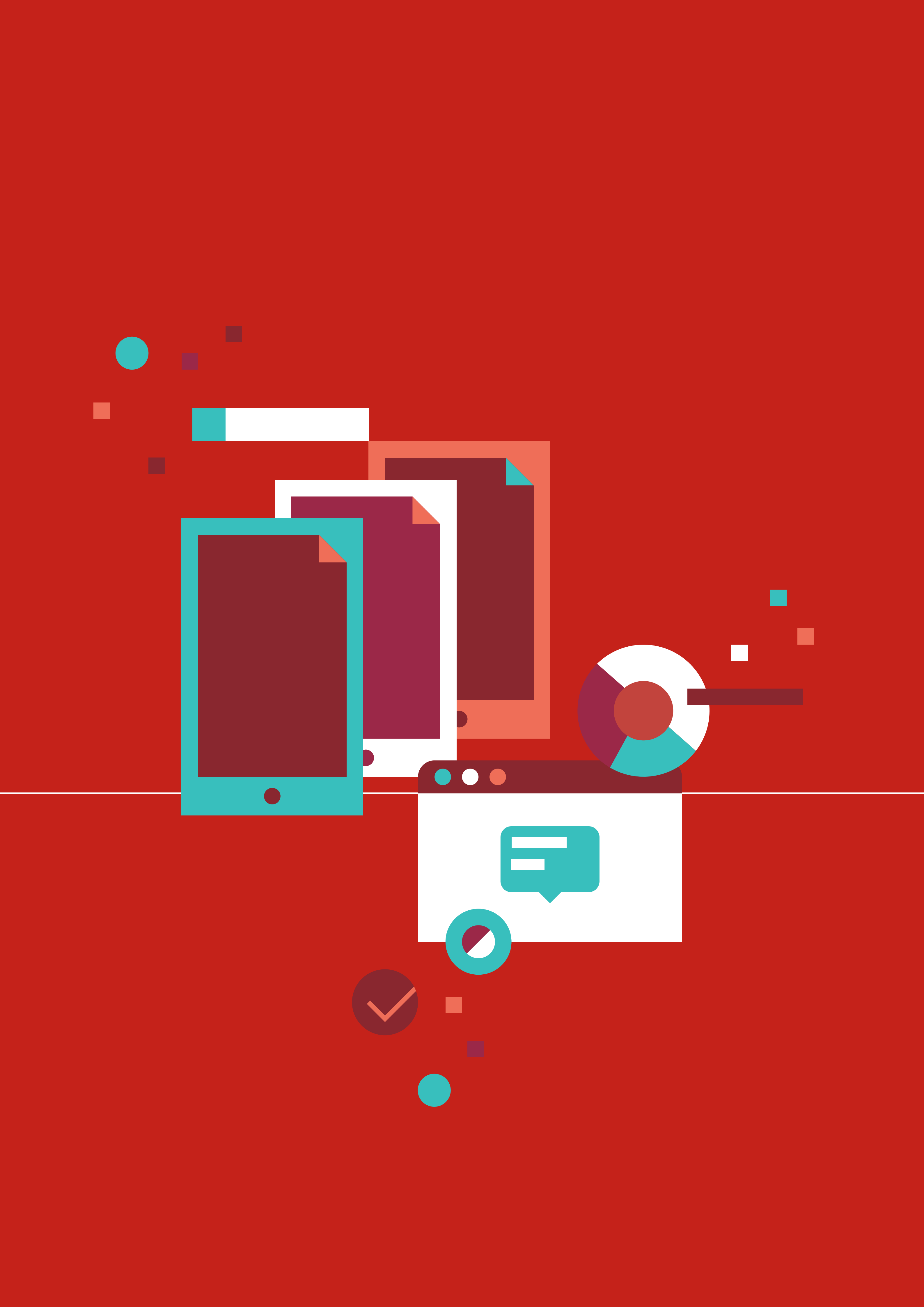
Country	Codice Stato
ARGENTINA	006
AUSTRIA	008
BAHAMAS	160
BELGIUM	009
BRAZIL	011
BULGARIA	012
CANADA	013
CHILE	015
CHINA	016
CROATIA	261
CZECH REPUBLIC	275
DENMARK	021
ECUADOR	024
FRANCE	029
FRENCH POLYNESIA	225
GERMANY	094
GREECE	032
GUERNSEY	201
HONG KONG	103
HUNGARY	077
INDIA	114
INDONESIA	129
IRELAND	040
ISRAEL	182
ITALY	086
LIECHTENSTEIN	090
LUXEMBOURG	092

Country	Codice Stato
MACAO	059
MALAYSIA	106
MALTA	105
MARTINIQUE	213
MONTENEGRO, REPUBLIC	290
NETHERLANDS	050
NEW CALEDONIA	253
PHILIPPINES	027
POLAND	054
PORTUGAL	055
REUNION ISLAND	247
ROMANIA	061
RUSSIAN FEDERATION	262
SERBIA	289
SINGAPORE	147
SLOVAKIA	276
SLOVENIA	260
SOUTH AFRICA, REPUBLIC	078
SPAIN	067
SWITZERLAND	071
THAILAND	072
TURKEY	076
UNITED KINGDOM	031
UNITED STATES	069
VIETNAM	062
VIRGIN ISLANDS (BRITISH)	249

List of currencies

Currency	Currency Code
Argentine Peso	ARS
Bulgarian Lev	BGN
Brasilian Real (new)	BRL
Bahamas Dollar	BSD
Canadian Dollar	CAD
Swiss Franc	CHF
Chilean Peso	CLP
Chinese Renminbi	CNY
Czech Korona	CZK
Danish Krone	DKK
Euro	EUR
British Pound	GBP
Hong Kong Dollar	HKD
Croatian Kuna	HRK
Hungarian Forint	HUF
Indonesian Rupiah	IDR

Currency	Currency Code
Israeli Shekel	ILS
Indian Rupee	INR
Macaon pataca	MOP
Malaysian Ringi	MYR
Philippine Peso	PHP
Polish Zloty	PLN
Romanian Leu	RON
Serbian Dinar	RSD
Russian Ruble	RUB
Singapore Dollar	SGD
Thai Bhat	THB
Turkish Lira (new)	TRY
US Dollar	USD
Dong (Vietnam)	VND
French Polinesian Franc	XPF
South African Rand	ZAR



Attestation and Reports

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

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Attestation to the Consolidated Financial Statements

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

Attestation of the Consolidated Financial Statements pursuant to the provisions of art. 154-*bis*, paragraph 5, of legislative decree 58 of 24 February, 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 implementation

   of the administrative and accounting procedures for the preparation of the consolidated financial statements over the course of the period from 1 January to 31 December 2018.

2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated 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 consolidated financial statements as at 31 December 2018:

   a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of Legislative Decree No. 38 of 28 February 2005, of the Italian Civil Code, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);

   b) correspond to the related books and accounting records;

   c) provide a true and fair representation of the financial position of the issuer and the group of companies included in the scope of consolidation;

   3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situations to which they are exposed.

Milan, 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 Company's Financial Reports, 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 partnerships 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 Lebenversicherung 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 preparing 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 aforementioned 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 Anchùstegui;
– 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) taken 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 effectiveness 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.

The Company pursued this objective 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, para. 3, TUIF and Art. 74, para. 3(e) of IVASS Regulation n. 38/2018 were exchanged with the managers of the auditing firm, and no noteworthy aspects emerged.

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, which reported 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 Statement

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 Statement ("CNFS"). As required by Art. 4 of Legislative Decree no. 254/2016, said Statement provides non-financial information relating to the Company and its subsidiaries "*to the extent required to ensure comprehension of the group's business, trend and results, and the impact produced by it*".

As specified in 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 CNFS. 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 CNFS 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 CNFS 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 CNFS, 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 CNFS 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 CNFS.
The Board of Statutory Auditors observes that in the course of the controls conducted and specified above, no evidence of non-conformity by the CNFS with the legislative provisions governing its preparation and publication came to its attention.
When drawing up the Consolidated Non-Financial Statement, the Company did not exercise the option to omit information concerning imminent developments and transactions under negotiation allowed by 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;
- verified 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 TUIF.

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 preparing the Company's Financial Reports and the Managing Director and Group CEO issued the declarations and certifications required by s. 154-*bis* of the TUIF 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 recognises 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 TUIF, and Legislative Decree 209/2005, as amended. The consolidated financial statements were also drawn up on the basis of the requirements of 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 in Charge of preparing the Company's Financial Reports, 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 Company's Financial Reports as regards the correct use of accounting principles and the consistency 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 Company's Financial Reports.
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 Shareholders' Meeting 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 in order 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 legal scope of this Board of Statutory Auditors, referring them, if applicable, to 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 lacking application 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 censurable.
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 censurable actions, omissions or irregularities requiring reports to the Regulators emerged from the supervisory activities performed.

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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, 3 April 2019

Board of Statutory Auditors

Carolyn Dittmeier, Chair

Lorenzo Pozza

Antonia Di Bella

Independent Auditor's Report

EY S.p.A.
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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 Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Generali Group (the Group), which comprise the balance sheet as at December 31, 2018, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended and the explanatory notes.
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the Regulation issued to implement article 90 of Legislative Decree dated 7 September 2005, n. 209.

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 Consolidated Financial Statements section of our report.
We are independent of the Assicurazioni Generali S.p.A. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We identified the following key audit matters:

Key Audit Matters	Audit Responses
Valuation of goodwill	
At 31 December 2018, goodwill amounted to Eur 6,680 million. Based on IAS 36 – Impairment of Assets, goodwill is measured at cost less any impairment losses. At least annually, the Group carries out an impairment test, comparing the recoverable amount of each Cash Generating Unit (CGU) to which goodwill was attributed to with the corresponding carrying amount. The recoverable amount is represented by the higher between the fair value and the value in use determined by the Group through the Dividend Discount Model (DDM). The financial statement information relating to goodwill is disclosed in the explanatory notes in the section "Accounting principles" and in note n. 4. The DDM requires the use of assumptions with a high level of subjectivity, such as flows of dividends extrapolated from business plans, nominal growth rates and cost of capital. Furthermore, the persistence of low interest rate level, in past years, in many of the countries where the Group operates has led to a decrease in the profitability of CGUs of the life segment, representing more than 50% of the total amount, and, therefore, a reduction in the surplus between the carrying amount and the recoverable amount. For these reasons, we considered this aspect a key matter for our audit.	The audit response included several procedures, the most relevant of which are outlined below: • An understanding of the process related to the determination of the recoverable amounts designed by the Group and of the related key controls, as well as the testing of these controls, taking into consideration the impairment test procedures approved by the Board of Directors on February 14, 2019; • The evaluation of the appropriateness of the methodologies applied by the Management to determine the recoverable amounts; • The evaluation of the reasonableness of the assumptions used by the Management to determine the recoverable amounts, in particular with reference to flows of dividend extrapolated from business plans, nominal growth rates and cost of capital; • The analysis of related results. 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.
Evaluation of complex or non-listed financial investments	
At 31 December 2018, the consolidated financial statements included Eur 26,226 million and Eur 9,126 million categorised respectively as level 2 and level 3 of the fair value hierarchy stated by IFRS 13 – Fair Value Measurement. The financial statement information relating to investments is disclosed in the explanatory	The audit response included several procedures, the most relevant of which are outlined below: • An understanding of the process related to the determination of the fair value and of the related key controls, as well as the testing of these controls; • The performance of independent repricing, for a sample of investments,

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notes in the section "Accounting principles" and in notes n. 39, 40 and 41.
No active market exists for these investments, so their fair value is determined through methodologies and calculation models with a high level of subjectivity when choosing the assumptions, such as interest rates, yield curves, credit spreads and dividend estimates; therefore, we considered this aspect a key matter for our audit.

in order to verify the reasonableness of the fair value at year end.
We also involved valuation specialists to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

Non-Life technical provisions estimation

The technical provisions of the non-life segment, recorded at 31 December 2018 for an amount equal to Eur 31,720 million, are accounted for based on local GAAP applied by the individual insurance companies of the Group in their separate financial statements, since these contracts fall within the scope of the IFRS 4 – Insurance Contracts. In accordance with this standard, no provisions for any future claims were recognised, with the consequent elimination of the equalisation provisions and the additional components of the unearned premiums reserve.
The financial statement information relating to non-life insurance provisions is disclosed in the explanatory notes in the section "Accounting principles" and in note n. 13.
The valuation of the non-life technical provisions is therefore a well-structured estimation process that requires the use of complex methodologies and statistical and actuarial calculation models, characterized by a high level of subjectivity when choosing the assumptions, such as the frequency and average cost of the claims, used as input to develop the estimate. This is further highlighted in long-tail businesses such as motor, which represent around 45% of total provisions.
For these reasons, we considered this aspect a key matter for our audit.

The audit response included several procedures, the most relevant of which are outlined below:

- An understanding of estimation process of non-life technical provisions designed by the Group 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, taking into consideration also the control activities performed by the actuarial function of the Group and the related results;
- 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;
- The verification, for each line of business deemed significant, 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.

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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, recorded at 31 December 2018 for an amount equal to Eur 346,108 million, refer to insurance contacts and investment contracts with discretionary participation features. According to IFRS 4, the provisions are accounted for based on local GAAP applied by the individual insurance companies of the Group in their separate financial statements. Liabilities related to these contacts are determined analytically for each type of contract on the basis of appropriate actuarial assumptions, and are adjusted to cope with all existing commitments in the best estimates scenario; these also include the policyholders' share of the difference between the carrying value of the basis on which the profit sharing is determined and the corresponding value used to determine the current profit retroceded to the policyholders ("shadow accounting"). In accordance with IFRS 4, in order to verify the adequacy of the life technical provisions, a Liability Adequacy Test (LAT) is carried out. This test is performed through the comparison of the IFRS reserve, which include the impact of "shadow accounting", net of any deferred acquisition costs (DACs) or intangible assets related to the contracts under analysis (VoBa), with the current value of future net cash flows relating to insurance contracts.
The financial statement information relating to life insurance provisions is disclosed in the explanatory notes in the section "Accounting principles" and in note n. 13.
The valuation of the life technical provisions is therefore a well-structured estimation process that requires the use of complex statistical and actuarial calculation methods and models, characterized by a high level of subjectivity when choosing the assumptions, such as mortality, morbidity, discount rates, expenses and inflation.
Furthermore, the persistence of low interest rate level, in past years, in many of the countries

The audit response included several procedures, the most relevant of which are outlined below:

- An understanding of estimation process of life technical provisions designed by the Group 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 Group and the related results;
- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used by the Group to perform the Liability Adequacy Test (LAT) with regard to the purposes of the test itself as defined by IFRS 4 and the performance of test of detail on the underlying data, including those referring to "shadow accounting", DAC and VoBa elements;
- The assessment of the compliance of the methodologies used for the attribution to the policyholders of the difference between the carrying value of the basis on which the profit sharing is determined and the corresponding value used to determine the current profit retroceded to the policyholders, in accordance with IFRS 4;
- 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;
- The development of an independent

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where the Group operates has led to an increase of additional provisions resulting from the adequacy test. For these reasons, we considered this aspect a key matter for our audit.	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 actuarial specialists 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 Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the Regulation issued to implement article 90 of the Legislative Decree dated 7 September 2005, n. 209, 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 Group'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 Parent Company Assicurazioni Generali S.p.A. 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of

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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 Group'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 Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 shareholder of Assicurazioni Generali S.p.A., in the general meeting held on April 30, 2011, engaged us to perform the audits of the separated and consolidated financial statements of each years 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 Assicurazioni Generali S.p.A. in conducting the audit.

We confirm that the opinion on the consolidated 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 Generali Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

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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 Group'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 Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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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 Assicurazioni Generali S.p.A. in conducting the audit.

We confirm that the opinion on the consolidated 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 Generali Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

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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 consolidated financial statements of Generali Group 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 consolidated financial statements of Generali Group 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.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.
Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

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.

Glossary

Asset owner: who owns investments and bears the related risks.

Attracting talent and development of human capital: in an increasingly competitive and selective market, it is important to be able to count on well-prepared and motivated resources that are able to rise to the challenges of the sector.

Average duration: it is defined as the average residual economic maturity (considering the first call option date) of the financial debt outstanding as at the reporting date, weighted for the nominal amount.

Business innovation for the digital customer: the spread of internet and mobile technology are constantly growing and consumption habits are changing. Changes in customer behavior during the pre-purchase, signing and post-sale phases of the policy require companies to adopt a multi-channel communication strategy, to implement technological systems capable of meeting needs and guaranteeing security in the management of purchasing data.

Capitals: stocks of value as inputs to the business model. They are increased, decreased or transformed through the organization's business activities and outputs. The capitals are categorized in the International <IR> Framework as:

- financial capital: the pool of funds that is available to an organization for use in the production of goods or the provision of services, obtained through financing, such as debt, equity or grants, or generated through operations or investments;
- manufactured capital: manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services;
- intellectual capital: organizational, knowledge-based intangibles;
- human capital: people's competencies, capabilities and experience, and their motivations to innovate;
- social and relationship capital: the institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being;
- natural capital: all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization.

Cash and cash equivalents: the item includes cash and highly-liquid short-term financial investments (readily convertible in specific amounts of cash which are subject to an irrelevant risk of change in value). Furthermore, this asset class includes also short-term deposits and money-market investment funds, which are included in the Group liquidity management.

Climate change and natural disasters: climate change is already taking place and natural disasters are on the rise, constituting a threat to global economic development. In this context, the mitigation of climate risks and adaptation strategies are key factors at global level for strengthening the resilience of communities.

Cor, combined ratio: it is a technical performance indicator of Property & Casualty segment, calculated as the ratio of net insurance benefits and claims as well as administration and acquisition costs to net earned premiums. In other words, it is the sum of loss ratio and expense ratio.

Current year loss ratio: it is a further detail of combined ratio calculated as the ratio of:

- current year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Customer: either a physical person or a legal entity that holds at least one active insurance policy and pays a premium to Generali accordingly, a banking product or a pension fund product (the policy/the product is either with Generali, or other non-Generali local brand, or white labelled).

Customer T-NPS (Transactional Net Promoter System): NPS approach to get a systematic feedback from customers after specific transactions (purchase, claims handling, etc.) selected locally. A survey is sent via email to customers to assess their propensity to recommend – or not – Generali to their closest persons (family members, friends and colleagues) using a scale from 0 to 10. Thanks to this feedback, the company is able to identify detractors (rating from 0 to 6), passives (rating of 7 or 8) and promoters (rating of 9 or 10). Each detractor is systematically called back by a member of Generali to understand the problem faced and solve it (quick wins). Those problems that have a more structural nature - and need, for example a revision of core processes and practices or investments - are addressed and solved in a cross-functional working group (structural improvements), with the aim to provide an outstanding customer experience.

Data and cyber security: the quantity and quality of personal data now available is such that they must be managed carefully and professionally to ensure their confidentiality. The risks arising from the computerized management of acquired data and the vulnerability of systems to external or internal attacks require appropriate prevention and protection systems that ensure the protection of all stakeholders and business continuity.

Demographic and social change: migration, new family structures, new coming generations and the aging of the population due to the fall in the birth rate and the increase in average life expectancy have relevant impact on public finances (in the management of both pensions and health care) and the attitude of citizens towards saving.

Distribution NPS (Net Promoter System): NPS approach to get a systematic feedback from distributors (including brokers and banks). This approach is like T-NPS, but covers the overall relationship with each distributor and is not focused on a specific transaction. A questionnaire is sent via email. As for T-NPS approach, detractor distributors are systematically called back to understand the problem faced and solve it (quick wins). Those problems that have a more structural nature - and need, for example a revision of core processes and practices or investments - are addressed and solved in a cross-functional working group (structural improvements), with the aim to provide an outstanding service to our distributors.

Distributor: sales force within traditional distribution networks (exclusive agents, non-exclusive agents and employed sales force permanently involved in the activities of promoting and distributing Generali products).

Diversity, inclusion and equal opportunities: enhancing diversity, promoting inclusion and contrasting any kind of discrimination allow us to create the best possible conditions in our relationships with stakeholders and to promote targeted behavior to prevent inequalities.

Earnings per share: it is equal to the ratio of Group net result and to weighted average number of ordinary shares outstanding.

Employee engagement and promotion of a common culture: Strengthening the motivation and commitment of employees to meeting our goals is important for maintaining a single, shared company vision. Dialogue and listening activities and the sharing of information are key aspects for the involvement of employees.

Environmental products:
- products designed to promote sustainable transport with reduced environmental impact, including policies that reward responsible driving;
- products that support the energy efficiency of buildings;
- products for covering the risks connected with the production of renewable energies;
- products specifically designed to cover catastrophe risks or specific environmental damage;
- anti-pollution products.

Equity investments: direct investments in quoted and unquoted equity instruments, as well as investment funds that are mainly exposed to equity investments, including private equity and hedge funds.

Equivalent consolidation area: constant consolidation scope.

Equivalent terms: constant exchange rates and consolidation scope.

Financial asset: any asset that is:
- cash;
- an equity instrument of another entity;
- a contractual right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Financial liability: any liability that is:
- a contractual obligation:
  - to deliver cash or another financial asset to another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

- a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments.

Fixed income instruments: direct investments in government and corporate bonds, loans, term deposits other than those presented as cash and cash equivalents, and reinsurance deposits. This asset class also includes investments funds that are mainly exposed to investments or risks similar to direct investments presented within this asset class.

General account: investments reported in the financial statements (excluding financial assets categorized as unit- and index-linked or deriving from pension funds management) and cash and cash equivalents. They also include some liabilities, with features similar to investments, among which derivative liabilities and REPOs.

Green and sustainable investments: investments that support green and/or social projects, with the explicit aim of creating a positive impact and contributing to the United Nations Sustainable Development Goals.

Gross direct written premiums: gross written premiums of direct business.

Gross written premiums (GWP): gross written premiums of direct business and accepted by third parties.

Insurance solutions that encourage sustainable and responsible behavior: private sector initiatives integrate and promote public policies to support a healthier and more sustainable way of life. Raising awareness among people and promoting the adoption of behaviors that prevent risks or reduce the intensity of damage produce shared value for all the stakeholders involved.

Integrated report: concise communication that illustrates how the strategy, governance and future prospects of an organization, in the external environment in which it operates, are used to create value in the short, medium and long term.

Investments back to unit- and index-linked policies: various types of investments backing insurance liabilities related to unit and index-linked policies.

Investment contracts: contracts that have the legal form of insurance contracts but, as they do not substantially expose the insurer to significant insurance risk (e.g. the mortality risk or similar insurance risks), cannot be classified as insurance contracts. In accordance with the definitions of IFRS 4 and IAS 39 these contracts are recognized as financial liabilities.

Investments properties: direct investments in properties held in order to receive rent or to achieve targets for capital appreciation, or for both reasons. This asset class also includes investments funds that are mainly exposed to real-estate investments.

Lockup clause: it imposes the unavailability of the shares assigned with respect to some incentive plans (or a specific share) for a specific time horizon as defined by any individual plan. The clause provides for the commitment of the issuing Company and potentially of some shareholders not to pursue selected actions on the equity of the company itself in the period subsequent to a public offering.

London Benchmarking Group (LBG): it is an international standard for companies to report their activities in the community. It is internationally recognized and follows an Inputs-Outputs-Impact (IOI) logic, assessing community initiatives in terms of the resources committed (inputs) and the results achieved (outputs) and impacts.

Mathematical provisions: it is the amount that shall be set aside by the insurance company to meet its future obligations to policyholders.

Net cash inflows: it is an indicator of cash flows generation of the Life segment. It is equal to the amount of premiums collected net of benefits paid.

Net operating cash: it measures the cash generation of the Parent Company. It results from the sum of dividends paid by Group subsidiaries, net result of Group reinsurance activities, administrative costs, interest expenses paid and net balance relating to taxes.

NBM, new business margin: it is a performance indicator of the new business of the Life segment, equal to the ratio of NBV to PVNBP.

NBV, new business value: it is an indicator of value created by the 'new business' of the Life segment. It is obtained by discounting at the date of new contracts the corresponding expected profits net of the cost of capital (net of the portion attributable to minority interests). The margin on PVNBP is intended as a prospective ratio between profits and premiums.

Operating earnings per share: it is the ratio of:
- total operating result net of interest on liabilities linked to financing activities, taxes and third-party interests (as defined in the Methodological note on alternative performance measures); to
- the weighted average number of ordinary shares outstanding.

Operating result: result of the period before taxes, before interest expense on liabilities linked to financing activities, certain net financial income as well as non-recurring costs and revenues. For further information, please refer to the Methodological note on alternative performance measures in the Annual Integrated Report and Consolidated Financial Statements 2018.

Operating return on investments: it is an alternative performance measure of both the Life and Property & Casualty segments, calculated as the ratio of the operating result to the average investments at IAS/IFRS book value, as described in the Methodological note on alternative performance measures.

Operating RoE (Return on Equity): it is an indicator of return on capital in terms of the Group operating result. It is calculated as the ratio of adjusted consolidated operating result to adjusted average Group shareholders' equity. For further information, please refer to the Methodological note on alternative performance measures in the Annual Integrated Report and Consolidated Financial Statements 2018.

Other investments: it includes participations in non-consolidated companies, associated companies and joint ventures, derivative investments and receivables from banks and customers, the latter mainly related to banking activities by some Group companies.

Outcomes: the internal and external consequences (positive and negative) for the capitals as a result of an organization's business activities and outputs.

P&L return on investments: it is the sum of the current return and the harvesting rate net of investment management expenses. For further information, please refer to the Methodological note on alternative performance measures.

Prevention of corruption: in a sector based on trust, such as that of insurance, the promotion of business ethics and the prevention of corruption have a key role in protecting the company's reputation and credibility, the efficiency of the business and fair competition.

Prior year loss ratio: it is a further detail of combined ratio calculated as the ratio of:
- previous year incurred claims + related claims management costs net of recoveries and reinsurance; to
- net earned premiums.

Product and service development: the requirements of customers constantly change and evolve in response to the changing scenarios, mega trends and technological innovations. Companies must be able to identify needs and to update their offers with a practical approach that is in keeping with expectations and with the constantly changing regulatory framework.

Provisions arising from policies where the investment risk is borne by the policyholders and from pension funds: they comprise the amounts to be allocated to the policyholders or to the beneficiaries relating to Life segment products where the risk arising from the underlying financial investments backing the technical liabilities is borne by the policyholders.

Provision for outstanding claims: it comprises the estimated overall amounts which, from a prudent valuation based on objective elements, are required to meet the payment of the claims incurred during the current year or the previous ones, and not yet settled, as well as the related settlement expenses. The outstanding claims provisions shall be estimated as the total ultimate cost taking into account all future foreseeable charges, based on reliable historical and forecast data, as well as the specific features of the company.

Provisions for sums to be paid: technical reserves constituted at the end of each financial year by companies operating in the Life segment in order to cover the overall amounts required to meet the payment of the capitals and annuities accrued, surrenders and claims outstanding.

Provision for unearned premiums: it comprises the unearned premium component, defined as the part of gross premiums written which is to be allocated to the following financial periods, and the provisions for unexpired risk on insurance contracts in force in excess of the related unearned premiums.

Quality of the customer experience: in the relations with clients it is essential to be able to guarantee a unique and distinctive experience, maintaining and strengthening the loyalty on which the phases of the customer experience are based.

Regulatory Solvency Ratio: it is the ratio of the Eligible Own Funds to the Group Solvency Capital requirement, both calculated according to the definitions of the SII regime. Own funds are determined net of proposed dividend. The ratio has to be intended as preliminary since the definitive Regulatory Solvency Ratio will be submitted to the supervisory authority in accordance with the timing provided by the Solvency II regulations for the official reporting.

Relations with distributors: distributors play a key role in the promotion and distribution of products and are able to provide important feedback for the development of products and improvement of services. Developing our relationship with the sales networks through dialogue, training and involvement in business strategies increases their satisfaction and loyalty.

Responsible business management: it refers to policies, guidelines and procedures defining the internal system of rules which enables accountability and transparency.

Responsible investments and underwriting: in the context of sustainable development, the environmental, social and governance (ESG) aspects of investments and underwriting are becoming increasingly important for the market.

Responsible remuneration and incentives: a remuneration system based on internal equity, competitiveness, consistency and merit through a direct relationship between commitment and the recognition of merit makes it possible to create long-term value.

Social products:
- products that respond to the needs of specific categories of customers or particularly unfortunate events in life, including products dedicated to the young, to the elderly, to the disabled, to immigrants, to the unemployed and to coverage for professional disabilities, or which in some way support and foster social inclusion;
- products that promote a more prosperous and stable society, with particular attention on small and medium-sized enterprises and people involved in voluntary work; products with high pension or microinsurance content;
- products that promote responsible and healthy lifestyles, leveraging on the opportunities provided by new technologies, on the importance of preventive healthcare or other virtuous behaviors of policyholders;
- products that supplement the public health service, designed to help manage the costs of treatment and assistance, as well as the reduction in earnings of customers in the event of serious illnesses or the loss of self-sufficiency.

Stock granting: free shares assignment.

Stock option: it represents the right of the holder to buy shares of the Company at a predefined price (so called strike). These options are assigned free of charge.

Stranded asset: invested assets that may lose their economic value in advance of the expected duration, due to regulatory changes, market forces, technological innovation, environmental and social problems associated with the transition to a low-carbon economy. They are typically associated with the coal and fossil fuel sector, with an indirect impact on the utilities and transport sectors.

Sustainable Development Goal (SDG): 17 objectives contained in the 2030 Agenda for sustainable development, launched by the United Nations.

Weighted average cost of debt: it is the annualized cost of financial debt considering the nominal amounts at the reporting date and the related transactions of currency and interest rate hedging.

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