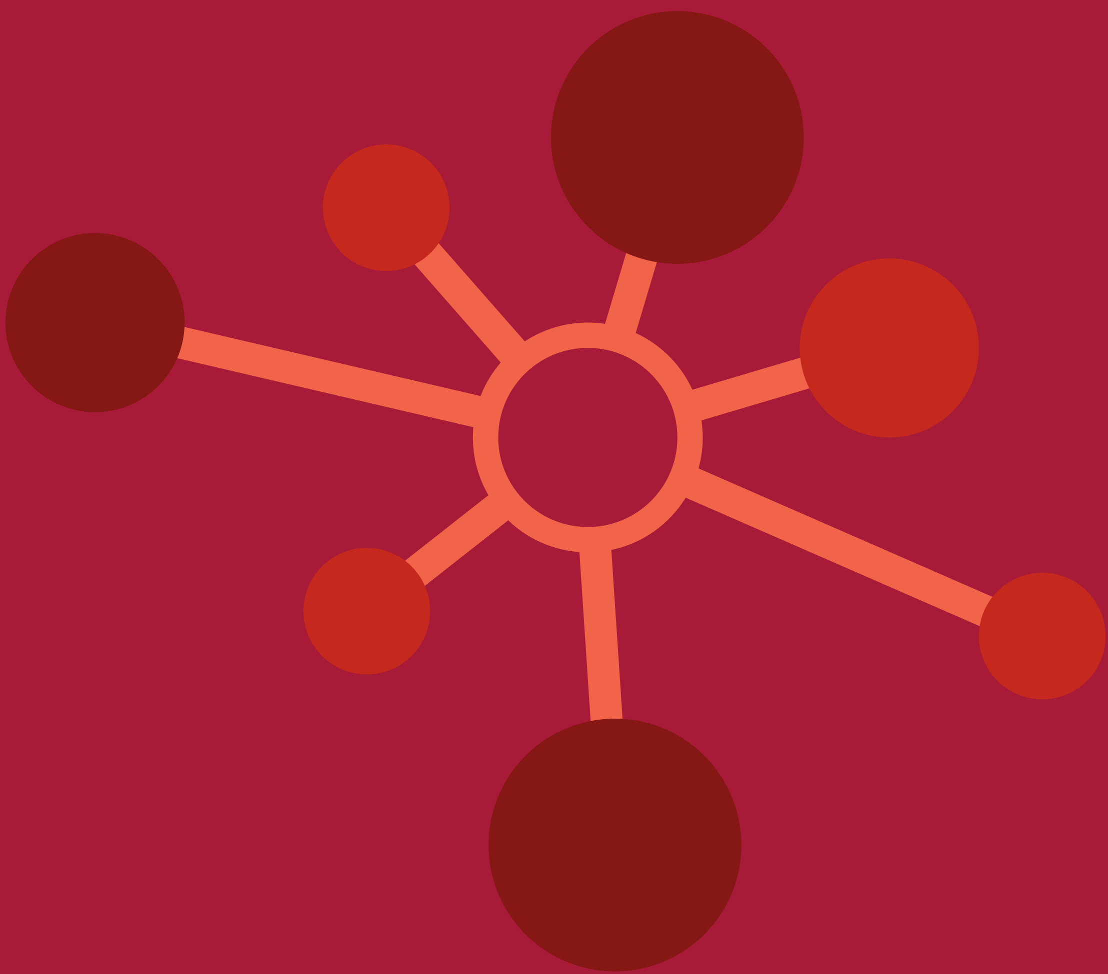
Management Report and
**Parent Company**
Financial Statements 2017



GENERALI

186th year | **generali.com**

# Management Report and **Parent Company** Financial Statements 2017

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

# Corporate bodies
## as at 19 April 2018

Chairman
**Gabriele Galateri di Genola**

Vice Chairman
**Francesco Gaetano Caltagirone**
**Clemente Rebecchini**

Managing Director and Group CEO
**Philippe Donnet**

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

Board of Statutory Auditors
**Carolyn Dittmeier** (Chairwoman)
**Antonia Di Bella**
**Lorenzo Pozza**
**Francesco Di Carlo** (Substitute auditor)
**Silvia Olivotto** (Substitute auditor)

Board secretary
**Giuseppe Catalano**

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

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

*Contacts available at the end of the document*

# Index

# The **integrated overview** of our reports

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




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

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

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

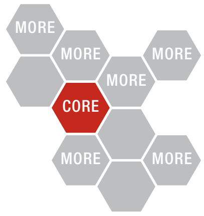
# About **Management Report and Parent Company Financial Statements**

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

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

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

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




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


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


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


**generali.com**
for further information about the Group.

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

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

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

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

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

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

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

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

*We carried ambitious projects forward in 2017. We implemented the new asset management strategy to develop and perfect an area that is becoming more and more integrated with the insurance area, with the objective of enriching our expertise and of offering tailor-made solutions to companies and the retail customers in order to reach € 500 billion by 2020.*
*We continued with the reorganisation of Generali Deutschland in Germany and entered a new stage focussed on strengthening its operating performance and on increasing the value creation over the long term. During the year, the Group continued its geographical optimisation plan that sets out to boost our presence in the most interesting markets and to free at least € 1 billion in resources from the less profitable ones.*

*2017 was also the year in which we started up The Human Safety Net, one of the most ambitious social projects of our almost 200 years of history. It is an initiative that has global reach, and its target is to connect and activate millions of people around the world to involve them in projects that make an enormous impact on the chosen local communities thanks to the contribution of our Group's employees. In this way we started initiatives dedicated to equal opportunities for those children who grow up in poverty, to the entrepreneurial potential of refugees and to the prevention and treatment of neonatal asphyxia.*
*We located the offices of The Human Safety Net in St Mark's Square in Venice, in Palazzo delle Procuratie Vecchie, which will be restored with a visionary project of extraordinary historic restoration.*

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

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

*Gabriele Galateri di Genola* *Philippe Donnet*

# We, **Generali**

# Company highlights

**Net profit**

+28.1%

€ 1,404 mln

**Total dividend proposed**

+6.5%

€ 1,330 mln

**Dividend for share proposed**

+6.3%

€ 0.85

**Total gross premiums**

-8.1%

€ 3,369 mln

**Life gross premiums**

-14.9%

€ 1,708 mln

**Non Life gross premiums**

+0.1%

€ 1,661 mln

**Non Life Combined ratio**

+2.3%

91.9%

**Employee**

-0.3%

2,003

-2.6%

1,091 Total staff in Italy

+2.5%

912 Foreign branches staff

## Shareholders' fund

+1.1%

€ 14,825 mln

## Total assets

+0.0%

€ 48,255 mln

### Shareholdings in Group Companies

+0.3%

€ 29,732 mln

## Net technical provisions

-9.8%

€ 12,677 mln

### Life net technical provisions

-6.1%

€ 11,237 mln

### Non life net technical provisions

-31.1%

€ 1,440 mln

## Debt

+0.8%

€ 14,055 mln

# Our **history**

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

## 1831

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

## 1832-1914

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

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


## 1915-1918

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

## 1919-1945

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

## 1946-2010

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

## 2011-2016

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

*Group strategy, p. 30*


# 2017 **key facts**

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

## January

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

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

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

## February

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

## March

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

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

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

## April

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

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

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

*Our governance, p. 34*

## May

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

*Group strategy, p. 30*

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

## June

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


## July

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

On 19 July, an agreement was signed for the transfer of the shareholding in the Colombian companies[2], equivalent to 91.3% of Generali Seguros and to 93.3% of Generali Vida. The operation is subject to approval from the competent authorities. The sale of the shareholding in the Guatemala subsidiary[2] was also completed.

## August

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

On 7 August, an agreement for the sale of its assets in Panama[2] was undersigned. The operation is subject to approval from the competent authorities.

## September

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

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

## October

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

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

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

## November

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

## December

On 18 December, an agreement for the transfer of the entire shareholding in Generali PanEurope[2] was undersigned with an initial compensation of € 230 million, subject to adjustment on the closing date of the operation. The operation is subordinate, inter alia, to approval from the competent authorities and its completion is expected within the first half of 2018.

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

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

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

*Group strategy, p. 30*


# **Significant events after** 31 December **2017** and **2018** corporate event **calendar**

## February

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

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

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

Generali approved the strategy on climate change.

*Our rules for running business with integrity, p. 23*

## March

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

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

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

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

## April

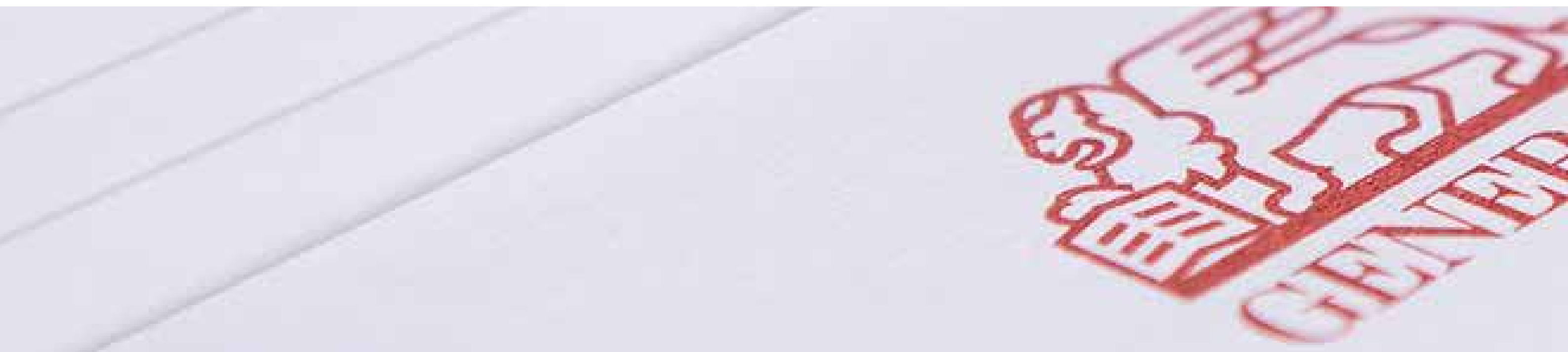
**19 April 2018:**
Shareholders' Meeting Approval of the Parent Company Financial Statements as at 31 December 2017 and the Remuneration policy as well as the other agenda items

## May

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

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

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



## July

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

## August

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

## November

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

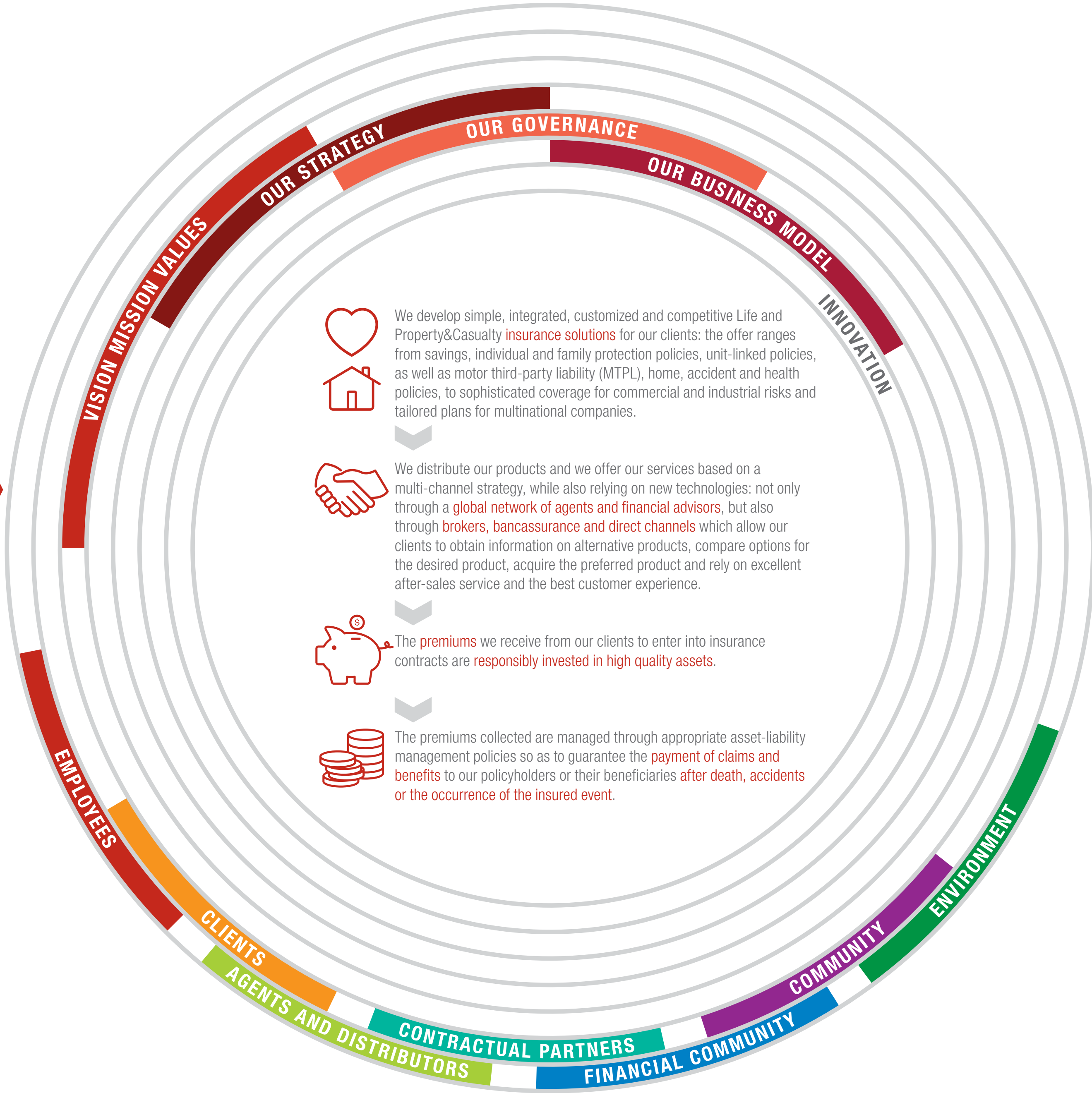
**8 November 2018:**
Publication of the results
as at 30 September 2018

**21 November 2018:**
Investor Day

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

## External context

**Capital**




We develop simple, integrated, customized and competitive Life and Property&Casualty insurance solutions for our clients: the offer ranges from savings, individual and family protection policies, unit-linked policies, as well as motor third-party liability (MTPL), home, accident and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies.

We distribute our products and we offer our services based on a multi-channel strategy, while also relying on new technologies: not only through a global network of agents and financial advisors, but also through brokers, bancassurance and direct channels which allow our clients to obtain information on alternative products, compare options for the desired product, acquire the preferred product and rely on excellent after-sales service and the best customer experience.

The premiums we receive from our clients to enter into insurance contracts are responsibly invested in high quality assets.

The premiums collected are managed through appropriate asset-liability management policies so as to guarantee the payment of claims and benefits to our policyholders or their beneficiaries after death, accidents or the occurrence of the insured event.

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

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

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

**Human capital**
We are committed to valuing and developing our people in order to be ready to more effectively meet future challenges.
We listen to them as to understand how we can improve and meet their needs.
**Global Engagement Survey 2017**
**86% response rate** (+1 pps vs 2015)
**80% engagement rate** (-2 pps vs 2015)

*Group strategy, p. 30*

**Natural capital**
We are committed to contributing to the transition towards a more sustainable economy and society, even by managing our direct impact.
**t 112,782 $CO_2$e total emissions** (-9.5% vs base year 2013)

*Our rules for running business with integrity, p. 23*

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

## Output
## Impact

**Social and relationship capital**
We continue to implement our **Net Promoter System Program** - recently awarded by Medallia as one of the most successful global programs - and listen to our customers and distributors while responding to their feedback and allowing ourselves to improve their satisfaction and loyalty.
**Customer T-NPS**, active in 54 business units and with a coverage of approximately 90% of our customer base
167 thousand unsatisfied clients were re-contacted
+350 quick wins were implemented
+250 structural improvements
**Distributor R-NPS**, active in 31 sales channels in 20 business units
147 improvements were implemented
Global Agent Excellence Contest launched in 23 business units to improve digital adoption and further empower our agents.
**Connected Agent and Mobile Hub**, initiatives which aim to respectively equip our agents with tools to interact with customers through digital channels and our customers with a platform for managing their policies through their cell phones in an easier and more independent manner. The agents have already been provided with tools in Spain, Argentina, Austria, Switzerland and Indonesia; the platform was launched in France and Switzerland and is being launched in Italy and Spain.

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

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

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

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

*Group strategy, p. 30*

# Business model
## of Assicurazioni Generali S.p.A.

**Management of Investments**

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

**Management of capital structure**

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

**Direction and coordination activities**

The parent company sets guidelines to improve efficiency in operational management

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

**Insurance and reinsurance activity**

# Vision, Mission, Values

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

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

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

**Enhance**
Generali is also committed to creating value.

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

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

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

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

**Delivering**
We ensure achievement striving for the highest performance.

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

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

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

# Our Values

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

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

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

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

# Our **rules** for running **business with integrity**

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

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

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

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

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

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

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

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

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

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

# **Risks and opportunities** of the external context

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

## Uncertain financial and macro-economic landscape

During the course of 2017, the global economy grew at a rate that was greater than expected due to the dynamic nature of domestic demand in developed economies. The Eurozone grew not only as a result of dynamic consumption but also as a result of increased investment. Within Eastern European countries, the positive economic trend continued, driven by consumption and a growing labour market, including salary increases which sustained inflation.
Within Europe, significant events include the victory of Macron within the French presidential elections, the advance elections in the UK as well as the advance elections in Catalonia. On the global level, on the other hand, the year was characterized by significant political uncertainties (Russiagate, tensions with North Korea) which influenced the confidence levels of operators within financial markets. Within the USA, GDP growth compared to the previous year was 2.2% and the labour market continued to gain strength, with an unemployment rate that fell in November to 4.1%, the lowest level in the last 17 years. Significant uncertainty developed in relation to the abolition of Obamacare and tax reform; the primary point of the latter was the decrease in fiscal load for companies. Inflation remained, in any case, low despite increases in both the USA and Europe. Growth in Asia, in particular China, continued at significant levels.
With regard to the insurance sector in Italy, Germany, France and Spain (in a persistent environment of low interest rates and stringent capital requirements), the Life business was characterized by the sale of unit-linked policies, which however failed to offset the decrease in traditional products. P&C business continued to grow throughout Europe: in Italy the slight increase in the P&C business was mainly attributable to the health insurance business; in France, Germany and Spain the result was also positively affected by the motor business

## Regulatory evolution

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

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

## *Identified risk* — Our risk management

***Financial risk***

***Credit risk***

***Strategic risk***

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

## *Identified risk* — Our risk management

***Strategic risk***

***Operational risk***

We run our business in compliance with the law, internal regulations and codes and professional ethics, and we closely monitor the evolution of the regulatory environment, dialoguing with legislators and institutions. We regularly evaluate our exposure to the risk of non-compliance and assume prompt measures to adequately manage it.
We continue to apply the requirements of Solvency II and are engaged in the various tests carried out by the International Association of Insurance Supervisors (IAIS) in order to determine the final architecture and calibrations of the supervisory requirements.
In accordance with our customer focus strategy, we have implemented the transparency requirements for investment products required by EU legislation by putting the best practices of the Group into common use. We are working to be ready to apply the new regulatory requirements on insurance distribution and personal data processing.
Finally, we monitor regulatory developments pertaining to non-financial information; the first reporting on this topic was implemented within the Annual Integrated Report and Consolidated Financial Statements 2017.
Lastly, we monitor developments in national accounting standards and in sectorial legislation.

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

## Technological evolution

We are facing profound changes caused by the interaction and cumulative effect of multiple technological developments: the Internet of Things, the constant growth of mobile networks, the adoption of cloud services, the development of cognitive computing and machine learning are all elements that contribute to creating a renewed environment in which to operate.
The unprecedented availability of customer data, combined with the technological capabilities of processing data quickly and efficiently in terms of costs, allows the insurance business to create customized prices and identify potential fraud (such as the development of programs for the prevention of losses) as well as develop new products and re-design operational processes. On the other hand, it creates potential challenges deriving from the management of personal data and the automation of decisive processes in addition to new challenges within the traditional risk management insurance model.
At the same time, elevated technological growth implies an exponential evolution in cyber threats, both in terms of volume as well as typology (i.e. targeted attacks which aim to steal information or block operational processes). Adequate management of cyber risk is therefore fundamental in order to limit potential effects of economic and operational nature but also to preserve, in particular, the confidence of customers in the processing of their data which are frequently sensitive. This issue is also increasingly relevant for regulators which are requesting the introduction of specific safety measures as well as reporting processes in the case of violation of the data (Regulation on personal data protection).
Finally, technology as an enabling element of the processes may also impair business continuity, representing a potential threat (malfunction of equipment and systems, etc.) if appropriate measures are not applied.

## New customer needs

In this currently uncertain economic environment, consumer attitudes to insurance products and services are changing in light of two global trends:
- digitalization, which has introduced new selling options and more diverse insurance product management
- economic uncertainty, which has changed spending on savings and other insurance products.

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

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

## *Identified risk* — Our risk management

***Strategic risk***

***Operational risk***

We have implemented a cloud analytical platform (with EU server) for the management and analysis of data derived from our business units. Each of these has a dedicated and exclusive area available to them where the data are initially uploaded and processed in an absolutely anonymous manner; at the end of the process, the results/models which are attained are made available to the requesting operational units. The platform takes advantage of the currently most innovative technologies which were also essential to define a series of applications available to all business units, thereby ensuring superior user experience so as to increasingly meet customer requests for greater digital interaction. This development is based on a hybrid architecture that offers the latest mobile technology.
In order to protect ourselves from new threats we are continuing to enhance our ability to prevent, detect and respond to potential cyber attacks while implementing the most innovative security solutions and continuously improving our response processes. In particular, we acquire and analyse threat intelligence from multiple external and internal sources so as to increase our prevention capacity while adopting the best market solutions to detect and prevent potential attacks. We have also strengthened the Group's security governance model, defined a policy and implemented effective awareness campaigns for our employees in relation to the management of security risks.
To protect our trustworthiness, reputation and survival from threats of natural, human and technological origin, we have also implemented a Business Management Continuity process that identifies critical processes and operational risks that may interrupt business operations, as well as risk mitigation measures and solutions to recover and resume vital business processes as soon as possible and with limited financial impact.

## *Identified risk* — Our risk management

***Strategic risk***

***Insurance risk***

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

## Environmental challenges

Global warming caused by the emission of greenhouse gases has resulted in an increase in the volatility of climate events, particularly extreme conditions such as hurricanes, floods, heat waves and droughts.
In addition to an increase in physical risks, there is also growing awareness at the political level, even international, in relation to these issues. This has strategic and regulatory repercussions on activities affected by climate risk, particularly in Europe. For example, there is the emergence of new financial risks (creation of stranded assets) as well as risks connected to the transition to a low-carbon economy due to unknown factors generated by the use of new technologies and business models with reduced emissions.
These factors are increasingly affecting the economic and social system, including the insurance sector, which is thus facing new risks and opportunities.
Opportunities arise from a new or increased demand for coverage which needs to be met with innovative products. For this to be sustainable, however, appropriate countermeasures must be prepared at the same time. These are necessary in order to avoid increased damages and greater volatility which would negatively affect the price dynamics of the policies, also due to the greater absorption of capital deriving from underwritten business. If they are not present, access to insurance would be excessively costly or, in extreme cases, the offer would not be feasible.

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

## Demographic and social change

Modern communities are affected by distinct demographic and social phenomena with a strong impact on their socio-economic balances.
In Europe, the continual process of population aging, driven by an increase in life expectancy and a decrease in birth rates, is only partially counterbalanced by international immigration. The non-European area is affected by similar phenomena, albeit of a distinct nature with respect to local socio-political characteristics.
Younger age groups are affected by a reduced and often discontinuous capacity to generate average income; this is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system.
The result is increasingly unbalanced communities where higher post-retirement pension and healthcare requirements are no longer properly financed and covered by the public system, in addition, the limited economic and financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.

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

*Identified risk* | **Our risk management**

***Underwriting risk***

***Emerging risks***

***Operational risk***

We constantly monitor the main perils and territories where we are exposed, using actuarial models to estimate the damage that could result from natural phenomena and thereby optimizing our underwriting strategy. Re-insurance plays a fundamental role: we manage our protections on a centralized basis in order to take advantage of economies of scale and pricing thanks to the size of the Group, with the aim of leveraging on business diversification.
In accordance with our commitments to favour the transition to a low-carbon society and the global targets established at the COP21 conference, we continue to monitor and reduce our direct impact through a responsible management of key activities; we also incentivise the adoption of environmentally sustainable behaviour within our spheres of influence through our insurance solutions as well as our investments in order to reduce indirect impact of our activities. We develop and distribute increasingly innovative products along with a high level of services in order to meet the potential request for more and improved protection against catastrophes, in addition to products that reward virtuous and environmentally sustainable decisions and behaviour. Also in partnership with other public and private stakeholders, we work to support initiatives that help to expand access to insurance products, for example through more favourable taxation for catastrophic coverage, which would decrease the impact of reconstruction on the public sector, as well as initiatives aimed at preventing and mitigating environmental risks. We invest responsibly, excluding from our investment universe those companies that cause serious harm to the environment. We support research and studies on environmental risks.
We adopt sustainability criteria for the underwriting of new insurance policies that are in line with the best and universally recognized sustainability standards, even through the use of specific third-party tools while analysing in detail and potentially excluding business opportunities that are not consistent with principles of environmental, social and governance sustainability.
In particular, we utilize internal and external monitoring processes of environmental emissions associated with the activities in our investment and insurance portfolios. As a result, we are capable of monitoring, on the one hand, any business and environmental risks associated with greenhouse gas emissions and, on the other hand, we can design and develop new solutions that simultaneously offer a competitive advantage to our Group as well as an incentive for policyholders for the transition to a business model with reduced emissions.

*Identified risk* | **Our risk management**

***Underwriting risk***

***Emerging risks***

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. We develop and offer flexible and modular solutions with elevated social security and welfare content for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We undertake to strengthen dialogue with individuals during their entire period of interaction with our companies.
We provide customers with complete and easily accessible information on products and services while helping them to understand the primary risks that may affect their income capacity and aiding them in accurately assessing their capacity to save as well as identifying their current and future needs.
We believe that insurance coverage is the most appropriate tool to forecast and meet potential needs of both younger and older individuals with the required advance notice; we therefore formulate and present offers even in the case of market contexts with little knowledge and low individual propensity for insurance solutions.

# Group **strategy**

2015
**SIMPLER AND SMARTER**

Increasingly challenging external context

## Accelerate

## Improve operating performance[3]

**Optimise international footprint**

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

**Rationalize the operating machine**

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

**Enhance technical capabilities**

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

At least € 1 bln
cash proceeds from disposals

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

Best combined ratio further improvement in outperformance vs peers

Guarantees maximum 0% on new retail business

## Our people

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

2016-2018
**SIMPLER, SMARTER. FASTER**

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

# to excellence

## Long-term value creation[3]

### Rebalance the insurance portfolio

The share of products with low capital absorption and commission income will be increased so as to generate long-term value while protecting portfolio sustainability and increasing resilience in the face of market volatility.
We aim through the new Asset Management strategy to enhance investment capabilities and offer bespoke investment solutions to European companies and individual savings products.

~30 bp reduction in average portfolio guarantee to 1.5%

+6 pps on the total capital-light reserves

+150 mln Group net profit from Asset Management

### Customer and distribution innovation

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

+ 2 pps
increase in retention

### Strengthen the brand

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

+ 3%
brand preference in mature markets

## Innovation

# Our people always at the heart of the strategy

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

**71,327 employees** (-3.3%)

**49.8%** (+0.4 pps)

**50.2%** (-0.4 pps)

1. Promoting **Engagement** & **Empowerment**
2. Strengthen our **Leadership & Talents**
3. Build an **Agile Organization** & **New Capabilities**
4. Shift **mindset** towards **Customer Centricity**

Promoting **Engagement** 1 & **Empowerment**

- **we measure and promote engagement**

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

**86%** (+1 pps vs 2015)
response rate

**62.711** employees
**45** countries

**175** companies
**33.571** open comments received

**80%** (-2 pps vs 2015)
engagement rate

**8 out of 10** of us feel engaged

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

| | | |
|---|---|---|
| I strongly believe in the goals and objectives of my Company.<br>**78%** favourable responses | I am proud to work for the Generali Group.<br>**83%** favourable responses | I am willing to work beyond what is required to help my Company succeed.<br>**87%** favourable responses |
| I fully support the Values for which the Generali Group stands.<br>**83%** favourable responses | I would recommend the Generali Group as a place to work.<br>**79%** favourable responses | My Company inspires me to do my best work.<br>**68%** favourable responses |

We want to accelerate the process of generating excellence by leveraging our strengths and rapidly acting upon improvement opportunities. We therefore commit ourselves to focusing our action plans on four global priorities in addition to local ones:
- foster strategy cascading and communication
- keep investing in performance management and meritocracy
- accelerate on effectiveness and velocity
- further enhance a diverse and inclusive culture.

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

- **we create and promote a new global managerial system**

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

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

- we boost a performance culture

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

  **86%** Group employees involved in performance management activities in 2017[4] (+25 pps)

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

*Corporate Governance and Share Ownership Report 2017, p. 72 and 105 for additional information on the diversity of administration, management and control bodies*

- we improve diversity and inclusion (D&I)

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

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

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

  – Be bold for women, for a group of international talents who have analysed in depth the theme of unconscious prejudices, particularly those which are gender-related, and have identified practical solutions for the elimination of barriers to gender balance and greater capacity of managers for inclusion

  – Inspiring Leaders on Diversity and Inclusion, for 100 people and with top testimonials

  – Our differences, our strengths, with a report on unconscious prejudices and their impact on decision-making processes.

Strengthen 2 our Leadership & Talents

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

Build an Agile Organization 3 & New Capabilities

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

  **88.7%** (-2.4 pps) trained people

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

  **€ 54.7 mln** (-10.8%) training costs

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

Shift mindset 4 towards Customer Centricity

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

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

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

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

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

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

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


* 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 as at 9 March 2018.

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

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

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

**Share capital represented in the Shareholders' Meeting**

**52.34%** in 2017

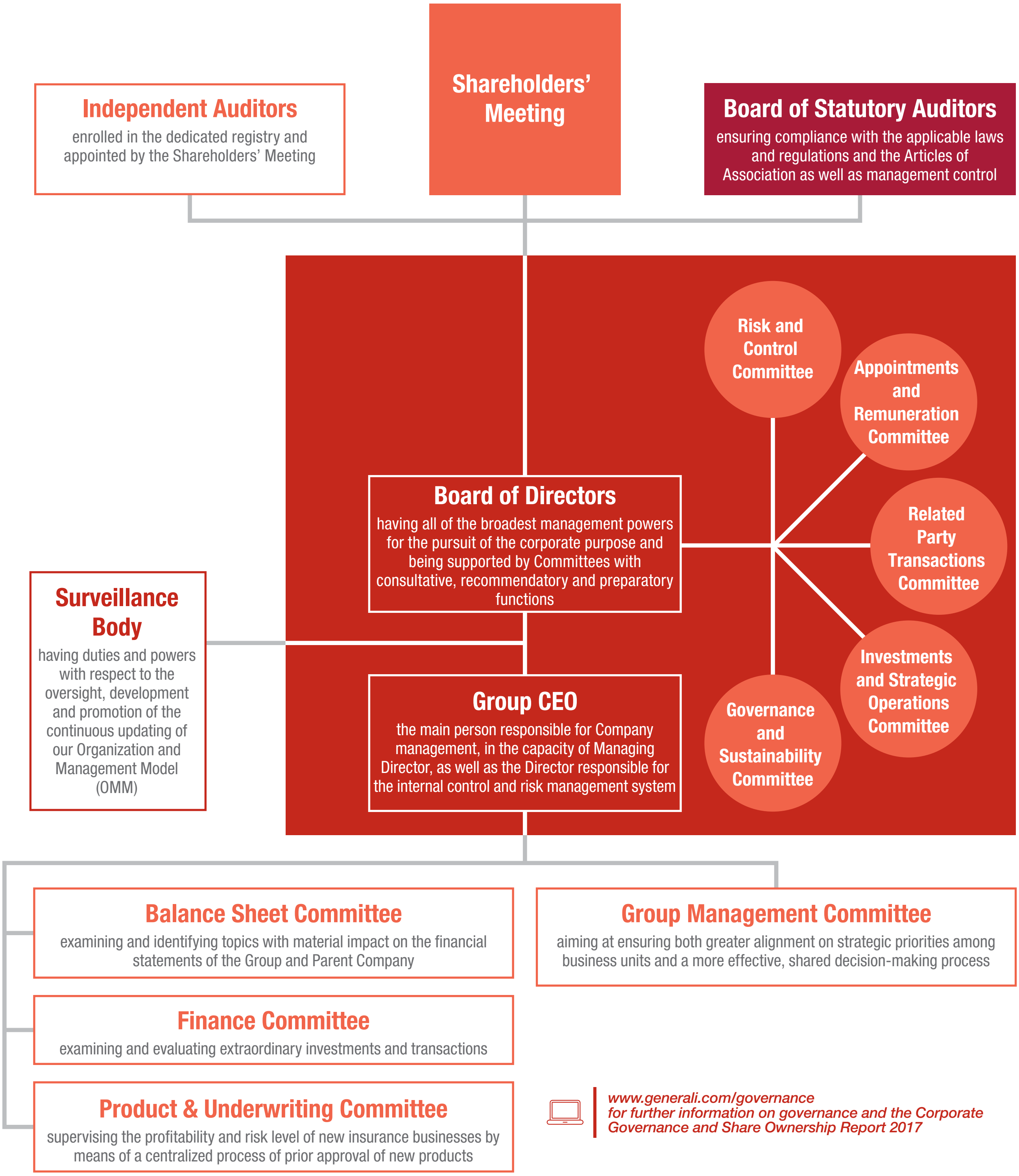
**46.87%** in 2016

**Share capital represented by institutional investors in the Shareholders' Meeting**

**26.18%** in 2017

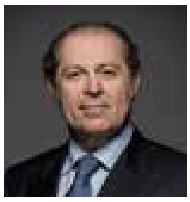
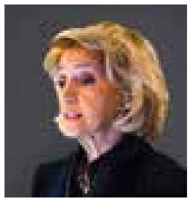
**21.02%** in 2016

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




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

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

| |  |  |  |  |  |  |
|---|---|---|---|---|---|---|
| | **Gabriele Galateri di Genola** | **Francesco Gaetano Caltagirone** | **Clemente Rebecchini** | **Philippe Donnet** | **Romolo Bardin** | **Ornella Barra** |
| | Chairman | Deputy Vice-Chairman | Vice-Chairman | Group CEO | Director | Director |
| Age | 70 | 74 | 53 | 57 | 39 | 64 |
| Nationality | Italian | Italian | Italian | French | Italian | Monegasque |
| Professional Background | manager | entrepreneur | manager | manager | manager | entrepreneur |
| In office since | 8 April 2011 | 28 April 2007<br>Vice-Chairman since 30 April 2010 | 11 May 2012<br>Vice-Chairman since 6 November 2013 | 17 March 2016 | 28 April 2016 | 30 April 2013 |
| Board Committee | P | | | P | | P |
| Independent* | | | | | ✔ | ✔ |
| Executive | | | | ✔ | | |

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

**58 average age**

**38% female director**

**61% independence level**

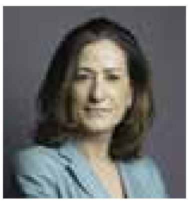
**1 executive director**

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

**96% average participation in Board meetings**

**14 Board meetings**

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

| |  |  |  |  |  |
|---|---|---|---|---|---|
| | **Carolyn Dittmeier** | **Antonia Di Bella** | **Lorenzo Pozza** | **Silvia Olivotto** | **Francesco Di Carlo** |
| | Chairwoman | Auditor | Auditor | Substitute auditor | Substitute auditor |
| Age | 61 | 52 | 51 | 67 | 48 |
| Nationality | Italian and American | Italian | Italian | Italian | Italian |
| In office since | 30 April 2014 | 30 April 2014 | 30 April 2014 | 30 April 2014 | 30 April 2014 |

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

|  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|
| **Paolo Di Benedetto** | **Alberta Figari** | **Diva Moriani** | **Lorenzo Pellicioli** | **Roberto Perotti** | **Sabrina Pucci** | **Paola Sapienza** |
| Director | Director | Director | Director | Director | Director | Director |
| 70 | 53 | 49 | 66 | 56 | 50 | 52 |
| 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<br>elected from the minority slate | 30 April 2013 | 30 April 2010<br>elected from the minority slate |
| P | P | | | | | |
| ✔ | ✔ | ✔ | | ✔ | ✔ | ✔ |

## Skills and expertise

**62% international experience** in foreign business, professional or academic environments

**62% manager**

**23% entrepreneur skills**

**38% academic skills**

**62% regulation framework and regulatory requirements**

**77% financial and accounting skills**

**77% insurance experience**

**62% industrial experience**

**54% large cap companies**

**56 average age**

**100% average participation in Board meetings**

**60% female auditor**

**24 meetings of the Board of Statutory Auditors**

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

*Corporate Governance and Share Ownership Report 2017, p. 72 and 105 for additional information on the diversity of administration, management and control bodies*

# The remuneration policy

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

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

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

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

Total target remuneration[6]

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

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

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

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

- the Group funding, connected with results achieved in terms of the Group Operating Result and Adjusted Net Profit and the surpassing of a minimum Economic Solvency Ratio[11] 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:

| 2017 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 & Distributor KPIs and acceleration initiatives** |
| **People Empowerment** | 10-15% | **Managerial assessment based on specific HR KPIs** |

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

- it is paid out over a period of 6 years and is linked with specific Group performance targets (Return on Equity and relative Total Shareholder Return) and the surpassing of a minimum Economic Solvency Ratio[7] level
- it is based on a three-year performance period and additional sale-restriction periods (i.e. minimum holding) on granted shares up to two years.

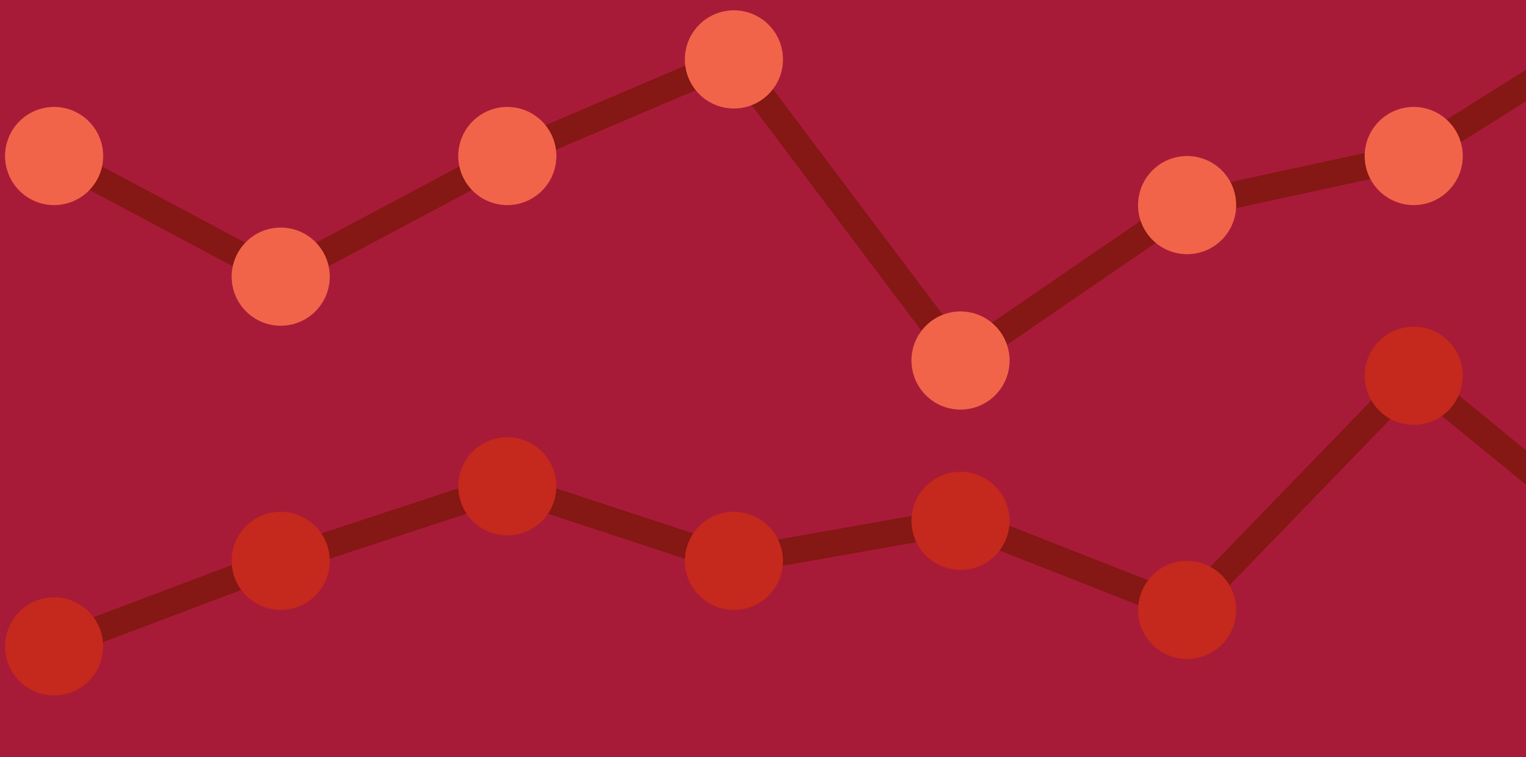
Benefits consist of a supplementary pension and healthcare assistance for employees and their families, in addition to a company car and further benefits, including some linked to domestic or international travel (e.g. accommodation expenses, travel and education for children), in line with market practices.

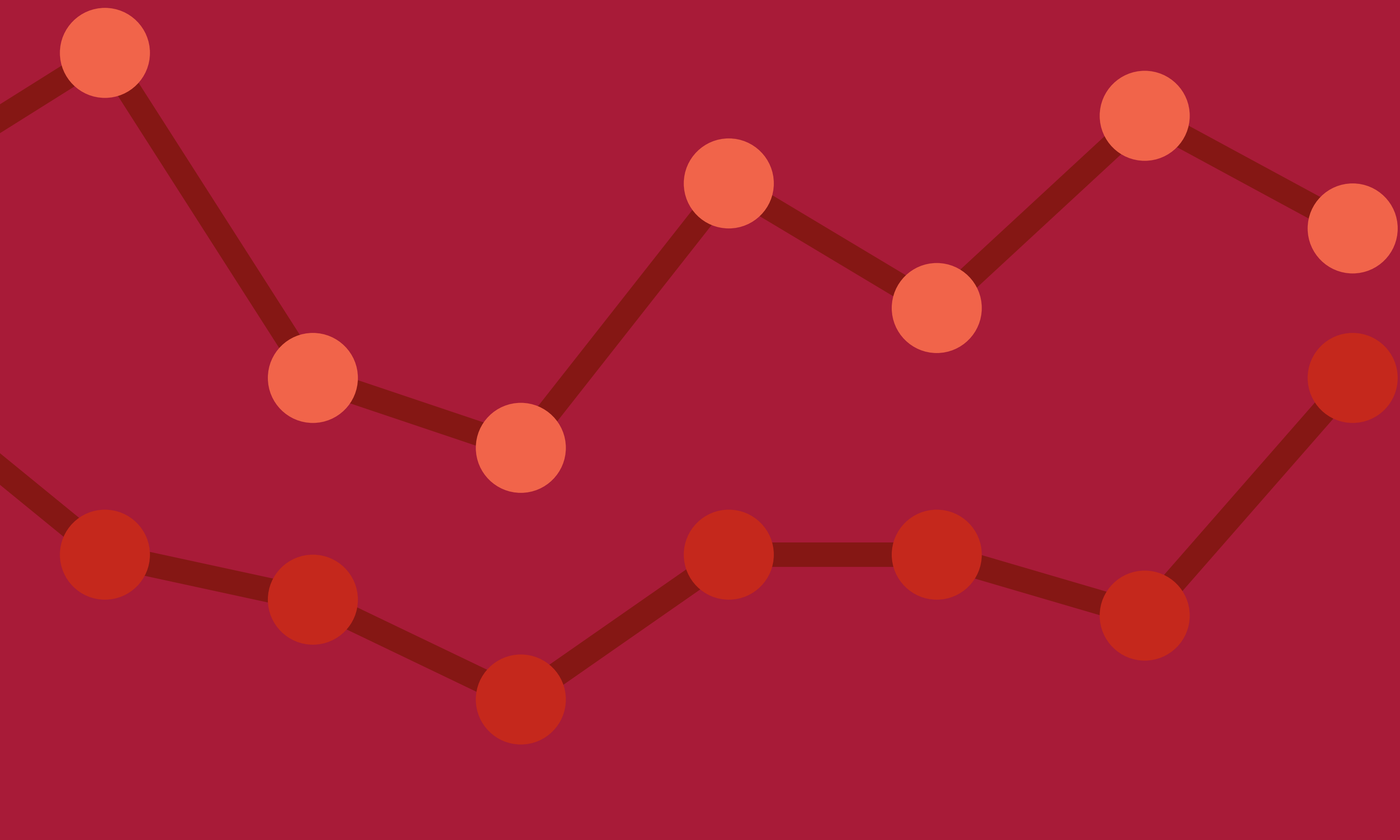
*www.generali.com/governance/remuneration*
*for further information on remuneration policy and the Remuneration Report, including also information about remuneration*

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

7 Regulatory Solvency Ratio as from 2018.

# **Management** Report





# Part A – Result of operations

## Foreword

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

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

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

## Significant operations

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

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

- Also in September, Assicurazioni Generali S.p.A. acquired the residual stake of its interest in Generali Finance B.V. from its subsidiary Generali Italia S.p.A. in the amount of 199 million. This purchase was carried out in preparation for the merger by incorporation, which took place in 2018.
- In December, the Generali Group executed an agreement for the transfer of its entire interest in Generali PanEurope, a company present in the Irish market, directly held for 69.518% by Assicurazioni Generali S.p.A.. Following this operation, Generali will receive an initial payment of 230 million euro (plus all interest accrued as at the closing date of the operation) and a possible deferred payment up to a maximum of 10 million euro, 12 months after the closing of this operation. The amount of the payment will be subject to an adjustment as at the closing of the operation. Furthermore, Generali will receive about 56 million euro as a repayment of some intra-group loans; therefore, the total amount to be paid to Generali at the closing of this operation will be about 286 million.
- Also in December, Assicurazioni Generali S.p.A. executed two agreements for the transfer, in reinsurance, of the portfolio in run-off of the London and New York branches, in preparation for the future legal transfer of the London portfolio, subject to the approval of the competent authorities. The reinsurance transfer has determined the recognition, under the balance sheet assets, of the technical provisions sold for 309 million. In addition, the reinsurance transfer generated a gross capital gain for the Company of 196 million, recognised under the extraordinary items since the reinsurance agreement does not qualify as a protection, but as an integral part of the transaction.
- Also in December, Assicurazioni Generali S.p.A. executed an agreement for the gradual transfer of the P&C insurance portfolio of the Japanese branch. The transfer of the insurance portfolio will be concluded in 2019. The net technical provisions recognised in the financial statements amounted to 29 million.

# Overall economic performance

## Net profit

+308,199 thousand

**1,404,409** thousand

## Profit from ordinary operations

+200,715 thousand

**1,071,991** thousand

## Profit from extraordinary operations

+176,205 thousand

**210,977** thousand

## Income taxes

-68,721 thousand

**121,491** thousand

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

- Un incremento del risultato dell'attività ordinaria per 200.715 migliaia su cui influiscono:
  - an increase in ordinary financial operations, net of technical interest attributed to the net life underwriting balance, of 280,469 thousand. This increase is primarily due to greater dividends coming from the subsidiaries, and, to a lesser extent, to higher net earned profits;
  - an increase in the net underwriting result of 41,306 thousand. This increase refers to the life insurance business (+51,444 thousand) whereas the P&C insurance business declined (-10,139 thousand);
  - an increase in ordinary net costs of 121,059 thousand. This trend was affected, for the most part, by the negative exchange differences recorded in the current year.
- A growth in the results from extraordinary operations, for 176,205 thousand, is attributable to the earned profits deriving from the transfer of the P&C portfolios in run-off of the London and New York branches.
- Lower tax income of 68,721 thousand, referring primarily to the decline in income from the relevant IRES.

| (in thousand euro) | 2017 | 2016 |
|---|---|---|
| Net premiums | 2,516,534 | 2,803,595 |
| Change in technical provisions (a) | 657,652 | 160,245 |
| Claims, maturities and surrenders | –2,852,559 | –2,622,769 |
| Operating costs | –466,502 | –502,952 |
| Other technical income and charges | -454 | 5,671 |
| Technical interests of the life segment | 384,326 | 353,900 |
| **Net underwriting balance** | **238,997** | **197,690** |
| Income allocated to technical accounts | 432,058 | 394,293 |
| **Net technical result** | **671,053** | **591,983** |
| Financial result (b) | 2,450,022 | 2,139,127 |
| minus income allocated to technical accounts | -816,384 | -748,193 |
| Other ordinary income and charges | -1,232,701 | -1,111,641 |
| **Profit from ordinary operations** | **1.071.991** | **871.276** |
| Profits and losses on the realisation of other durable invest. | 8,099 | 54,695 |
| Other extraordinary income and charges | 202,878 | -19,922 |
| **Result before taxation** | **1,282,969** | **906,049** |
| Income tax | 121,491 | 190,212 |
| **Profit for the year** | **1,404,459** | **1,096,261** |

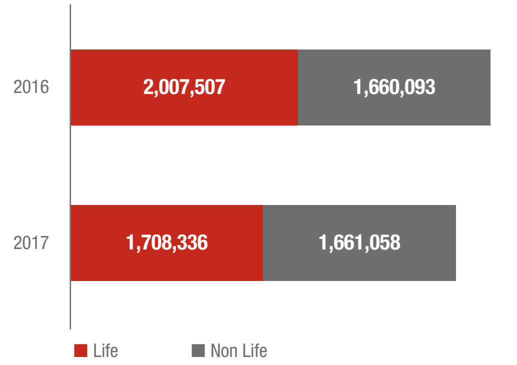
(a) Including mathematical provisions

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

| % | 2017 | 2016 |
|---|---|---|
| **Total expense ratio** | **18.6** | **16.2** |
| Combined ratio | 91.9 | 89.6 |

# Gross premiums collection

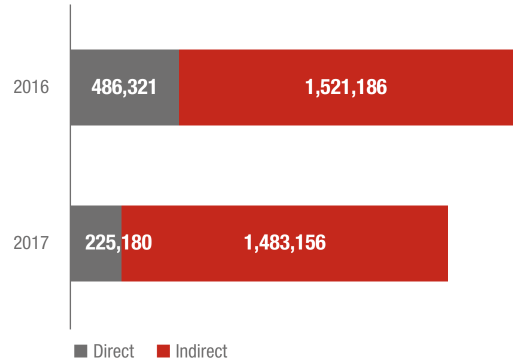
## Total premiums




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

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

## Life premiums




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

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

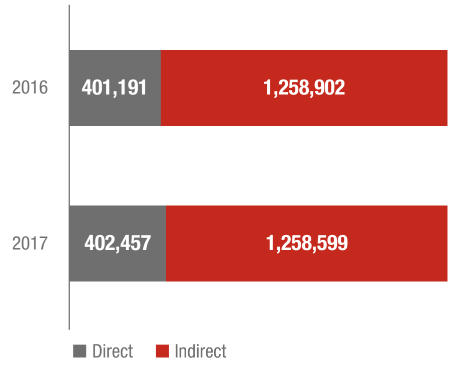
The foreign branches of the Company contributed with 751 thousand (1,176 thousand in the previous year).

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

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

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

## Non-Life premiums




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

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

To be added also are the premiums accepted in re-insurance by the Generali Employee Benefits unit (198,623 thousand versus 189,892 thousand of the previous year) and by the Hong Kong branch (98,391 thousand versus 92,232 thousand in the previous year), in particular within the Global Corporate & Commercial segment.

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

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

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

# Life net underwriting result

## Technical result

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

(a) Including mathematical provisions

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

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

The increase in the net underwriting result was driven, in particular, by the improved profitability of the reinsurance accepted directly by the Parent Company. The growth in income assigned to the technical account reflects the increase in net investment income within the life business.

Following are further details on the net underwriting results.

## Net underwriting balance by branch

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

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

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

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

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

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

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

Also in reference with the reinsurance directly accepted by the Parent Company, to be noted is the decisive recovery in financial profitability reflected in the technical interests of the reinsurance treaties with the subsidiary Generali PanEurope dac, within the segment III (agreements with the risk borne by the policyholders) for 40,810 thousand. This increase affects the improved technical interest of the entire life segment of the Company, with neutral impact on life net underwriting balance.

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

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

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

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

# Non Life net underwriting result

## Technical result

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

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

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

The lower balance of the net underwriting result was significantly affected by higher catastrophic claims which have characterised, in particular, the Global Corporate & Commercial segment of the London branch. These effects are, for the most part, offset by the positive performance of the reinsurance directly accepted by the Parent Company. The growth in income assigned to the technical account reflects the increase in net investment income within the Non life business.

Following are further details on the net underwriting results.

## Net underwriting balance by branch

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

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

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

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

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

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

The ratio of administration costs to net premiums increased from 8.1% of the previous year to 9.9%. This increase was the result of a different method used to attribute indirect costs to the administrative expenses, applied starting from the current year.

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

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

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

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

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

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

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

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

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

With reference to the Generali Employee Benefits unit, the reinsurance contribution from both the companies of the Group and outside of the group, in the health and occupational accidents segments, showed an underwriting result increasing from -2,451 thousand in the previous year to 6,761 thousand. Gross of the reinsurance retrocessions, the premium income amounted to 198,623 thousand, compared with 189,892 thousand of the previous year.

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

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

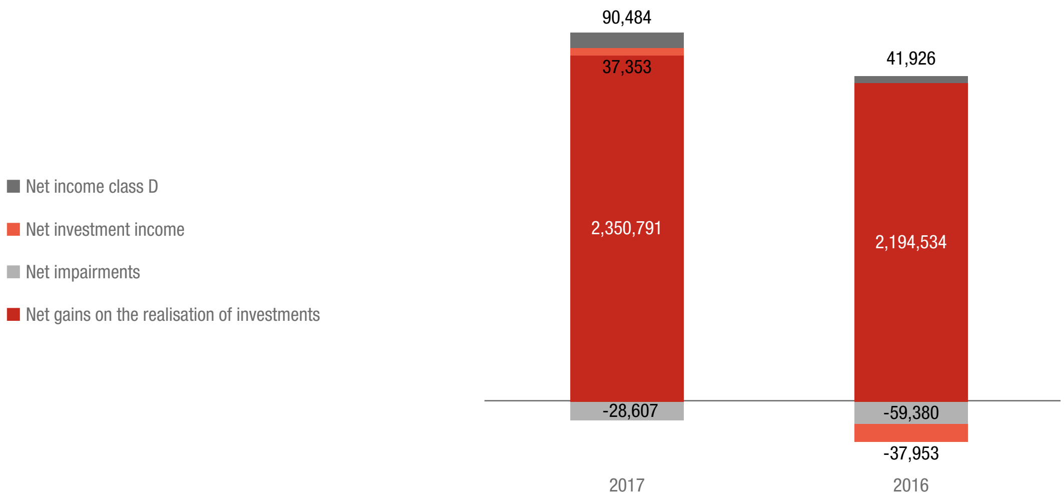
As regards the other branches of the Company, the underwriting result was down by 19,061 thousand (from 26,499 thousand to 7,438 thousand); a decrease that has involved all the branches of the Company under the item “Other” of the previous table. The decreases with the most significant impact are to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

## Financial result

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

The results of the ordinary financial operations amount to 2,450,022 thousand for the year and 2,139,127 thousand in the prior year.  Investment return allocated to the technical accounts amounts to 816,384 thousand for the year and 748,193 thousand in the prior year.

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



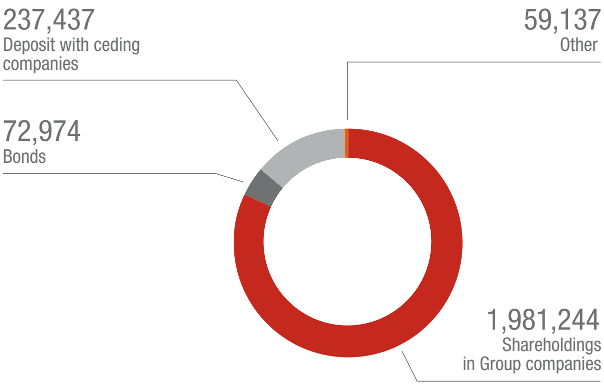

The class D net income amounted to 90,484 thousand, up from 41,926 thousand of the previous year. This year is benefiting mainly from greater interest on reinsurance deposits, which amounted to 67,031 thousand compared to 26,238 thousand in the previous year, and especially interest related to reinsurance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

Investment adjustments, net of the gains and losses for the year, amounted to 28,607 thousand compared with 59,380 thousand in 2016. The change derives primarily from lower value adjustments in the equity segment compared with the previous year (changes amounting to 54,190 thousand) which was affected by value adjustments applied to the equity investment in Lion River I (26,869 thousand), Fata Asigurari (8,874 thousand) and Generali Shared Service Scarl (7,316 thousand). This positive change was partially offset by larger adjustments of the derivative financial instruments (a change of 22,271 thousand) of which 18,860 thousand concern the value adjustment applied to the coverage of loss ratio on 12 Group companies (insurance linked securiry Horse) classified in this category because the risk subjected to the coverage is not in the insurance portfolio of Assicurazioni Generali S.p.A..

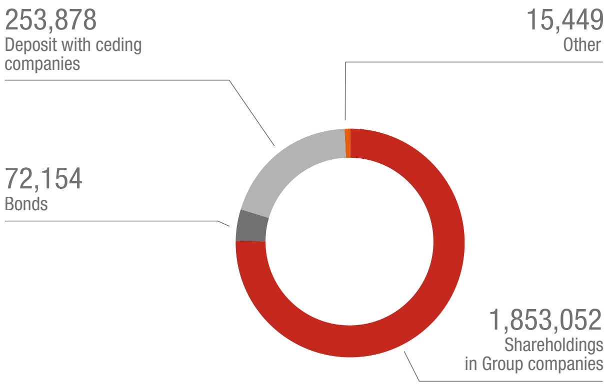
Net realized gains were positive for 37,353 thousand; in the previous year they were negative for 37,953 thousand. In this period, net realised gains, deriving primarily from the sale of the equity stake in the subsidiary Guatemala Aseguradora General S.A. for 19,610 thousand and from the sale of bonds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

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

**Net investment income 2017**




**Net investment income 2016**




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

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

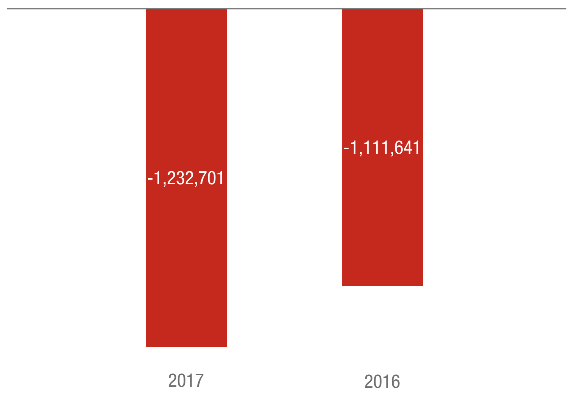
Income from bonds is equal to 72,974 thousand (72,154 thousand in the previous year), of which 32,555 thousand deriving from government bonds (35,782 thousand in 2016) and 40,419 thousand deriving from corporate bonds (36,418 thousand in 2016).

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

Ordinary return on investments[1], determined on the basis of the average rate of return, stands at 5.8% (5.3% in 2016) .

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

## Other ordinary income and charges




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

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

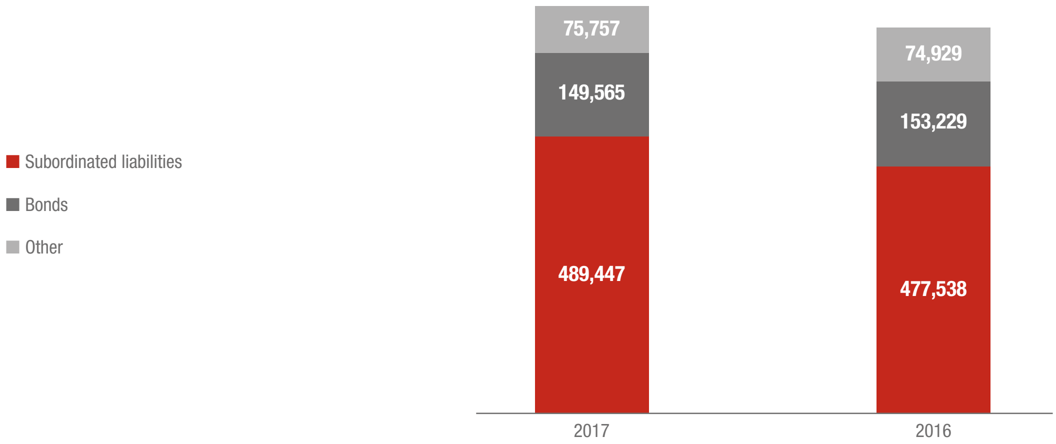
| (in thousand euro) | 2017 | 2016 |
|---|---|---|
| Interest expenses on financial debt | –714,768 | –705,696 |
| Allocation to non technical provisions | 10,878 | –6,605 |
| Holding expenses | –351,705 | –352,176 |
| Amortisation of intangible assets | –20,198 | –20,262 |
| Other | –156,907 | –26,903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

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

The expense borne by the Company for the direction and coordination of the companies belonging to the Group, net of the income from brand royalties, amounted to 351,705 thousand, a slight decrease versus the same figure of the previous year (352,176 thousand).

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

## Interest expenses on financial debt



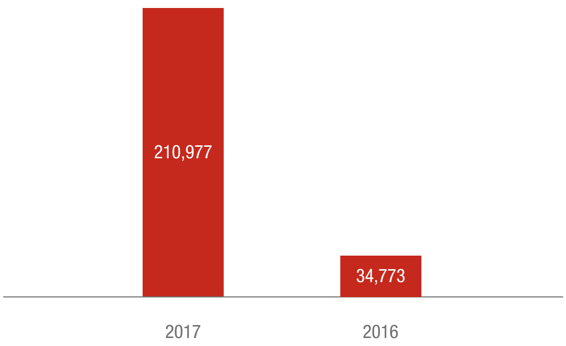

Interest expense on the financial debt of the Company amounted to a total of 714,768 thousand, an increase from 705,696 thousand in 2016.

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

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

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

## Extraordinary operations




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

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

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

## Income taxes

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

More specifically, the income for the current IRES decreased to 195,482 thousand (from 204,969 in the previous year) whereas deferred IRES taxes involved an expense of 33,722 thousand (compared with an income of 12,760 thousand in the previous year).

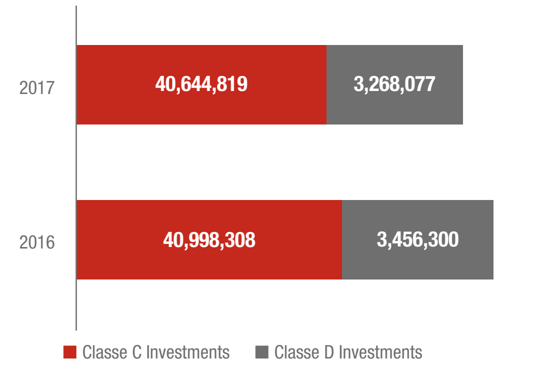
Taxes also include an IRAP tax charge of 5,470 thousand (3,298 thousand in the previous year), a charge for taxes due in Italy on the income of some Group Companies overseas (Controlled Foreign Companies – CFC) of 10,636 thousand (14,774 thousand last year) and lastly a charge for taxes paid abroad amounting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

# Asset and financial management

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

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

## Investments



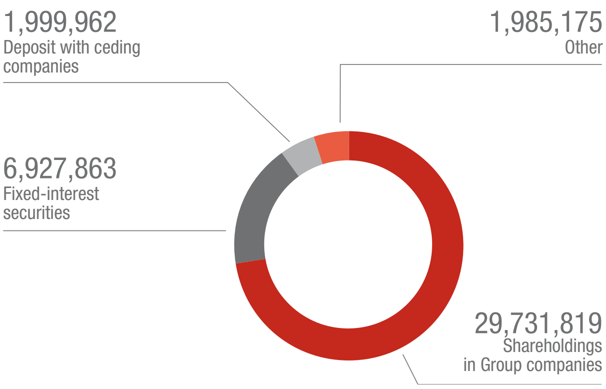

Total investments amounted to 43,912,896 thousand, compared to 44,454,608 thousand of the previous year.

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

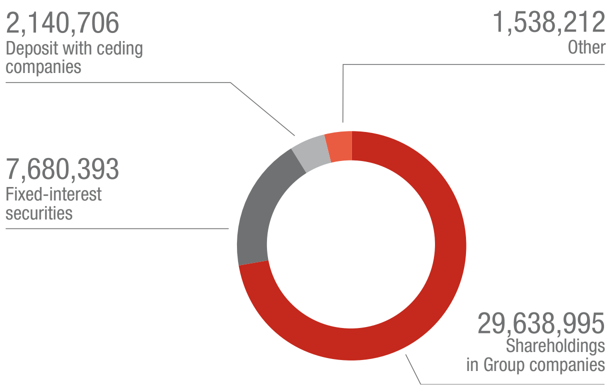
Class D investments, i.e. the investments of the Company benefiting the life-insurance policyholders who bear the risk, showed a decrease from 3,456,300 thousand to 3,268,077 thousand.

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

**Class C Investments 2017**




**Class C Investments 2016**




Shareholdings in Group companies increased from 29,638,995 thousand to 29,731,819 thousand. This change is primarily to be attributed to:
- increase in the value of the shareholding interest in the subsidiary Generali Finance B.V. following the purchase of shares from Generali Italia (changes of 199,251 thousand);
- increase in the value of the shareholding interest in Generali Vietnam Life Insurance (+38,537 thousand) and in Generali Vitality GmbH (+10,800 thousand), primarily for increases in the share capital;
- reduction in the value of equity interest in GLL GmbH & Co. Retail KG i.L. (-30,865 thousand), in Lion River I N.V. (-9,136 thousand) following primarily the share capital repayment and sale of the interest in Aseguradora General S.A. (-1,169 thousand);
- reduction due to the counter-measurement in euro of the equity investment in the currency for 120,485 thousand.

Reinsurance deposits decreased from 7,680,393 thousand to 6,927,863 thousand. Within the life line, reinsurance deposits decreased from 7,275,871 thousand to 6,863,078 thousand, due primarily to the ongoing contraction of the portfolio in run-off accepted by the subsidiary Alleanza Assicurazioni S.p.A. As regards the P&C segment, the reinsurance deposits amounted to 64,785 thousand (404,522 thousand in the previous year). Most of the decrease is due to the cancellation of the reinsurance treaty with the subsidiary Generali IARD by the London branch within the Global Corporate & Commercial segment.

The increase in the item "Other" of 446,963 thousand (from 1,538,213 thousand of the previous year to 1,985,176 thousand) derives primarily from new loans issued to the companies of the Group and, more specifically, with Generali Italia (1,187,500 thousand), Generali Schweiz Holding AG (57,500 thousand), Europ Assistance Holding S.A. (24,983 thousand), Generali PanEurope dac (15,000 thousand) and Generali Vitality GmbH (7,000 thousand). In the first half of 2017, the loan with Generali Finance B.V. was fully repaid (381,100 thousand). The increase in this item was partially offset by fewer units of mutual funds for 464,510 thousand (referring almost entirely to the sale of units of the Generali Money Market fund).

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

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

## Net technical Provisions

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

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

- the reduction in reserves accepted for reinsurance by the Parent Company (473,605 thousand), affected primarily by the natural decrease of the portfolio in run-off by the subsidiary Alleanza Assicurazioni S.p.A.;
- decrease in reserves at the London branch for 74,788 thousand due to the favourable performance of the exchange rate of the pound against the Euro and to the concentration of mathematical provisions into the reserve for amounts to be paid in the following year;
- reduction in the reserves of the GEB unit for 33,084 thousand, for the most part concentrated from the mathematical provision to the reserve with the amounts to be paid in the following year.

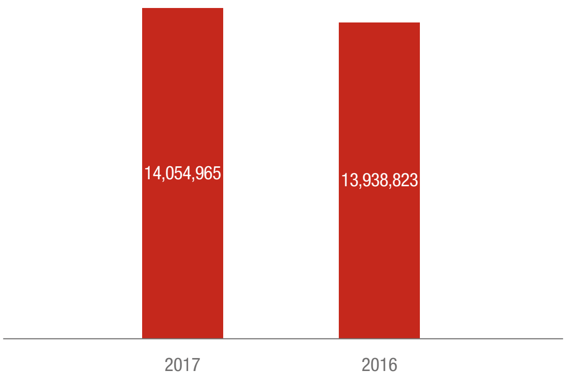
The provisions for claims outstanding increased from 815,440 thousand to 889,635 thousand. The main increases derived from the above concentrations from the mathematical provisions of the GEB unit (+27,226 thousand) and the London branch (+36,390 thousand).

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

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

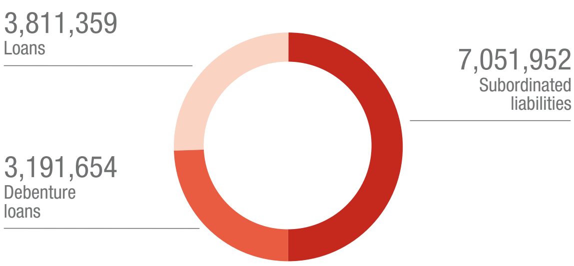
P&C technical provisions decreased from 2,090,978 thousand to 1,439,951 thousand. The decrease was affected by both the provision for unearned premiums (from 317,268 thousand to 256,277 thousand) and the provision for claims outstanding (from 1,773,512 thousand to 1,183,360 thousand), due mainly to said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

## Debt management

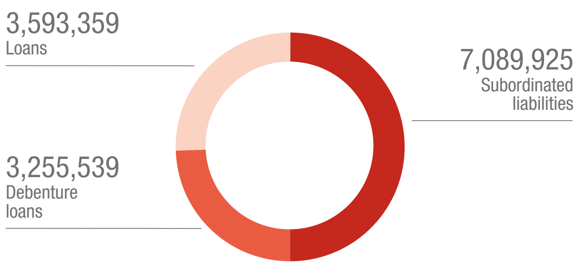



The total debt of the Company increased by 116,142 thousand, from 13,938,823 thousand to 14,054,965 thousand.

**Debt 2017**




**Debt 2016**




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

The liabilities showed an increase of 218,000 thousand against new issuing in favour of the subsidiaries Participatie Maatschappij Graafschap Holland N.V. for a total amount of 200,000 thousand and Redoze Holding N.V. for 18,000 thousand, that took place in the first half of Debenture loans decreased by the annual payment of 63,885 thousand of the loan to fund the tax recognition of goodwill relating to Alleanza Assicurazioni S.p.A.

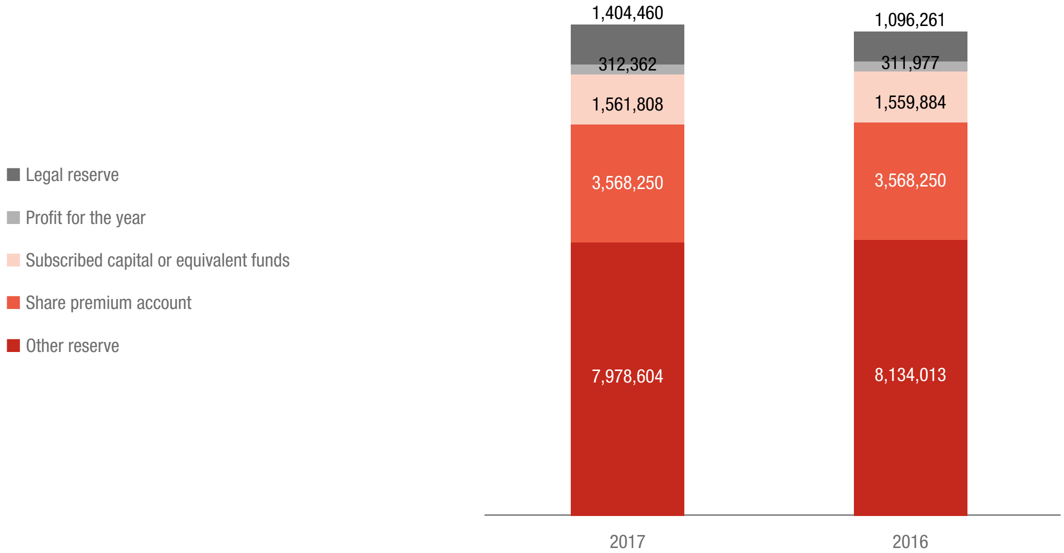
## Subordinated liabilities

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

## Debenture loans

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

# Shareholders' Fund




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

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

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

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

# Other informations

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

## Personnel organisation and social and environmental commitment

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

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

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

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

**2,003**
employees

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

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

**3,311**
man-days training

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

With the objective of fostering the growth of leaders and talents and investing in the improvement of their skills and expertise, in 2017 a training programme, namely Global Leadership Programs, has been redeveloped at the Group Level, with the purpose of enhancing strategic thinking and leadership capacities, providing management tools and accelerating the shift from manager to leader. In the year in question, some initiatives such as Empower to Lead, reserved to the GLG (Generali Leadership Group) and Take Off, reserved to the Group Talent managers, were carried out.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

€ 106,052

gross average remuneration

€ 152,002

Average cost

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

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

We are committed to reduce travelling and to enhance further the tools used for remote communication, by setting up video conference rooms, and the availability of dedicated tools for individual workstations. Our vehicle policy provides for maximum limits in order to cut carbon dioxide emissions from the company's vehicles and our travel policy prefers the use of public transportation or car-pooling. All our initiatives are focused on minimizing **our greenhouse gas emissions** and reaching our objective of a **further 20% reduction by 2020**.

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

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

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

# Outward reinsurance

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

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

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

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

## Claims settlement velocity of the direct Italian portfolio

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

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

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

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

## Litigation

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

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

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

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

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

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

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

Taking into account the status of the arbitration proceedings and the legal opinions acquired in this regard, it is considered that the conditions of the probability and of the ability to make a reliable estimate to make any provisions for risks related to the abovementioned request for damages are not met.

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

## Shareholders, share performance and stock options

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

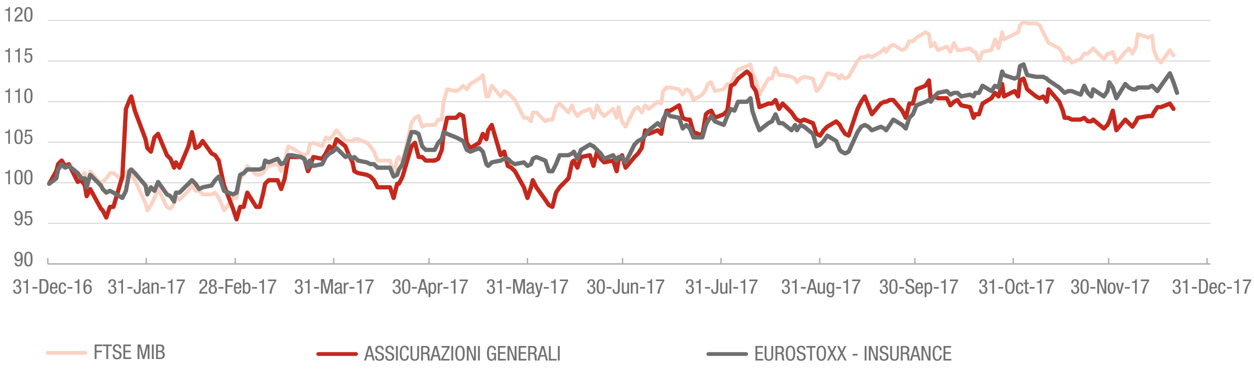
On the basis of article 36 of Consob resolution no. 16191/07, as subsequently amended, and article 2.6.2, paragraph 12, of Rules for the Markets organized and managed by Borsa Italiana S.p.A., it is hereby certified that in the Generali Group are met the “conditions for the listing of shares of companies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

### Direction and coordination

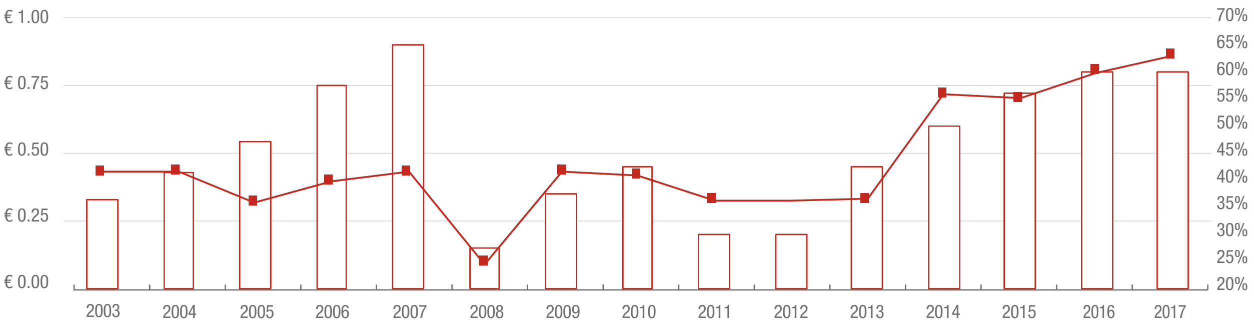
No legal or natural person, directly or indirectly, individually or jointly, holds a number of shares sufficient to give such person a controlling interest in the Company. Under the provisions introduced with the Reform of Company Law, the Company is not subject to the direction and coordination of any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

### Stock performance

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




## Dividend per share and payout ratio[2]




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

## Main indicators per share

| | 2017 | 2016 |
|---|---|---|
| **Per share informations** | | |
| EPS | 1.35 | 1.34 |
| Operating earning per share | 1.67 | 1.64 |
| DPS | 0.85 | 0.80 |
| *Payout ratio* | 63.0% | 60.0% |
| **Total dividend (in € million)** | **1,330** | **1,249** |
| **Share price information (in euro)** | | |
| Share price | 15,20 | 14.12 |
| Minimum share price | 13.52 | 9.82 |
| Maximum share price | 16.02 | 16.37 |
| Average share price | 14.91 | 12.42 |
| Share volume information | | |
| Weighted average number of ordinary shares outstanding | 1,560,771,499 | 1,558,512,070 |
| Market capitalization (in € million) | 23,739 | 22,026 |
| Average daily number of traded shares | 7,179,293 | 9,962,523 |
| Total shareholders' return (*) | 13.54 | -11.60 |

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

### *Stock option*

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

## Information regarding own shares

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

## Other information

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

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

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

## Transactions with related parties

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

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

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

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

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

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

# Group highlights

## Economic highlights

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

## Financial highlights

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

The Generali Group's consolidated financial statements as at 31 December 2017 were prepared taking into account the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606/2002, the Legislative Decree No. 58/1998 and Legislative Decree No. 209/2005, as amended by Legislative Decree No. 32/2007.

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

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

## Significant events after 31 december 2017

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

## Conclusion and outlook for operations

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

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

Based on a strong growth and prospects of inflation slightly higher, the performance of the financial markets should increase showing a growth more pronounced in the Eurozone, with investors increasingly more focused on the first increase in interest rates by the European Central Bank in 2019. Consequently, a negative performance is expected for the mandatory segment, both public and private. The sovereign spreads of the countries in South Europe may suffer in the first quarter following the elections in Italy and the continuing uncertainties in the Catalan region. However, a strong growth should minimise the size of the widening of the spreads.

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

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

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

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

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

# Part B – Risk Report

## A. Executive Summary

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

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

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

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

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

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

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

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

The sections of the Risk Report are structured as follows:

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

## B. Risk Management System

### *Risk Governance*

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

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

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

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

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

3 In this Report, the SCR and MCR values are intended as preliminary estimates, as provided by IVASS Provvedimento n. 53, 2016. The final capital requirement will be provided in the Solvency and Financial Condition Report (SFCR). The comparison amount for YE2016 represents the final regulatory position.

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

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

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

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

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

## Risk Management System

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

The risk management process is defined in the following phases:


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

## 1. Risk identification

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

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

## 2. Risk measurement

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

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

PIM methodology and governance are provided in section Solvency Position.

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

## 3. Risk management and control

The risks, which the Company is exposed to, are managed in line with the "risk appetite" defined by the BoD within the Group's Risk Appetite Framework (RAF). Within the coordination and direction activities, the risk strategy is defined and then applied to the Group's companies. The RAF defines the level of risk considered acceptable in conducting business and thus provides the overall framework for embedding risk management into business processes. In particular, the RAF includes the risk appetite statement, risk preferences, risk metrics and tolerance levels.

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

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

## 4. Risk reporting

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

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

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

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

# C. Solvency Position

## Overall Solvency Position

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

In compliance with IVASS Provvedimento n. 53, 2016, the SCR and Minimum Capital Requirement (MCR) data hereby reported are based on a preliminary estimate.

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

### Preliminary SCR Coverage

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

EOFs to cover SCR are calculated based on the net equity, revaluating all assets and liabilities at market value. The main adjustments in net equity include:
- Deduction of intangible assets;
- Revaluation of investments at fair value (incl. participations and bonds);
- Technical provisions (TPs) are accounted based on Solvency II rules, as a sum of best estimate of liabilities and risk margin ;
- Revaluation of non-technical provisions at fair value (e.g. financial and subordinated debt);
- Net deferred taxes on the above evaluations;
- Deduction of foreseeable dividends and Company's own shares.

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

Own funds (OF) are classified into Tiers, representing different levels of quality with respect to loss-absorbing capacity criteria.
Tier 2 OF refer to subordinated debt, while Tier 3 OF refer to deferred taxes.

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

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

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

### Total EOF to meet the SCR

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

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

In addition to the SCR coverage, the Company calculates the MCR required to determine the minimum level of capital, under which the Company would be exposed to an unacceptable level of risk when allowed to continue its operations. Moreover, to define MCR coverage, stricter OF eligibility rules are applied[8]. The MCR coverage ratio is presented in the following table.

### Preliminary MCR Coverage

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

The EOF to cover MCR are presented below:

### Total EOF to meet the MCR

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

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

## Group Partial Internal Model (Group PIM)

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

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

### 1. PIM Methodology

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

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

### 2. PIM Governance

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

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

To rule the activities related to the Internal Model developments necessary to ensure its appropriateness over time, and more in general to support the Internal Model change process, the Internal Model Change Policy has been also defined with the aim to specify roles and responsibilities in the implementation of major and minor changes.

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

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

The BoD, assisted by the Risk and Control Committee, ensures the ongoing appropriateness of the design and operations, the ongoing compliance of the PIM and also that the Internal Model continues to appropriately reflect the risk profile.
No substantial change of the PIM governance has taken place during the current year.

### 3. Group PIM Validation

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

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

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

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

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

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

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

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

# D. Risk Profile

## Life Underwriting Risks

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

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

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

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

- mortality risk, defined as the risk of loss, or of adverse changes in the value of insurance liabilities, resulting from changes in mortality rates, where an increase in mortality rates leads to an increase in the value of insurance liabilities. Mortality risks also include mortality catastrophe risks, resulting from changes in mortality rates linked to the pricing or provisioning assumptions in case of extreme events (pandemic risk);
- longevity risk that, similarly to mortality, is defined as the risk resulting from changes in mortality rates, where a decrease leads to an increase in the value of insurance liabilities;
- disability and morbidity risk is defined as the risk of loss or adverse changes of the value of insurance liabilities, resulting from changes in disability, sickness, morbidity and recovery rates[9];
- health risk is related specifically to health products and it is linked to the changes of policyholder's health, which could have a negative impact on the insurance liabilities' value. This risk also includes the catastrophic component;
- expense risk results from changes in expenses incurred in servicing insurance or reinsurance contracts;
- lapse risk derives from unexpected exercise of the policyholder's rights to fully or partly terminate, restrict or suspend insurance coverage, also as a consequence of catastrophic events.

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

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

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

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

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

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

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

## Non-Life Underwriting Risks

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

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

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

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

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

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

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

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

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

## Financial and Credit Risks

### Financial risks

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

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

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

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

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

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

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

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

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

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

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

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

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

## Credit risks

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

Credit risks include:

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

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

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

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

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

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

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

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

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

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

## Operational Risks

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

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

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

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

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

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

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

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

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

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

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

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

# Other material risks

## Liquidity risk

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

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

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

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

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

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

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

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

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

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

## Reputational, Emerging and Contagion Risks

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

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

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

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

# Result for the year and proposed Shareholders' resolutions

*Dear Shareholders,*

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

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

Considering such increase in Shareholders Capital, the profit for the year is allocated for the amount of maximum 671.420 euro to Legal Reserve, in accordance with Art. 2430 of the Italian Civil Code, for 1,095,875,594 euro to dividend distribution and for 73.397.304 to extraordinary reserve

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

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

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

| (in euro) | 2017 |
|---|---|
| profit for the year | 1,404,459,284 |
| to legal reserve | 671,420 |
| to dividend | 1.330,390,559 |
| to extraordinary reserve | 73,397,304 |

The dividend will be paid, net of applicable withholding taxes, as from 23 May 2018 at the appointed intermediaries by means of the Monte Titoli S.p.A. central depository system. The ordinary shares of the Company will be negotiated, without the right to dividend and the allocation of earnings in kind, from 21 May, 2018.

Milan, March 14th 2018

**The Board of Directors**

# Appendix to the **Management Report**

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

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

In addition to the profit and loss and balance sheet statements required by regulations governing the sector, the Company also provides financial statements showing operating, balance sheet and cash flow performance for the year upon which the comments and comparative indicators used in the Report on Operations are based. The profit and loss account has been reclassified to combine the figures for life business with those for non-life, in addition to combining several other line items, and provides a breakdown of extraordinary income by its principal components. The net underwriting balance has also been provided and is considered an alternative performance indicator as it is not expressly required in the standard financial statements. This indicator is the total of purely technical items, including operating expense and technical interest expense contractually due to life policyholders, and is considered more representative of the actual technical result for the sector as, unlike the "net technical result" required in the statutory reporting forms, it is not influenced by investment performance.

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

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

*(continues)*

*(continues)*

| (in thousand euro) | | | | 2017 |
|---|---|---|---|---|
| Compulsory profit and loss account | | | Riclassified profit and loss account | |
| Item | Sign | Amount | Item | Amount |
| 006 | + | 137,629 | | |
| 042 | + | 1,339,406 | | |
| 043 | + | 93,674 | | |
| 076 | - | 21,566 | | |
| 077 | - | 3,190 | | |
| 079 | - | 729,570 | | |
| Total | | 816,384 | | |
| minus tech. int. life | | 384.326 | | |
| Total | | 432,058 | Allocated investment returns | 432,058 |
| 029 | + | 222,924 | | |
| 080 | + | 448,130 | | |
| Total | | 671,053 | Net technical result | 671,053 |
| 042 | + | 1,339,406 | | |
| 043 | + | 93,674 | | |
| 076 | - | 21,566 | | |
| 077 | - | 3,190 | | |
| 092 | + | 1,120,346 | | |
| 097 | - | 78,648 | | |
| Total | | 2,450,022 | Financial result | 2,450,022 |
| 006 | - | 137,629 | | |
| 042 | - | 1,339,406 | | |
| 043 | - | 93,674 | | |
| 076 | + | 21,566 | | |
| 077 | + | 3,190 | | |
| 079 | + | 729,570 | | |
| Total | | -816,384 | Minus allocated investment returns transferred to technical accounts and technical interests | -816,384 |
| 099 | + | 398,403 | | |
| 100 | - | 1,631,104 | | |
| Total | | -1,232,701 | Other ordinary income and changes | -1,232,701 |
| 101 | + | | Profit from ordinary operations | 1,071,991 |
| | | | Profits and losses on the realisation of other durable investmentsi | 8,099 |
| 102 | + | 254,534 | Other extraordinary income and changes | 202,878 |
| 103 | - | 43,557 | | |
| Total | | 210,977 | Total | 210,977 |
| **105** | | **1,282,969** | **Result before taxation** | **1,282,969** |
| 106 | - | 121,491 | Income tax | 121,491 |
| **107** | | **1,404,459** | **Profit for the year** | **1.404,459** |

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

(**) Alternative indicator of performance

# Additional information on the preparation of the financial statements

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

## Loss ratio of non-life segment

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

## Expense ratio

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

## Combined ratio of non-life segment

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

## Performance indexes

| Compulsory profit and loss account | | | | |
|---|---|---|---|---|
| Item | Description | Non life business | Life business | Total amounts |
| **LOSS RATIO** | | | | |
| **Numerator** | | | | |
| 017 | 0Claims incurred, net of recoveries and reinsurance | 823,519 | | |
| 019 | Premium refunds and profit sharing, net of reinsurance | 41 | | |
| Total | | 823.560 | | |
| **Denominator** | | | | |
| 005 | Earned premiums, net of reinsurance | 1,170,817 | | |
| 018 | Change in other technical provisions, net of reinsurance | 0 | | |
| 028 | Change in the equalisation provision | -116 | | |
| Total | | 1,170,701 | | |
| **Index** | | **70.3%** | | |
| **EXPENSE RATIO** | | | | |
| **Nmuerator** | | | | |
| 026 / 072 | Operating expense | 252,728 | 213,774 | 466,502 |
| **Denominator** | | | | |
| 001 / 030 | Gross premiums written | 1,661,058 | 1,708,336 | 3,369,394 |
| 002 / 031 | (-) Outward reinsurance premiums | 489,281 | 363,580 | 852,861 |
| Total | | 1,171,777 | 1,344,756 | 2,516,533 |
| **Index** | | **21.6%** | **15.9%** | **18.5%** |
| **COMBINED RATIO** | | | | |
| For the non-life business is the sum of the loss ratio and of the index of costs on premiums | | **91.9%** | | |

# The average rate of return on investments

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

# Parent Company
Financial Statements

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

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

Subscribed capital euro **1,561,808,262** Paid up euro **1,561,808,262**

# FINANCIAL STATEMENTS

## Balance Sheet

Year **2017**

(Amounts in Euro)

BALANCE SHEET
ASSETS

Current Year

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

Previous Year

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

BALANCE SHEET

ASSETS

Current Year

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

Previous Year

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

## BALANCE SHEET

## ASSETS

Current Year

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

Previous Year

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

# BALANCE SHEET

## LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

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

Previous Year

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

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | brought forward | | | | | 35,832,456,749 |
| **E. PROVISIONS FOR OTHER RISKS AND CHARGES** | | | | | | | |
| 1. Provision for pensions and similar obligations | | | 128 | 0 | | | |
| 2. Provisions for taxation | | | 129 | 45,277,681 | | | |
| 3. Other provisions | | | 130 | 57,142,809 | 131 | | 102,420,490 |
| **F. DEPOSITS RECEIVED FROM REINSURERS** | | | | | 132 | | 331,210,483 |
| **G. CREDITORS** | | | | | | | |
| I - Creditors arising out of direct insurance operations | | | | | | | |
| 1. Insurance intermediaries | 133 | 7,763,918 | | | | | |
| 2. Current accounts with insurance companies | 134 | 4,906,752 | | | | | |
| 3. Premium deposits and premiums due to policyholders | 135 | 6,377,282 | | | | | |
| 4. Guarantee funds in favour of policyholders | 136 | 0 | 137 | 19,047,952 | | | |
| II - Creditors arising out of reinsurance operations | | | | | | | |
| 1. Reinsurance companies | 138 | 172,579,900 | | | | | |
| 2. Reinsurance intermediaries | 139 | 96,147,407 | 140 | 268,727,307 | | | |
| III - Debenture loans | | | 141 | 3,191,654,359 | | | |
| IV - Amounts owed to credit institutions | | | 142 | 1,188,705,670 | | | |
| V - Loans guaranteed by mortgages | | | 143 | 0 | | | |
| VI - Other financial liabilities | | | 144 | 3,811,359,165 | | | |
| VII - Provisions for severance pay | | | 145 | 4,746,128 | | | |
| VIII - Other creditors | | | | | | | |
| 1. Premium taxes | 146 | 5,256,241 | | | | | |
| 2. Other tax liabilities | 147 | 33,045,762 | | | | | |
| 3. Social security | 148 | 3,935,295 | | | | | |
| 4. Sundry creditors | 149 | 2,606,291,540 | 150 | 2,648,528,838 | | | |
| IX - Other liabilities | | | | | | | |
| 1. Deferred reinsurance items | 151 | 2,338,236 | | | | | |
| 2. Commissions for premiums in course of collection | 152 | 13,751,411 | | | | | |
| 3. Miscellaneous liabilities | 153 | 535,938,954 | 154 | 552,028,601 | 155 | | 11,684,798,020 |
| | | carried forward | | | | | 47,950,885,742 |

Previous Year

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

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' FUNDS

Current Year

| | | | | |
|---|---|---|---|---|
| brought forward | | | | 47,950,885,742 |
| H. ACCRUALS AND DEFERRED INCOME | | | | |
| 1. Interests | 156 | 276,515,201 | | |
| 2. Rents | 157 | 1,966,872 | | |
| 3. Other accruals and deferred income | 158 | 25,626,431 | 159 | 304,108,504 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS** | | | 160 | **48,254,994,245** |

Previous Year

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

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

Subscribed capital euro **1,561,808,262** Paid up euro **1,561,808,262**

# FINANCIAL STATEMENTS

## Profit and Loss Account

Year **2017**

(Amounts in Euro)

# PROFIT AND LOSS ACCOUNT

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

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

# PROFIT AND LOSS ACCOUNT

Current Year

## II. TECHNICAL ACCOUNT - LIFE ASSURANCE BUSINESS

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

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

## PROFIT AND LOSS ACCOUNT

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

| | | | | | | Previous Year | |
|---|---|---|---|---|---|---|---|
| | | | | | | 175 | 66,744,136 |
| | | | 176 | 278,275,329 | | | |
| | | | 177 | 13,897,329 | | | |
| | | | 178 | 0 | | | |
| | | | 179 | 90 | | | |
| | | | 180 | 31,982,186 | | | |
| | | | 181 | 69,276,080 | | 182 | 254,878,854 |
| | | | 183 | 17,188,555 | | | |
| | | | 184 | 10,941,199 | | | |
| | | | 185 | 326,964 | | 186 | 28,456,718 |
| | | | | | | 187 | 10,171,022 |
| | | | | | | 188 | 8,362,316 |
| | | | | | | 189 | 696,659,369 |
| | | | | | | 190 | **373,212,633** |
| | | | | | | 191 | 218,770,100 |
| | | | | | | 192 | 373,212,633 |
| | | | 193 | 897,629,056 | | | |
| (of which, income from Group companies | | | 194 | 896,430,868 | ) | | |
| | 195 | 4,983,264 | | | | | |
| | 196 | 52,727,469 | 197 | 57,710,733 | | | |
| (of which, income from Group companies | | | 198 | 24,156,766 | ) | | |
| | | | 199 | 19,747,139 | | | |
| | | | 200 | 14,098,807 | | | |
| (of which, income from Group companies | | | 201 | 1,998,648 | ) | 202 | 989,185,735 |

PROFIT AND LOSS ACCOUNT

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

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

# Notes to the Parent Company **Financial Statements**

# Foreword

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

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

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

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

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

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

# Part A – Summary of significant accounting policies

## Outline of the significant accounting policies

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

## Intangible assets

Acquisition commissions on multi-year policies paid in advance and advertisement costs are charged entirely to the profit and loss account in the year in which those costs are incurred.
Goodwill and other multi-year charges are amortised on the basis of their residual useful life over a period not exceeding five years.

Development costs are amortized over their residual period of use.

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

## Land and buildings

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

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

Lands are not subject to regular depreciation.

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

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

## Financial investments

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

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

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

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

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

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

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

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

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

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

## Derivatives

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

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

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

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

The value of derivatives is determined by referring to their respective market value quotations, and, if these are not available, on the basis of a prudent valuation of the probable realisable value using calculation methodologies adopted by the market.

## Loans

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

## Deposits with ceding companies

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

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

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

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

## Receivables

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

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

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

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

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

Receivables are recognized at the estimated realizable value.

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

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

## Tangible assets and stocks

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

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

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

## Cash at bank and in hand

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

## Other Assets

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

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

## Subordinated liabilities

Liabilities in this category are recorded at their nominal value.

## Technical items

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

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

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

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

For non-Group companies and only in cases where information received from ceding companies is not sufficient to precisely determine the economic result for the year at the reporting date, technical income items regarding inward and outward reinsurance are accounted for in the subsequent financial year.
In the current financial year, such technical items are included in reinsurance asset and liability offset accounts as a counter entry to the ceding companies current accounts. Further information is provided in Part B, paragraphs 6.3 and 13.7.

### Non-life provisions

The technical provisions for non-life business are made according to the provisions of Art. 23 - ter and 23 - quater of Regulation No. 22 dated 4 April 2008, amended and integrated (hereinafter Regulation No. 22 dated 4 April 2008), in Annexes 15, 15 bis and 16 of the same Regulation.

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

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

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

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

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

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

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

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

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

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

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

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

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

## Life provisions

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

For the Italian direct business portfolio, the provisions include:

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

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

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

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

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

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

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

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

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

Function, as provided by paragraph 4 of Art. 23-quarter of the Regulation No. 22 dated 4 April 2008.
The provisions for cessions and retrocessions are set up in accordance to the underlying reinsurance contract agreement and are calculated consistently with the methods adopted for gross business, pursuant to Art. 36 paragraph 6 of the Legislative Decree No. 209/2005 and pursuant to Annex 16 of the Regulation No. 22 dated 4 April 2008.

## Provisions for risks and charges

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

## Deposits received from reinsurers

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

## Payables and other liabilities

### Payables, debenture loans and other liabilities

Payables in this category are recorded at their nominal value.

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

### Provisions for severance pay

The severance indemnity is determined pursuant Art. 2120 of the Civil Code, as well as Law dated 27 December 2006, No. 296 and the labour agreements in force at the balance sheet date; the liability is considered appropriate and corresponds to the total of the single indemnities due to employees at that date.

## Accrued expenses and deferred income

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

## Profit and loss items

### Gross premiums written

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

### Allocation of investment return

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

### Other profit and loss items

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

## Taxes

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

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

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

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

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

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

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

## Conversion of entries in foreign currency

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

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

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

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

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

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

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

## Balance sheet

### Summary

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

*(continues)*

*(continues)*

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

# Balance sheet – Asset

## Section 1 – intangible assets – *Item B*

The account refers to the multi-year charges.

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

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

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

## Section 2 – Investments – *Item C*

The current value indicated in the Notes to the Accounts as the reference value for assets in classes C.II and C.III is as follows:
- for investments in regulated markets, the value is that of the last trading day of the year;
- for investments in non-regulated markets, the value is that deriving from a prudent estimation of their probable realisable value at year end, with the exception of unlisted participations in subsidiaries and companies in which a significant interest is held, for which the current reference value is equal to the value of the shareholders' fund calculated in accordance with the international accounting standards IAS/IFRS.

### 2.1 Land and buildings – *Item C.I*

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

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

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

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

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

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

### 2.1.3 Determination of the market value of land and buildings.

Market values of land and buildings have been determined based on the principles set out by Title III, Paragraph I, of ISVAP (now IVASS) Regulation No. 22/2008 amended and integrated. In particular, with reference to the properties for own use, valuation criteria alternatively used for the assessment of the market value are the following:

- income method
- sales comparison method.

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

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

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

### 2.2.1 Equities – *Item C.II.1*

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

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

The increase in the year is mainly due to:

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

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

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

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

Provided in attachment 6 of the Notes to the Accounts.

### 2.2.1 c) Detailed movement schedule

Provided in attachment 7 of the Notes to the Accounts.

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

| (in thousand euro) | | 2017 |
|---|---|---|
| Gross initial amount | | 634 |
| Increases for the year for: | acquisitions, subscriptions or payments | 0 |
| | reversal value | 16 |
| | other changes | 0 |
| | Total | 16 |
| Decreases for the year for: | sales or redemptions | 0 |
| | devaluations | 0 |
| | other changes | 0 |
| | Total | 0 |
| **Book value** | | **650** |
| **Section C.II.2 includes:** | **listed bonds** | **650** |
| | non listed bonds | 0 |
| | book value | 650 |
| | of which convertible bonds | 0 |

The increases for the year refer to the reversal value of the bonds issued by Generali Finance for 16 thousand.

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

| (in thousand euro) | | 2017 |
|---|---|---|
| Gross initial amount | | 752,000 |
| Increases for the year for: | acquisitions, subscriptions or payments | 1,296,983 |
| | reversal value | 0 |
| | other changes | 0 |
| | Total | 1,296,983 |
| Decreases for the year for: | sales or redemptions | 386,100 |
| | devaluations | 0 |
| | other changes | 0 |
| | Total | 386,100 |
| **Book value** | | **1,662,883** |

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

The most significant bonds issued by Group companies amounted to 650 thousand and are related to issues by Generali Finance B.V..

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

The increase refers to the new positions with Group companies, and, mainly with Generali Italia (1,187,500 thousand), Generali Schweiz Holding AG (57,500 thousand), Europ Assistance Holding S.A. (24,983 thousand), Generali PanEurope dac (15,000 thousand) and Generali Vitality Gmbh (7,000 thousand). In the first half of 2017 it was instead paid off the loan with Generali Finance BV (381,000 thousand).

## 2.3 Other financial investments – *Item C.III*

There are no shareholdings that exceed one tenth of the capital or one tenth of the voting rights that can be exercised during the Ordinary General Meeting, classified in this category in the financial statements.

### 2.3.1 Breakdown on the basis of the durable or non-durable utilisation of the assets included in the equities items – *Item C.III.1*, units in common investment funds – *Item C.III.2*, bonds and other fixed-interest securities – *Item C.III.3*, participation in investment pools – *Item C.III.5* other financial investments – *Item C.III.7 (attachment 8)*

Apart from the investments in Group companies and other companies in which a significant interest is held, durable investments are those that remain permanently held by the Company, namely:

- shares, listed and non-listed, that are considered related to the insurance operations;
- other debt securities, listed and non-listed, which are designed for medium/long-term commitments.

All other assets included in these items are considered non-durable.

| (in thousand euro) | Durable | | Non-durable | | Total | |
|---|---|---|---|---|---|---|
| | Book value | Current value | Book value | Current value | Book value | Current value |
| Non life | | | | | | |
| **1) Equities of companies** | | | | | | |
| a) listed shares | 3,734 | 4,232 | 4,962 | 6,288 | 8,696 | 10,520 |
| b) unlisted shares | 6,312 | 6,106 | 1,231 | 1,637 | 7,543 | 7,743 |
| c) units | 577 | 11,639 | 0 | 0 | 577 | 11,639 |
| **Total** | **10,623** | **21,977** | **6,193** | **7,925** | **16,816** | **29,902** |
| **2) Units in common investment funds** | **0** | **0** | **33,927** | **36,172** | **33,927** | **36,172** |
| **3) Bonds and other fixed-interest securities** | | | | | | |
| a1) listed government bonds | 51,373 | 53,819 | 325,706 | 326,926 | 377,079 | 380,745 |
| a2) other listed securities | 62,850 | 63,927 | 120,404 | 123,807 | 183,254 | 187,734 |
| b1) unlisted government bonds | 8,280 | 8,912 | 5,151 | 5,391 | 13,431 | 14,303 |
| b2) other unlisted securities | 3,299 | 3,419 | 1,100 | 1,209 | 4,399 | 4,628 |
| c) convertible bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **125,802** | **130,077** | **452,361** | **457,333** | **578,163** | **587,410** |
| **5) Participation in investment pools** | **0** | **0** | **0** | **0** | **0** | **0** |
| **7) Other investments** | **0** | **0** | **9,990** | **10,977** | **9,990** | **10,977** |
| Life | | | | | | |
| **1) Equities of companies** | | | | | | |
| a) listed shares | 0 | 0 | 6,843 | 6,980 | 6,843 | 6,980 |
| b) unlisted shares | 1,157 | 38,141 | 4,123 | 4,206 | 5,280 | 42,347 |
| c) units | 4,732 | 6,457 | 0 | 0 | 4,732 | 6,457 |
| **Total** | **5,889** | **44,598** | **10,966** | **11,186** | **16,855** | **55,784** |
| **2) Units in common investment funds** | **0** | **0** | **6,387** | **6,528** | **6,387** | **6,528** |
| **3) Bonds and other fixed-interest securities** | | | | | | |
| a1) listed government bonds | 223,363 | 252,074 | 418,357 | 444,505 | 641,720 | 696,579 |
| a2) other listed securities | 285,390 | 310,286 | 475,126 | 524,458 | 760,516 | 834,744 |
| b1) unlisted government bonds | 11,554 | 17,512 | 0 | 0 | 11,554 | 17,512 |
| b2) other unlisted securities | 1,472 | 1,531 | 5,519 | 5,707 | 6,991 | 7,238 |
| c) convertible bonds | 0 | 0 | 367 | 447 | 367 | 447 |
| **Total** | **521,779** | **581,403** | **899,369** | **975,117** | **1,421,148** | **1,556,520** |
| **5) Participation in investment pools** | **0** | **0** | **0** | **0** | **0** | **0** |
| **7) Other investments** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total** | | | | | | |
| 1) C.III.1 Equities of companies | 16,512 | 66,575 | 17,159 | 19,111 | 33,671 | 85,686 |
| 2) C.III.2 Units in common investment funds | 0 | 0 | 40,314 | 42,700 | 40,314 | 42,700 |
| 3) C.III.3 Bonds and other fixed-interest securities | 647,581 | 711,480 | 1,351,730 | 1,432,450 | 1,999,311 | 2,143,930 |
| 4) C.III.5 Participation in investment pools | 0 | 0 | 0 | 0 | 0 | 0 |
| 5) C.III.7 Other investments | 0 | 0 | 9,990 | 10,977 | 9,990 | 10,977 |

With reference to bonds and other fixed interest securities in item C.III.3, the most significant items at book value are:

| (in thousand euro) | 2017 |
| --- | --- |
| Securities issued by the Italian government | 446,834 |
| Securities issued by the Panama government | 133,406 |
| Securities issued by the American government | 107,523 |

The other items individually considered refer to sums under 50,000 thousand.

The issue and trading differences inherent to the bonds and other fixed interest securities in items C.II.2 and C.III.3 are as follows:

| (in thousand euro) | Positive | Negative | Balance |
| --- | --- | --- | --- |
| Issuing differences | 1,642 | 301 | 1,341 |
| Trading differences | 96 | 3,430 | –3,334 |
| **Total** | **1,738** | **3,731** | **–1,993** |

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

| (in thousand euro) | | Equities | Units in com. invest. Funds | Bonds | Participation | Other |
| --- | --- | --- | --- | --- | --- | --- |
| | | C.III.1 | C.III.2 | C.III.3 | C.III.5 | C.III.7 |
| Inital amount | | 16,555 | 0 | 523,610 | 0 | 0 |
| Increases for: | acquisitions | 858 | 0 | 203,264 | 0 | 0 |
| | reversal value | 0 | 0 | 0 | 0 | 0 |
| | transfers from the non-durable portfolio | 0 | 0 | 0 | 0 | 0 |
| | other changes | 56 | 0 | 14,790 | 0 | 0 |
| | Total | 914 | 0 | 218,054 | 0 | 0 |
| Decreases for: | sales | 957 | 0 | 53,981 | 0 | 0 |
| | devaluations | 0 | 0 | 0 | 0 | 0 |
| | transfers to the non-durable portfolio | 0 | 0 | 0 | 0 | 0 |
| | other changes | 0 | 0 | 40,102 | 0 | 0 |
| | Total | 957 | 0 | 94,083 | 0 | 0 |
| **Book value** | | **16,512** | **0** | **647,581** | **0** | **0** |

The main changes in non-Group shares of the durable segment are mainly due to the capital increase approved by Istituto Treccani for 858 thousand. Among the decreases we report the reduction in the value of the investment in Schemaquattordici S.p.A. in liquidation for 957 thousand euro against the cancellation of the share certificates.

In the bond segment, increases were mainly due to net purchases for 149,283 thousand of which in corporate bonds for 77,816 thousand and in government securities for 71,467 thousand.
During the year the company also proceeded to reclassify from the non-durable to the durable segment for 11,679 thousand.

### 2.3.3 Changes in loans over the year – *Item C.III.4* and in deposits with credit institutions – *Item C.III.6 (attachment 10)*

| (in thousand euro) | | Loans | Deposits with credit institutions |
|---|---|---|---|
| | | C.III.4 | C.III.6 |
| Initial amount | | 4,068 | 126,571 |
| Increases for: | payments | 110 | |
| | reversal value | 0 | |
| | other changes | 0 | |
| | Total | 110 | 366,263 |
| Decreases for: | redemptions | 768 | |
| | devaluations | 0 | |
| | other changes | 505 | |
| | Total | 1,273 | 364,035 |
| **Book value** | | **2,905** | **128,799** |

### 2.3.4 a) Detailed outline of significant guaranteed loans – *Item C.III.4.a*

No guaranteed loans are posted in the financial statements.

### 2.3.4 b) Detailed outline of significant other loans – *Item C.III.4.c*

The item refers to other loans for a total amount of 2,146 thousand, of which 1,696 thousand relative to loans granted from the Panama branch and 450 thousand granted from the Hong Kong branch.
The residual amount is instead referable to loans on policy for a value of 760 thousand.

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

| (in thousand euro) | 2017 |
|---|---|
| Less than 3 months | 27,963 |
| More than 3 months | 100,836 |
| **Total** | **128,799** |

### 2.3.6 Breakdown of other financial investments by type – *Item C.III.7*

The item includes options on indexes for a counter value of 9,990 thousand.

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

Deposits with ceding companies amount to 6,927,863 thousand (7,680,393 thousand in 2016).
Information regarding transactions with Group companies is provided in attachment 16, deposits with subsidiaries include deposits with:

- Alleanza Assicurazioni S.p.A. for 3,697,968 thousand;
- Generali Levensverzekering Maatschappij N.V. for 1,270,481 thousand;
- Generali Deutschland Holding AG for 706,847 thousand.

### 2.4.1 Impairment on deposits with ceding companies over the year

There are no impairments on deposits with ceding companies over the year.

## Section 3 – Investments for the benefit of life- assurance policyholders who bear the investment risk and relating to the administration of pension funds – *Item D*

### 3.1 Overview of operations related to contracts linked to investment funds and market indexes – *Item D.I (attachment 11)*

| (in thousand euro) | Current value | | Acquisition costs | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Land and buildings** | **0** | **0** | **0** | **0** |
| Investments in Group comp. and comp. in which a significant interest is held | | | | |
| Equities | 0 | 0 | 0 | 0 |
| Bonds | 0 | 0 | 0 | 0 |
| Loans | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** |
| **Units in common investment funds** | **145,131** | **126,671** | **125,019** | **123,626** |
| Other financial investments: | | | | |
| Equities | 233 | 203 | 210 | 187 |
| Bonds and other fixed-interest securities | 45,962 | 51,397 | 34,705 | 39,732 |
| Deposits with credit institutions | 0 | 0 | 0 | 0 |
| Other investments | 0 | 0 | 0 | 0 |
| **Total** | **46,195** | **51,600** | **34,915** | **39,919** |
| **Other assets** | **509** | **617** | **509** | **617** |
| **Cash at hand** | **2,256** | **2,033** | **2,256** | **2,033** |
| **Other liabilities** | **–1,191** | **–1,114** | **–1,191** | **–1,114** |
| **Deposits with ceding companies** | **3,075,177** | **3,276,493** | **3,075,177** | **3,276,493** |
| **Total** | **3,268,077** | **3,456,300** | **3,236,685** | **3,441,574** |

The investments relative to the various types of managed products are described in detail in attachments 11. The most significant change relates to deposits with ceding companies, in decrease from 3,276,493 thousand to 3,075,177 thousand. This reduction is due to the higher redemptions observed in the current year as part of the reinsurance acceptance by the subsidiary Generali Paneurope dac.

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

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

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

No transfers were made during the year.

## Section 4 – Reinsurers' share of technical provisions - *Item D bis*

### 4.1 a) Breakdown of Other technical provisions – non-life business - *Item D bis I.4*

No other non-life business technical provisions were written in the financial statements to be charged to reinsurers.

### 4.1 b) Breakdown of Other technical provisions – Life business *Item D bis II.5*

No other life business technical provisions were written in the financial statements to be charged to reinsurers.

## Section 5 – Receivables – *Item E*

Item E includes, among other things, receivables arising out of reinsurance operations. These amounted to 494,997 thousand and refer mainly to receivables from insurance and reinsurance companies (488,970 thousand). This amount is relative to the non-life business for 208,574 thousand and to the life business for 280,396 thousand. Overall, the debtors counterparts are mainly other Group Companies.

### 5.1 Write downs carried out over the year

Write down of receivables from policyholders for premiums was carried out over the year. It was charged to the technical accounts and amounted to 320 thousand.

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

| (in thousand euro) | 2017 |
|---|---|
| Accident | 0 |
| Health | 0 |
| Fire | 50 |
| Property other than fire | 70 |
| Motor TPL | 0 |
| General Liability | 200 |
| Other LOB | 0 |
| **Total** | **320** |

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

| (in thousand euro) | 2017 |
|---|---|
| Credit on taxes | 294,883 |
| Credits due from Group Companies for direct cash pooling | 271,192 |
| Credits for non insurance relations | 190,617 |
| Credits for pre-paid taxes | 187,095 |
| Credits for securities and coupons sold or purchased to be adjusted | 89,315 |
| Credits for the allocation of the financial year accrual of economic items | 30,416 |
| Credits toward staff | 15,155 |
| Credits due from subsidiaries for fiscal consolidation | 15,098 |
| Advances, sucurities, deposit | 14,140 |
| Other credits | 11,255 |
| Sums due from Financial Administration | 9,768 |
| Credits due from the real estate management | 4,636 |
| **Total** | **1,133,568** |

Tax credits mainly include receivables for IRES of 150,501 thousand, credit for the insurance tax advance payment of 60,407 thousand, and receivables for the tax advance on the income of some foreign subsidiaries for 34,997 thousand and the IRAP credit for 21,449 thousand.

Among the receivables due from Group companies for direct cash pooling, the most significant amount relates to the counterparty Generali Italia for an amount equal to 261,343 thousand.

The receivables for non-insurance transactions mainly relate to receivables due from Group companies.

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

## Section 6 – Other assets - *Item F*

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

| (in thousand euro) | 2016 | Increases | Decreases | 2017 |
|---|---|---|---|---|
| Furniture, office equipment, internal transport vehicles | 3,144 | 3,688 | 4,136 | 2,696 |
| Movables listed in public registers | 1,408 | 83 | 313 | 1,178 |
| Equipments and appliances | 0 | 0 | 0 | 0 |
| Inventories | 472 | 0 | 3 | 469 |
| **Total** | **5,024** | **3,771** | **4,452** | **4,343** |

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

Deferred reinsurance items, amounting to 7,852 thousand, include the negative income values of a technical nature that are to be entered in the profit and loss accounts in the following year.

Details of the items are illustrated in the following table.

| (in thousand euro) | Non-Life | Life | Total |
|---|---|---|---|
| Premiums | 0 | 0 | 0 |
| Claims | 5,629 | 1,668 | 7,297 |
| Commissions | 52 | 119 | 171 |
| Portfolios and other technical items | 0 | 114 | 114 |
| **Total** | **5,681** | **1,901** | **7,582** |

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

Miscellaneous assets, amounting to 245,919 thousand, mainly refer to the linkage account which recorded a credit of life sector towards non-life sector.

# Section 7 – Prepayments and accrued income – *Item G*

## 7.1 Details of prepayments and accrued income

| (in thousand euro) | Accrued income | Deferred charges | Total |
|---|---|---|---|
| Interests | 67,061 | 0 | 67,061 |
| Rents | 483 | 115 | 598 |
| Other accrued income and deferred charges | 337 | 113,917 | 114,254 |
| **Total** | **67,881** | **114,032** | **181,913** |

## 7.2 Breakdown of other accrued income and deferred charges – *Item G.3*

| (in thousand euro) | Accrued income | Deferred charges | Total |
|---|---|---|---|
| Deferred charges for disagio on bond issues | 0 | 53,125 | 53,125 |
| Deferred charges for disagio on loans | 0 | 0 | 0 |
| Accrued income and deferred charged on derivatives | 0 | 55,470 | 55,470 |
| Other | 337 | 5,322 | 5,659 |
| **Total** | **337** | **113,917** | **114,254** |

## 7.3 Breakdown of multi-year accruals and deferrals and those with a duration of over five years.

The deferred charges with a residual duration of over one year are:
- disagio on bond issues, subordinated liabilities and loans for 44,156 thousands;
- derivatives hedging the variations in exchange rate, relative to the loans issued in previous years, for 14,296 thousand;
- derivatives hedging the variations in interest rate, relative to the loans issued in previous years, for 28,180 thousands.

Furthermore, the deferred charges that have a residual duration of over five years are:
- disagio on bond issues, subordinated liabilities and loans for 16,635 thousands.

## Subordinated assets

Subordinated assets classified under items C.II.2 and C.III.3, are indicated based on their level of subordination, in accordance with international practice.

| Issuing entity | Nominal value in thousand euro | Currency of denomination | Type of interest rate | Due date | Early paym. Clause | Subordination level |
|---|---|---|---|---|---|---|
| Allianz SE | 3,331 | USD | fixed | perpetual | yes | Tier II |
| Aquarius Plus Investments Plc | 311 | EURO | fixed | 02/10/43 | yes | Tier II |
| Aviva Plc | 200 | EURO | fixed | 22/05/38 | yes | Tier II |
| Aviva Plc | 1,500 | EURO | fixed | 04/12/45 | yes | Tier II |
| Axa SA | 7,233 | GBP | fixed | 15/12/20 | no | Tier II |
| Axa SA | 1,666 | USD | fixed | 15/12/30 | no | Tier II |
| Bank of America Corp | 583 | USD | fixed | 29/01/37 | yes | Other clauses |
| Barclays Bank Plc | 5,633 | GBP | fixed | perpetual | yes | Tier II |
| Bnp Paribas | 333 | USD | fixed | perpetual | yes | Tier I |

| Issuing entity | Nominal value in thousand euro | Currency of denomination | Type of interest rate | Due date | Early paym. Clause | Subordination level |
|---|---|---|---|---|---|---|
| Citigroup Inc | 2,000 | EURO | fixed | 25/02/30 | yes | Tier II |
| Citigroup Inc | 3,380 | GBP | fixed | 12/12/18 | no | Tier II |
| Clerical Medical Finance Plc | 4,506 | GBP | fixed | perpetual | yes | Tier II |
| CNP Assurances | 1,500 | EURO | fixed | perpetual | yes | Tier II |
| CNP Assurances | 500 | EURO | fixed | 14/09/40 | yes | Tier II |
| Cooperatieve Rabobank U.A | 874 | USD | fixed | 01/12/43 | no | Other clauses |
| Credit Agricole Assurances | 1,000 | EURO | fixed | perpetual | yes | Tier II |
| Credit Suisse Group Finance (Us) Inc | 1,690 | GBP | fixed | 05/10/20 | no | Tier II |
| Delta Lloyd NV | 1,500 | EURO | fixed | perpetual | yes | Tier II |
| Eddystone Finance Plc | 845 | GBP | variable | 19/04/21 | yes | Other clauses |
| EDF SA | 2,000 | EURO | fixed | perpetual | yes | Tier II |
| EDF SA | 451 | GBP | fixed | perpetual | yes | Tier II |
| Enel S.p.A. | 1,127 | GBP | fixed | 10/09/75 | yes | Tier II |
| Enel S.p.A. | 208 | USD | fixed | 24/09/73 | yes | Tier II |
| Engie SA | 600 | EURO | fixed | perpetual | yes | Tier II |
| Generali Finance BV | 650 | EURO | fixed | perpetual | yes | Tier II |
| Goldman Sachs Group Inc | 3,943 | GBP | fixed | 12/10/21 | yes | Tier II |
| Haven Funding (32) Plc | 3,380 | GBP | fixed | 30/11/32 | yes | Other clauses |
| Hsbc Bank Plc | 1,127 | GBP | fixed | 07/07/23 | no | Tier II |
| Hsbc Bank Plc | 5,633 | GBP | fixed | 24/03/46 | no | Tier II |
| Hsbc Holdings Plc | 534 | EURO | fixed | 10/01/24 | yes | Tier II |
| Hsbc Holdings Plc | 4,506 | GBP | fixed | 20/12/27 | no | Tier II |
| Hsbc Holdings Plc | 416 | USD | fixed | 01/06/38 | no | Tier II |
| Ing Bank NV | 50 | EURO | fixed | 29/05/23 | yes | Tier II |
| Lloyds Bank Plc | 1,127 | GBP | fixed | 06/04/23 | no | Tier II |
| Lloyds Banking Group Plc | 367 | GBP | fixed | perpetual | yes | Tier I |
| Merck Kgaa | 2,000 | EURO | fixed | 12/12/74 | yes | Tier II |
| Muenchener Rueckvericherungs AG | 800 | EURO | fixed | 26/05/41 | yes | Tier II |
| Muenchener Rueckvericherungs AG | 1,690 | GBP | fixed | 26/05/42 | yes | Tier II |
| Nn Group NV | 1,000 | EURO | fixed | perpetual | yes | Tier II |
| Nordea Bank Ab | 907 | EURO | fixed | 26/03/20 | no | Tier II |
| Omv AG | 1,000 | EURO | fixed | perpetual | yes | Tier II |
| Orange SA | 1,000 | EURO | fixed | perpetual | yes | Tier II |
| Postevita S.p.A. | 1,000 | EURO | fixed | 30/05/19 | no | Tier II |
| Prudential Plc | 1,690 | GBP | fixed | 19/12/31 | no | Tier II |
| Santander Uk Plc | 2,816 | GBP | fixed | perpetual | yes | Tier I |
| Societe Generale SA | 1,500 | EURO | fixed | 27/02/25 | no | Tier II |
| Societe Generale SA | 250 | USD | fixed | 17/01/24 | no | Tier II |
| Sse Plc | 973 | USD | fixed | 16/09/77 | yes | Tier II |
| Standard Chartered Plc | 1,000 | EURO | fixed | 21/10/25 | yes | Tier II |
| Standard Chartered Plc | 666 | USD | fixed | 09/01/43 | no | Other clauses |
| Wells Fargo & Co | 8,956 | GBP | fixed | 29/11/35 | no | Tier II |
| Wells Fargo & Co | 1,499 | USD | fixed | 02/11/43 | no | Other clauses |

# Balance Sheet – Liabilities

## Section 8 – Shareholders' funds – *Item A*

### 8.1 Changes to shareholders' funds over the year

| (in thousand euro) | 2016 | Increases | Decreases | 2017 |
|---|---|---|---|---|
| Subscribed share capital | 1,559,883 | 1,925 | 0 | 1,561,808 |
| Share premiums reserve | 3,568,250 | 0 | 0 | 3,568,250 |
| Revaluation reserves | 2,010,835 | 0 | 0 | 2,010,835 |
| Legal reserve | 311,977 | 385 | 0 | 312,362 |
| Reserve for parent company shares | 0 | 0 | 0 | 0 |
| Other reserves | 6,126,219 | 0 | 155,410 | 5,970,809 |
| Negative reserve for own shares held | 3,040 | 0 | 0 | 3,040 |
| Income carried forward | 0 | 0 | 0 | 0 |
| Profit for the previous year | 1,096,261 | 0 | 1,096,261 | 0 |
| Profit for the year | 0 | 1,404,459 | 0 | 1,404,459 |
| **Total** | **14,670,385** | **1,406,769** | **1,251,671** | **14,825,483** |

### 8.2 Share capital – *Item A.I*

The share capital at 31 December 2017 was 1,561,808 thousand, divided into ordinary shares with a nominal value of 1 euro each.
The item shows an increase of 1,925 thousand consequent to the capital increase carried out for the allocation of shares to the management of the Group, as required by the long-term incentive plan "Long Term Incentive Plan 2014".

### 8.3 a) Share premiums reserve – *Item A.II*

The reserve remains unchanged compared to the previous year.

### 8.3 b) Details of the revaluation reserves – *Item A.III*

The total of the revaluation reserves, amounting to 2,010,835 thousand include:
- revaluation Reserve pursuant to Law 413/1991 for 802,314 thousand;
- revaluation Fund for fixed assets pursuant to Law 168/1982 for 153,474 thousand;
- revaluation Fund pursuant to Law 904/1977 for 20,123 thousand;
- revaluation Reserve pursuant to Law 266 dated 23 December 2005 for 793,054 thousand;
- revaluation Reserve pursuant to Law Decree 185/2008 converted with the Law No. 2 dated 28 January 2009 for 92,676 thousand;
- revaluation Reserve pursuant to Law 576/75 for 30,425 thousand;
- revaluation Reserve pursuant to Law 72/83 for 118,769 thousand.

### 8.3 c) Legal reserve – *Item A.IV*

The increment of the reserve equal to 385 thousand is due to the capital increase.

## 8.4 a) Reserves for own shares and those of the Parent Company – *Item A.VI and detail of the other reserves – Item A.VII and the negative reserve for own shares – Item A.X*

The negative reserve for own shares, constituted as provided by the amended and integrated Regulation No. 22/2008 amounted to 3,040 thousand. Pursuant to the OIC 28, own shares are recorded at a value corresponding to their cost of purchase.

## 8.4 b) Details of the other reserves – *Item A.VII*

| (in thousand euro) | 2016 | Increases | Decreases | 2017 |
|---|---|---|---|---|
| Merger residual reserve | 4,147,612 | 0 | 0 | 4,147,612 |
| Extraordinary reserve | 1,978,607 | 0 | 155,410 | 1,823,197 |
| **Totale** | **6,126,219** | **0** | **155,410** | **5,970,809** |

The change in decrease of 155,410 thousand is due to the 2016 dividend distribution for 153,485 thousand as approved by the Shareholders' Meeting on 27 April 2017, and for 1,925 thousand to the capital increase.

The extraordinary reserve consists of tax suspension for 170,928 thousand corresponding to the sum of the realignment of the real estate fiscal values during the 2006 financial year as required by Law No. 266/2005, net of substitute taxation.

The merger residual reserves at the end of the period included:

- for 3,998,607 thousand from the revenue reserves deriving from the merger of Alleanza Assicurazioni S.p.A.;
- for 149,005 thousand from the capital reserves deriving from the merger of Alleanza Assicurazioni S.p.A..

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

| Share Capital | Share Capital | Share premiums reserve | Negative reserve for own shares held | Revalutation reserve L. 266 23/12/2005 | Revaluation reserve L.D. 185/2008 |
|---|---|---|---|---|---|
| **Initial amount of the 2015 financial year** | **1,556,873** | **3,568,250** | **–3,040** | **793,055** | **92,676** |
| Distribution of previous year result | | | | | |
| to dividends (0.60 euro per share) | | | | | |
| Withdrawal from extraordinary reserve | | | | | |
| Result for the 2015 financial year | | | | | |
| **Final amount of the 2015 financial year and initial amount of the 2016 financial year** | **1,556,873** | **3,568,250** | **–3,040** | **793,055** | **92,676** |
| Capital increase | 3,010 | | | | |
| Distribution of previous year result | | | | | |
| legal reserve adjustment | | | | | |
| to dividends (0.72 euro per share) | | | | | |
| Withdrawal from extraordinary reserve | | | | | |
| Result for the 2016 financial year | | | | | |
| **Final amount of the 2016 financial year and initial amount of the 2017 financial year** | **1,559,883** | **3,568,250** | **–3,040** | **793,055** | **92,676** |
| Capital increase | 1,925 | | | | |
| Distribution of previous year result | | | | | |
| legal reserve adjustment | | | | | |
| to dividends (0.80 euro per share) | | | | | |
| Withdrawal from extraordinary reserve | | | | | |
| Result for the 2017 financial year | | | | | |
| **Final amount of the 2017 financial year** | **1,561,808** | **3,568,250** | **–3,040** | **793,055** | **92,676** |

| Revaluation reserve L. 413 30/12/1991 | Revaluation reserve L. 576/75 | Revaluation reserve L. 72/83 | Revaluation reserve L. 904 16/12/1977 | Provision for revaluation of long-term assets | Merger residual reserve | Extraordinary reserve | Legal reserve | Profit for the year | Total |
|---|---|---|---|---|---|---|---|---|---|
| **802,313** | **30,425** | **118,769** | **20,123** | **153,474** | **4,147,612** | **2,370,082** | **311,375** | **737,767** | **14,699,754** |
| | | | | | | | | | |
| | | | | | | | | –737,767 | –737,767 |
| | | | | | | –196,293 | | | –196,293 |
| | | | | | | | | 931,469 | 931,469 |
| **802,313** | **30,425** | **118,769** | **20,123** | **153,474** | **4,147,612** | **2,173,789** | **311,375** | **931,469** | **14,697,163** |
| | | | | | | –3,010 | | | 0 |
| | | | | | | | | | |
| | | | | | | | 602 | –602 | 0 |
| | | | | | | | | –930,867 | 0 |
| | | | | | | –192,172 | | | –192,172 |
| | | | | | | | | 1,096,261 | 1,096,261 |
| **802,313** | **30,425** | **118,769** | **20,123** | **153,474** | **4,147,612** | **1,978,607** | **311,977** | **1,096,261** | **14,670,385** |
| | | | | | | –1,925 | | | 0 |
| | | | | | | | | | |
| | | | | | | | 385 | –385 | 0 |
| | | | | | | | | –1,095,876 | –1,095,876 |
| | | | | | | –153,485 | | | –153,485 |
| | | | | | | | | 1,404,459 | 1,404,459 |
| **802,313** | **30,425** | **118,769** | **20,123** | **153,474** | **4,147,612** | **1,823,197** | **312,362** | **1,404,459** | **14,825,483** |

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

| Type / Description | Amount | Possibility of utilisation(1) | Available quota | | Summary of utilisations carried out during the previous three years | |
|---|---|---|---|---|---|---|
| | | | | | Losses cov | Other(5) |
| Capital | 1,561,808 | | | | | |
| Capital reserves | | | | | | |
| Share premiums reserve | 3,568,250 | A,B,C | 3,568,250 | 2) | | |
| Merger residual reserve | 149,005 | A,B,C | 149,005 | | | |
| Revaluation reserve pursuant to Law 413 - 30.12.1991 | 802,313 | A,B,C | 802,313 | 3) | | |
| Revaluation reserve pursuant to Law 904 - 16.12.1977 | 20,123 | A,B,C | 20,123 | 3) | | |
| Revaluation reserve pursuant to Law 266 - 23.12.2005 | 793,055 | A,B,C | 793,055 | 3) | | |
| Revaluation reserve pursuant to Law 2 - 28.1.2009 (DL 185/2008) | 92,676 | A,B,C | 92,676 | | | |
| Revaluation reserve pursuant to Law 576/75 | 30,425 | A,B,C | 30,425 | 3) | | |
| Revaluation reserve pursuant to Law 72/83 | 118,769 | A,B,C | 118,769 | 3) | | |
| Reserve for revaluation of long-term assets | 153,474 | A,B,C | 153,474 | | | |
| Negative reserve for own shares held | –3,040 | | –3,040 | 6) | | |
| Revenue reserves | | | | | | |
| Legal reserve | 312,362 | B | | | | |
| Merger residual reserve | 3,998,607 | A,B,C | 3,998,607 | | | |
| Extraordinary reserve | 1,823,197 | A,B,C | 1,823,197 | 4) | | 541,950 |
| **Total** | **13,421,024** | | **11,546,854** | | | |
| Of which: | | | | | | |
| Non distributable quota | | | 0 | | | |
| Distributable residual quota | | | 11,546,854 | | | |

1) Key: A = for capital increase, B = for hedging , C = for distribution to shareholders.

2) In compliance with art. 2431 of the Italian Civil Code, the entire amount of this reserve can only be distributed if the legal reserve has reached the limit set out in art. 2430 of the Civil Code (20% of the share capital).

3) Taxable in case of distribution.

4) The amount of 170.928 thousand euro is taxable in case of distribution.

5) The reserves were aimed to the distribution of dividends.

6) It is a negative reserve for own shares held. This reserve has been recorded as a deduction of shareholders' funds, in compliance with the modified Regulation 22/2008. The negative reserve for own shares is unavailable.

## Section 9 – Subordinated liabilities – *Item B*

Subordinated liabilities amount to 7,051,952 thousand and consist of:

- a hybrid bond issue denominated in pound sterling, worth 394,300 thousand Euro, with the following characteristics:
  - expiry date is equal to the duration of the company;
  - early repayment option for the Company from the 16 June 2026;
  - fixed rate until 16 June 2026, first date of the early repayment option;
  - variable interest after 16 June 2026;
  - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
  - suitable to cover the solvency requirements of Solvency II;

- a hybrid bond issue denominated in pound sterling, worth 577,652 thousand Euro, with the following characteristics:
  - expiry date equal to the duration of the company;
  - early repayment option for the Company from the 8 February 2022;
  - fixed rate until 8 February 2022, first date of the early repayment option;
  - variable interest after 8 February 2022;
  - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
  - suitable to cover the solvency requirements of Solvency II;

- hybrid bond issues private placement, for a total of 1,000,000 thousand Euro, with the following characteristics in common:
  - expiry date equal to the duration of the company;
  - early repayment option for the Company starting from the tenth year of issue;
  - fixed rate until the first date of the early repayment option;
  - variable interest after the first date of the early repayment option;
  - subordinated towards all the non-subordinated debtors, including policyholders, and to all the lower grade subordinate debtors;
  - suitable to cover the solvency requirements of Solvency II;

- a bond issue of 750,000 thousand Euro with the following characteristics:
  - due on 10 July 2042;
  - early repayment option for the Company from 10 July 2022;
  - fixed rate until 10 July 2022, first date of the early repayment option;
  - variable interest after 10 July 2022, until due date;
  - subordinated towards all the non-subordinated debtors, including policyholders;
  - suitable to cover the solvency requirements of Solvency II;

- a bond issue of 1,250,000 thousand Euro with the following characteristics:
  - due on 12 December 2042;
  - early repayment option for the Company from 12 December 2022;
  - fixed rate until 12 December 2022, first date of the early repayment option;
  - variable interest after 12 December 2022, until due date;
  - subordinated towards all the non-subordinated debtors, including policyholders;
  - suitable to cover the solvency requirements of Solvency II;

- a bond issue of 1,000,000 thousand Euro with the following characteristics:
  - due on 4 May 2026;
  - fixed rate until due date;
  - subordinated towards all the non-subordinated debtors, including policyholders;
  - suitable to cover the solvency margin.

- a bond issue of 1,250,000 thousand Euro with the following characteristics:
  - due on 27 October 2047;
  - early repayment option for the Company from 27 October 2027;
  - fixed rate until 27 October 2027, first date of the early repayment option;
  - variable interest after 27 October 2027, until due date;
  - subordinated towards all the non-subordinated debtors, including policyholders;
  - suitable to cover the solvency requirements of Solvency II.

- a bond issue of 850,000 thousand Euro with the following characteristics:
  - due on 8 June 2048;

- early repayment option for the Company from 8 June 2028;
- fixed rate until 8 June 2028, first date of the early repayment option;;
- variable interest after 8 June 2028, until due date;
- subordinated towards all the non-subordinated debtors, including policyholders;
- suitable to cover the solvency requirements of Solvency II.

## Section 10 – technical provisions – *Item C.I for the non-life business and C.II for the life business*

### 10.1 Changes over the year to the provision for unearned premiums – *Item C.I.1* – and to the provision for outstanding claims – *VItem C.I.2 non-life business (attachment 13)*

| (in thousand euro) | 2017 | 2016 | Change |
|---|---|---|---|
| Provision for unearned premiums | | | |
| Provision for premium instalments | 380,272 | 406,226 | –25,954 |
| Provision for unexpired risks | 707 | 5,558 | –4,851 |
| **Book value** | **380,979** | **411,784** | **–30,805** |
| Provisions for outstanding claims | | | |
| Provision for refunds and direct expenses | 1,285,719 | 1,487,984 | –202,265 |
| Provision for claim settlement costs | 52,707 | 46,914 | 5,793 |
| IBNR provision | 578,186 | 662,124 | –83,938 |
| **Book value** | **1,916,612** | **2,197,022** | **–280,410** |

The reduction in both the premiums reserve and the claims provision significantly affected the termination of a reinsurance treaty with the subsidiary Generali Iard. Specifically, the premium reserves accepted by the aforementioned company decreased from 33,440 thousand to 2,293 thousand, and the claims provision from 327,589 thousand to 9,722 thousand.

### *Provision for unearned premiums*

The following table illustrates the provision for unearned premiums by line of business.

| (in thousand euro) | Direct business | | Indirect Business | | Total |
|---|---|---|---|---|---|
| | Premium instalment | Premiums in course of collection | Premium instalment | Premiums in course of collection | |
| Accident | 17,651 | 0 | 19,568 | 309 | 37,528 |
| Health | 13,421 | 0 | 37,113 | 135 | 50,669 |
| Motor material damage | 13,092 | 263 | 1,198 | 0 | 14,553 |
| Hull transport (trains) | 106 | 0 | 0 | 0 | 106 |
| Hull aviation | 403 | 0 | 1,159 | 0 | 1,562 |
| Hull marine | 578 | 0 | 2,106 | 0 | 2,684 |
| Cargo | 2,818 | 0 | 3,014 | 0 | 5,832 |
| Fire | 34,979 | 0 | 47,896 | 0 | 82,875 |
| Property other than fire | 24,778 | 0 | 40,951 | 0 | 65,729 |
| TPL Motor | 2,363 | 0 | 211 | 0 | 2,574 |
| TPL Aviation | 455 | 0 | 346 | 0 | 801 |
| TPL Marine | 632 | 0 | 1 | 0 | 633 |
| General liability | 39,144 | 0 | 21,619 | 0 | 60,763 |
| Credit | 0 | 0 | 6 | 0 | 6 |
| Suretyship | 2,817 | 0 | 21,874 | 0 | 24,691 |
| Pecuniary losses | 5,697 | 0 | 24,179 | 0 | 29,876 |
| Legal protection | 1 | 0 | 0 | 0 | 1 |
| Assistance | 96 | 0 | 0 | 0 | 96 |
| **Total** | **159,031** | **263** | **221,241** | **444** | **380,979** |

The methodologies used for the evaluation of the provision for unearned premiums are indicated in the part A – Summary of significant accounting policies – of the Notes to the Accounts.

### *Provision for premium instalment and additional reserves*

The additional reserves are calculated by applying the provisions of paragraphs 4 and 5 of Annex 15 of ISVAP regulation (now IVASS) No.22 / 2008 amended and supplemented.

In detail:
- Suretyship risks: integrations are allocated by applying different rates to premiums issued over the past five years, separately for the various classes of risk.
- Natural disaster risks: the premium reserve for each business is integrated with an additional allocation in an amount equal to the sum of 35% of premiums of the year and 70% of premiums of previous years. The obligation to make this allocation ceases when the integration has reached an amount equal to 100 times the total premiums for the year. The additional reserve is used upon occurrence of the ensured events, when the cost of claims for the financial year exceeds gross premiums recognized in the year. During the year has been allocated to this reserve an amount of 4,034 thousand in direct insurance and 2,729 thousand in indirect business.

### *Provision for unexpired risks*

During the year the reserve for unexpired risks for direct business was established in the motor material damage class for 263 thousand, as the coverage was not sufficient in this class, as shown in the following table:

| (in thousand euro) | % Loss ratio expected | Amount of claims expected | Provision for premium inst.+ inst.to be due | Excess/ lack of the provision |
|---|---|---|---|---|
| Accident | 94 | 1,581 | 1,680 | 99 |
| Health | 63 | 11,674 | 18,443 | 6,769 |
| Motor material damage | 103 | 3,214 | 3,111 | –103 |
| Hull transport (trains) | 5 | 5 | 106 | 101 |
| Hull aviation | 56 | 199 | 354 | 155 |
| Hull marine | 86 | 802 | 934 | 132 |
| Cargo | 47 | 1,377 | 2,929 | 1,552 |
| Fire | 60 | 9,061 | 15,178 | 6,117 |
| Property other than fire | 94 | 12,737 | 13,507 | 770 |
| TPL Motor | 32 | 18 | 57 | 39 |
| TPL Aviation | 27 | 64 | 236 | 172 |
| TPL Marine | 0 | 0 | 0 | 0 |
| General liability | 50 | 27,987 | 56,087 | 28,100 |
| Credit | 0 | 0 | 0 | 0 |
| Suretyship | 2 | 40 | 2,015 | 1,975 |
| Pecuniary losses | 59 | 3,573 | 6,026 | 2,453 |
| Legal protection | 0 | 0 | 1 | 1 |
| Assistance | 0 | 0 | 96 | 96 |
| **Total** | **60** | **72,332** | **120,760** | **48,428** |

During the year the provision for unexpired risks has been set up for the indirect business for an amount of 444 thousand.

### *Provisions for outstanding claims*

The methodologies adopted for the valuation of the provision for outstanding claims are indicated in part A – Summary of significant accounting policies – of the Notes to the Accounts.

The actuarial statistical methods adopted in the analytical valuation of the provisions for outstanding claims in the main lines of business can be classified into the following types:

1. Chain Ladder on paid amount (or "chain "method). In its traditional version, this method is based on the analysis of the accumulated payments, assuming that the progression of payments remains constant over time. The provisions for outstanding claims for each generation therefore depend exclusively on payments accumulated at the time of valuation and on this rule. There are also diverse variations in the calculation of model parameters, known as Link Ratio methods.

2. Link Ratio on "incurred". This method is the same as the traditional Chain Ladder method, but analyses and projects the development of the "incurred" rather than the "paid". "Incurred" for a given generation of claims at a specific year, correspond to payments accumulated over the year and the reserve at end of year.

3. Bornhütter-Ferguson method. This method is substantially based on the Link Ratio method (on "paid" or "incurred"), but also uses a series of loss ratios per generation, which is used as an "advance hypothesis" of the last generation cost, so that the estimated reserve is a weighted average between this "advance hypothesis" and the estimate obtained using the link ratio method. Amongst the input data, it is necessary to specify a series of factors (premiums or risk exposure) to be associated with each generation of claims.

### *IBNR provision*

The IBNR provision for claims that have incurred but not yet been reported at year-end is determined on the basis of the experience acquired during previous years with regards to the frequency and average cost of late claims reported and the average cost of claims reported during the year. Claims exceeding a given threshold are excluded when determining average cost in order to exclude events of an exceptional nature.

The compatibility of the estimated values is also verified with elements derived from late claims received at the moment in which the provision is valued.

#### *Provision for profit sharing and premium refunds*

There are no contracts with the characteristics indicated in the paragraph 45 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

## 10.2 Other non-life technical provisions – *Item C.I.4* – by provision type and line of business

There are no contracts with the characteristics indicated in the paragraph 42 and 43 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

## 10.3 Compulsory and non-compulsory equalisation provisions – *Item C.I.5*

| (in thousand euro) | 2017 |
|---|---|
| Equalisation provision: | |
| Accident | 1 |
| Health | 0 |
| Motor material damage | 0 |
| Hull transport (trains) | 0 |
| Hull aviation | 0 |
| Hull marine | 0 |
| Cargo | 0 |
| Fire | 306 |
| Property other than fire | 0 |
| TPL Motor | 0 |
| TPL Aviation | 0 |
| TPL Marine | 0 |
| General liability | 0 |
| Credit | 0 |
| Suretyship | 0 |
| Pecuniary losses | 7 |
| Legal protection | 0 |
| Assistnace | 0 |
| **Total** | **314** |
| **Compensation provision for credit sector** | **0** |
| **Total equalisation provision** | **314** |

The equalisation provisions is determined according to the paragraph from 37 to 41 of the Annex 15 of the ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented.

There are no non-compulsory equalisation provisions in the financial statements.

## 10.4 Changes during the year to the mathematical provisions – *Item C.II.1* – and the provision for profit-sharing and premium refunds – *Item C.II.4 (attachment 14)*

| (in thousand euro) | 2017 | 2016 | Change |
|---|---|---|---|
| Mathematical provision for pure premiums | 6,390,145 | 6,933,683 | –543,538 |
| Premiums brought forward | 179,753 | 189,382 | –9,629 |
| Provision for death risks | 0 | 0 | 0 |
| Additional provisions | 456,253 | 498,937 | –42,684 |
| **Book value** | **7,026,151** | **7,622,002** | **–595,851** |
| **Provision for profit sharing and premium refunds** | **84,475** | **99,294** | **–14,819** |

### Direct business

| (in thousand euro) | 2017 | 2016 | Change |
|---|---|---|---|
| Mathematical provision for pure premiums | 1,063,875 | 1,150,749 | -86,873 |
| Premiums brought forward | 24,221 | 24,954 | -733 |
| Provision for death risks | 0 | 0 | 0 |
| Additional provisions | 44,443 | 46,173 | -2,730 |
| **Book value** | **1,131,539** | **1,221,876** | **-90,337** |
| **Provision for profit sharing and premium refunds** | **0** | **0** | **0** |

### Indirect business

| (in thousand euro) | 2017 | 2016 | Change |
|---|---|---|---|
| Mathematical provision for pure premiums | 5,326,270 | 5,782,935 | -456,665 |
| Premiums brought forward | 155,532 | 164,428 | -8,896 |
| Provision for death risks | 0 | 0 | 0 |
| Additional provisions | 412,810 | 452,764 | -39,954 |
| **Book value** | **5,894,612** | **6,400,127** | **-505,514** |
| **Provision for profit sharing and premium refunds** | **84,475** | **99,294** | **–14,819** |

The decrease in the mathematical reserves significantly influences the physiological contraction of the portfolio in run-off by the subsidiary Alleanza Assicurazioni S.p.A.. The reduction in the additional reserves affects the release carried out again under the reinsurance treaties with the subsidiary Alleanza Assicurazioni S.p.A..

## 10.5 Other life technical provisions – *Item C.II.5* – by provision type and line of business.

Other life technical provisions, amounted to 17,895 thousand, were entirely made of the provision for future costs set by paragraph 17 of the Annex 14 of the Regulation No. 22 dated 4 April 2008 amended and integrated. It refers for 14,866 thousand to Line of business I, for 1,978 thousand to Line of business III, for 1,048 thousand to Line of business IV and for 3 thousand to Line of business V.

## Section 11 – technical provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds – *Item D*

### 11.1 Overview of provisions relative to contracts linked to investment funds or market indexes - *Item D.I*

| (in thousand euro) | 2017 |
|---|---|
| Lavoro Indiretto | 3,075,177 |
| Unit vision choice | 141,763 |
| Lifetime income bond | 44,157 |
| Managed Funds | 4,418 |
| AG European Equity Fund | 289 |
| **Book value** | **3,265,804** |

With reference to the amount of 3,075,177 thousand, in indirect business, in particular the reinsurance acceptances from Generali Paneurope dac (2,634,672 thousand) and from Generali Levensverzekering Maatschappij N.V. (390.684 thousand).

### 11.2 Outline of provisions deriving from the administration of pension funds – *Item D.II*

No provisions deriving from the administration of pension funds are accounted for in the financial statements.

## Section 12 – Provisions for other risks and charges – *Item E*

### 12.1 Changes to the provisions for other risks and charges over the year (*attachment 15)*

| (in thousand euro) | Funds for retirement and similar obligations | Tax funds | Other provisions |
|---|---|---|---|
| Initial amount | 0 | 84,962 | 28,336 |
| Sums set aside for the year | 0 | 149 | 51,662 |
| Other increases | 0 | 0 | 0 |
| Withdrawals | 0 | 39,833 | 22,855 |
| Other decreases | 0 | 0 | 0 |
| **Book value** | **0** | **45,278** | **57,143** |

The “tax fund” includes the amount of 45,110 thousand to cover the tax for the transfers of real property that will be due in the next financial years in Germany, following the repurchase operation of the minority participations in the subsidiary Generali Deutschland Holding AG. During the year the fund was utilized for an amount of 13,328 thousand.

Such fund also includes provisions for tax risks.

### 12.2 Details of other provisions *(item E.3)*

The allocations for the year comprise 33,797 thousand from the creation of a provision for future charges relating to the liability represented by the pension deficit of the closed pension fund reserved for employees of the London office, and for the remaining part expected future charges related to the exit in advance of personnel and ongoing disputes.

Uses of other provisions relate for 13,000 thousand to the withdrawals consequent to payments to outgoing staff, prudently set aside in previous years.

## Section 13 – Payables – *Item G*

### 13.1 Bond issues - *Item G.III*

Not convertible bond issues, amounting to 3,191,654 thousand, comprise "Senior September 2024" bond issues for 1,750,000 thousand, "Senior 2014-2020" bond issue for 1,250,000 thousand and the bond issue "Senior 2020" for 191,654 thousand.

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

Liabilities to banks and other financial institutions, amount to 1,188,706 thousand, refer mainly to loans granted from Deutsche Bank and BNP Paribas for 968,303 thousand relative to the Group indirect pooling and to securities sales with repurchase agreement (reverse repo) carried out with Unicredit for 197,940 thousand.

### 13.3 Details of guaranteed loans – *Item G.V*

Guaranteed loans are not accounted for in the financial statements.

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

The most significant components of the account, amounting to 3,811,359 thousand, refer to loans granted from:

| (in thousand euro) | 2017 |
|---|---|
| Participatie Maatschappij Graafschap Holland N.V. | 3,158,778 |
| Generali Versicherung Ag | 502,581 |
| Generali Investments SpA | 55,000 |
| Transocean Holding Corporation | 40,000 |
| Redoze Holding | 28,000 |
| UMS Immobiliare Genova S.p.A. | 27,000 |
| **Book value** | **3,811,359** |

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

| (in thousand euro) | 2017 |
|---|---|
| Initial amount | 5,229 |
| Sums set aside for the year | 104 |
| Other increases | 680 |
| Withdrawals | 338 |
| Other decreases | 929 |
| **Book value** | **4,746** |

The changes in increase are due to the revaluations, the uses refer to payments and advance payments, the other changes in decrease are relative to the transfer to the pension fund.

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

| (in thousand euro) | 2017 |
|---|---|
| Sums due to Group companies for direct cash pooling | 1,953,805 |
| Sums due to credit institutions for entries to be adjusted | 199,214 |
| Sums due to subsidiaries companies for fiscal consolidation | 190,420 |
| Payables for invoices to be received | 138,253 |
| Sums due to suppliers and professionals | 39,030 |
| Sundry creditors for staff | 26,907 |
| Sums due to companies for non-insurance dealings | 10,042 |
| Others | 48,620 |
| **Total** | **2,606,292** |

The others payables refer mainly to cash pooling transactions with Group companies. The most significant amounts relate to the counterparties Generali Beteiligungs-GmbH for an amount of 899,687 thousand, Graafschap Holand N.V. for 347,354 thousand and Generali Finance BV for 266,074 thousand.

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

Deferred reinsurance items, amounting to 2,338 thousand, include the positive technical values that are to be entered in the profit and loss accounts in the following year.

The items are illustrated in detail in the following table.

| (in thousand euro) | Non-Life | Life | Total |
|---|---|---|---|
| Premiums | 468 | 1,870 | 2,338 |
| Claims | 0 | 0 | 0 |
| Commissions | 0 | 0 | 0 |
| Profit portfolio on provisions and other technical items | 0 | 0 | 0 |
| **Total** | **468** | **1,870** | **2,338** |

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

| (in thousand euro) | 2017 |
|---|---|
| Operations on derivatives | 251,270 |
| Linkage account between Life and Non-Life | 173,643 |
| Premiums earned to be posted | 61,216 |
| Others | 49,810 |
| **Total** | **535,939** |

The item “Operations on Derivatives” refers mainly to the valuation difference from hedging transactions covering risks deriving from exchange rates and interest rates on medium/long-term subordinated liabilities denominated in pound sterling, based on the “principle of coherent valuation” with the underlying position.

Miscellaneous liabilities mainly refer to the reinstatement premiums related to the outward reinsurance.

# Section 14 – Accrued expenses and deferred income – *Item H*

## 14.1 Details of accrued expenses and deferred income

| (in thousand euro) | Accrued income | Deferred charges | Total |
|---|---|---|---|
| Interests | 275,256 | 1,259 | 276,515 |
| Rents | 401 | 1,566 | 1,967 |
| Other accrued income and deferred charges | 19,516 | 6,111 | 25,627 |
| **Total** | **295,173** | **8,936** | **304,109** |

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

| (in thousand euro) | Accrued income | Deferred charges | Total |
|---|---|---|---|
| Deferred charges for disagio on bond issues | 0 | 0 | 0 |
| Deferred charges for disagio on loans | 0 | 0 | 0 |
| Accrued income and deferred charged on derivatives | 8,714 | 6,111 | 14,825 |
| Other | 10,801 | 0 | 10,801 |
| **Total** | **19,515** | **6,111** | **25,626** |

## 14.3 Breakdown of accruals and deferred income and those with a duration of over five years

Deferred income that has a residual duration of over one year relates to: derivatives hedging the change in exchange rates relative to loans issued in previous years, for 4,820 thousand.

Furthermore, deferred income that has a residual duration of over five years relates to: derivatives hedging the change in exchange rates relative to loans issued in previous years, for 2,836 thousand.

# Section 15 – Assets and liabilities relating to Group companies and other companies in which a significant interest is held

## 15.1 Details of the assets and liabilities relating to Group companies and other companies in which a significant interest is held – *(attachment 16)*

| (in thousand euro) | Parent companies | Subsidiaries | Affiliates | Associates | Others | Total |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Equities | 0 | 29,491,857 | 0 | 219,431 | 20,530 | 29,731,818 |
| Bonds | 0 | 650 | 0 | 0 | 0 | 650 |
| Loans | 0 | 1,662,883 | 0 | 0 | 0 | 1,662,883 |
| Participation in investments pools | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits with credit institutions | 0 | 10,000 | 0 | 0 | 0 | 10,000 |
| Other financial investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits with ceding companies | 0 | 6,355,099 | 0 | 469 | 0 | 6,355,568 |
| Investments relating to contracts linked to investment funds and market indexes | 0 | 3,067,604 | 0 | 0 | 0 | 3,067,604 |
| Investments relating to the administration of pension funds | 0 | 0 | 0 | 0 | 0 | 0 |
| Credits arising from direct insurance operations | 0 | 1,805 | 0 | 0 | 0 | 1,805 |
| Credits arising from reinsurance operations | 0 | 228,883 | 0 | 2,242 | 0 | 231,125 |
| Sundry credits | 0 | 467,799 | 0 | 0 | 0 | 467,799 |
| Bank and postal deposits | 0 | 6,317 | 0 | 0 | 0 | 6,317 |
| Other assets | 0 | 39,754 | 0 | 0 | 0 | 39,754 |
| **Total** | **0** | **41,332,651** | **0** | **222,142** | **20,530** | **41,575,323** |
| of which subordinated assets | 0 | 0 | 0 | 0 | 0 | 0 |
| **Liabilities** | | | | | | |
| Subordinated liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits from reinsurers | 0 | 963 | 0 | 0 | 0 | 963 |
| Creditors arising from direct insurance operations | 0 | 3,906 | 0 | 0 | 0 | 3,906 |
| Creditors arising from reinsurance operations | 0 | 165,100 | 0 | 0 | 0 | 165,100 |
| Amounts due to banks and financial institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans guaranteed by mortgages | 0 | 0 | 0 | 0 | 0 | 0 |
| Other loans and financial debts | 0 | 3,811,359 | 0 | 0 | 0 | 3,811,359 |
| Other creditors | 0 | 2,023,694 | 0 | 2 | 0 | 2,023,696 |
| Sundry liabilities | 0 | 19 | 0 | 0 | 0 | 19 |
| **Total** | **0** | **6,005,041** | **0** | **2** | **0** | **6,005,043** |

## Section 16 – Receivables and Payablesi

### 16.1 Duration of receivables and payables

With regards to receivables in items C and E of assets, 4,645 thousand may be collected after the next financial year and 5,505 thousand after five years.

With regards to payables in items F and G of liabilities, the following bond issue has a residual duration of over 5 years:

- "Senior September 2024" amounting to 1,750,000 thousand.

There is a loan with Graafschap Holland N.V. equal to 200,000 thousand with a duration exceeding five years.

The following loans have a residual duration of over one year:

- Graafschap Holland N.V. equal to 2,308,778 thousand;
- Generali Investments equal to 55,000 thousand;
- Transocean Holding equal to 40,000 thousand;
- UMS Immobiliare equal to 27,000 thousand;
- Redoze Holding N.V. equal to 28,000 thousand;
- Generali Versicherung Ag equal to 502.581 thousand.

Furthermore, the following bond issue has a residual duration of over one year:

- *"Senior 2020"* for 127,770 thousand;
- *"Senior 2014-2020"* for 1,250,000 thousand.

## Section 16 bis – individual pension funds

There are no individual pension funds in this item.

## Section 17 – Guarantees, commitments and other memorandum accounts

### 17.1 Details of guarantees issued/received and commitments – *Items I, II, III and IV (attachment 17)*

| (in thousand euro) | 2017 | 2016 |
|---|---|---|
| I. Guarantees issued | | |
| a) Guarantees and endorsements issued in the interest of parent companies, subsidiaries and affiliates | 0 | 269.500 |
| b) Guarantees and endorsements issued in the interest of associates and companies in which a significant interest is held | 0 | 0 |
| c) Guarantees and endorsements issued in the interest of third parties | 0 | 0 |
| d) Other personal guarantees issued in the interest of parent companies, subsidiaries and affiliates | 1.895.083 | 2.369.000 |
| e) Other personal guarantees issued in the interest of associates and companies in which a significant interest is held | 0 | 0 |
| f) Other personal guarantees issued in the interest of third parties | 0 | 0 |
| g) Real securities for bonds of parent companies, associates and affiliates | 0 | 0 |
| h) Real securities for bonds of associates and other companies in which a significant interest is held | 0 | 0 |
| i) Real securities for bonds of third parties | 0 | 0 |
| l) Guarantees issued for bonds of the Company | 45.315 | 47.578 |
| m) Assets deposited for direct reinsurance operations | 118.458 | 131.806 |
| **Total** | **2.058.856** | **2.817.884** |
| II. Guarantees received | | |
| a) from Group Companies, associates and other companies in which a significant interest is held | 0 | 0 |
| b) from third parties | 549.871 | 376.396 |
| **Total** | **549.871** | **376.396** |
| III. Guarantees received in the interest of the Company | | |
| a) from Group companies, associates and other companies in which a significant interest is held | 0 | 0 |
| b) from third parties | 90.475 | 97.958 |
| **Total** | **90.475** | **97.958** |
| IV. Commitments | | |
| a) Commitments for purchases which must be resold | 0 | 0 |
| b) Commitments for sales which must be repurchased | 197.898 | 0 |
| c) Other commitments | 2.889.024 | 3.156.189 |
| **Total** | **3.086.922** | **3.156.189** |
| V. Assets relating to pension funds managed in the name and on behalf of third parties | 0 | 0 |
| VI. Securities deposited with third parties | 14.143.372 | 6.882.753 |
| **Total** | **19.929.496** | **13.331.180** |

The Company has granted sureties and guarantees, primarily in the interest of subsidiaries, in the context of operations of a non-systematic nature and that did not involve a risk of insolvency inside the insurance group.
The other outstanding positions, provided from third parties in the interest of the Company, consist mainly of sureties provided to CONSAP, to government authorities and foreign insurance regulators as required for Company operations in non-European Union countries.

## 17.2 Evolution of guarantees issued

The guarantees referred to in point I.d) are mainly issued to the subsidiaries Generali Finance B.V. for 1,500,000 thousand and Generali Life (Hong Kong) Limited for 395,083 thousand. The guarantee given to CityLife S.p.A. for 296,500 thousand is instead expired during the year.

## 17.3 Details of the assets and liabilities relating to pension funds managed in the name and on behalf of third parties – *Item VI*

There are no assets and liabilities attributable to pension funds managed in the name and on behalf of third parties classified in this item.in questa voce di bilancio.

## 17.4 Details of securities deposited with third parties – *Item VII*

The securities owned by the Company, deposited in custody in various brokers, are recorded in the memorandum accounts at the nominal value of 14,143,372 thousand.

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

Among the commitments, the most significant positions represent the notional reference value of open transactions in purchase and sale of derivatives, as outlined in table at point 17.6 and the commitments relating to the subscription of ancillary own funds of the subsidiary Generali Vie S.A. for 500,000 thousand. In the other memorandum accounts, the positions are relative to index options, with related notional amount equal to 170,696 thousand and to repurchase agreement transactions for 197,000 thousand.

## 17.6 Commitments regarding derivative transactions - *(attachment 18)*

| (in thousand euro) | | 2017 | | | | 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Purchase | | Sale | | Purchase | | Sale | |
| | | Price | Fair value | Price | Fair value | Price | Fair value | Price | Fair value |
| Futures: | on shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on currencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on rates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options: | on shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on bonds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on currencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | on rates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Swaps: | on currencies | 1,283,166 | –364,897 | 482,958 | –3,260 | 1,299,213 | –440,185 | 469,812 | –815 |
| | on rates | 0 | 0 | 341,654 | –19,294 | 0 | 0 | 605,539 | –34,890 |
| | other | 0 | 0 | 255,000 | 0 | 0 | 0 | 255,000 | 0 |
| Other operations | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | | **1,283,166** | **–364,897** | **1,079,612** | **–22,554** | **1,299,213** | **–440,185** | **1,330,351** | **–35,705** |

Derivatives transactions are consistent with the guidelines set by the specific resolution of the Board of Directors and in compliance with the rulings set by IVASS Regulation No. 24 dated 6 June 2016 and exclude transactions of a purely speculative nature.

Additional information about the criteria of evaluation, as well as changes in value recognized directly in the income statement, is shown in Part A - Foreword.

### *Transactions*

The most important transactions, with reference to notional values, took place in the Over the Counter (OTC) markets, offering adequate guarantees of settlement of the positions assumed. The contracts negotiated in these markets were drawn up with counterparties having investment grade rating, enabling the carrying out of professional operations, subject to prudential vigilance with the purpose of stability, pursuant the current regulations.

### *Outstanding contracts at the end of the year*

The overall value of outstanding contracts at year end, in terms of the nominal value of the reference capital (notional reference value), was 2,533,475 thousand.

The following is a breakdown of all contracts that were outstanding at year end, divided by purpose and contract type.

| (in thousand euro) | Hedging | | Efficient management | | Total | |
|---|---|---|---|---|---|---|
| | Number | Value | Number | Value | Number | Value |
| Cross Currency Swap | 19 | 1,561,216 | 9 | 204,908 | 28 | 1,766,124 |
| Interest Rate Swap | 1 | 191,654 | 1 | 150,000 | 2 | 341,654 |
| Other Swap | 0 | 0 | 3 | 255,000 | 3 | 255,000 |
| Warrant / Rights | 0 | 0 | 3 | 1 | 3 | 1 |
| Options purchased on shares | 0 | 0 | 0 | 0 | 0 | 0 |
| Options purchased on indexes | 0 | 0 | 4 | 170,696 | 4 | 170,696 |
| Options sold on shares | 0 | 0 | 0 | 0 | 0 | 0 |
| Swaptions | 0 | 0 | 0 | 0 | 0 | 0 |
| Futures on indexes | 0 | 0 | 0 | 0 | 0 | 0 |
| Futures on bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **20** | **1,752,870** | **20** | **780,605** | **40** | **2,533,475** |

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

The Company has identified potential additional liabilities with respect to those already taken into account for the determination of provisions for risks and charges (Section 12), for 6,927 thousand, relating to lawsuits for which the unsuccessful outcome was determined.

## 17.8 Disclosure regarding to the amount of the securities held on deposit with a ceding company or third parties which remain property of the company accepting reinsurance

The amount of the securities held on deposit with a ceding company or third parties which remain property of the company accepting reinsurance, is equal to 118,458 thousand.

# Profit and Loss account

## Summary

| (in thousand euro) | 2017 | | | 2016 | |
|---|---|---|---|---|---|
| | Non-life | Life | Total | Total | Change |
| Gross premiums written | 1,661,058 | 1,708,336 | 3,369,394 | 3,667,600 | −298,206 |
| Ceded reinsurance premiums | −489,281 | −363,580 | −852,861 | −864,005 | 11,144 |
| Income and charges from life investments | 0 | 1,317,841 | 1,317,841 | 1,279,589 | 38,252 |
| Allocated investment return transferred to/from the technical account | 137,629 | −729,570 | −591,941 | −573,322 | −18,619 |
| Income and charges from class D | 0 | 90,484 | 90,484 | 41,926 | 48,558 |
| Charges relating to claims | −823,519 | −1,982,335 | −2,805,854 | −2,555,997 | −249,857 |
| Change in unearned premiums, mathematical and other provisions | −1,077 | 658,729 | 657,652 | 160,245 | 497,407 |
| Profit-sharing and premium refunds | −41 | −46,664 | −46,705 | −66,772 | 20,067 |
| Operating expenses | −252,728 | −213,774 | −466,502 | −502,952 | 36,450 |
| Other technical income and charges | −9,117 | 8,663 | −454 | 5,671 | −6,125 |
| **Result of technical account** | **222,924** | **448,130** | **671,054** | **591,983** | **79,071** |
| Income and charges from non-life investments | 1,041,698 | 0 | 1,041,698 | 817,612 | 224,086 |
| Investments profit transferred from/to the non technical account | −137,629 | 729,570 | 591,941 | 573,322 | 18,619 |
| Other income | 299,888 | 98,514 | 398,402 | 491,557 | −93,155 |
| Other charges | −1,151,305 | −479,799 | −1,631,104 | −1,603,198 | −27,906 |
| **Results from ordinary operations** | **275,576** | **796,415** | **1,071,991** | **871,276** | **200,715** |
| Extraordinary income | 244,807 | 9,727 | 254,534 | 79,590 | 174,944 |
| Extraordinary charges | −40,778 | −2,779 | −43,557 | −44,817 | 1,260 |
| **Result before taxation** | **479,605** | **803,363** | **1,282,968** | **906,049** | **376,919** |
| Income taxes for the year | 70,324 | 51,167 | 121,491 | 190,212 | −68,721 |
| **Result for the year** | **549,929** | **854,530** | **1,404,459** | **1,096,261** | **308,198** |

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

### 18.1 Premiums written

| (in thousand euro) | Direct business | Reinsurance business | Total |
|---|---|---|---|
| Non-life | 402,459 | 1,258,599 | 1,661,058 |
| Life | 225,180 | 1,483,156 | 1,708,336 |
| **Total** | **627,639** | **2,741,755** | **3,369,394** |

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

| (in thousand euro) | Gross premiums | Gross prem. | Gross cost | Operating | (*) Reinsurers' |
|---|---|---|---|---|---|
| **Direct insurance:** | | | | | |
| Accident and Health | 33,441 | 29,196 | 18,429 | 5,921 | –5,542 |
| Motor TPL | 332 | 292 | –216 | 22 | –319 |
| Material damage | 2,595 | 4,410 | 4,783 | 126 | 635 |
| Hull marine | 12,930 | 13,655 | 7,907 | 3,867 | –4,145 |
| Fire and property other than fire | 36,985 | 33,575 | 61,672 | 5,103 | 6,669 |
| General liability | 74,804 | 67,905 | 76,389 | 13,614 | –7,703 |
| Credit and suretyship | 1,389 | 1,715 | –399 | 275 | –747 |
| Pecuniary losses | 13,017 | 12,134 | 7,024 | 1,574 | 1,438 |
| Legal protection | 4 | 4 | –131 | 0 | 0 |
| Assistance | 107 | 106 | 1 | 2 | 0 |
| **Total direct insurance** | **175,604** | **162,992** | **175,459** | **30,504** | **–9,714** |
| **Reinsurance** | **194,431** | **184,892** | **100,350** | **23,852** | **–25,056** |
| **Total Italian portfolio** | **370,035** | **347,884** | **275,809** | **54,356** | **–34,770** |
| **Foreign portfolio** | **1,291,023** | **1,288,905** | **782,980** | **256,421** | **–147,177** |
| **Grand total** | **1,661,058** | **1,636,789** | **1,058,789** | **310,777** | **–181,947** |

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

## 18.3 Statement concerning the transfer of the allocated investment return from the non- technical account and indication of the base applied for the calculation – *Item I.2*

The net investment return assumed for the determination of the quota to be transferred to the non-life technical account arises from the amounts, registered in the non-technical account, of investment returns and related financial charges.

The percentage to be allocated to the technical account – in compliance with ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented– is calculated by applying to the net investment return, the ratio resulting between the average of (current and prior year) technical provisions, net of reinsurance and this same average added to the average (current and prior year) of the shareholders' funds plus subordinated liabilities.

In 2017 the ratio was 13.212%, applied to the investment profit of 1,041,698 thousand, the sum allocated to the technical account was 137,629 thousand (123,337 thousand in 2016).

The division into single portfolios and lines of business of the allocated investment return to the technical account was also carried out on the basis of the above- mentioned ISVAP (now IVASS) ruling.

## 18.4 Other technical income net of reinsurance – *Item I.3*

| (in thousand euro) | 2017 |
|---|---|
| Reversal of commissions relating to devalued or cancelled premiums of previous years | 13 |
| Other technical income | 561 |
| **Total of other technical income** | **574** |

## 18.5 Net provision for outstanding claims development result

The difference between the amount of the provision for outstanding claims recorded at the beginning of the year and the payment for claims accrued in previous years, as well as the amount of the relevant provision at the end of the year, produced a loss of 45,418 thousand, corresponding to 18% on the provision for outstanding claims.

## 18.6 Premium refunds and profit-sharing – *Item I.6*

| (in thousand euro) | 2017 |
|---|---|
| Premium refunds | 41 |
| Change in profit-sharing | 0 |
| **Total** | **41** |

## 18.7 Reinsurance commissions and profit- sharing – *Item I.7.f*

| (in thousand euro) | 2017 |
|---|---|
| Commissions | 57,764 |
| Profit-sharing | 284 |
| **Total** | **58,048** |

## 18.8 Other technical charges net of reinsurance – *Item I.8*

| (in thousand euro) | 2017 |
|---|---|
| Devaluation for uncollectable sums due towards policyholders for premiums | 321 |
| Cancellation of issued premiums of previous years | 84 |
| Negative components of the C.I.D. (Direct Refund Agreement) | 6 |
| Other technical charges | 9,280 |
| **Total of other technical charges** | **9,691** |

The item other technical charges mainly consist of reversed commissions related to canceled reinsurance premiums.

## 18.9 Equalisation provisions – *Item I.9*

| (in thousand euro) | 2017 | 2016 | Change |
|---|---|---|---|
| Equalisation provision: | | | |
| Accident | 1 | 1 | 0 |
| Health | 0 | 0 | 0 |
| Motor material damage | 0 | 0 | 0 |
| Hull transport (trains) | 0 | 0 | 0 |
| Hull aviation | 0 | 0 | 0 |
| Hull marine | 0 | 0 | 0 |
| Cargo | 0 | 0 | 0 |
| Fire | 306 | 190 | 116 |
| Property other than fire | 0 | 0 | 0 |
| TPL Motor | 0 | 0 | 0 |
| TPL Aviation | 0 | 0 | 0 |
| TPL Marine | 0 | 0 | 0 |
| General liability | 0 | 0 | 0 |
| Credit | 0 | 0 | 0 |
| Suretyship | 0 | 0 | 0 |
| Pecuniary losses | 7 | 7 | 0 |
| Legal protection | 0 | 0 | 0 |
| Assistance | 0 | 0 | 0 |
| **Total** | **314** | **198** | **116** |
| Compensation provision for the credit sector | 0 | 0 | 0 |
| **Total equalisation provisions** | **314** | **198** | **116** |

# Section 19 – Information on the life business technical account *(II)*

## 19.1 Summary of the life business: premiums and reinsurers' share – *(attachment 20)*

| (in thousand euro) | Direct business | Reinsurance | Total |
|---|---|---|---|
| Gross premiums: | 225,180 | 1,483,156 | 1,708,336 |
| a) 1. for individual policies | 83,707 | 370,564 | 454,271 |
| 2. for group policies | 141,473 | 1,112,592 | 1,254,065 |
| b) 1. regular premiums | 208,651 | 1,483,156 | 1,691,807 |
| 2. single premiums | 16,529 | 0 | 16,529 |
| c) 1. for non-profit-sharing contracts | 174,870 | 1,483,156 | 1,658,026 |
| 2. for profit-sharing contracts | 0 | 0 | 0 |
| 3. for contracts in which the investment risk is borne by policyholders and for contracts linked to pension funds | 50,310 | 0 | 50,310 |
| **Reinsurers' share (*)** | **–4,533** | **–388** | **–4,921** |

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

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

| (in thousand euro) | 2017 |
|---|---|
| from equities: | |
| Dividends and other income from equities of Group companies | 1,001,314 |
| Dividends and other income from equities of other companies | 2,005 |
| **Total** | **1,003,319** |
| **Income from land and buildings** | **0** |
| Income from other investments: | |
| Income from bonds of Group companies and companies in which a significant share is held | 30 |
| Interest on loans to Group companies and companies in which a significant share is held | 17,473 |
| Income from units of common investment funds | 0 |
| Income from bonds and other fixed-interest securities | 61,981 |
| Interest on loans | 51 |
| Income from participation in investment pools | 0 |
| Interest on deposits with credit institutions | 673 |
| Income from various financial investments | 0 |
| Interest on deposits with ceding companies | 240,065 |
| **Total** | **320,273** |
| Reversal value adjustments on investments relating to: | |
| Land and buildings | 0 |
| Equities of Group companies and companies in which a significant share is held | 0 |
| Bonds issued by Group companies and companies in which a significant share is held | 16 |
| Other equities | 114 |
| Other bonds | 4,820 |
| Other financial investments | 0 |
| **Total** | **4,950** |
| Gains on the realisation of investments: | |
| Gains from sale of land and buildings | 0 |
| Gains from equities of Group companies and companies in which a significant share is held | 0 |
| Gains from bonds issued by Group companies and companies in which a significant share is held | 0 |
| Gains from other equities | 0 |
| Gains from other bonds | 10,865 |
| Gains from other financial investments | 0 |
| **Total** | **10,865** |
| **Grand total** | **1,339,407** |

## 19.3 Details of income and unrealized gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds – *Item II.3 (attachment 22)*

| (in thousand euro) | 2017 |
|---|---|
| Income from: | |
| Land and buildings | 0 |
| Investments in Group companies and companies in which a significant share is held | 67,088 |
| Income from units of common investment funds | 1 |
| Other financial investments | 1,069 |
| - of which, income from bonds | 1,061 |
| Other assets | –54 |
| **Total** | **68,104** |
| Gains from the realisation of investments | |
| Gains from sale of land and buildings | 0 |
| Gains from investments in Group comp. and comp. in which a significant share is held | 0 |
| Income from units of common investment funds | 2,363 |
| Gains from other financial investments | 106 |
| - of which, from bonds | 99 |
| Other income | 0 |
| **Total** | **2,469** |
| **Unrealised gains** | **23,101** |
| **Grand total** | **93,674** |

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

| (in thousand euro) | 2017 |
|---|---|
| Reversal of commissions relating to devalued or cancelled premiums of previous years | 843 |
| Other technical income | 15,993 |
| **Total of other technical income** | **16,836** |

The item other technical income consists, in particular, of the commissions collected from the internal funds of the Dubai Branch.

## 19.5 Outstanding payments provision development result

The difference between the amount of the reserve for outstanding claims existing at the beginning of the year and the amounts paid to the beneficiaries of the contracts during the period for claims incurred in previous years and the amount of the reserves at year-end is not significant.

## 19.6 Premium refunds and profit-sharing – *Item II.7*

| (in thousand euro) | 2017 |
|---|---|
| Premium refunds | 0 |
| Change in profit-sharing | 46,664 |
| **Total** | **46,664** |

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

| (in thousand euro) | 2017 |
|---|---|
| Commissions | 56,417 |
| Profit-sharing | 8,901 |
| **Total** | **65,318** |

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

| (in thousand euro) | 2017 |
|---|---|
| Investments operating charges and other charges: | |
| Charges relating to equities | 7,595 |
| Charges relating to investments in land and buildings | 0 |
| Charges relating to bonds | 4,051 |
| Charges relating to units of common investment funds | 0 |
| Charges relating to shares in investment pools | 0 |
| Charges relating to other financial investments | 828 |
| Interest on deposits with reinsurers | 5,241 |
| **Total** | **17,715** |
| Value adjustments on investments relating to: | |
| Land and buildings | 0 |
| Equities in Group companies and companies in which a significant share is held | 0 |
| Bonds issued by Group companies and companies in which a significant share is held | 0 |
| Other equities | 18 |
| Other bonds | 3,544 |
| Other financial investments | 6 |
| **Total** | **3,568** |
| Losses on the realisation of investments: | |
| Losses from sale of land and buildings | 0 |
| Losses from equities | 0 |
| Losses from bonds | 52 |
| Losses from other financial investments | 230 |
| **Total** | **282** |
| **Grand total** | **21,565** |

## 19.9 Details of financial charges and unrealised losses on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds – *Item II.10 (attachment 24)*

| (in thousand euro) | 2017 |
|---|---|
| Charges relating to: | |
| Land and buildings | 0 |
| Investments in Group companies and companies in which a significant share is held | 0 |
| Units of common investment funds | 0 |
| Other financial investments | 7 |
| Other assets | 67 |
| **Total** | **74** |
| Losses on the realisation of investments | 0 |
| Losses from sale of land and buildings | 0 |
| Losses from investments in Group companies and companies in which a significant share is held | 0 |
| Losses from units of common investment funds | 15 |
| Losses from other financial investments | 20 |
| Other charges | 1 |
| **Total** | **36** |
| **Unrealised losses** | **3,082** |
| **Grand total** | **3,192** |

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

| (in thousand euro) | 2017 |
|---|---|
| Cancellation of issued premiums of previous years | 582 |
| Other technical charges | 7,591 |
| **Total of other technical charges** | **8,173** |

The other technical charges mainly consist of residual items relating to reinsurance acceptances by Generali Paneurope dac.

## 19.11 Statement concerning the transfer of the allocated investment return to the non - technical account and indication of the base applied for the calculation – *Item II.12*

The investment return assumed for the determination of the quota to be transferred to the non-technical account arises from the amounts, registered in the technical account, of the investment profits and related financial charges. Profits and unrealised gains as well as charges and unrealised losses deriving from investments relating to item D (held for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds) are excluded. These items, therefore, continue to be accounted for in the technical account.

The quota to be allocated to the non-technical account – in compliance with ISVAP (now IVASS) Regulation No. 22/2008 amended and supplemented – is calculated by applying, to the investment return, the ratio resulting between:
- the average of (current and prior year) Shareholders' funds;
- the average of (current and prior year) Shareholders' funds plus the average of (current and prior year)

technical provisions, net of reinsurance.

If the investment return that remains allocated to the life technical account is lower than the investment profits contractually acknowledged with the policyholders during the year, the quota to be transferred to the non-technical account must be similarly reduced in the proportion of this lower value, and may even be cancelled if necessary.

For the 2017 financial statements, on the basis of the calculation methods explained in the previous paragraph, the quota to be applied to the total income for the year, equal to 1,317,841 thousand, was 55.361%, and involved an allocation to the non-technical account of 729,570 thousand (696,659 thousand in 2016).

The division into single portfolios and lines of business of the investment return quota relative to the technical account was calculated on the basis of their origin.

## Section 20 – Development of technical items by line of business

### 20.1 Non-life insurance

#### 20.1.1. Summary of technical accounts by line of business – Italian portfolio – *(attachment 25)*

| (in thousand euro) | Isvap Class 01 | Isvap Class 02 | Isvap Class 03 | Isvap Class 04 | Isvap Class 05 | Isvap Class 06 |
|---|---|---|---|---|---|---|
| | Accident | Health | Motor material damage | Hull transport (trains) | Hull aviation | Hull marine |
| Gross direct business | | | | | | |
| (+) Premiums written | 3,183 | 30,258 | 2,595 | 320 | 1,594 | 4,640 |
| (–) Change in unearned premium provision | –66 | 4,311 | –1,815 | 0 | 24 | –209 |
| (–) Charges relating to claims | 2,503 | 15,926 | 4,783 | 25 | 1,535 | 810 |
| (–) Change in other technical provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Balance of other technical items | 0 | –106 | 0 | 0 | –21 | –2 |
| (–) Operating expenses | 188 | 5,733 | 126 | 42 | 402 | 1,522 |
| **Technical balance of direct business** | **558** | **4,182** | **–499** | **253** | **–388** | **2,515** |
| **Result of ceded reinsurance** | **–13** | **–5,529** | **635** | **0** | **–1,097** | **–1,953** |
| **Net result of reinsurance** | **6,832** | **–4,818** | **–23** | **57** | **–62** | **2,258** |
| (–) Change in equalisation provision | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Technical result | 6,209 | 4,129 | 1,315 | 9 | 286 | 436 |
| **Risultato del conto tecnico** | **13,586** | **–2,036** | **1,428** | **319** | **–1,261** | **3,256** |

| (in thousand euro) | Isvap Class 07 Cargo | Isvap Class 08 Fire | Isvap Class 09 Property other than fire | Isvap Class 10 Motor TPL | Isvap Class 11 Aviation TPL | Isvap Class 12 Marine TPL |
|---|---|---|---|---|---|---|
| Gross direct business | | | | | | |
| (+) Premiums written | 5,361 | 20,010 | 16,975 | 332 | 1,015 | 0 |
| (–) Change in unearned premium provision | –316 | 3,039 | 371 | 40 | –224 | 0 |
| (–) Charges relating to claims | 6,030 | 39,828 | 21,844 | –216 | 636 | –1,129 |
| (–) Change in other technical provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Balance of other technical items | 0 | 0 | –70 | –6 | 0 | 0 |
| (–) Operating expenses | 1,586 | 2,327 | 2,776 | 22 | 315 | 0 |
| **Technical balance of direct business** | **–1,939** | **–25,184** | **–8,086** | **480** | **288** | **1,129** |
| **Result of ceded reinsurance** | **113** | **3,294** | **3,375** | **–319** | **–64** | **–1,144** |
| **Net result of reinsurance** | **2,119** | **16,856** | **–2,703** | **4,647** | **–539** | **15** |
| (–) Change in equalisation provision | 0 | 116 | 0 | 0 | 0 | 0 |
| (+) Positive share of investments allocated from the non-technical account | 1,847 | 7,847 | 2,974 | 962 | 277 | 5 |
| **Technical result** | **2,140** | **2,697** | **–4,440** | **5,770** | **–38** | **5** |

| (in thousand euro) | Isvap Class 13 General liability | Isvap Class 14 Credit | Isvap Class 15 Suretyship | Isvap Class 16 Pecuniary losses | Isvap Class 17 Legal protection | Isvap Class 18 Assistance |
|---|---|---|---|---|---|---|
| Gross direct business | | | | | | |
| (+) Premiums written | 74,804 | 1 | 1,388 | 13,017 | 4 | 107 |
| (–) Change in unearned premium provision | 6,899 | –1 | –325 | 883 | 0 | 1 |
| (–) Charges relating to claims | 76,389 | 4 | –403 | 7,024 | –131 | 1 |
| (–) Change in other technical provisions | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Balance of other technical items | –109 | 0 | –1 | 0 | 0 | 0 |
| (–) Operating expenses | 13,614 | 0 | 275 | 1,574 | 0 | 2 |
| **Technical balance of direct business** | **–22,207** | **–2** | **1,840** | **3,536** | **135** | **103** |
| **Result of ceded reinsurance** | **–7,703** | **0** | **–747** | **1,438** | **0** | **0** |
| **Net result of reinsurance** | **–188** | **31** | **–395** | **11,494** | **55** | **0** |
| (–) Change in equalisation provision | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Positive share of investments allocated from the non-technical account | 16,427 | 22 | 913 | 803 | 41 | 9 |
| **Technical result** | **–13,671** | **51** | **1,611** | **17,271** | **231** | **112** |

Whenever possible, costs were charged to each specific line of business from the outset; common expenses are shared proportionally according to parameters (gross premiums, number of policies managed, commissions and claims paid) suitable for the different types of costs.

### 20.1.2. Summary of non-life business technical accounts – Italian portfolio – *(attachment 26)*

| (in thousand euro) | Direct insurance | | Reinsurance | | Risks retained |
|---|---|---|---|---|---|
| | Direct risks | Ceded risks | Direct risks | Retroc. risks | |
| (+) Premiums written | 175,604 | 44,576 | 194,431 | 84,753 | 240,706 |
| (–) Change in unearned premium provision | 12,612 | 1,910 | 9,539 | 14,131 | 6,110 |
| (–) Charges relating to claims | 175,459 | 27,551 | 100,350 | 39,233 | 209,025 |
| (–) Change in other technical provisions | 0 | 0 | 0 | 0 | 0 |
| (+) Balance of other technical items | –315 | 39 | 0 | 3,061 | –3,415 |
| (–) Operating expenses | 30,504 | 5,440 | 23,852 | 9,394 | 39,522 |
| **Technical balance** | **–43,286** | **9,714** | **60,690** | **25,056** | **–17,366** |
| (–) Change in equalisation provisions | | | | | 116 |
| (+) Positive share of investments allocated from the non-technical account | 27,446 | | 17,066 | | 44,512 |
| **Technical result** | **–15,840** | **9,714** | **77,756** | **25,056** | **27,030** |

## 20.2 Life insurance

### 20.2.1. Summary of technical accounts by line of business – Italian portfolio – *(attachment 27)*

| (in thousand euro) | Isvap Class I | Isvap Class III | Isvap Class IV | Isvap Class V | Isvap Class VI |
|---|---|---|---|---|---|
| | Life | Investment funds | Health | Capitalisation | Pension funds |
| Gross direct business | | | | | |
| (+) Premiums written | 81,873 | 21 | 24,346 | 61 | 0 |
| (–) Charges relating to claims | 102,503 | 4,602 | 54,918 | 4,735 | 0 |
| (–) Change in mathematical and other provisions | –11,109 | –3,158 | –35,564 | 131 | 0 |
| (+) Balance of other technical items | 0 | 1 | 0 | 0 | 0 |
| (–) Operating expenses | 5,380 | 87 | 3,468 | 0 | 0 |
| (+) Investment profit net of the quota allocated to the non-technical account | 74,109 | 2,650 | 1,787 | 8,653 | 0 |
| **Technical balance** | **59,208** | **1,141** | **3,311** | **3,848** | **0** |
| **Result of ceded reinsurance** | **–5,566** | **–2** | **2,537** | **0** | **0** |
| **Net result of reinsurance** | **235,664** | **124** | **0** | **0** | **0** |
| **Technical result** | **289,306** | **1,263** | **5,848** | **3,848** | **0** |

For the attribution of the expenses to the lines of business please refer to point 20.1.1.

### 20.2.2. Summary of life technical accounts – Italian portfolio – *(attachment 28)*

| (in thousand euro) | Direct insurance | | Reinsurance | | Risks retained |
|---|---|---|---|---|---|
| | Direct risks | Ceded risks | Direct risks | Retroc. risks | |
| (+) Premiums written | 106,301 | 33,565 | 246,755 | 1,161 | 318,330 |
| (–) Charges relating to claims | 166,758 | 22,653 | 740,099 | 0 | 884,204 |
| (–) Change in mathematical and other provisions | –49,700 | 2,972 | –465,437 | 0 | –518,108 |
| (+) Balance of other technical items | 1 | 0 | –37 | 0 | –36 |
| (–) Operating expenses | 8,935 | 4,909 | 22,960 | –128 | 27,114 |
| (+) Investment profit net of the quota allocated to the non-technical account | 87,199 | | 287,980 | | 375,179 |
| **Technical result** | **67,508** | **3,031** | **237,076** | **1,289** | **300,263** |

## 20.3 Non - life and life insurance

### 20.3.1. Summary of non-life and life technical accounts – foreign portfolio – *(attachment 29)*

| (in thousand euro) | Non life | Life |
|---|---|---|
| Gross direct business | | |
| (+) Premiums written | 226,854 | 118,879 |
| (–) Change in non-life unearned premium provision | 285 | |
| (–) Charges relating to claims | 142,394 | 72,602 |
| (–) Change in mathematical and other provisions in life branches | | 62,142 |
| (–) Change in other technical provisions in non-life branches | 0 | |
| (+) Balance of other technical items | 526 | 13,771 |
| (–) Operating expenses | 56,218 | 25,830 |
| (+) Investment profit of the life branch net of the quota allocated to the non-technical account | | 47,538 |
| **Technical balance of direct business** | **28,483** | **19,614** |
| **Result of ceded reinsurance** | **–14,864** | **–1,502** |
| **Net result of reinsurance** | **89,156** | **129,753** |
| (–) Change in equalisation provisions for non-life branches | 0 | |
| (+) Quota of profits transferred from the non-technical account of the non-life branches | 93,117 | |
| **Technical result** | **195,892** | **147,865** |

## Section 21 – information on the non – technical account *(III)*

### 21.1 Details of investment income – *Item III.3 (attachment 21 – non-life)*

| (in thousand euro) | 2017 |
|---|---|
| from equities: | |
| Dividends and other income from equities of Group companies | 979,930 |
| Dividends and other income from equities of other companies | 607 |
| **Total** | **980,537** |
| **Income from land and buildings** | **4,944** |
| Income from other investments: | |
| Income from bonds of Group companies and companies in which a significant share is held | 0 |
| Interest on loans to Group companies and companies in which a significant share is held | 62,146 |
| Income from units of common investment funds | 2,265 |
| Income from bonds and other fixed-interest securities | 18,240 |
| Interest on loans | 55 |
| Income from participation in investment pools | 0 |
| Interest on deposits with credit institutions | 814 |
| Income from various financial investments | 4,906 |
| Interest on deposits with ceding companies | 2,662 |
| **Total** | **91,088** |
| Reversal value adjustments on investments relating to: | |
| Land and buildings | 0 |
| Equities of Group companies and companies in which a significant share is held | 0 |
| Bonds issued by Group companies and companies in which a significant share is held | 0 |
| Other equities | 0 |
| Other bonds | 1,172 |
| Other financial investments | 5,733 |
| **Total** | **6,905** |
| Gains on the realisation of investments: | |
| Gains from sale of land and buildings | 0 |
| Gains from equities of Group companies and companies in which a significant share is held | 19,610 |
| Gains from bonds issued by Group companies and companies in which a significant share is held | 0 |
| Gains from other equities | 966 |
| Gains from other bonds | 2,181 |
| Gains from other financial investments | 14,112 |
| **Total** | **36,869** |
| **Grand total** | **1,120,343** |

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

| (in thousand euro) | 2017 |
|---|---|
| Investments operating charges and other charges: | |
| Charges relating to equities | 6,871 |
| Charges relating to investments in land and buildings | 1,909 |
| Charges relating to bonds | 3,227 |
| Charges relating to units of common investment funds | 0 |
| Charges relating to shares in investment pools | 0 |
| Charges relating to other financial investments | 19,600 |
| Interest on deposits with reinsurers | 49 |
| **Total** | **31,656** |
| Value adjustments on investments relating to: | |
| Land and buildings | 3,607 |
| Equities in Group companies and companies in which a significant share is held | 2,997 |
| Bonds issued by Group companies and companies in which a significant share is held | 0 |
| Other equities | 264 |
| Other bonds | 5,068 |
| Other financial investments | 24,958 |
| **Total** | **36,894** |
| Losses on the realisation of investments: | |
| Losses from sale of land and buildings | 0 |
| Losses from equities | 202 |
| Losses from bonds | 341 |
| Losses from other financial investments | 9,555 |
| **Total** | **10,098** |
| **Grand total** | **78,648** |

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

| (in thousand euro) | 2017 |
|---|---|
| Profit on exchange rates | 235,924 |
| Royalties for Generali's brand usage | 60,430 |
| Administration charges recovered from third parties | 29,015 |
| Withdrawal from provisions for tax litigation | 26,505 |
| Withdrawal from provisions for future charges | 18,311 |
| Withdrawal from provisions for indirect tax litigation | 13,328 |
| Commissions on guarantees provided to Group companies | 5,947 |
| Withdrawal from other provisions | 4,544 |
| Other | 4,399 |
| **Total of other income** | **398,403** |

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

| (in thousand euro) | 2017 |
|---|---|
| Interests paid on subordinated liabilities | 483,447 |
| Steering and coordination expenses | 411,528 |
| Losses on exchange rates | 347,088 |
| Interests paid on bonds issue | 155,565 |
| Interest paid on other loans | 75,757 |
| Sums allocated to provisions | 51,810 |
| Administrative charges on behalf of third parties | 29,622 |
| Depreciation quota of intangible assets | 20,198 |
| Losses on credits | 14,066 |
| Tax charges | 11,926 |
| Interests paid on other loans | 11,539 |
| Interest and financial expenses | 10,301 |
| Other charges | 8,259 |
| **Total of other charges** | **1,631,104** |

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

| (in thousand euro) | 2017 |
|---|---|
| Adjustements on pre-paid and deferred taxation | 39,510 |
| Gains contingent | 10,158 |
| Gains from sales of real property and from securities | 9,060 |
| Other extraordinary income | 195,806 |
| **Total of extraordinary income** | **254,534** |

The item other extraordinary income is represented by the realized gain on the sale reinsurance of the non-life portfolio in run-off of the London branch, which prepared for future legal portfolio disposal. Since the reinsurance contract does not qualify as protection, but as an integral part of the transaction as a whole, the related income has been classified as extraordinary items.

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

| (in thousand euro) | 2017 |
|---|---|
| Previous years taxes | 20,283 |
| Early retirement incentives | 16,813 |
| Contingent liabilities | 3,411 |
| Losses for sales of fixed assets | 1,886 |
| Other extraordinary charges | 1,164 |
| **Total of extraordinary charges** | **43,557** |

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

| (in thousand euro) | 2017 |
|---|---|
| Current taxes | –156,220 |
| Change in pre-paid taxation | 33,520 |
| Change in deferred taxation | 1,209 |
| **Income tax for the year** | **–121,491** |

The company complies, as a Parent Company, with the Corporate tax treatment, regulated by Title II, Chapter II, Section II of the TUIR (Art. 117-129). The number of subsidiaries that exercised the option with the Parent Company has equal to 20, unchanged compared to the previous year.

With reference to the significant terms and conditions of the agreements that regulate the relationship between the consolidating company and the consolidated companies, it should be noted that each consolidated company, in cases where it contributes to the formation of the total global income with its taxable income, must provide to the consolidating company an amount equal to the relative tax due; on the other hand, in case the consolidated company contributes to the formation of the consolidated total global income with a tax loss, an amount equal to the financial benefit due to the Parent Company on payment of the Group tax, will be granted.

By accepting the Corporate tax treatment, the company benefited from the immediate offsetting of the tax loss of the tax period, thus recording an income in current taxes. The company also took over, as consolidating company, the positions of the consolidated companies for the taxable income for the period, net of the offset of all the current and previous fiscal losses, accounting for a debt towards the Tax Authorities of 135,030 thousand and a concomitant credit for the same amount towards the companies themselves.
Income taxes for the year show a positive balance of 121,491 thousand (190,212 the previous year), due to the following components:

- income for accrual IRES for 161,760 thousand (217,729 thousand in the previous year), in line with the increase of the net result of the dividend received from Group companies;
- accrual IRAP with a cost equal to 5,470 thousand;
- taxes due in Italy on income of certain foreign subsidiaries for 10,636 thousand (14,774 thousand in the previous year);
- taxes paid abroad for 24,163 thousand (9,445 thousand in the previous year).

Hereinafter the reconciliation between the theorical tax rate and effective tax rate:

| | |
|---|---|
| IRES ordinary rate | 24.00% |
| Effect of permanent differences (increases and decreases) compared to the ordinary rate | |
| Permanent differences in increase: | |
| capital losses on non-deductible participations | 0.02% |
| other differences | 0.52% |
| Permanent differences in decrease: | 2.68% |
| Permanent differences in decrease: | |
| excluded dividends | –27.39% |
| capital gains on exempt participations or subject to substitute tax | –8.21% |
| other differences | –4.23% |
| Total permanent differences | –36.61% |
| **Actual tax rate IRES** | **–12.61%** |
| Income tax of foreign subsidiaries and associates and other taxes paid abroad | 2.71% |
| Accrual IRAP of the period | 0.43% |
| **Total tax rate** | **–9.47%** |

## *Pre-paid and deferred taxation*

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

The movements of pre-paid and deferred taxation are determined using the IRES rate of 24% and the IRAP rate of 3.54%; they refer to the items that contribute to forming the taxable income in a tax period different from that in which they are recorded in the income statement.

The breakdown of the main items and changes during the year is provided in the tables below; all amounts are recorded in the income statement.

## Pre-paid taxation

| (in thousand euro) | Initial balance | | Changes over the year | | Final balance | |
|---|---|---|---|---|---|---|
| | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Taxes |
| Assets for pre-paid taxes - IRES | 0 | 0 | 0 | 0 | 0 | 0 |
| Evaluation of securities | 33,902 | 8,137 | –7,319 | –1,757 | 26,583 | 6,380 |
| Depreciation (mainly goodwill) | 84,836 | 20,361 | –18,491 | –4,438 | 66,345 | 15,923 |
| Devaluations of credits due by policyholders | 566,421 | 135,941 | –47,699 | –11,448 | 518,722 | 124,493 |
| Other sums set aside and not deductible in the year | 76,180 | 18,283 | –19,741 | –4,738 | 56,439 | 13,545 |
| Change of provisions | 96,308 | 23,114 | –31,853 | –7,645 | 64,455 | 15,469 |
| Sundry | 69,576 | 16,698 | –10,365 | –2,487 | 59,211 | 14,211 |
| **Total** | **927,223** | **222,534** | **–135,468** | **–32,513** | **791,755** | **190,021** |
| Assets for pre-paid taxes - IRAP | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (mainly goodwill) | 81,102 | 2,871 | –17,887 | –633 | 63,215 | 2,238 |
| Devaluations of credits due by policyholders | 8,963 | 317 | –755 | –26 | 8,208 | 291 |
| Sundry | 43,105 | 1,526 | –9,815 | –348 | 33,290 | 1,178 |
| **Total** | **133,170** | **4,714** | **–28,457** | **–1,007** | **104,713** | **3,707** |
| **Total early taxation** | **1,060,393** | **227,248** | **–163,925** | **–33,520** | **896,468** | **193,728** |

## Deferred taxation

| (in thousand euro) | Initial balance | | Changes over the year | | Final balance | |
|---|---|---|---|---|---|---|
| | Temporary differences | Taxes | Temporary differences | Taxes | Temporary differences | Taxes |
| Liabilities for deferred taxes - IRES | 0 | 0 | 0 | 0 | | |
| Real estate | 10,842 | 2,602 | –6,923 | –1,661 | 3,919 | 941 |
| Gains installments | 4,119 | 988 | 2,501 | 601 | 6,620 | 1,589 |
| Sundry | 7,639 | 1,834 | 9,461 | 2,269 | 17,100 | 4,103 |
| **Total** | **22,600** | **5,424** | **5,039** | **1,209** | **27,639** | **6,633** |
| Liabilities for deferred taxes - IRAP | 0 | 0 | 0 | 0 | | 0 |
| Real estate | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** |
| **Total deferred taxation** | **22,600** | **5,424** | **5,039** | **1,209** | **27,639** | **6,633** |

# Section 22 – Other information on the profit and loss account

## 22.1 Outline of relations with Group companies and other companies in which a shareholding is held – *(attachment 30)*

| (in thousand euro) | Parent company | Subsidiaries | Affiliates | Associated | Other | Total |
|---|---|---|---|---|---|---|
| INCOME | | | | | | |
| Investment income: | | | | | | |
| Income from land and buildings | 0 | 38 | 0 | 0 | 0 | 38 |
| Dividends and other income from equities | 0 | 1,970,536 | 0 | 8,396 | 2,312 | 1,981,244 |
| Income from bonds | 0 | 30 | 0 | 0 | 0 | 30 |
| Interest on loans | 0 | 79,619 | 0 | 0 | 0 | 79,619 |
| Income from other financial investments | 0 | 38 | 0 | 0 | 0 | 38 |
| Interest on deposits with ceding companies | 0 | 230,625 | 0 | 12 | 0 | 230,637 |
| **Total** | **0** | **2,280,886** | **0** | **8,408** | **2,312** | **2,291,606** |
| **Unrealised income and gains on investments for the benefit of policyholders** | **0** | **67,088** | **0** | **0** | **0** | **67,088** |
| | | | | | | |
| Other income: | 0 | 6,196 | 0 | 0 | 0 | 6,196 |
| Interest on amounts due | 0 | 28,854 | 0 | 0 | 0 | 28,854 |
| Recoveries of administration expenses and charges | 0 | 61,299 | 0 | 0 | 0 | 61,299 |
| **Total** | **0** | **96,349** | **0** | **0** | **0** | **96,349** |
| Gains on the realisation of investments | 0 | 19,610 | 0 | 0 | 0 | 19,610 |
| Extraordinary income | 0 | 588 | 0 | 0 | 0 | 588 |
| **Grand total** | **0** | **2,464,521** | **0** | **8,408** | **2,312** | **2,475,241** |
| CHARGES | | | | | | |
| Charges on investments administration and paid interest: | | | | | | |
| Investments charges | 0 | 14,634 | 0 | 0 | 0 | 14,634 |
| Interest on subordinated liabilities | 0 | 1,492 | 0 | 0 | 0 | 1,492 |
| Interest on deposits from reinsurers | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on debts from direct insurance transactions | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on debts from reinsurance transactions | 0 | 9,793 | 0 | 0 | 0 | 9,793 |
| Interest on sums due to banks and financial institutions | 0 | 1 | 0 | 0 | 0 | 1 |
| Interest on guaranteed loans | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on other debts | 0 | 75,757 | 0 | 0 | 0 | 75,757 |
| Losses on credits | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration charges and expenses for third parties | 0 | 28,854 | 0 | 0 | 0 | 28,854 |
| Other charges | 0 | 43,282 | 0 | 0 | 0 | 43,282 |
| **Total** | **0** | **173,813** | **0** | **0** | **0** | **173,813** |
| **Unrealised charges and losses on investments for the benefit of policyholders** | **0** | **43** | **0** | **0** | **0** | **43** |
| Losses on the realisation of investments | 0 | 27 | 0 | 0 | 0 | 27 |
| Extraordinary charges | 0 | 840 | 0 | 0 | 0 | 840 |
| **Grand total** | **0** | **174,723** | **0** | **0** | **0** | **174,723** |

## 22.2 Summary of direct business premiums written – *(attachment 31)*

| | Non-life | | Life | | Total | |
|---|---|---|---|---|---|---|
| (in thousand euro) | Branch | F.O.S. | Branch | F.O.S. | Branch | F.O.S. |
| Premiums written | | | | | | |
| in Italy | 43,872 | 1,076 | 11,056 | 0 | 54,928 | 1,076 |
| in other EU Countries | 126,056 | 4,593 | 95,245 | 0 | 221,301 | 4,593 |
| in third Countries | 226,854 | 8 | 118,879 | 0 | 345,733 | 8 |
| **Total** | **396,782** | **5,677** | **225,180** | **0** | **621,962** | **5,677** |

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

| (in thousand euro) | | Non life | Life | Total |
|---|---|---|---|---|
| I. Staff expenses | | | | |
| Expenses related to employees: | | | | |
| Italian portfolio: | Wages | 139,715 | 4,675 | 144,390 |
| | Social contributions | 42,289 | 1,572 | 43,861 |
| | Sums allocated to the provision for retirement | 8,084 | 307 | 8,391 |
| | Other employee costs | 9,943 | 168 | 10,111 |
| | **Total** | **200,031** | **6,722** | **206,753** |
| Foreign portfolio: | Wages | 37,207 | 18,786 | 55,993 |
| | Social contributions | 10,082 | 6,789 | 16,871 |
| | Other employee costs | 2,473 | 2,312 | 4,785 |
| | **Total** | **49,762** | **27,887** | **77,649** |
| **Total** | | **249,793** | **34,609** | **284,402** |
| Costs of non-subordinate workforce: | | | | |
| Italian portfolio | | 4,232 | 199 | 4,431 |
| Foreign portfolio | | 898 | 9 | 907 |
| **Total** | | **5,130** | **208** | **5,338** |
| **Total cost of workforce** | | **254,923** | **30,142** | **289,740** |
| II. Details of items entered | | | | |
| Charges deriving from investments management | | 73 | 10 | 83 |
| Charges relating to claims | | 8,249 | 3,273 | 11,522 |
| Other acquisition costs | | 17,392 | 2,693 | 20,085 |
| Other administration costs | | 28,014 | 23,986 | 52,000 |
| Administrative charges and expenses on behalf of third parties | | 201,195 | 4,855 | 206,050 |
| Holding costs | | 0 | 0 | 0 |
| **Total** | | **254,923** | **34,817** | **289,740** |

| | Number | Wages due (in thousand euro) |
|---|---|---|
| III. Average number of staff | | |
| Manger | 271 | |
| Employees | 1.574 | |
| Salaried | 0 | |
| Other | 45 | |
| **Total** | **1.890** | |
| IV. Administrators and Auditors | | |
| Administrators | 13 | 3.935 |
| Auditors | 3 | 350 |

The amounts relating to remuneration paid to directors and auditors, differ from those reported in the Remuneration Report, which refer to the emoluments pursuant Article 78 of CONSOB Regulation No. 11971 dated 14 May 1999 and subsequent modifications, as they do not consider profit-sharing.

## 22.4 Transfer of securities from the durable to the non-durable classification and vice versa or sale of durable securities

During the year the Company has transferred securities from the non-durable to the durable portfolio for 11,679 thousand, with a positive impact in the profit and loss account for 154 thousand. They were also made transfers from durable to the non-durable portfolio for 43,649 thousands, without general impact in the profit and loss account.

The early disposal of durable securities determined net profits equal to 7,857 thousand, mainly from the sale of fixed income securities.

These transactions were carried out in line with the guidelines and restrictions contained in the framework resolution relating to investments adopted by the company administrative body, as required by IVASS Regulation No. 24.

## 22.5 Results from derivative operations

Hedging operations regarding assets and liabilities, and the other operations provided by the investment Policy adopted by the Board of Directors pursuant IVASS Regulation No. 24 dated 6 June 2016, as already specified in the Notes to the Accounts, have determined a total net loss of 38,945 thousand, relating to the realised economic components. This result is recognized as income from financial investments/charges for 30,012 thousand in the life business and 8,529 thousand in the non-life business and among other income for 1,169 in the life insurance business and other charges for 1,573 thousand in the non-life business.

A breakdown of the results of the various categories of derivative instruments by transaction concluded during the year and outstanding transactions at year end is provided below:

| | Outstanding contracts | Closed contracts | Total |
|---|---|---|---|
| *Swap* | –29,233 | –2,163 | –31,396 |
| Opzioni | 0 | –7,549 | –7,549 |
| *Future* | 0 | 0 | 0 |
| *Equity Forward* | 0 | 0 | 0 |
| Diritti | 0 | 0 | 0 |
| **Totale** | **–29,233** | **–9,712** | **–38,945** |

The negative results of outstanding swap contracts, held primarily for hedging purposes, were determined by the exchange of periodic cash flows; those relating to closed positions were determined by closing transactions of currency swap. For the positions in future, the results arising from the settlement of variation margins and commissions on the hedging transactions concluded during the year.

The results of options were determined by sales transactions and abandoned premiums.

### *Emoluments in compliance with Article 78 of CONSOB Ruling No. 11971 dated 14 May 1999, as modified by CONSOB resolution No. 18049 dated 23 December 2011.*

The information provided by the regulation in force, regarding Stock Options granted and the emoluments due to the Board of Directors and the Board of Auditors, to General Managers and Managers with strategic responsibilities of any type also including those of subsidiary companies, are indicated in the remuneration Report.

Furthermore, according to the above-mentioned CONSOB Ruling par. 1 bis Art. 78, as modified by CONSOB resolution No. 18049 dated 23 December 2011, no transactions have been carried out by the Company in order to favour the purchase and the subscription of shares pursuant to Art. 2358, Par. 3 of the Civil Code.

# Part C – Other information

## 1. Shareholders' funds updated based on the profit distribution proposal

| (in thousand euro) | Non life | Life | Total |
|---|---|---|---|
| Subscribed share capital | 469,549 | 1,095,616 | 1,565,165 |
| Share premiums reserve | 1,070,475 | 2,497,775 | 3,568,250 |
| Revaluation reserves | 1,084,006 | 926,828 | 2,010,834 |
| Legal reserve | 93,910 | 219,123 | 313,033 |
| Negative reserves for own shares | 3,040 | 0 | 3,040 |
| Other reserves | 3,590,910 | 2,449,940 | 6,040,850 |
| **Total** | **6,305,810** | **7,189,282** | **13,495,092** |

Pursuant to art. 2427, c. 22-septies of Civil Code the proposed allocation of the profit of the year, for 1,404,459 thousands is as follow:
- for 671 thousands to Legal Reserve;
- for 1,330,391 thousands to dividend;
- for 73,397 to extraordinary reserve.

The increase in the legal reserve is needed in compliance with the provisions of Art. 2430, due to the expected share capital increase of 3,357 thousand for the assignment of an equal number of shares to the Group management, in accordance with the Long Term Incentive Plan 2015 ("LTI Plan 2015").

## 2. Capital assigned

The Company has not allocated assets exclusively to a specific transaction, pursuant to Art. 2447 bis of the Civil Code.

## 3. Direction and coordination

No natural or legal person, directly and/or indirectly, jointly or severally, holds a sufficient number of shares enabling the said person to acquire a controlling stake in the Company. In the light of the recent measures introduced by the company law Reform, the Company is not subject to direction and co-ordination by any Italian or foreign body or company.

## 4. Information according to the Consob circular No. 6064293 dated 28 July 2006

### *a) Transactions with related parties*

With regard to transactions with related parties, it should be noted that the main transactions, carried out at market or at cost prices, were undertaken through insurance, reinsurance and co-insurance relations, administration and management of the securities and real estate portfolio, leasing, loans and guarantees, administrative services, IT services, secondment of employees and claims settlement.

The above-mentioned services aim at ensuring the rationalization of operational functions, an economically efficient management, an adequate level of the services obtained and the use of synergies within the Group.

The remuneration due and shares held by members of the Board of Directors, Board of Auditors, General Managers and Managers with strategic responsibility, are shown, according to Consob regulation, in the "Remuneration Report".

The results of transactions with related parties, classified in accordance with IAS 24, pursuant to the Consob circular dated 28 July 2006, are detailed in the following table.

| (in thousand euro) | Classification of related parties is based on IAS 24 | | | | | Impact on financial statements |
|---|---|---|---|---|---|---|
| | Parent company | Subsidiaries | Joint ventures | Other | Total | |
| **Assets** | | | | | | |
| Investments | 40,590,173 | 219,900 | 493 | 45,180 | 40,855,746 | 93.04 |
| Credits and other operations | 784,486 | 2,242 | 2,857 | 960 | 790,545 | 25.80 |
| Total assets | 41,374,659 | 222,142 | 3,350 | 46,140 | 41,646,291 | 88.65 |
| **Liabilities** | | | | | | |
| Financial liabilities | 3,811,359 | 0 | 0 | 0 | 3,811,359 | 25.00 |
| Tecnical provisions | 10,208,405 | 6,211 | 492 | 0 | 10,215,108 | 80.64 |
| Other debits and liabilities | 2,227,632 | 2 | 2 | 759 | 2,228,395 | 12.62 |
| Total liabilities | 16,247,396 | 6,213 | 494 | 759 | 16,254,862 | 35.67 |
| **Incomes and charges** | | | | | | |
| From transactions with ceding companies[1] | 428,005 | 34,870 | 5,436 | 0 | 468,311 | 292.82 |
| Net incomes from investments[1] | 2,119,273 | –28,461 | –314 | 2,594 | 2,093,092 | 94.83 |
| Other incomes and charges | –62,830 | 0 | 0 | –385 | –63,215 | 5.13 |
| Straordinary incomes and charges | –252 | 0 | 0 | 0 | –252 | –0.12 |

1) The interests from deposits with ceding companies are include in the item “Incomes and charges from transactions with ceding companies” instead of item “net of investments”

Transactions with the Group companies are part of the usual **activities of management of investments and management and coordination, management of the capital structure and Group reinsurance** and are subject to the specific control discipline by the Supervisory Authority (IVASS). No transactions have been carried out that are atypical with respect to the normal business of the company.

As part of the **management activities of the investments** the principal balances can be found on the side of the balance sheet as investments and on the side of the income statement under net income from investments, mainly with regard to dividends received. In relation to this area, it is noted, as a significant transaction carried out during the period, the acquisition of the residual portion of the investment in Generali Finance B.V. from its subsidiary Generali Italia S.p.A. for an amount of 199 million. The transaction was concluded at market values. Dividends received from Group companies totaled 1,981,244 thousand.

With regard to the **management of the capital structure** and liquidity, the main balances can be found between:

- receivables and payables and other income and charges with regard to the centralized management of liquidity: the direct pooling agreements allowed the deposit, as of 31 December 2017, with Assicurazioni Generali SpA of 1,953,805 thousand. The main counterparties are Generali Beteiligungs GmbH for 899,688 thousand, Participatie Maatschappij Graafschap Holland N.V. for 347,354 thousand, Generali Finance B.V. for 266,074 thousand, Generali Global Private Equity S.A. SICAR for 153,064 thousand, Generali Holding Vienna AG for 80,820 thousand, Lion River I N.V. for 69,542 thousand, Generali España, S.A. de Seguros y Reaseguros for 40,131 thousand, Generali Belgium S.A. for 33,001 thousand, L’Equité S.A. for 20,029 thousand, Generali Real Estate S.p.A. SGR for 15,005 thousand, Generali France S.A. for 9,930 thousand, Generali Asia N.V. for 8,311 thousand, Generali Shared Service S.c.a.r.l. for 7,989 thousand. On the other hand, the Company has a credit position of 271,192 thousand, of which 261,343 thousand to Generali Italia S.p.A. and 9,847 thousand to MyDrive Solutions Ltd. Interests due amount to 2,399 thousand, while interests income amount to 180 thousand;
- financial investments and liabilities and net in-

vestment income and other charges in relation to the management of loans and receivables: in particular, the Company has outstanding loans to Group companies of 1,187,500 thousand at 31 December 2017 to Generali Italia S.p.A., for 370,900 thousand to Generali Beteiligungs GmbH, for 57,500 thousand to Generali Schweiz Holding AG, for 24,983 thousand to Europ Assistance Holding SA for 15,000 thousand towards Generali PanEurope dac and 7,000 thousand towards Generali Vitality Gmbh. On the liabilities side, there are loans from group companies to the following counterparties: Participatie Maatschappij Graafschap Holland N.V. for 3,158,778 thousand, Generali Holding Vienna for 484,501 thousand, Generali Investments S.p.A. for 55,000 thousand, Transocean Holding Corporation for 40,000 thousand, UMS Immobiliare Genova S.p.A. for 27,000 thousand, Generali Versicherung Ag for 18,080 thousand and Redoze Holding for 18,000 thousand. Interests income was recorded for 79,619 thousand, mainly attributable to Generali Italia S.p.A. (55,853 thousand) and Generali Beteiliguns GmbH (20,882 thousand) and interest due for 75,757 thousand, mainly related to Participatie Maatschappij Graafschap Holland N.V. (58,117 thousand) and Generali Holding Vienna for 7,976 thousand. In relation to the aforementioned loan to Generali Italia S.p.A. equal to 1,187,500 thousand, it should be noted that the same was purchased during the year by Generali Finance B.V. and the consideration was paid for by offsetting 381,100 thousands of a loan to the selling party and the remainder in cash;
- guarantees given to third parties in the interest of group companies in relation to the debt issued on the market by the subsidiary Generali Finance B.V. (guarantee for a nominal amount of 1,500,000 thousand);
- commitments, in relation to the subscription of ancillary own funds of the subsidiary Generali Vie S.A.. In particular, these commitments are divided into:
  i) an "Equity committment letter" with which the Company has committed to subscribe for at market value, directly or indirectly, capital of the subsidiary for up to 250 million euros;
  ii) a "Commitment Letter to pay and subscribe for a full T2 item" with which the Company is instead committed to subscribe, directly or indirectly, bonds Tier 2 of the subsidiary at market value for up to 250 million euros;
- investments, relating to the capital increases carried out, described in section 2.2.1. of this note.

With regard to the Group's reinsurance business, the main items affected are those relating to technical provisions, receivables and payables linked to reinsurance transactions and technical items in the income statement which determine the income and charges relating to reinsurance transactions.
The charges deriving from the payments to pension funds of the Company's employees and managers amount to 10,394 thousand.
During the year the income deriving from the remuneration of the use of the trademark by companies belonging to the Group, recorded under other income, amounted to 60,430 thousand.
With reference to the other related parties, the most significant relationship is in place with the Mediobanca Group, in which bonds are held for 24,650 thousand.

With regard to Art. 18 of the Procedures on transactions with related parties approved by the Board of Directors in 2017, it should be noted that, beyond the aforementioned operations (i), no transactions of major significance have been completed in the period of reference (ii) no Transactions with related parties that have had a significant impact on the financial position or results of the Group have been completed (iii) there are no changes or developments of the Transactions described in the previous annual report that have had a significant effect on the situation balance sheet or results of the Company.

### *a) Events and significant operations not recurring*

No events and significant operations not recurring have been made during 2017, compared to what was previously described.

### *b) Positions or transactions deriving from atypical and/or unusual operations.*

No atypical and/or unusual operations have been made.

## 5. Information according to the CONSOB resolution No. 15915 dated 3 May 2007.

Pursuant to the above-mentioned resolution, sums due for services rendered during the year to Ernst & Young S.p.A., are indicated in the following table

| (in thousand euro) | | 2017 | |
|---|---|---|---|
| | | E&Y Italy | E&Y network |
| Parent Company | | | |
| Audit | | 998 | 552 |
| Other certificate Services | | 2,629 | 35 |
| Other Services | | 9,027 | 0 |
| **Total** | | **12,654** | **587** |
| Parent Company subsidiaries | | | |
| Audit | | 2,599 | 16,463 |
| Other certificate Services | | 2,805 | 5,166 |
| Other services | Tax assistance | 0 | 0 |
| | Other | 472 | 1,356 |
| **Total** | | **5,876** | **22,985** |
| **Gran total** | | **18,530** | **23,572** |

# Cash Flow **Statement**

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

Subscribed capital euro **1,561,808,262** Paid up euro **1,561,808,262**

Registered in **Trieste**

# CASH FLOW STATEMENT

Year **2017**

(Amount in thousand euro)

| | | 2017 | 2016 |
|---|---|---|---|
| **A. Cash flows from operating activities** | | | |
| Result for the year | | 1,404,459 | 1,096,261 |
| Interest paid for the year | | 711,274 | 672,782 |
| Income taxes | | -121,491 | -190,212 |
| Dividends | | -1.983,856 | -1.857,435 |
| Adjustments arising from financing and investing activities | | -44,477 | -16,736 |
| **1. Profit (loss) of the year before taxation, interests, dividends and capital gains/losses deriving from cession** | | **-34,091** | **-295,340** |
| *Increases (+) / Decreases (-) of non cash-items* | | | |
| Change in technical reserves | | -798,396 | 46,660 |
| Changes in provisions | | 2,255 | 12,608 |
| Change in depreciation and amortization | | 24,869 | 25,465 |
| Adjustments/Reversal to equity investments | | 28,606 | 59,380 |
| Other adjustments for non monetary items | | 66,949 | -242,226 |
| **2. Cash flow before changes of the net current assets** | | **-709,808** | **-393,453** |
| *Changes in working capital* | | | |
| Decreases (+) / (increases) (-) in receivables | | 361,782 | 318,669 |
| Decreases (+) / increases (-) in payables | | 232,891 | 289,137 |
| Decreases (+) / (increases) (-) in prepaids and accrued income | | -27,292 | 12,609 |
| Decreases (+) / increases (-) in accrual and deferred income | | -26,069 | 6,376 |
| Decreases (+) / (increases) (-) in other assets | | -2,536 | -28,503 |
| Decreases (+) / increases (-) in other liabilities | | 19,805 | 143,597 |
| **3. Cash flow after changes of the net current assets** | | **-151,227** | **348,433** |
| *Other adjustments* | | | |
| Interest interest paid | | -711.274 | -672,782 |
| Income taxes | | 240,691 | 155,571 |
| Dividends collected | | 1,983,856 | 1,857,435 |
| **Net cash flow from operating activities** | **A.** | **1,362,046** | **1,688,734** |
| **B. Cash flows from investing activities** | | | |
| *Liquidity used for (-) / generated by (+) investing activities* | | | |
| Real estate | | 1,918 | -1,062 |
| Equity investments | | -223,708 | 14,186 |
| Stocks | | -6,211 | 13,733 |
| Bonds | | 60,675 | -520,626 |
| Loans | | -910,226 | -381,512 |
| Deposits with banks | | -14,549 | 5,585 |
| Investments and pension funds | | -30,163 | -41,555 |
| Other investments | | 445,825 | 670,963 |
| **1. Cash flows from investing activities** | | **-676,439** | **-240,288** |

| | | 2017 | 2016 |
|---|---|---|---|
| *Liquidity used for (-) / generated by (+) other items* | | | |
| Intangible assets | | -17,230 | -16,224 |
| Acquisition of furniture and transport vehicles | | -3,506 | -6,750 |
| **2. Cash flows from other items** | | **-20,736** | **-22,974** |
| **Cash flows from other items (1. + 2.)** | **B.** | **-697,175** | **-263,262** |
| **C. Cash flows from financing activities** | | | |
| *Loan capitals* | | | |
| Increases (+) / (decreases) (-) in subordinated liabilities | | 0 | 445,829 |
| Increases (+) / (decreases) (-) in bonds | | -63,885 | -63,885 |
| Increases (+) / (decreases) (-) in payables to banks and financial institutions | | 375,886 | -160,392 |
| Increases (+) / (decreases) (-) in net payables for central treasury activity | | 171,015 | -414,676 |
| Increases (+) / (decreases) (-) in collateralised loans | | 0 | 0 |
| Increases (+) / (decreases) (-) in other loans and financial payables | | 218,000 | -7,683 |
| **1. Cash flows from loan capitals** | | **701,016** | **-200,807** |
| *Equity* | | | |
| Increase in capital and paid capital reserves | | 0 | 0 |
| Use of capital reserves to pay dividends | | -153,485 | -192,172 |
| Dividends paid to shareholders based on profits of the previous years | | -1,095,876 | -930,001 |
| **2. Cash flows from equity** | | **-1,249,361** | **-1,122,173** |
| **Net Cash flows from financing activities (1. + 2.)** | **C.** | **-548,345** | **-1,322,980** |
| **Total Cash flows for the year** | **A. + B. + C.** | **116,526** | **102,414** |

| | | | |
|---|---|---|---|
| **Change in liquidity** | | | |
| Liquidity at the end of previous year | | 655,065 | 549,905 |
| Adjustment to current year exchange rates | | -27,422 | 2,746 |
| **1. Liquidity at year-start** | | **627,643** | **552,651** |
| **2. Liquidity at year-end** | | **744,169** | **655,065** |
| **Change in the liquidity for the year** | **-1. + 2.** | **116,526** | **102,414** |

# Appendices
to the Notes

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

Subscribed capital euro **1,561,808,262** Paid up **1,561,808,262**

Registered **Trieste**

**Attachments to the Notes to the Accounts**

Year **2017**

(Amounts in thousand euro)

| N. | | Non Life * | Life * | Total * |
|---|---|---|---|---|
| 1 | Balance sheet - Non life business | 1 | | |
| 2 | Balance sheet - Life business | | 1 | |
| 3 | Breakdown of non-life and life result | | | 1 |
| 4 | Assets - changes in intangibles assets (item B) land and changes in land and buildings (Item C.I) | | | 1 |
| 5 | Assets - changes during the year of investments in Group companies and other companies where a significant interest is held: equities (item C.II.1). Bonds (item C.II.2) and loans (item C.II.3) | | | 1 |
| 6 | Assets -Breakdown of information on companies in which a significant interest is held | | | 1 |
| 7 | Assets - Details of investments in Group companies and other companies where a significant interest is held: equities | | | 1 |
| 8 | Assets - Breakdown on the basis of the utilisation of other financial investments: equities and common investment funds, debt securities and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1, 2, 3, 5, 7) | | | 1 |
| 9 | Assets - changes for the year of other durable financial investments: equities and shares, shares in common investment funds, debt securities and other fixed-income securities, participation in investment pools e other financial investments (items C.III.1, 2, 3, 5, 7) | | | 1 |
| 10 | Assets - changes for the year regarding loans and deposits with credit institutions (items C.III.4, 6) | | | 1 |
| 11 | Assets - detail of operations relating to contracts linked to investment funds and market index (item D.I) | | 6 | |
| 12 | Assets arising out of the management of pension funds (item D.II) | | 0 | |
| 13 | Liabilities - changes for the year of the components of the provision for unearned premiums (item C.I.1) and those of the provision for claims outstanding (item C.I.2) of non-life lines of business | 1 | | |
| 14 | Liabilities - changes in the components of the mathematical provision for the year (item C.II.1) and in the components of the provision for profit sharing and premium refunds (item C.II.4) | | 1 | |
| 15 | Liabilities -Change for the year in the provisions in the funds for risks and charges (item E) and change in the severance pay provisions (item G.VII) | | | 1 |
| 16 | Details of assets and liabilities referring to Group comp. and other companies in which a significant interest is held | | | 1 |
| 17 | Details of "guarantees, commitments and other memorandum accounts" | | | 1 |
| 18 | Breakdown of commitments regarding derivative transactions | | | 1 |
| 19 | Details of the non life business technical account | 1 | | |
| 20 | Summary of life business: premiums and reinsurers' share. | | 1 | |
| 21 | Income from investments (items II.2 e III.3) | | | 1 |
| 22 | Income and unrelised gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds (item II.3) | | 1 | |
| 23 | Details of investment charges (items II.9 e III.5) | | | 1 |
| 24 | Expenses and unrealised losses relating to investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds (item II.10) | | 1 | |
| 25 | Non-life business - summarised layout of technical account by branch - -Italian portfolio | 1 | | |
| 26 | Summarised layout of technical accounts of non-life business - Italian portfolio | 1 | | |
| 27 | Life business - summarised layout of technical account by branch - -Italian portfolio | | 1 | |
| 28 | Summarised layout of technical accounts of life business - Italian portfolio | | 1 | |
| 29 | Summarised layout of technical accounts of non-life and life business - Foreign portfolio | | | 1 |
| 30 | Relationships with Group companies and companies where a significant interest is held | | | 1 |
| 31 | Summary of direct business premiums written | | | 1 |
| 32 | Personnel expenses, directors and auditors fees | | | 1 |

* Indicate the number of attachments actually filled in. Indicate 0 if the attachment, even if due, has not been filled in because all items are null. Indicate n.d. when the company is not obliged to fill in the attachment.

Notes on the account - Attachment 1

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

BALANCE SHEET - NON LIFE BUSINESS
ASSETS

Current year

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| A. | SUBSCRIBED CAPITAL UNPAID | | | | | | | 1 | 0 |
| | of which called-up capital | | | 2 | 0 | | | | |
| B. | INTANGIBLE ASSETS | | | | | | | | |
| | 1. Acquisition commissions to be amortised | | | 4 | 0 | | | | |
| | 2. Other acquisition costs | | | 6 | 0 | | | | |
| | 3. Formation and development expenses | | | 7 | 0 | | | | |
| | 4. Goodwill | | | 8 | 0 | | | | |
| | 5. Other intangible assets | | | 9 | 26,845 | | | 10 | 26,845 |
| C. | INVESTMENTS | | | | | | | | |
| | I - Land and Buildings | | | | | | | | |
| | 1. Property used for own activities | | | 11 | 7,716 | | | | |
| | 2. Property used by third parties | | | 12 | 97,110 | | | | |
| | 3.Other properties | | | 13 | 0 | | | | |
| | 4. Other realty rights | | | 14 | 0 | | | | |
| | 5. Assets in progress and payments on account | | | 15 | 1,787 | 16 | 106,613 | | |
| | II - Investments in affiliated companies and other shareholdings | | | | | | | | |
| | 1. Interests in | | | | | | | | |
| | a) parent companies | 17 | 0 | | | | | | |
| | b) affiliated companies | 18 | 16,593,774 | | | | | | |
| | c) affiliates of parent companies | 19 | 0 | | | | | | |
| | d) associated companies | 20 | 219,431 | | | | | | |
| | e) other | 21 | 20,530 | 22 | 16,833,735 | | | | |
| | 2. Debt securities issued by | | | | | | | | |
| | a) parent companies | 23 | 0 | | | | | | |
| | b) affiliated companies | 24 | 0 | | | | | | |
| | c) affiliates of parent companies | 25 | 0 | | | | | | |
| | d) associated companies | 26 | 0 | | | | | | |
| | e) other | 27 | 0 | 28 | 0 | | | | |
| | 3. Loans to | | | | | | | | |
| | a) parent companies | 29 | 0 | | | | | | |
| | b) affiliated companies | 30 | 1,287,883 | | | | | | |
| | c) affiliates of parent companies | 31 | 0 | | | | | | |
| | d) associated companies | 32 | 0 | | | | | | |
| | e) other | 33 | 0 | 34 | 1,287,883 | 35 | 18,121,618 | | |
| | | | | | carried | | | | 26,845 |

Year 2017

| | | | Previous year |
|---|---|---|---|
| | | | 181 0 |
| | 182 0 | | |
| | 184 0 | | |
| | 186 0 | | |
| | 187 0 | | |
| | 188 0 | | |
| | 189 31,927 | | 190 31,927 |
| | 191 8,796 | | |
| | 192 105,784 | | |
| | 193 0 | | |
| | 194 0 | | |
| | 195 1,696 | 196 116,276 | |
| 197 0 | | | |
| 198 16,305,074 | | | |
| 199 0 | | | |
| 200 234,884 | | | |
| 201 20,561 | 202 16,560,519 | | |
| 203 0 | | | |
| 204 0 | | | |
| 205 0 | | | |
| 206 0 | | | |
| 207 0 | 208 0 | | |
| 209 0 | | | |
| 210 370,900 | | | |
| 211 0 | | | |
| 212 0 | | | |
| 213 0 | 214 370,900 | 215 16,931,419 | |
| | carried forward | | 31,927 |

BALANCE SHEET - NON LIFE BUSINESS

ASSETS

Current year

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | brought forward | | | | | | | | 26,845 |
| C. | INVESTMENTS (follows) | | | | | | | | | |
| III | - Other financial investments | | | | | | | | | |
| | 1. Equities | | | | | | | | | |
| | a) quoted shares | 36 | 8,696 | | | | | | | |
| | b) unquoted shares | 37 | 7,543 | | | | | | | |
| | c) other interests | 38 | 577 | 39 | 16,816 | | | | | |
| | 2. Shares in common investment funds | | | 40 | 33,927 | | | | | |
| | 3. Debt securities and other fixed-income securities | | | | | | | | | |
| | a) quoted | 41 | 560,333 | | | | | | | |
| | b) unquoted | 42 | 17,830 | | | | | | | |
| | c) convertible bonds | 43 | 0 | 44 | 578,163 | | | | | |
| | 4. Loans | | | | | | | | | |
| | a) mortgage loans | 45 | 0 | | | | | | | |
| | b) loans on policies | 46 | 0 | | | | | | | |
| | c) other loans | 47 | 450 | 48 | 450 | | | | | |
| | 5. Participation in investment pools | | | 49 | 0 | | | | | |
| | 6. Deposits with credit institutions | | | 50 | 82,439 | | | | | |
| | 7. Other | | | 51 | 9,990 | 52 | 721,785 | | | |
| IV | - Deposits with ceding companies | | | | | 53 | 64,785 | 54 | 19,014,801 | |
| D bis. | REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS | | | | | | | | | |
| | I - NON-LIFE INSURANCE BUSINESS | | | | | | | | | |
| | 1. Provision for unearned premiums | | | 58 | 124,702 | | | | | |
| | 2. Provision for claims outstanding | | | 59 | 733,252 | | | | | |
| | 3. Provision for profit sharing and premium refunds | | | 60 | 0 | | | | | |
| | 4. Other technical provisions | | | 61 | 0 | | | 62 | 857,954 | |
| | | carried forward | | | | | | | | 19,899,600 |

| | | | Previous year |
|---|---|---|---|
| | brought forward | | 31,927 |
| 216 9,021 | | | |
| 217 7,659 | | | |
| 218 577 | 219 17,257 | | |
| | 220 468,070 | | |
| 221 711,401 | | | |
| 222 21,117 | | | |
| 223 23,685 | 224 756,203 | | |
| 225 0 | | | |
| 226 0 | | | |
| 227 1,248 | 228 1,248 | | |
| | 229 0 | | |
| | 230 91,811 | | |
| | 231 7,549 | 232 1,342,138 | |
| | | 233 404,522 | 234 18,794,355 |
| | 238 94,515 | | |
| | 239 423,511 | | |
| | 240 0 | | |
| | 241 0 | | 242 518,026 |
| | carried forward | | 19,344,308 |

## BALANCE SHEET - NON LIFE BUSINESS

### ASSETS

Current year

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| brought forward | | | | | | | | 19,899,600 |
| E. DEBTORS | | | | | | | | |
| I - Debtors arising out of direct insurance operations | | | | | | | | |
| 1. Policyholders | | | | | | | | |
| a) for premiums - current year | 71 | 89,289 | | | | | | |
| b) for premiums - previous years | 72 | 31,114 | 73 | 120,403 | | | | |
| 2. Insurance intermediaries | | | 74 | 70,147 | | | | |
| 3. Current accounts with insurance companies | | | 75 | 1,507 | | | | |
| 4. Policyholders and third parties for recoveries | | | 76 | 8,387 | 77 | 200,444 | | |
| II - Debtors arising out of reinsurance operations | | | | | | | | |
| 1. Reinsurance companies | | | 78 | 208,574 | | | | |
| 2. Reinsurance intermediaries | | | 79 | 5,788 | 80 | 214,362 | | |
| III - Other debtors | | | | | 81 | 963,591 | 82 | 1,378,397 |
| F. OTHER ASSETS | | | | | | | | |
| I - Tangible assets and stocks | | | | | | | | |
| 1. Furniture, office equipment, internal transport vehicles | | | 83 | 2,618 | | | | |
| 2. Vehicles listed in public registers | | | 84 | 1,122 | | | | |
| 3. Equipment and appliances | | | 85 | 0 | | | | |
| 4. Stocks and other goods | | | 86 | 469 | 87 | 4,209 | | |
| II - Tangible assets and stocks | | | | | | | | |
| 1. Bank and postal deposits | | | 88 | 664,002 | | | | |
| 2. Cheques and cash in hand | | | 89 | 71 | 90 | 664,073 | | |
| IV - Other | | | | | | | | |
| 1. Deferred reinsurance items | | | 92 | 5,681 | | | | |
| 2. Miscellaneous assets | | | 93 | 228,301 | 94 | 233,982 | 95 | 902,264 |
| of which Account linking to life business | | | 901 | 173,643 | | | | |
| G. PREPAYMENTS AND ACCRUED INCOME | | | | | | | | |
| 1. Interests | | | | | 96 | 37,145 | | |
| 2. Rents | | | | | 97 | 572 | | |
| 3. Other prepayments and accrued income | | | | | 98 | 30,088 | 99 | 67,805 |
| **TOTAL ASSETS** | | | | | | | 100 | **22,248,066** |

| | | | | | | Previous year | |
|---|---|---|---|---|---|---|---|
| | | | brought forward | | | | 19,344,308 |
| 251 | 86,024 | | | | | | |
| 252 | 8,658 | 253 | 94,682 | | | | |
| | | 254 | 4,560 | | | | |
| | | 255 | 1,919 | | | | |
| | | 256 | 6,135 | 257 | 107,296 | | |
| | | 258 | 158,777 | | | | |
| | | 259 | 6,160 | 260 | 164,937 | | |
| | | | | 261 | 1,034,946 | 262 | 1,307,179 |
| | | 263 | 3,052 | | | | |
| | | 264 | 1,349 | | | | |
| | | 265 | 0 | | | | |
| | | 266 | 472 | 267 | 4,873 | | |
| | | 268 | 524,932 | | | | |
| | | 269 | 84 | 270 | 525,016 | | |
| | | 272 | 6,065 | | | | |
| | | 273 | 222,392 | 274 | 228,457 | 275 | 758,346 |
| | | 903 | 183,786 | | | | |
| | | | | 276 | 11,717 | | |
| | | | | 277 | 630 | | |
| | | | | 278 | 43,238 | 279 | 55,585 |
| | | | | | | 280 | **21,465,418** |

BALANCE SHEET - NON LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| A. | SHAREHOLDERS' FUNDS | | | | | | | |
| | I | - Subscribed capital or equivalent funds | | | 101 | 468,542 | | |
| | II | - Share premium account | | | 102 | 1,070,475 | | |
| | III | - Revaluation reserve | | | 103 | 1,084,006 | | |
| | IV | - Legal reserve | | | 104 | 93,708 | | |
| | V | - Statutory reserve | | | 105 | 0 | | |
| | VI | - Reserve for parent company shares | | | 400 | 0 | | |
| | VII | - Other reserve | | | 107 | 3,518,520 | | |
| | VIII | - Profit or loss brought forward | | | 108 | 0 | | |
| | IX | - Profit or loss for the financial year | | | 109 | 549,930 | | |
| | X | - Negative reserve for own shares held | | | 401 | 3,040 | 110 | 6,782,141 |
| B. | SUBORDINATED LIABILITIES | | | | | | 111 | 4,894,300 |
| C. | TECHNICAL PROVISIONS | | | | | | | |
| | I | - NON-LIFE INSURANCE BUSINESS | | | | | | |
| | | 1. Provision for unearned premiums | 112 | 380,979 | | | | |
| | | 2. Provision for claims outstanding | 113 | 1,916,612 | | | | |
| | | 3. Provision for profit sharing and premium refunds | 114 | 0 | | | | |
| | | 4. Other provisions | 115 | 0 | | | | |
| | | 5. Equalisation provision | 116 | 314 | | | 117 | 2,297,905 |
| | | | | carried forward | | | | 13,974,345 |

| | | | | | Previous year |
|---|---|---|---|---|---|
| | | 281 | 467,965 | | |
| | | 282 | 1,070,475 | | |
| | | 283 | 1,084,006 | | |
| | | 284 | 93,593 | | |
| | | 285 | 0 | | |
| | | 500 | 0 | | |
| | | 287 | 3,600,901 | | |
| | | 288 | 0 | | |
| | | 289 | 293,060 | | |
| | | 501 | 3,040 | 290 | 6,606,960 |
| | | | | 291 | 4,910,028 |
| 292 | 411,784 | | | | |
| 293 | 2,197,022 | | | | |
| 294 | 0 | | | | |
| 295 | 0 | | | | |
| 296 | 198 | | | 297 | 2,609,004 |
| | carried forward | | | | 14,125,992 |

## BALANCE SHEET - NON LIFE BUSINESS

## LIABILITIES AND SHAREHOLDERS' FUNDS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Current year |
| | | brought forward | | | | | | 13,974,346 |
| E. | PROVISIONS FOR OTHER RISKS AND CHARGES | | | | | | | |
| | 1. Provision for pensions and similar obligations | | | | 128 | 0 | | |
| | 2. Provisions for taxation | | | | 129 | 7,146 | | |
| | 3. Other provisions | | | | 130 | 57,063 | 131 | 64,209 |
| F. | DEPOSITS RECEIVED FROM REINSURERS | | | | | | 132 | 19,029 |
| G. | CREDITORS | | | | | | | |
| | I - Creditors arising out of direct insurance operations | | | | | | | |
| | | 1. Insurance intermediaries | 133 | 7,758 | | | | |
| | | 2. Current accounts with insurance companies | 134 | 2,821 | | | | |
| | | 3. Premium deposits and premiums due to policyholders | 135 | 3,175 | | | | |
| | | 4. Guarantee funds in favour of policyholders | 136 | 0 | 137 | 13,754 | | |
| | II - Creditors arising out of reinsurance operations | | | | | | | |
| | | 1. Reinsurance companies | 138 | 107,053 | | | | |
| | | 2. Reinsurance intermediaries | 139 | 95,878 | 140 | 202,931 | | |
| | III - Debenture loans | | | | 141 | 1,250,000 | | |
| | IV - Amounts owed to credit institutions | | | | 142 | 1,184,917 | | |
| | V - Loans guaranteed by mortgages | | | | 143 | 0 | | |
| | VI - Other financial liabilities | | | | 144 | 2,686,581 | | |
| | VII - Provisions for severance pay | | | | 145 | 4,061 | | |
| | VIII - Other creditors | | | | | | | |
| | | 1. Premium taxes | 146 | 4,579 | | | | |
| | | 2. Other tax liabilities | 147 | 21,015 | | | | |
| | | 3. Social security | 148 | 2,987 | | | | |
| | | 4. Sundry creditors | 149 | 2,417,439 | 150 | 2,446,020 | | |
| | IX - Other liabilities | | | | | | | |
| | | 1. Deferred reinsurance items | 151 | 468 | | | | |
| | | 2. Commissions for premiums in course of collection | 152 | 12,240 | | | | |
| | | 3. Miscellaneous liabilities | 153 | 221,840 | 154 | 234,548 | 155 | 8,022,812 |
| | | of which Account linking to life business | 902 | 0 | | | | |
| | | carried forward | | | | | | 22,080,396 |

| | | | | | | Previous year |
|---|---|---|---|---|---|---|
| brought forward | | | | | | 14,125,992 |
| | | | 308 | 0 | | |
| | | | 309 | 38,235 | | |
| | | | 310 | 28,149 | 311 | 66,384 |
| | | | | | 312 | 13,457 |
| | 313 | 8,188 | | | | |
| | 314 | 1,250 | | | | |
| | 315 | 5,314 | | | | |
| | 316 | 0 | 317 | 14,752 | | |
| | 318 | 120,768 | | | | |
| | 319 | 37,315 | 320 | 158,083 | | |
| | | | 321 | 1,250,000 | | |
| | | | 322 | 838,945 | | |
| | | | 323 | 0 | | |
| | | | 324 | 2,468,581 | | |
| | | | 325 | 4,545 | | |
| | 326 | 3,152 | | | | |
| | 327 | 25,235 | | | | |
| | 328 | 399 | | | | |
| | 329 | 2,128,445 | 330 | 2,157,231 | | |
| | 331 | 2,265 | | | | |
| | 332 | 11,608 | | | | |
| | 333 | 157,002 | 334 | 170,875 | 335 | 7,063,012 |
| | 904 | 0 | | | | |
| carried forward | | | | | | 21,268,845 |

BALANCE SHEET - NON LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' FUNDS

| | | | | |
|---|---|---|---|---|
| | | | | Current year |
| brought forward | | | | 22,080,395 |
| H. ACCRUALS AND DEFERRED INCOME | | | | |
| 1. Interests | 156 | 150,329 | | |
| 2. Rents | 157 | 1,967 | | |
| 3. Other accruals and deferred income | 158 | 15,375 | 159 | 167,671 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS** | | | 160 | **22,248,066** |

| | | Previous year |
|---|---|---|
| brought forward | | 21,268,845 |
| | 336 147,824 | |
| | 337 1,958 | |
| | 338 46,791 | 339 196,573 |
| | | 340 **21,465,418** |

Notes on the accounts - Attachment 2

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

BALANCE SHEET - LIFE BUSINESS

ASSETS

| | | | | |
|---|---|---|---|---|
| A. SUBSCRIBED CAPITAL UNPAID | | | | 1 0 |
| of which called-up capital | | 2 0 | | |
| B. INTANGIBLE ASSETS | | | | |
| 1. Acquisition commissions to be amortised | | 3 0 | | |
| 2. Other acquisition costs | | 6 0 | | |
| 3. Formation and development expenses | | 7 0 | | |
| 4. Goodwill | | 8 0 | | |
| 5. Other intangible assets | | 9 3,282 | | 10 3,282 |
| C. INVESTMENTS | | | | |
| I - Land and Buildings | | | | |
| 1. Property used for own activities | | 11 0 | | |
| 2. Property used by third parties | | 12 0 | | |
| 3. Other properties | | 13 0 | | |
| 3. Other realty rights | | 14 0 | | |
| 5. Assets in progress and payments on account | | 15 0 | 16 0 | |
| II - Investments in affiliated companies and other shareholdings | | | | |
| 1. Interests in | | | | |
| a) parent companies | 17 0 | | | |
| b) affiliated companies | 18 12,898,083 | | | |
| c) affiliates of parent companies | 19 0 | | | |
| d) associated companies | 20 0 | | | |
| e) other | 21 0 | 22 12,898,083 | | |
| 2. Debt securities issued by | | | | |
| a) parent companies | 23 0 | | | |
| b) affiliated companies | 24 650 | | | |
| c) affiliates of parent companies | 25 0 | | | |
| d) associated companies | 26 0 | | | |
| e) other | 27 0 | 28 650 | | |
| 3. Loans to | | | | |
| a) parent companies | 29 0 | | | |
| b) affiliated companies | 30 375,000 | | | |
| c) affiliates of parent companies | 31 0 | | | |
| d) associated companies | 32 0 | | | |
| e) other | 33 0 | 34 375,000 | 35 13,273,733 | |
| | | carried forward | | 3,282 |

Year 2017

Previous year

| | | | |
|---|---|---|---|
| | | | 181 0 |
| | 182 0 | | |
| | 183 0 | | |
| | 186 0 | | |
| | 187 0 | | |
| | 188 0 | | |
| | 189 1,270 | | 190 1,270 |
| | 191 0 | | |
| | 192 0 | | |
| | 193 0 | | |
| | 194 0 | | |
| | 195 0 | 196 0 | |
| 197 0 | | | |
| 198 13,078,476 | | | |
| 199 0 | | | |
| 200 0 | | | |
| 201 0 | 202 13,078,476 | | |
| 203 0 | | | |
| 204 634 | | | |
| 205 0 | | | |
| 206 0 | | | |
| 207 0 | 208 634 | | |
| 209 0 | | | |
| 210 381,100 | | | |
| 211 0 | | | |
| 212 0 | | | |
| 213 0 | 214 381,100 | 215 13,460,210 | |
| | carried forward | | 1,270 |

BALANCE SHEET - LIFE BUSINESS

ASSETS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | brought forward | | | | | | | | 3,282 |
| C. | INVESTMENTS (follows) | | | | | | | | | |
| III | - Other financial investments | | | | | | | | | |
| | 1. Equities | | | | | | | | | |
| | a) quoted shares | 36 | 6,843 | | | | | | | |
| | b) unquoted shares | 37 | 5,279 | | | | | | | |
| | c) other interests | 38 | 4,732 | 39 | 16,854 | | | | | |
| | 2. Shares in common investment funds | | | 40 | 6,387 | | | | | |
| | 3. Debt securities and other fixed-income securities | | | | | | | | | |
| | a) quoted | 41 | 1,402,237 | | | | | | | |
| | b) unquoted | 42 | 18,544 | | | | | | | |
| | c) convertible bonds | 43 | 367 | 44 | 1,421,148 | | | | | |
| | 4. Loans | | | | | | | | | |
| | a) mortgage loans | 45 | 0 | | | | | | | |
| | b) loans on policies | 46 | 760 | | | | | | | |
| | c) other loans | 47 | 1,696 | 48 | 2,456 | | | | | |
| | 5. Participation in investment pools | | | 49 | 0 | | | | | |
| | 6. Deposits with credit institutions | | | 50 | 46,361 | | | | | |
| | 7. Other | | | 51 | 0 | 52 | 1,493,206 | | | |
| IV | - Deposits with ceding companies | | | | | 53 | 6,863,078 | 54 | 21,630,017 | |
| D. | PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | | | | | | |
| I | - Provisions relating to contracts linked to investments funds and market index | | | | | 55 | 3,268,077 | | | |
| II | - Provisions relating to the administration of pension funds | | | | | 56 | 0 | 57 | 3,268,077 | |
| D bis. | REINSURANCE AMOUNTS OF TECHNICAL PROVISIONS | | | | | | | | | |
| | II - LIFE INSURANCE BUSINESS | | | | | | | | | |
| | 1. Mathematical provision | | | 63 | 36,165 | | | | | |
| | 2. Unearned premium provision for supplementary coverage | | | 64 | 23,645 | | | | | |
| | 3. Provision for claims outstanding | | | 65 | 341,307 | | | | | |
| | 4. Provision for profit sharing and premium refunds | | | 66 | 19,424 | | | | | |
| | 5. Other provisions | | | 67 | 0 | | | | | |
| | 6. Provisions for policies where the investment risk is borne by the policyholders and relating to the administration of pension funds | | | 68 | 0 | | | 69 | 420,541 | |
| | | carried forward | | | | | | | | 25,321,917 |

Previous year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | brought forward | | | | 1,270 |
| 216 | 0 | | | | | | |
| 217 | 4,937 | | | | | | |
| 218 | 4,731 | 219 | 9,668 | | | | |
| | | 220 | 36,754 | | | | |
| 221 | 1,364,556 | | | | | | |
| 222 | 18,931 | | | | | | |
| 223 | 382 | 224 | 1,383,869 | | | | |
| 225 | 0 | | | | | | |
| 226 | 789 | | | | | | |
| 227 | 2,031 | 228 | 2,820 | | | | |
| | | 229 | 0 | | | | |
| | | 230 | 34,760 | | | | |
| | | 231 | 0 | 232 | 1,467,871 | | |
| | | | | 233 | 7,275,871 | 234 | 22,203,952 |
| | | | | 235 | 3,456,300 | | |
| | | | | 236 | 0 | 237 | 3,456,300 |
| | | 243 | 34,281 | | | | |
| | | 244 | 14,345 | | | | |
| | | 245 | 326,391 | | | | |
| | | 246 | 21,179 | | | | |
| | | 247 | 0 | | | | |
| | | 248 | 0 | | | 249 | 396,196 |
| | | | carried forward | | | | 26,057,718 |

BALANCE SHEET - LIFE BUSINESS

ASSETS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Current year |
| brought forward | | | | | | | | 25,321,917 |
| E. DEBTORS | | | | | | | | |
| I - Debtors arising out of direct insurance operations | | | | | | | | |
| 1. Policyholders | | | | | | | | |
| a) for premiums - current year | 71 | 19,584 | | | | | | |
| b) for premiums - previous years | 72 | 890 | 73 | 20,474 | | | | |
| 2. Insurance intermediaries | | | 74 | 66 | | | | |
| 3. Current accounts with insurance companies | | | 75 | 0 | | | | |
| 4. Policyholders and third parties for recoveries | | | 76 | 0 | 77 | 20,540 | | |
| II - Debtors arising out of reinsurance operations | | | | | | | | |
| 1. Reinsurance companies | | | 78 | 280,396 | | | | |
| 2. Reinsurance intermediaries | | | 79 | 239 | 80 | 280,635 | | |
| III - Other debtors | | | | | 81 | 169,978 | 82 | 471,153 |
| F. OTHER ASSETS | | | | | | | | |
| I - Tangible assets and stocks | | | | | | | | |
| 1. Furniture, office equipment, internal transport vehicles | | | 83 | 78 | | | | |
| 2. Vehicles listed in public registers | | | 84 | 56 | | | | |
| 3. Equipment and appliances | | | 85 | 0 | | | | |
| 4. Stocks and other goods | | | 86 | 0 | 87 | 134 | | |
| II - Tangible assets and stocks | | | | | | | | |
| 1. Bank and postal deposits | | | 88 | 80,091 | | | | |
| 2. Cheques and cash in hand | | | 89 | 6 | 90 | 80,097 | | |
| IV - Other | | | | | | | | |
| 1. Deferred reinsurance items | | | 92 | 1,901 | | | | |
| 2. Miscellaneous assets | | | 93 | 17,618 | 94 | 19,519 | 95 | 99,750 |
| of which Account linking to non-life business | | | 901 | 0 | | | | |
| G. PREPAYMENTS AND ACCRUED INCOME | | | | | | | | |
| 1. Interests | | | | | 96 | 29,916 | | |
| 2. Rents | | | | | 97 | 26 | | |
| 3. Other prepayments and accrued income | | | | | 98 | 84,166 | 99 | 114,108 |
| **TOTAL ASSETS** | | | | | | | 100 | **26,006,928** |

Previous year

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | brought forward | | | | 26,057,718 |
| 251 | 23,051 | | | | | | |
| 252 | 768 | 253 | 23,819 | | | | |
| | | 254 | 102 | | | | |
| | | 255 | 0 | | | | |
| | | 256 | 0 | 257 | 23,921 | | |
| | | 258 | 322,507 | | | | |
| | | 259 | 273 | 260 | 322,780 | | |
| | | | | 261 | 105,901 | 262 | 452,602 |
| | | 263 | 92 | | | | |
| | | 264 | 60 | | | | |
| | | 265 | 0 | | | | |
| | | 266 | 0 | 267 | 152 | | |
| | | 268 | 130,044 | | | | |
| | | 269 | 5 | 270 | 130,049 | | |
| | | 272 | 3,483 | | | | |
| | | 273 | 21,108 | 274 | 24,591 | 275 | 154,792 |
| | | 903 | 0 | | | | |
| | | | | 276 | 25,074 | | |
| | | | | 277 | 28 | | |
| | | | | 278 | 77,419 | 279 | 102,521 |
| | | | | | | 280 | **26,767,633** |

BALANCE SHEET - LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' FUNDS

Current year

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| A. | SHAREHOLDERS' FUNDS | | | | | | | | |
| | I | - Subscribed capital or equivalent funds | | | 101 | 1,093,266 | | |
| | II | - Share premium account | | | 102 | 2,497,775 | | |
| | III | - Revaluation reserve | | | 103 | 926,828 | | |
| | IV | - Legal reserve | | | 104 | 218,653 | | |
| | V | - Statutory reserve | | | 105 | 0 | | |
| | VI | - Reserve for parent company shares | | | 400 | 0 | | |
| | VII | - Other reserve | | | 107 | 2,452,290 | | |
| | VIII | - Profit or loss brought forward | | | 108 | 0 | | |
| | IX | - Profit or loss for the financial year | | | 109 | 854,530 | | |
| | VI | - Negative reserve for own shares held | | | 401 | 0 | 110 | 8,043,342 |
| B. | SUBORDINATED LIABILITIES | | | | | | 111 | 2,157,652 |
| C. | TECHNICAL PROVISIONS | | | | | | | |
| | II | - LIFE INSURANCE BUSINESS | | | | | | |
| | | 1. Mathematical provision | 118 | 7,026,151 | | | | |
| | | 2. Unearned premium provision for supplementary coverage | 119 | 31,850 | | | | |
| | | 3. Provision for claims outstanding | 120 | 1,230,942 | | | | |
| | | 4. Provision for profit sharing and premium refunds | 121 | 84,475 | | | | |
| | | 5. Other provisions | 122 | 17,895 | | | 123 | 8,391,313 |
| D. | PROVISIONS FOR POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDER AND RELATING TO THE ADMINISTRATION OF PENSION FUNDS | | | | | | | |
| | I | - Provisions relating to contracts linked to investments funds and market index | | | 125 | 3,265,804 | | |
| | II | - Provisions relating to the administration of pension funds | | | 126 | 0 | 127 | 3,265,804 |
| | | carried forward | | | | | | 21,858,111 |

Previous year

| | | |
|---|---|---|
| | 281 1,091,918 | |
| | 282 2,497,775 | |
| | 283 926,828 | |
| | 284 218,384 | |
| | 285 0 | |
| | 500 0 | |
| | 287 2,525,318 | |
| | 288 0 | |
| | 289 803,201 | |
| | 501 0 | 290 8,063,424 |
| | | 291 2,179,897 |
| 298 7,622,002 | | |
| 299 28,469 | | |
| 300 1,141,831 | | |
| 301 99,294 | | |
| 302 18,305 | | 303 8,909,901 |
| | 305 3,454,111 | |
| | 306 0 | 307 3,454,111 |
| carried forward | | 22,607,333 |

BALANCE SHEET - LIFE BUSINESS
LIABILITIES AND SHAREHOLDERS' FUNDS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Current year |
| | | brought forward | | | | | | 21,858,111 |
| E. | PROVISIONS FOR OTHER RISKS AND CHARGES | | | | | | | |
| | 1. Provision for pensions and similar obligations | | | | 128 | 0 | | |
| | 2. Provisions for taxation | | | | 129 | 38,132 | | |
| | 3. Other provisions | | | | 130 | 80 | 131 | 38,212 |
| F. | DEPOSITS RECEIVED FROM REINSURERS | | | | | | 132 | 312,181 |
| G. | CREDITORS | | | | | | | |
| | I - Creditors arising out of direct insurance operations | | | | | | | |
| | 1. Insurance intermediaries | | 133 | 5 | | | | |
| | 2. Current accounts with insurance companies | | 134 | 2,086 | | | | |
| | 3. Premium deposits and premiums due to policyholders | | 135 | 3,202 | | | | |
| | 4. Guarantee funds in favour of policyholders | | 136 | 0 | 137 | 5,293 | | |
| | II - Creditors arising out of reinsurance operations | | | | | | | |
| | 1. Reinsurance companies | | 138 | 65,527 | | | | |
| | 2. Reinsurance intermediaries | | 139 | 269 | 140 | 65,796 | | |
| | III - Debenture loans | | | | 141 | 1,941,654 | | |
| | IV - Amounts owed to credit institutions | | | | 142 | 3,789 | | |
| | V - Loans guaranteed by mortgages | | | | 143 | 0 | | |
| | VI - Other financial liabilities | | | | 144 | 1,124,778 | | |
| | VII - Provisions for severance pay | | | | 145 | 685 | | |
| | VIII - Other creditors | | | | | | | |
| | 1. Premium taxes | | 146 | 677 | | | | |
| | 2. Other tax liabilities | | 147 | 12,031 | | | | |
| | 3. Social security | | 148 | 949 | | | | |
| | 4. Sundry creditors | | 149 | 188,852 | 150 | 202,509 | | |
| | IX - Other liabilities | | | | | | | |
| | 1. Deferred reinsurance items | | 151 | 1,870 | | | | |
| | 2. Commissions for premiums in course of collection | | 152 | 1,512 | | | | |
| | 3. Miscellaneous liabilities | | 153 | 314,099 | 154 | 317,481 | 155 | 3,661,985 |
| | of which Account linking to non-life business | | 902 | 173,643 | | | | |
| | | carried forward | | | | | | 25,870,489 |

Previous year

| | | | | | |
|---|---|---|---|---|---|
| | brought forward | | | | 22,607,333 |
| | | 308 | 0 | | |
| | | 309 | 46,727 | | |
| | | 310 | 187 | 311 | 46,914 |
| | | | | 312 | 294,186 |
| 313 | 5 | | | | |
| 314 | 2,202 | | | | |
| 315 | 2,395 | | | | |
| 316 | 0 | 317 | 4,602 | | |
| 318 | 71,485 | | | | |
| 319 | 284 | 320 | 71,769 | | |
| | | 321 | 2,005,539 | | |
| | | 322 | 17 | | |
| | | 323 | 0 | | |
| | | 324 | 1,124,778 | | |
| | | 325 | 684 | | |
| 326 | 717 | | | | |
| 327 | 11,377 | | | | |
| 328 | 4,294 | | | | |
| 329 | 95,522 | 330 | 111,910 | | |
| 331 | 3,897 | | | | |
| 332 | 2,533 | | | | |
| 333 | 357,607 | 334 | 364,037 | 335 | 3,683,336 |
| 904 | 183,786 | | | | |
| | carried forward | | | | 26,631,769 |

BALANCE SHEET - LIFE BUSINESS

LIABILITIES AND SHAREHOLDERS' FUNDS

| | | | | | |
|---|---|---|---|---|---|
| | | | | | Current year |
| brought forward | | | | | 25,870,489 |
| H. ACCRUALS AND DEFERRED INCOME | | | | | |
| 1. Interests | 156 | 126,187 | | | |
| 2. Rents | 157 | 0 | | | |
| 3. Other accruals and deferred income | 158 | 10,251 | | 159 | 136,438 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS** | | | | 160 | **26,006,928** |

Previous year

| | | |
|---|---|---|
| brought forward | | 26,631,769 |
| | 336 127,534 | |
| | 337 0 | |
| | 338 8,330 | 339 135,864 |
| | | 340 **26,767,633** |

Notes to the accounts - Attachment 3

Company **Assicurazioni Generali S.p.A.** Year 2017

Breakdown of non-life and life result

| | | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|---|
| **Technical result** | | 1 | **222,924** | 21 | **448,130** | 41 | **671,054** |
| Investment income | + | 2 | 1,120,345 | | | 42 | 1,120,345 |
| Investment charges | - | 3 | 78,648 | | | 43 | 78,648 |
| Allocated investment return transferred from the life technical account | + | | | 24 | 729,570 | 44 | 729,570 |
| Allocated investment return transferred to the non-life technical account | - | 5 | 137,629 | | | 45 | 137,629 |
| **Interim result** | | 6 | **1,126,992** | 26 | **1,177,700** | 46 | **2,304,692** |
| Other income | + | 7 | 299,888 | 27 | 98,515 | 47 | 398,403 |
| Other charges | - | 8 | 1,151,304 | 28 | 479,800 | 48 | 1,631,104 |
| Extraordinary income | + | 9 | 244,807 | 29 | 9,727 | 49 | 254,534 |
| Extraordinary charges | - | 10 | 40,778 | 30 | 2,779 | 50 | 43,557 |
| **Result before taxation** | | 11 | **479,605** | 31 | **803,363** | 51 | **1,282,968** |
| Income taxes for the year | - | 12 | −70,324 | 32 | −51,167 | 52 | −121,491 |
| **Profit (loss) for the year** | | 13 | **549,929** | 33 | **854,530** | 53 | **1,404,459** |

Notes on the accounts - Attachment 4

Company **Assicurazioni Generali S.p.A.** Year 2017

Assets - Changes in intangible assets (item B) and
changes in land and buildings (Item C1)

| | + | Intangible assets B | | Land and buildings C.I | |
|---|---|---|---|---|---|
| Gross original cost | + | 1 | 217,183 | 31 | 121,427 |
| Increases for the year | | 2 | 17,230 | 32 | 340 |
| due to: | | 3 | 17,230 | 33 | 340 |
| readjustments | | 4 | 0 | 34 | 0 |
| revaluations | | 5 | 0 | 35 | 0 |
| other variations | - | 6 | 0 | 36 | 0 |
| Decreases for the year | | 7 | 85 | 37 | 9,174 |
| due to: | | 8 | 0 | 38 | 4,085 |
| permanent devaluations | | 9 | 0 | 39 | 2,453 |
| other changes | | 10 | 85 | 40 | 2,636 |
| **Gross final goodwill (a)** | | 11 | **234,328** | 41 | **112,593** |
| Amortisation: | | | | | |
| Initial goodwill | + | 12 | 183,986 | 42 | 5,151 |
| Increases for the year | + | 13 | 20,258 | 43 | 1,154 |
| for: | | 14 | 20,258 | 44 | 1,154 |
| other changes | | 15 | 0 | 45 | 0 |
| Decreases for the year | - | 16 | 43 | 46 | 325 |
| for: | | 17 | 0 | 47 | 217 |
| other changes | | 18 | 43 | 48 | 108 |
| **Amortised final goodwill (b)** | | 19 | **204,201** | 49 | **5,980** |
| **Book value (a - b)** | | 20 | **30,127** | 50 | **106,613** |
| Current value | | | | 51 | 114,663 |
| Total revaluations | | 22 | 0 | 52 | 96,730 |
| Total devaluations | | 23 | 0 | 53 | 19,070 |

Notes to the accounts - Attachment 5

Company **Assicurazioni Generali S.p.A.** Year 2017

Assets - Variations in the year of investments in affiliated companies and other shareholdings: equities (item C.II.1), debt securities (item C.II.2) and loans (item C.II.3)

| | | | Equities C.II.1 | | Debt securities C.II.2 | | Loans C.II.3 |
|---|---|---|---|---|---|---|---|
| Gross initial goodwill | + | 1 | 29,638,995 | 21 | 634 | 41 | 752,000 |
| Increases for the year | + | 2 | 683,645 | 22 | 16 | 42 | 1,296,983 |
| for: acquisitions, subscriptions, payments | | 3 | 269,973 | 23 | 0 | 43 | 1,296,983 |
| readjustment of value | | 4 | 0 | 24 | 16 | 44 | 0 |
| revaluations | | 5 | 0 | | | | |
| other variations | | 6 | 413,672 | 26 | 0 | 46 | 0 |
| Decreases for the year: | - | 7 | 590,821 | 27 | 0 | 47 | 386,100 |
| for: sales and redemptions | | 8 | 1,192 | 28 | 0 | 48 | 386,100 |
| devaluations | | 9 | 2,997 | 29 | 0 | 49 | 0 |
| other variations | | 10 | 586,632 | 30 | 0 | 50 | 0 |
| **Book value** | | 11 | **29,731,819** | 31 | **650** | 51 | **1,662,883** |
| Current value | | 12 | 32,658,620 | 32 | 713 | 52 | 1,946,356 |
| Total revaluations | | 13 | 698 | | | | |
| Total devaluations | | 14 | 1,069,105 | 34 | 0 | 54 | 0 |

The item C.II.2 includes:

| | | |
|---|---|---|
| Quoted debt securities | 61 | 650 |
| Unquoted debt securities | 62 | 0 |
| **Book value** | 63 | **650** |
| of which convertible debt securities | 64 | 0 |

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

Assets - Information regarding associated companies (*)

| N. ord. (**) | Type (1) | Quoted or unquoted (2) | Activity (3) | Company name and registration place | Currency |
|---|---|---|---|---|---|
| 1 | b | NQ | 1 | Aseguradora General S.A. GUATEMALA 10a. Calle 3-17, Zona 10 - GUATEMALA | GTQ |
| 2 | b | NQ | 4 | Assitimm S.r.l. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 3 | b | NQ | 2 | Caja de Ahorro y Seguro S.A. BUENOS AIRES Fitz Roy 957 - ARGENTINA | ARS |
| 4 | b | NQ | 9 | CMN Global Inc. THORNHILL - ONTARIO 150 Commerce Valley Drive West, 9th Floor - CANADA | CAD |
| 5 | b | NQ | 9 | Donatello Intermediazione Srl ROMA Piazza Venezia, 11 - ITALIA | EUR |
| 6 | b | NQ | 2 | Europ Assistance Holding S.A. PARIGI 2 rue Pillet-Will - FRANCIA | EUR |
| 7 | b | NQ | 1 | FATA Asigurari S.A. BUCAREST Lt. Av. Marcel Andreescu, no 30 - ROMANIA | RON |
| 8 | b | NQ | 9 | GBS S.c.p.A. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 9 | b | NQ | 9 | Genamerica Management Corp. NEW YORK 7 WTC, 250 Greenwich Street, 33rd Fl - STATI UNITI | USD |
| 10 | b | NQ | 2 | Generali (Schweiz) Holding AG ADLISWIL Soodmattenstrasse, 10 - SVIZZERA | CHF |
| 11 | b | NQ | 2 | Generali Beteiligungs-GmbH AQUISGRANA Maria Theresia Allee 38 - GERMANIA | EUR |
| 12 | b | NQ | 2 | Generali Beteiligungsverwalt. VIENNA Landskrongasse 1-3 - AUSTRIA | EUR |
| 13 | b | NQ | 1 | Generali Brasil Seguros S.A. RIO DE JANEIRO Avenida Rio Branco 128 - BRASILE | BRL |
| 14 | b | NQ | 2 | Generali CEE Holding B.V. AMSTERDAM Diemerhof 42 - OLANDA | EUR |
| 15 | b | NQ | 1 | Generali China Life Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP. | CNY |
| 16 | b | NQ | 1 | Generali Colombia S.A. BOGOTA' Carrera 7a. No. 72-13, Piso 8 - COLOMBIA | COP |
| 17 | b | NQ | 1 | Generali Colombia Vida S.A. BOGOTA' Carrera 10a 28/49 - COLOMBIA | COP |
| 18 | b | NQ | 1 | Generali Companhia de Seguros LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO | EUR |
| 19 | b | NQ | 9 | Generali Consulting Solutions WILMINGTON 1209 Orange Street - STATI UNITI D'AMERICA | USD |
| 20 | b | NQ | 9 | Generali CST S.r.l. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 21 | b | NQ | 2 | Generali Deutschland AG MONACO Adenauerring 7 - GERMANIA | EUR |
| 22 | b | NQ | 1 | Generali Ecuador S.A. GUAYAQUIL WTC Torre B Piso 15, Avenida Francisco de Arellana - ECUADOR | USD |
| 23 | b | NQ | 2 | Generali España Holding S.A. MADRID Calle Orense 2 - SPAGNA | EUR |
| 24 | b | NQ | 2 | Generali Finance B.V. AMSTERDAM Diemerhof 42 - OLANDA | EUR |
| 25 | b | NQ | 2 | Generali Financial Asia Ltd HONG KONG 5/F, 14-18/F Generalli Tower, 8 Queen's Road East - HONG KONG | HKD |
| 26 | b | NQ | 2 | Generali France S.A. PARIGI 2 rue Pillet-Will - FRANCIA | EUR |
| 27 | b | NQ | 1 | Generali Hellas A.A.E. ATENE 35-37 Ilia Iliou Street & Pytheou - GRECIA | EUR |
| 28 | b | NQ | 1 | Generali Italia S.p.A. MOGLIANO VENETO Via Marocchesa n. 14 - ITALIA | EUR |
| 29 | b | NQ | 9 | Generali Latam Ltda. SAN PAOLO Av. Presidente Juscelino Kubitschek, nº 1455 - 8° - BRASILE | BRL |
| 30 | b | NQ | 9 | Generali Link Limited DUBLINO GH Navan Business Park, Athlumney, Navan, Co.Meath - IRLANDA | EUR |
| 31 | b | NQ | 1 | Generali PanEurope dac DUBLINO Navan Business Park, Athlumney, Navan, Co. Meath - IRLANDA | EUR |
| 32 | b | NQ | 9 | Generali Real Estate S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 33 | b | NQ | 4 | Generali Realties Ltd TEL AVIV 2, Hagdud Haivri Str. - ISRAELE | ILS |
| 34 | b | NQ | 1 | Generali Vida de Seguros S.A. LISBONA Rua Duque de Palmela no. 11 - PORTOGALLO | EUR |
| 35 | b | NQ | 1 | Generali Vietnam Life Ins. HO CHI MINH CITY AB Tower, 76 Le Lai, District 1 - VIETNAM | VND |
| 36 | b | NQ | 9 | Generali Vitality GmbH MONACO Adenauerring 9 - GERMANIA | EUR |
| 37 | b | NQ | 2 | GI Holding S.p.A. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 38 | b | NQ | 4 | GLL GmbH & Co. Retail KG i.L. MONACO Lindwurmstr. 76 - GERMANIA | EUR |
| 39 | b | NQ | 9 | GSS - Generali Shared Services TRIESTE Piazza Duca degli Abruzzi, 2 - ITALIA | EUR |
| 40 | b | NQ | 2 | Lion River I N.V. AMSTERDAM Diemerhof 42 - OLANDA | EUR |
| 41 | b | NQ | 2 | Part. Maat. Graafschap Holland AMSTERDAM Diemerhof 42 - OLANDA | EUR |
| 42 | b | NQ | 2 | Redoze Holding N.V. AMSTERDAM Diemerhof 42 - OLANDA | EUR |
| 43 | b | NQ | 2 | Transocean Holding Corporation NEW YORK 7 World Trade Center 250 Greenwich Street 33rd Fl. - STATI | USD |
| 44 | b | NQ | 9 | Welion S.c.a.r.l. TRIESTE Via Machiavelli, 4 - ITALIA | EUR |
| 45 | d | NQ | 1 | Assurances Maghrebia S.A. TUNISI Angle 54,Rue De Palestine 22,Rue Royaume D'Arabia - TUNISIA | TND |
| 46 | d | NQ | 1 | Assurances Maghrebia Vie S.A. TUNISI Angle 54,Rue De Palestine 22,Rue Royaume D'Arabia - TUNISIA | TND |

Notes on the accounts - Attachment 6

Year 2017

| Paid up capital | | Equity (***) | Last year | Share owned (5) | | |
|---|---|---|---|---|---|---|
| Amount (4) | Number of shares | (4) | Gain or Loss (***) (4) | Direct % | Indirect % | Total % |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 269,000,000 | 2,690,000 | 399,831,465 | −6,345,851 | 62.50 | 27.50 | 90.00 |
| 6,738,011 | 60,000,100 | 12,304,237 | 611,676 | 100.00 | 0 | 100.00 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17,316,016 | 1,082,251 | 72,935,083 | 11,235,878 | 95.67 | 4.31 | 99.99 |
| 47,032,850 | 4,703,285 | 13,102,617 | 10,509,984 | 100.00 | 0 | 100.00 |
| 7,853,626 | 7,853,626 | 42,833,254 | −553,946 | 1.22 | 98.78 | 100.00 |
| 50,000 | 50 | 2 | −831 | 100.00 | 0 | 100.00 |
| 4,332,000 | 8,664 | 1,371,865,929 | 17,469,818 | 51.05 | 48.95 | 100.00 |
| 1,005,000 | 1,005,000 | 3,620,257,690 | 425,300,178 | 100.00 | 0 | 100.00 |
| 1,000,000 | 1,000,000 | 149,401,559 | 38,560,470 | 100.00 | 0 | 100.00 |
| 1,306,177,730 | 2,633,006 | 354,600,505 | −76,701,351 | 98.89 | 1.11 | 100.00 |
| 100,000 | 100,000 | 154,021,276,378 | 8,389,116,110 | 100.00 | 0 | 100.00 |
| 3,700,000,000 | 3,700,000,000 | 4,463,410,868 | 385,752,696 | 50.00 | 0 | 50.00 |
| 34,244,441,700 | 16,306,877 | 74,983,565 | −495,899 | 88.25 | 3.09 | 91.34 |
| 5,613,344,100 | 2,673,021 | 17,712,936 | −2,809,783 | 11.56 | 88.24 | 99.80 |
| 73,000,000 | 292,000 | 66,650,782 | 1,223,513 | 100.00 | 0 | 100.00 |
| 156,420 | 156,420 | 110,009 | −27,350 | 100.00 | 0 | 100.00 |
| 10,000 | 10,000 | 10,000 | 0 | 100.00 | 0 | 100.00 |
| 137,560,202 | 53,734,454 | 1,884,093,963 | 433,623,340 | 4.04 | 95.96 | 100.00 |
| 8,000,000 | 8,000,000 | 14,106,047 | 124,147 | 52.45 | 0 | 52.45 |
| 563,490,658 | 93,758,845 | 766,661,685 | 187,695,725 | 100.00 | 0 | 100.00 |
| 100,000,000 | 1,000,000 | 274,611,881 | 2,403,705 | 100.00 | 0 | 100.00 |
| 105,870,000 | 105,870,000 | 64,319,163 | −2,760,021 | 100.00 | 0 | 100.00 |
| 114,547,490 | 498,032,566 | 3,065,129,785 | 276,585,872 | 67.82 | 32.18 | 100.00 |
| 22,776,198 | 3,796,033 | 71,403,777 | 6,550,861 | 100.00 | 0 | 100.00 |
| 1,618,628,450 | 3,237,256,900 | 11,290,284,618 | 839,968,113 | 100.00 | 0 | 100.00 |
| 150,000 | 10,000 | 8,712,021 | 1,717,768 | 99.99 | 0.01 | 100.00 |
| 2,000,001 | 2,000,001 | 2,000,001 | 1 | 100.00 | 0 | 100.00 |
| 61,134,869 | 61,000,000 | 175,520,660 | 17,900,518 | 0 | 100.00 | 100.00 |
| 780,000 | 1,500,000 | 37,135,157 | 9,315,460 | 100.00 | 0 | 100.00 |
| 2 | 20,000 | 15,013,485 | 15,013,482 | 100.00 | 0 | 100.00 |
| 14,000,000 | 56,000 | 25,783,071 | 987,791 | 86.60 | 13.39 | 99.99 |
| 3,522,600,000,000 | 3,522,600,000,000 | 1,769,368,067 | −451,409,058 | 100.00 | 0 | 100.00 |
| 250,000 | 1 | 16,550,983 | 114,720 | 100.00 | 0 | 100.00 |
| 41,360,000 | 41,360,000 | 266,065,052 | 75,804,542 | 37.72 | 62.28 | 100.00 |
| 381,010,000 | 381,010,000 | 244,043,940 | 0 | 31.50 | 21.00 | 52.49 |
| 1,002,000 | 1,002,000 | 99,320,600 | −642,981 | 47.90 | 52.10 | 100.00 |
| 608,006 | 608,006 | 2,643,891,250 | 16,261,868 | 28.47 | 69.55 | 98.02 |
| 1,784,509,360 | 115,450,936 | 6,457,138,128 | 373,756,816 | 52.43 | 47.57 | 100.00 |
| 22,689,011 | 500,000 | 361,347,018 | 3,705,277 | 6.02 | 93.98 | 100.00 |
| 243,000,000 | 1,949,806 | 310,492,369 | 55,875,207 | 100.00 | 0 | 100.00 |
| 10,000 | 10,000 | 131,000 | 0 | 1.00 | 99.00 | 100.00 |
| 30,000,000 | 3,000,000 | 67,724,169 | 8,250,721 | 44.17 | 0 | 44.17 |
| 10,000,000 | 1,000,000 | 38,628,033 | 6,745,175 | 22.08 | 0 | 22.08 |

| N. ord. (**) | Type (1) | Quoted or unquoted (2) | Activity (3) | Company name and registration place | Currency |
|---|---|---|---|---|---|
| 47 | d | NQ | 1 | Generali China Insurance PECHINO B-12 Jianguomenwai Avenue, Chaoyang District - CINA REP. POPOLARE | CNY |
| 48 | d | NQ | 2 | Guotai Asset Management Co. SHANGAI 39F, World Financial Center, 100 Century Avenue - CINA REP. | CNY |
| 49 | d | NQ | 2 | NEIP II S.p.A. CONEGLIANO Via Vittorio Alfieri n. 01 - ITALIA | EUR |
| 50 | d | NQ | 9 | Servizi Tecnologici Avanzati BOLOGNA Via Paolo Nanni Costa, 30 - ITALIA | EUR |
| 51 | e | NQ | 2 | Emittenti Titoli S.p.A. MILANO Via Santa Maria Segreta, 6 - ITALIA | EUR |
| 52 | e | NQ | 2 | Fin. Priv. S.r.l. MILANO Via Filodrammatici, 8 - ITALIA | EUR |
| 53 | e | NQ | 2 | H2i S.p.A. ROMA Via Barberini 95 - ITALIA | EUR |
| 54 | e | NQ | 9 | Perils AG ZURIGO Marktgasse 3 - SVIZZERA | CHF |
| 55 | e | NQ | 2 | Perseo S.p.A. TORINO Via XX Settembre 31 - ITALIA | EUR |
| 56 | e | NQ | 9 | Protos S.p.A. ROMA Via Livenza, 3 - ITALIA | EUR |
| 57 | e | NQ | 9 | SOA Group S.p.A. ROMA Via Lovanio, 6 - ITALIA | EUR |
| 58 | e | NQ | 8 | Trieste Adriatic Maritime Srl TRIESTE Via Cassa di Risparmio 10 - ITALIA | EUR |
| 59 | e | NQ | 2 | Venice S.p.A. VICENZA Strada Statale Padana verso Verona, 6 - ITALIA | EUR |

(*) Devono essere elencate le imprese del gruppo e le altre imprese in cui si detiene una partecipazione direttamente, anche per il tramite di società fiduciaria o per interposta persona.
(**) The order number must be greater than "0"

(1)
a = parent Companies
b = affiliated Companies
c = affiliates of parent Companies
d = associated Companies
e = Other

(2) Indicare Q per i titoli negoziati in mercati regolamentati e NQ per gli altri

(3) Activity
1 = Insurance Company
2 = Financial Company
3 = Credit Institution
4 = Real estate Company
5 = Trust Company
6 = Società di gestione o di distribuzione di fondi comuni di investimento
7 = Consorzio
8 = Impresa industriale
9 = Altra società o ente

(4) Amounts in original currency

(5) Indicate the total share owned

| Paid up capital | | Equity (***) | Last year | Share owned (5) | | |
|---|---|---|---|---|---|---|
| Amount (4) | Number of shares | (4) | Gain or Loss (***) (4) | Direct % | Indirect % | Total % |
| 1,300,000,000 | 1,300,000,000 | 852,166,552 | −101,020,799 | 49.00 | 0 | 49.00 |
| 110,000,000 | 110,000,000 | 1,514,219,372 | 460,240,162 | 30.00 | 0 | 30.00 |
| 55,000 | 55,000 | 8,020,775 | 1,269,070 | 48.16 | 0 | 48.16 |
| 102,000 | 200,000 | 102,000 | 0 | 25.00 | 0 | 25.00 |
| 4,264,000 | 8,200,000 | 0 | 0 | 10.00 | 0 | 10.00 |
| 20,000 | 20,000 | 0 | 0 | 14.29 | 0 | 14.29 |
| 14,275,000 | 14,275,000 | 0 | 0 | 10.51 | 0 | 10.51 |
| 4,000,000 | 250 | 0 | 0 | 10.00 | 0 | 10.00 |
| 60,240,510 | 60,240,510 | 0 | 0 | 19.81 | 0 | 19.81 |
| 1,100,000 | 1,100,000 | 0 | 0 | 17.80 | 0 | 17.80 |
| 1,000,000 | 1,000,000 | 0 | 0 | 10.06 | 0 | 10.06 |
| 6,232,500 | 6,232,500 | 0 | 0 | 11.26 | 0 | 11.26 |
| 5,092,221 | 5,092,221 | 0 | 0 | 15.87 | 0 | 15.87 |

(***)To be filled only for subsidiaries and associates

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

Assets - Details of investments in Group companies and other companies where a significant interest is held:
Equities

| N. ord. (1) | Type (2) | (3) | Name of the company | Increases in the year | | |
|---|---|---|---|---|---|---|
| | | | | For purchases | | Others increases |
| | | | | Quantity | Value | |
| 1 | b | D | Aseguradora General S.A. | 0 | 0 | 1,052 |
| 2 | b | D | Assitimm S.r.l. | 0 | 0 | 97 |
| 3 | b | V | Caja de Ahorro y Seguro S.A. - Classe A | 0 | 0 | 0 |
| 3 | b | V | Caja de Ahorro y Seguro S.A. - Classe B | 0 | 0 | 0 |
| 4 | b | D | CMN Global Inc. | 0 | 0 | 6,328 |
| 5 | b | D | Donatello Intermediazione S.r.l. | 0 | 0 | 0 |
| 6 | b | D | Europ Assistance Holding | 0 | 0 | 0 |
| 7 | b | D | FATA Asigurari S.A. | 0 | 0 | 0 |
| 8 | b | D | GBS S.c.p.A. | 0 | 0 | 0 |
| 9 | b | D | Genamerica Management Corporation | 0 | 0 | 0 |
| 10 | b | D | Generali (Schweiz) Holding AG | 0 | 0 | 0 |
| 10 | b | V | Generali (Schweiz) Holding AG | 0 | 0 | 0 |
| 11 | b | D | Generali Beteiligungs-GmbH | 0 | 0 | 0 |
| 11 | b | V | Generali Beteiligungs-GmbH | 0 | 0 | 0 |
| 12 | b | V | Generali Beteiligungsverwaltung-GmbH | 0 | 0 | 0 |
| 13 | b | D | Generali Brasil Seguros S.A. | 764,633 | 12,553 | 0 |
| 14 | b | D | Generali CEE Holding B.V. | 0 | 0 | 0 |
| 15 | b | V | Generali China Life Insurance | 0 | 0 | 0 |
| 16 | b | D | Generali Colombia S.A. | 0 | 0 | 0 |
| 17 | b | D | Generali Colombia Vida S.A. | 0 | 0 | 0 |
| 18 | b | D | Generali Companhia de Seguros S.A. | 128,000 | 0 | 0 |
| 19 | b | D | Generali Consulting Solutions | 0 | 0 | 0 |
| 20 | b | D | Generali CST S.r.l. | 10,000 | 10 | 1,400 |
| 21 | b | D | Generali Deutschland Holding AG | 0 | 0 | 0 |
| 21 | b | V | Generali Deutschland Holding AG | 0 | 0 | 0 |
| 22 | b | D | Generali Ecuador S.A. | 0 | 0 | 0 |
| 23 | b | D | Generali España Holding S.A. | 0 | 0 | 0 |
| 23 | b | V | Generali España Holding S.A. | 0 | 0 | 0 |
| 24 | b | V | Generali Finance B.V. | 740,000 | 199,251 | 0 |
| 25 | b | D | Generali Financial Asia Ltd | 11,645,700 | 447 | 731 |
| 26 | b | D | Generali France S.A. | 0 | 0 | 0 |
| 26 | b | V | Generali France S.A. | 0 | 0 | 0 |
| 27 | b | D | Generali Hellas A.E.A.Z. | 0 | 0 | 0 |
| 27 | b | V | Generali Hellas A.E.A.Z. | 0 | 0 | 0 |
| 28 | b | D | Generali Italia S.p.A. | 0 | 0 | 344,600 |
| 28 | b | V | Generali Italia S.p.A. | 0 | 0 | 0 |
| 29 | b | D | Generali Latam Ltda | 0 | 0 | 0 |
| 30 | b | V | Generali Link Limited - Ord. | 0 | 0 | 0 |
| 31 | b | V | Generali PanEurope Limited - Ord. | 0 | 0 | 35,000 |
| 31 | b | V | Generali PanEurope Limited - Pref. | 0 | 0 | 7,500 |
| 32 | b | D | Generali Real Estate S.p.A. | 0 | 0 | 0 |
| 33 | b | D | Generali Realties Ltd | 0 | 0 | 0 |
| 34 | b | V | Generali Vida de Seguros S.A. | 20,000 | 0 | 0 |
| 35 | b | V | Generali Vietnam Life Insurance LLC | 1,560,000,000,000 | 50,912 | 0 |
| 36 | b | V | Generali Vitality-GmbH | 0 | 0 | 10,800 |
| 37 | b | D | Generali Investments Holding S.p.A. | 0 | 0 | 0 |
| 38 | b | V | GLL GmbH & Co. Retail KG | 0 | 0 | 0 |

Notes to the accounts - Attachment 7

Year 2017

| Decreases in the year | | | Accounting value (4) | | Purchase cost | Current value |
|---|---|---|---|---|---|---|
| For sales | | Others decreases | Quantity | Value | | |
| Quantity | Value | | | | | |
| 510,000 | 1,052 | 1,169 | 0 | 0 | 0 | 0 |
| 1 | 97 | 97 | 0 | 0 | 0 | 0 |
| 0 | 0 | 4,290 | 874,250 | 12,108 | 12,108 | 12,108 |
| 0 | 0 | 1,985 | 807,000 | 5,603 | 5,603 | 5,603 |
| 0 | 0 | 0 | 60,000,100 | 6,328 | 6,328 | 7,531 |
| 6,420 | 44 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 1,035,422 | 406,610 | 406,610 | 406,610 |
| 0 | 0 | 120 | 4,703,284 | 4,319 | 12,953 | 12,634 |
| 0 | 0 | 0 | 95,525 | 484 | 551 | 549 |
| 0 | 0 | 1 | 50 | 8 | 20 | 30 |
| 0 | 0 | 19,746 | 1,703 | 215,667 | 215,667 | 228,994 |
| 0 | 0 | 31,537 | 2,720 | 344,446 | 344,446 | 365,744 |
| 0 | 0 | 0 | 658,304 | 2,014,088 | 2,094,443 | 2,322,455 |
| 0 | 0 | 0 | 346,696 | 1,060,720 | 1,095,346 | 1,223,122 |
| 0 | 0 | 0 | 1,000,000 | 122,876 | 122,876 | 149,403 |
| 0 | 0 | 19,646 | 2,603,787 | 135,106 | 293,808 | 135,106 |
| 0 | 0 | 0 | 100,000 | 5,159,441 | 5,159,441 | 5,674,627 |
| 0 | 0 | 15,703 | 1,850,000,000 | 235,052 | 235,052 | 338,521 |
| 0 | 0 | 1,273 | 14,390,372 | 9,654 | 9,654 | 18,543 |
| 0 | 0 | 2 | 309,043 | 12 | 12 | 12 |
| 0 | 0 | 0 | 291,996 | 61,322 | 61,322 | 64,834 |
| 0 | 0 | 18 | 1 | 130 | 130 | 130 |
| 0 | 0 | 0 | 10,000 | 1,410 | 1,410 | 1,410 |
| 0 | 0 | 0 | 2,170,870 | 234,243 | 234,243 | 234,243 |
| 0 | 0 | 0 | 1,000 | 99 | 99 | 99 |
| 0 | 0 | 3 | 4,196,058 | 21 | 21 | 6,107 |
| 0 | 0 | 0 | 50,483,372 | 348,796 | 348,796 | 407,428 |
| 0 | 0 | 0 | 43,275,473 | 298,996 | 298,996 | 349,257 |
| 0 | 0 | 0 | 1,000,000 | 264,282 | 264,282 | 268,649 |
| 0 | 0 | 1,431 | 105,870,000 | 10,856 | 10,856 | 10,856 |
| 0 | 0 | 0 | 166,163,545 | 263,693 | 263,693 | 929,895 |
| 0 | 0 | 0 | 167,101,655 | 265,793 | 265,793 | 935,144 |
| 0 | 0 | 0 | 3,026,018 | 19,461 | 43,454 | 50,641 |
| 0 | 0 | 0 | 770,013 | 5,341 | 35,145 | 12,886 |
| 0 | 0 | 0 | 942,617,804 | 4,788,990 | 4,788,990 | 4,788,990 |
| 0 | 0 | 344,600 | 2,294,639,096 | 7,553,966 | 7,553,966 | 7,553,966 |
| 0 | 0 | 5 | 9,999 | 34 | 34 | 1,446 |
| 0 | 0 | 0 | 2,000,000 | 2,000 | 2,000 | 532 |
| 0 | 0 | 35,000 | 35,000,000 | 35,000 | 35,000 | 131,675 |
| 0 | 0 | 7,500 | 7,500,000 | 7,500 | 7,500 | 28,216 |
| 0 | 0 | 0 | 1,500,000 | 105,160 | 105,160 | 105,160 |
| 0 | 0 | 0 | 20,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 48,496 | 13,205 | 13,205 | 21,242 |
| 0 | 0 | 12,376 | 3,522,600,000,000 | 126,357 | 126,357 | 126,357 |
| 0 | 0 | 0 | 1 | 17,599 | 17,599 | 17,599 |
| 0 | 0 | 0 | 15,600,000 | 78,000 | 78,000 | 81,396 |
| 0 | 0 | 30,865 | 120,000,000 | 49,376 | 79,256 | 38,195 |

| N. ord. (1) | Type (2) | (3) | Name of the company | Increases in the year | | |
|---|---|---|---|---|---|---|
| | | | | For purchases | | Others increases |
| | | | | Quantity | Value | |
| 39 | b | D | GSS - Generali Shared Services S.c.a.r.l. | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe A | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe B | 0 | 0 | 34 |
| 40 | b | D | Lion River I N.V. - Classe C | 0 | 0 | 32 |
| 40 | b | D | Lion River I N.V. - Classe D | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe E | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe F | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe G | 0 | 0 | 520 |
| 40 | b | D | Lion River I N.V. - Classe H | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe I | 0 | 0 | 5 |
| 40 | b | D | Lion River I N.V. - Classe J | 0 | 0 | 0 |
| 40 | b | D | Lion River I N.V. - Classe K | 0 | 0 | 212 |
| 40 | b | D | Lion River I N.V. - Classe L | 0 | 0 | 5,133 |
| 40 | b | D | Lion River I N.V. - Classe N | 0 | 0 | 7 |
| 40 | b | D | Lion River I N.V. - Classe O | 0 | 0 | 48 |
| 40 | b | D | Lion River I N.V. - Classe P | 0 | 0 | 174 |
| 41 | b | D | Participatie Maatschappij Graafschap Holland N.V. - Ord. | 0 | 0 | 0 |
| 41 | b | V | Participatie Maatschappij Graafschap Holland N.V. - Ord. | 0 | 0 | 0 |
| 42 | b | D | Redoze Holding N.V. | 0 | 0 | 0 |
| 43 | b | D | Transocean Holding Corporation | 0 | 0 | 0 |
| 44 | b | D | Welion S.c.a.r.l. | 0 | 0 | 0 |
| 45 | d | D | Assurance Maghrebia S.A. | 0 | 0 | 0 |
| 46 | d | D | Assurance Maghrebia Vie S.A. | 0 | 0 | 0 |
| 47 | d | D | Generali China Insurance | 0 | 0 | 0 |
| 48 | d | D | Guotai Asset Management Co. | 0 | 0 | 0 |
| 49 | d | D | NEIP II S.p.A. | 0 | 0 | 0 |
| 50 | d | D | Servizi Tecnologici Avanzati S.p.A. | 0 | 0 | 0 |
| 51 | e | D | Emittenti Titoli S.p.A. | 0 | 0 | 0 |
| 52 | e | D | Fin. Priv. S.r.l. | 0 | 0 | 0 |
| 53 | e | D | H2i S.p.A. | 0 | 0 | 0 |
| 54 | e | D | Perils AG | 0 | 0 | 0 |
| 55 | e | D | Perseo S.p.A. | 0 | 0 | 0 |
| 56 | e | D | Protos S.p.A. | 0 | 0 | 0 |
| 57 | e | D | SOA Group S.p.A. | 0 | 0 | 0 |
| 58 | e | D | Trieste Adriatic Maritime S.r.l. | 0 | 0 | 0 |
| 59 | e | D | Venice S.p.A. - Classe A | 0 | 0 | 0 |
| 59 | e | D | Venice S.p.A. - Classe B | 0 | 0 | 0 |
| | | | **Total C.II.1** | | **263,173** | **413,672** |
| | a | | Parent companies | | 0 | 0 |
| | b | | Affiliated companies | | 263,173 | 413,672 |
| | c | | Affiliated of parent companies | | 0 | 0 |
| | d | | Associated companies | | 0 | 0 |
| | e | | Other | | 0 | 0 |
| | | | **Totale D.I.** | | **0** | **0** |
| | | | **Totale D.II.** | | **0** | **0** |

(1) It must be equal to what indicated in the Attachment 6

(2) Type
a = parent Companies
b = affiliated Companies
c = affiliated of parent Companies
d = associated Companies
e = other Companies

(3) Indicate:

D for investments allocated to the non life business (item C.II.1)
V for investments allocated to the life business (item C.II.1)
V1 for investments allocated to the life business (item D.I)
V2 for investments allocated to the life business (item D.2)
It must be given, however, the same order number to the participation, although divided.

| Decreases in the year | | | Accounting value (4) | | Purchase cost | Current value |
|---|---|---|---|---|---|---|
| For sales | | Others decreases | Quantity | Value | | |
| Quantity | Value | | | | | |
| 0 | 0 | 0 | 480,000 | 48,502 | 55,818 | 47,344 |
| 0 | 0 | 126 | 150,000 | 24 | 150 | 24 |
| 0 | 0 | 1 | 1,666 | 34 | 14,841 | 34 |
| 0 | 0 | 0 | 1,666 | 5,365 | 5,365 | 5,608 |
| 0 | 0 | 371 | 5,000 | 7 | 14,459 | 7 |
| 0 | 0 | 0 | 2,000 | 2 | 14 | 2 |
| 0 | 0 | 0 | 1,666 | 2 | 2 | 2 |
| 0 | 0 | 0 | 1,666 | 86,805 | 86,805 | 123,067 |
| 0 | 0 | 0 | 1,666 | 2 | 2 | 2 |
| 0 | 0 | 0 | 1,666 | 3,912 | 3,912 | 5,703 |
| 0 | 0 | 0 | 1,666 | 2 | 115 | 2 |
| 0 | 0 | 10,324 | 1,000 | 31,972 | 31,972 | 37,963 |
| 0 | 0 | 0 | 1,000 | 10,103 | 10,103 | 18,027 |
| 0 | 0 | 3,465 | 1,000 | 1,853 | 6,160 | 1,853 |
| 0 | 0 | 1,013 | 430 | 8,632 | 11,192 | 8,632 |
| 0 | 0 | 0 | 1,000 | 29,149 | 29,149 | 37,180 |
| 0 | 0 | 0 | 45,085,614 | 2,307,196 | 2,308,758 | 2,307,196 |
| 0 | 0 | 0 | 48,475,773 | 2,477,765 | 2,502,365 | 2,477,765 |
| 0 | 0 | 0 | 30,113 | 18,155 | 19,145 | 21,582 |
| 0 | 0 | 24,679 | 1,949,806 | 178,225 | 178,225 | 242,124 |
| 0 | 0 | 0 | 100 | 0 | 0 | 0 |
| 0 | 0 | 1,056 | 1,325,058 | 4,477 | 4,477 | 4,477 |
| 0 | 0 | 218 | 220,843 | 926 | 926 | 926 |
| 0 | 0 | 5,441 | 637,000,000 | 81,438 | 81,438 | 81,438 |
| 0 | 0 | 8,737 | 33,000,000 | 130,784 | 130,784 | 130,784 |
| 0 | 0 | 0 | 26,486 | 1,806 | 3,130 | 1,806 |
| 0 | 0 | 0 | 50,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 820,000 | 424 | 424 | 8,167 |
| 0 | 0 | 0 | 2,857 | 14,352 | 14,352 | 14,123 |
| 0 | 0 | 0 | 1,500,000 | 1,050 | 1,500 | 499 |
| 0 | 0 | 31 | 25 | 342 | 342 | 785 |
| 0 | 0 | 0 | 11,935,400 | 402 | 36,140 | 9,115 |
| 0 | 0 | 0 | 195,790 | 60 | 60 | 1,114 |
| 0 | 0 | 0 | 100,608 | 93 | 93 | 242 |
| 0 | 0 | 0 | 701,757 | 575 | 713 | 655 |
| 0 | 0 | 0 | 400,964 | 1,616 | 5,894 | 1,214 |
| 0 | 0 | 0 | 400,964 | 1,616 | 5,894 | 1,214 |
| | **1,192** | **582,829** | | **29,731,819** | **30,214,946** | **32,658,620** |
| | 0 | 0 | | 0 | 0 | 0 |
| | 1,192 | 567,345 | | 29,491,857 | 29,928,779 | 32,402,061 |
| | 0 | 0 | | 0 | 0 | 0 |
| | 0 | 15,452 | | 219,431 | 220,755 | 219,431 |
| | 0 | 31 | | 20,530 | 65,412 | 37,128 |
| | **0** | **0** | | **0** | **0** | **0** |
| | **0** | **0** | | **0** | **0** | **0** |

(4) Point out with (*) if valued with the equity method (only for Type b and d)

Notes on the accounts - Attachment 8

Company **Assicurazioni Generali S.p.A.** Year 2017

Assets - Breakdown on the basis of the utilisation of other financial investments: equities and shares, shares in common investment funds, debt securities and other fixed-securities, participation in investment pools e other financial investments (items C.III.1, 2, 3, 5, 7)

I - Non-life business

| | Durable portfolio | | | | Non durable portfolio | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Book Value | | Current value | | Book Value | | Current value | | Book Value | | Current value |
| 1. Equity and shares | 1 | 10,623 | 21 | 21,977 | 41 | 6,193 | 61 | 7,925 | 81 | 16,816 | 101 | 29,902 |
| a) listed shares | 2 | 3,734 | 22 | 4,232 | 42 | 4,962 | 62 | 6,288 | 82 | 8,696 | 102 | 10,520 |
| b) unlisted shares | 3 | 6,312 | 23 | 6,106 | 43 | 1,231 | 63 | 1,637 | 83 | 7,543 | 103 | 7,743 |
| c) units | 4 | 577 | 24 | 11,639 | 44 | 0 | 64 | 0 | 84 | 577 | 104 | 11,639 |
| 2. Shares in common investment funds | 5 | 0 | 25 | 0 | 45 | 33,927 | 65 | 36,172 | 85 | 33,927 | 105 | 36,172 |
| 3. Debt securities and other fixed-income | 6 | 125,802 | 26 | 130,077 | 46 | 452,361 | 66 | 457,333 | 86 | 578,163 | 106 | 587,410 |
| a1) listed goverments bonds | 7 | 51,373 | 27 | 53,819 | 47 | 325,706 | 67 | 326,926 | 87 | 377,079 | 107 | 380,745 |
| a2) other listed securities | 8 | 62,850 | 28 | 63,927 | 48 | 120,404 | 68 | 123,807 | 88 | 183,254 | 108 | 187,734 |
| b1) unlisted government bonds | 9 | 8,280 | 29 | 8,912 | 49 | 5,151 | 69 | 5,391 | 89 | 13,431 | 109 | 14,303 |
| b2) other unlisted securities | 10 | 3,299 | 30 | 3,419 | 50 | 1,100 | 70 | 1,209 | 90 | 4,399 | 110 | 4,628 |
| c) convertible bonds | 11 | 0 | 31 | 0 | 51 | 0 | 71 | 0 | 91 | 0 | 111 | 0 |
| 5. Participation in investment | 12 | 0 | 32 | 0 | 52 | 0 | 72 | 0 | 92 | 0 | 112 | 0 |
| 7. Other | 13 | 0 | 33 | 0 | 53 | 9,990 | 73 | 10,977 | 93 | 9,990 | 113 | 10,977 |

II - Life business

| | Durable portfolio | | | | Non durable portfolio | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Book Value | | Current value | | Book Value | | Current value | | Book Value | | Current value |
| 1. Equity and shares | 121 | 5,889 | 141 | 44,598 | 161 | 10,966 | 181 | 11,186 | 201 | 16,855 | 221 | 55,784 |
| a) listed shares | 122 | 0 | 142 | 0 | 162 | 6,843 | 182 | 6,980 | 202 | 6,843 | 222 | 6,980 |
| b) unlisted shares | 123 | 1,157 | 143 | 38,141 | 163 | 4,123 | 183 | 4,206 | 203 | 5,280 | 223 | 42,347 |
| c) units | 124 | 4,732 | 144 | 6,457 | 164 | 0 | 184 | 0 | 204 | 4,732 | 224 | 6,457 |
| 2. Shares in common investment funds | 125 | 0 | 145 | 0 | 165 | 6,387 | 185 | 6,528 | 205 | 6,387 | 225 | 6,528 |
| 3. Debt securities and other fixed-income | 126 | 521,779 | 146 | 581,403 | 166 | 899,369 | 186 | 975,117 | 206 | 1,421,148 | 226 | 1,556,520 |
| a1) listed goverments bonds | 127 | 223,363 | 147 | 252,074 | 167 | 418,357 | 187 | 444,505 | 207 | 641,720 | 227 | 696,579 |
| a2) other listed securities | 128 | 285,390 | 148 | 310,286 | 168 | 475,126 | 188 | 524,458 | 208 | 760,516 | 228 | 834,744 |
| b1) unlisted government bonds | 129 | 11,554 | 149 | 17,512 | 169 | 0 | 189 | 0 | 209 | 11,554 | 229 | 17,512 |
| b2) other unlisted securities | 130 | 1,472 | 150 | 1,531 | 170 | 5,519 | 190 | 5,707 | 210 | 6,991 | 230 | 7,238 |
| c) convertible bonds | 131 | 0 | 151 | 0 | 171 | 367 | 191 | 447 | 211 | 367 | 231 | 447 |
| 5. Participation in investment | 132 | 0 | 152 | 0 | 172 | 0 | 192 | 0 | 212 | 0 | 232 | 0 |
| 7. Other | 133 | 0 | 153 | 0 | 173 | 0 | 193 | 0 | 213 | 0 | 233 | 0 |

Notes on the accounts - Attachment 9

Company **Assicurazioni Generali S.p.A.** Year 2017

Assets - Variation for the year of other durable financial investments: equities and shares, shares in common investment funds, debt securities and other fixed-income securities, participation in investment pools and other financial investments (items C.III.1, 2, 3, 5, 7)

| | | Equities and shares C.III.1 | | Shares in common investment funds C.III.2 | | Debt securities and other fixed income securities C.III.3 | | Participation in investment pools C.III.5 | | Other financial investments C.III.7 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial goodwill | + | 1 | 16,555 | 21 | 0 | 41 | 523,610 | 81 | 0 | 101 | 0 |
| Revaluations | + | 2 | 914 | 22 | 0 | 42 | 218,054 | 82 | 0 | 102 | 0 |
| for: acquisitions | | 3 | 858 | 23 | 0 | 43 | 203,264 | 83 | 0 | 103 | 0 |
| reversal value | | 4 | 0 | 24 | 0 | 44 | 0 | 84 | 0 | 104 | 0 |
| transfers from the non-durable portfolio | | 5 | 0 | 25 | 0 | 45 | 0 | 85 | 0 | 105 | 0 |
| other changes | | 6 | 56 | 26 | 0 | 46 | 14,790 | 86 | 0 | 106 | 0 |
| Devaluations | - | 7 | 957 | 27 | 0 | 47 | 94,083 | 87 | 0 | 107 | 0 |
| for: sales | | 8 | 957 | 28 | 0 | 48 | 53,981 | 88 | 0 | 108 | 0 |
| devaluations | | 9 | 0 | 29 | 0 | 49 | 0 | 89 | 0 | 109 | 0 |
| transfers from the non-durable portfolio | | 10 | 0 | 30 | 0 | 50 | 0 | 90 | 0 | 110 | 0 |
| other changes | | 11 | 0 | 31 | 0 | 51 | 40,102 | 91 | 0 | 111 | 0 |
| **Book value** | | 12 | **16,512** | 32 | **0** | 52 | **647,581** | 92 | **0** | 112 | **0** |
| Current value | | 13 | 66,576 | 33 | 0 | 53 | 711,481 | 93 | 0 | 113 | 0 |

Notes on the accounts - Attachment 10

Company **Assicurazioni Generali S.p.A.** Year 2017

Assets - Variations for the year regarding loans and deposits with credit institutions (items C.III.4, 6)

| | | Loans C.III.4 | | Deposits with credit institutions C.III.6 | |
|---|---|---|---|---|---|
| Initial goodwill | + | 1 | 4,068 | 21 | 126,571 |
| Revaluations for the year | + | 2 | 110 | 22 | 366,263 |
| for: payments | | 3 | 110 | | |
| reversal value | | 4 | 0 | | |
| other changes | | 5 | 0 | | |
| Devaluations for the year | - | 6 | 1,273 | 26 | 364,035 |
| for: redemptions | | 7 | 768 | | |
| devaluations | | 8 | 0 | | |
| other changes | | 9 | 505 | | |
| **Book value** | | 10 | **2,905** | 30 | **128,799** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**TOTAL OF INVESTMENT FUNDS**

| | | Current value | | Acquisition cost | |
|---|---|---|---|---|---|
| | | Current year | Previous year | Current year | Previous year |
| I. | Lands and buildings | 1 0 | 21 0 | 41 0 | 61 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | |
| | 1. Shares and interests | 2 0 | 22 0 | 42 0 | 62 0 |
| | 2. Debt securities and other fixed-income securities | 3 0 | 23 0 | 43 0 | 63 0 |
| | 3. Loans | 4 0 | 24 0 | 44 0 | 64 0 |
| III. | Shares in common investment funds | 5 145,131 | 25 126,671 | 45 125,019 | 65 123,626 |
| IV. | Other financial investments: | | | | |
| | 1. Equities | 6 233 | 26 203 | 46 210 | 66 187 |
| | 2. Debt securities and other fixed-income securities | 7 45,962 | 27 51,397 | 47 34,705 | 67 39,732 |
| | 3. Deposits with credit institutions | 8 0 | 28 0 | 48 0 | 68 0 |
| | 4. Other financial investments | 9 0 | 29 0 | 49 0 | 69 0 |
| V. | Other assets | 10 509 | 30 617 | 50 509 | 70 617 |
| VI. | Cash at bank and in hand | 11 2,256 | 31 2,033 | 51 2,256 | 71 2,033 |
| | Other liabilities | 12 −1,191 | 32 −1,114 | 52 −1,191 | 72 −1,114 |
| | Deposits with ceding companies | 13 3,075,177 | 33 3,276,493 | 53 3,075,177 | 73 3,276,493 |
| **Total** | | 14 **3,268,077** | 34 **3,456,300** | 54 **3,236,685** | 74 **3,441,574** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**Lifetime income bond**

| | | Current value | | | | Acquisition cost | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Current year | | Previous year | | Current year | | Previous year |
| I. | Lands and buildings | 1 | 0 | 21 | 0 | 41 | 0 | 61 | 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | | | | | |
| | 1. Shares and interests | 2 | 0 | 22 | 0 | 42 | 0 | 62 | 0 |
| | 2. Debt securities and other fixed-income securities | 3 | 0 | 23 | 0 | 43 | 0 | 63 | 0 |
| | 3. Loans | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 |
| III. | Shares in common investment funds | 5 | 0 | 25 | 0 | 45 | 0 | 65 | 0 |
| IV. | Other financial investments: | | | | | | | | |
| | 1. Equities | 6 | 0 | 26 | 0 | 46 | 0 | 66 | 0 |
| | 2. Debt securities and other fixed-income securities | 7 | 45,520 | 27 | 50,870 | 47 | 34,251 | 67 | 39,206 |
| | 3. Deposits with credit institutions | 8 | 0 | 28 | 0 | 48 | 0 | 68 | 0 |
| | 4. Other financial investments | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 |
| V. | Other assets | 10 | 433 | 30 | 496 | 50 | 433 | 70 | 496 |
| VI. | Cash at bank and in hand | 11 | 268 | 31 | 518 | 51 | 268 | 71 | 518 |
| | Other liabilities | 12 | 0 | 32 | 0 | 52 | 0 | 72 | 0 |
| | Deposits with ceding companies | 13 | 0 | 33 | 0 | 53 | 0 | 73 | 0 |
| **Total** | | 14 | **46,221** | 34 | **51,884** | 54 | **34,952** | 74 | **40,220** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**Managed Funds**

| | | Current value | | | | Acquisition cost | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current year | | Previous year | | Current year | | Previous year | |
| I. | Lands and buildings | 1 | 0 | 21 | 0 | 41 | 0 | 61 | 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | | | | | |
| | 1. Shares and interests | 2 | 0 | 22 | 0 | 42 | 0 | 62 | 0 |
| | 2. Debt securities and other fixed-income securities | 3 | 0 | 23 | 0 | 43 | 0 | 63 | 0 |
| | 3. Loans | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 |
| III. | Shares in common investment funds | 5 | 4,633 | 25 | 4,712 | 45 | 2,769 | 65 | 3,089 |
| IV. | Other financial investments: | | | | | | | | |
| | 1. Equities | 6 | 0 | 26 | 0 | 46 | 0 | 66 | 0 |
| | 2. Debt securities and other fixed-income securities | 7 | 389 | 27 | 468 | 47 | 400 | 67 | 466 |
| | 3. Deposits with credit institutions | 8 | 0 | 28 | 0 | 48 | 0 | 68 | 0 |
| | 4. Other financial investments | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 |
| V. | Other assets | 10 | 53 | 30 | 56 | 50 | 53 | 70 | 56 |
| VI. | Cash at bank and in hand | 11 | 604 | 31 | 646 | 51 | 604 | 71 | 646 |
| | Other liabilities | 12 | −1,191 | 32 | −1,113 | 52 | −1,191 | 72 | −1,113 |
| | Deposits with ceding companies | 13 | 0 | 33 | 0 | 53 | 0 | 73 | 0 |
| **Total** | | 14 | **4,488** | 34 | **4,769** | 54 | **2,635** | 74 | **3,144** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**Lavoro Indiretto**

| | | Current value | | | | Acquisition cost | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Current year | | Previous year | | Current year | | Previous year |
| I. | Lands and buildings | 1 | 0 | 21 | 0 | 41 | 0 | 61 | 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | | | | | |
| | 1. Shares and interests | 2 | 0 | 22 | 0 | 42 | 0 | 62 | 0 |
| | 2. Debt securities and other fixed-income securities | 3 | 0 | 23 | 0 | 43 | 0 | 63 | 0 |
| | 3. Loans | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 |
| III. | Shares in common investment funds | 5 | 0 | 25 | 0 | 45 | 0 | 65 | 0 |
| IV. | Other financial investments: | | | | | | | | |
| | 1. Equities | 6 | 0 | 26 | 0 | 46 | 0 | 66 | 0 |
| | 2. Debt securities and other fixed-income securities | 7 | 0 | 27 | 0 | 47 | 0 | 67 | 0 |
| | 3. Deposits with credit institutions | 8 | 0 | 28 | 0 | 48 | 0 | 68 | 0 |
| | 4. Other financial investments | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 |
| V. | Other assets | 10 | 0 | 30 | 0 | 50 | 0 | 70 | 0 |
| VI. | Cash at bank and in hand | 11 | 0 | 31 | 0 | 51 | 0 | 71 | 0 |
| | Other liabilities | 12 | 0 | 32 | 0 | 52 | 0 | 72 | 0 |
| | Deposits with ceding companies | 13 | 3,075,177 | 33 | 3,276,493 | 53 | 3,075,177 | 73 | 3,276,493 |
| **Total** | | 14 | **3,075,177** | 34 | **3,276,493** | 54 | **3,075,177** | 74 | **3,276,493** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**Unit vision choice**

| | | Current value | | | | Acquisition cost | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Current year | | Previous year | | Current year | | Previous year |
| I. | Lands and buildings | 1 | 0 | 21 | 0 | 41 | 0 | 61 | 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | | | | | |
| | 1. Shares and interests | 2 | 0 | 22 | 0 | 42 | 0 | 62 | 0 |
| | 2. Debt securities and other fixed-income securities | 3 | 0 | 23 | 0 | 43 | 0 | 63 | 0 |
| | 3. Loans | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 |
| III. | Shares in common investment funds | 5 | 140,498 | 25 | 121,959 | 45 | 122,250 | 65 | 120,537 |
| IV. | Other financial investments: | | | | | | | | |
| | 1. Equities | 6 | 0 | 26 | 0 | 46 | 0 | 66 | 0 |
| | 2. Debt securities and other fixed-income securities | 7 | 0 | 27 | 0 | 47 | 0 | 67 | 0 |
| | 3. Deposits with credit institutions | 8 | 0 | 28 | 0 | 48 | 0 | 68 | 0 |
| | 4. Other financial investments | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 |
| V. | Other assets | 10 | 22 | 30 | 64 | 50 | 22 | 70 | 64 |
| VI. | Cash at bank and in hand | 11 | 1,381 | 31 | 860 | 51 | 1,381 | 71 | 860 |
| | Other liabilities | 12 | 0 | 32 | 0 | 52 | 0 | 72 | 0 |
| | Deposits with ceding companies | 13 | 0 | 33 | 0 | 53 | 0 | 73 | 0 |
| **Total** | | 14 | **141,901** | 34 | **122,883** | 54 | **123,653** | 74 | **121,461** |

Notes on the accounts - Attachment 11

Company **Assicurazioni Generali** Year 2017

Assets relating to contracts linked to investment funds and market index (item D.I)

**AG European Equity Fund**

| | | Current value | | | | Acquisition cost | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Current year | | Previous year | | Current year | | Previous year | |
| I. | Lands and buildings | 1 | 0 | 21 | 0 | 41 | 0 | 61 | 0 |
| II. | Invest. in affiliated undertakings and other shareholdings: | | | | | | | | |
| | 1. Shares and interests | 2 | 0 | 22 | 0 | 42 | 0 | 62 | 0 |
| | 2. Debt securities and other fixed-income securities | 3 | 0 | 23 | 0 | 43 | 0 | 63 | 0 |
| | 3. Loans | 4 | 0 | 24 | 0 | 44 | 0 | 64 | 0 |
| III. | Shares in common investment funds | 5 | 0 | 25 | 0 | 45 | 0 | 65 | 0 |
| IV. | Other financial investments: | | | | | | | | |
| | 1. Equities | 6 | 233 | 26 | 203 | 46 | 210 | 66 | 187 |
| | 2. Debt securities and other fixed-income securities | 7 | 53 | 27 | 59 | 47 | 54 | 67 | 60 |
| | 3. Deposits with credit institutions | 8 | 0 | 28 | 0 | 48 | 0 | 68 | 0 |
| | 4. Other financial investments | 9 | 0 | 29 | 0 | 49 | 0 | 69 | 0 |
| V. | Other assets | 10 | 1 | 30 | 1 | 50 | 1 | 70 | 1 |
| VI. | Cash at bank and in hand | 11 | 2 | 31 | 9 | 51 | 2 | 71 | 9 |
| | Other liabilities | 12 | 0 | 32 | –1 | 52 | 0 | 72 | –1 |
| | Other liabilities | 13 | 0 | 33 | 0 | 53 | 0 | 73 | 0 |
| **Total** | | 14 | **289** | 34 | **271** | 54 | **267** | 74 | **256** |

Notes on the accounts - Attachment 13

Company **Assicurazioni Generali S.p.A.** Year 2017

Liabilities - Variation for the year of the components of the provision for unearned premiums (item C.I.1) and those of the provision for claims outstanding (item C.I.2) of non-life lines of business

| Typology | | Current year | | Previous year | | Variation |
|---|---|---|---|---|---|---|
| **Premium reserve:** | | | | | | |
| Unearned premium reserve | 1 | 380,272 | 11 | 406,226 | 21 | −25,954 |
| Unexpired risk reserve | 2 | 707 | 12 | 5,558 | 22 | −4,851 |
| **Book value** | 3 | **380,979** | 13 | **411,784** | 23 | **−30,805** |
| **Provision for claims outstanding:** | | | | | | |
| Provision for refunds and direct expenses | 4 | 1,285,719 | 14 | 1,487,984 | 24 | −202,265 |
| Provision for claim settlement costs | 5 | 52,707 | 15 | 46,914 | 25 | 5,793 |
| IBNR provision | 6 | 578,186 | 16 | 662,124 | 26 | −83,938 |
| **Book value** | 7 | **1,916,612** | 17 | **2,197,022** | 27 | **−280,410** |

Notes on the accounts - Attachment 14

Company **Assicurazioni Generali S.p.A.** Year 2017

Liabilities - Changes in the components of the mathematical provision for the year (item C.II.1) and in the components of the provision for profit sharing and premium refunds (item C.II.4)

| Typology | | Current year | | Previous year | | Variation |
|---|---|---|---|---|---|---|
| Mathematical reserve for pure premiums | 1 | 6,390,145 | 11 | 6,933,683 | 21 | −543,538 |
| Premiums brought forward | 2 | 179,753 | 12 | 189,382 | 22 | −9,629 |
| Demographical risk reserve | 3 | 0 | 13 | 0 | 23 | 0 |
| Integration provisions | 4 | 456,253 | 14 | 498,937 | 24 | −42,684 |
| **Book value** | 5 | **7,026,151** | 15 | **7,622,002** | 25 | **−595,851** |
| Provision for profit sharing and premium refunds | 6 | 84,475 | 16 | 99,294 | 26 | −14,819 |

Notes on the accounts - Attachment 15

Company **Assicurazioni Generali S.p.A.** Year 2017

Liabilities - Change for the year in the provisions in the funds for risks and charges (item E) and change in the severance pay provisions (item G.VII)

| | | Provisions for retirement and similar obligations | Provisions for taxes | Other provision | Change in the severance pay provisions |
|---|---|---|---|---|---|
| Initial amounts | + | 1 0 | 11 84,962 | 21 28,336 | 31 5,229 |
| Sums set aside for the year | + | 2 0 | 12 149 | 22 51,662 | 32 104 |
| Other increases | + | 3 0 | 13 0 | 23 0 | 33 680 |
| Other utilisations for the year | - | 4 0 | 14 39,833 | 24 22,855 | 34 338 |
| Other decreases | - | 5 0 | 15 0 | 25 0 | 35 929 |
| **Book value** | | 6 **0** | 16 **45,278** | 26 **57,143** | 36 **4,746** |

Notes on the accounts - Attachment 16

Company **Assicurazioni Generali S.p.A.** Year 2017

Details of assets and liabilities referring to group companies and other companies in which a significant interest is held

I: Assets

| | Parent companies | Affiliated companies | Affiliated of parent companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| Shares and interests | (1) 0 | (2) 29,491,857 | (3) 0 | (4) 219,431 | (5) 20,530 | (6) 29,731,818 |
| Debt securities | (7) 0 | (8) 650 | (9) 0 | (10) 0 | (11) 0 | (12) 650 |
| Loans | (13) 0 | (14) 1,662,883 | (15) 0 | (16) 0 | (17) 0 | (18) 1,662,883 |
| Participation in investment pools | (19) 0 | (20) 0 | (21) 0 | (22) 0 | (23) 0 | (24) 0 |
| Deposits with credit institutions | (25) 0 | (26) 10,000 | (27) 0 | (28) 0 | (29) 0 | (30) 10,000 |
| Other financial investments | (31) 0 | (32) 0 | (33) 0 | (34) 0 | (35) 0 | (36) 0 |
| Deposits with ceding companies | (37) 0 | (38) 6,355,099 | (39) 0 | (40) 469 | (41) 0 | (42) 6,355,568 |
| Investments relating to contracts linked to investment funds and market index | (43) 0 | (44) 3,067,604 | (45) 0 | (46) 0 | (47) 0 | (48) 3,067,604 |
| Investments relating to the administration of pension funds | (49) 0 | (50) 0 | (51) 0 | (52) 0 | (53) 0 | (54) 0 |
| Debtors arising out of direct insurance operations | (55) 0 | (56) 1,805 | (57) 0 | (58) 0 | (59) 0 | (60) 1,805 |
| Debtors arising out of reinsurance operations | (61) 0 | (62) 228,883 | (63) 0 | (64) 2,242 | (65) 0 | (66) 231,125 |
| Other debtors | (67) 0 | (68) 467,799 | (69) 0 | (70) 0 | (71) 0 | (72) 467,799 |
| Bank and postal deposits | (73) 0 | (74) 6,317 | (75) 0 | (76) 0 | (77) 0 | (78) 6,317 |
| Other | (79) 0 | (80) 39,754 | (81) 0 | (82) 0 | (83) 0 | (84) 39,754 |
| **Total** | (85) **0** | (86) **41,332,651** | (87) **0** | (88) **222,142** | (89) **20,530** | (90) **41,575,323** |
| of which subordinated activities | (91) 0 | (92) 0 | (93) 0 | (94) 0 | (95) 0 | (96) 0 |

Details of assets and liabilities referring to group companies and other companies in which a significant interest is held

II: Liabilities

| | Parent companies | Affiliated companies | Affiliated of parent companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| Subordinated liabilities | 97 0 | 98 0 | 99 0 | 100 0 | 101 0 | 102 0 |
| Deposits received from reinsurers | 103 0 | 104 963 | 105 0 | 106 0 | 107 0 | 108 963 |
| Creditors arising out of direct insurance operations | 109 0 | 110 3,906 | 111 0 | 112 0 | 113 0 | 114 3,906 |
| Creditors arising out of reinsurance operations | 115 0 | 116 165,100 | 117 0 | 118 0 | 119 0 | 120 165,100 |
| Amounts owed to credit institutions | 121 0 | 122 0 | 123 0 | 124 0 | 125 0 | 126 0 |
| Loans guaranteed by mortgages | 127 0 | 128 0 | 129 0 | 130 0 | 131 0 | 132 0 |
| Other financial liabilities | 133 0 | 134 3,811,359 | 135 0 | 136 0 | 137 0 | 138 3,811,359 |
| Other liabilities | 139 0 | 140 2,023,694 | 141 0 | 142 2 | 143 0 | 144 2,023,696 |
| Miscellaneous liabilities | 145 0 | 146 19 | 147 0 | 148 0 | 149 0 | 150 19 |
| **Total** | 151 **0** | 152 **6,005,041** | 153 **0** | 154 **2** | 155 **0** | 156 **6,005,043** |

Notes on the accounts - Attachment 17

Company **Assicurazioni Generali S.p.A.** Year 2017

Details of classes I, II, III, IV of "guarantees, commitments and other evidence accounts"

| | | | Current year | | Previous year |
|---|---|---|---|---|---|
| I. | Guarantees issued: | | | | |
| a) | fidejussions and endorsements issued in the interest of parent companies, affiliated companies and affiliates of parent companies | 1 | 0 | 31 | 269,500 |
| b) | fidejussions and endorsements issued in the interest of associated companies and other companies in which a significant interest is held | 2 | 0 | 32 | 0 |
| c) | fidejussions and endorsements issued in the interest of third parties | 3 | 0 | 33 | 0 |
| d) | other personal guarantees issued in the interest of parent companies, affiliated companies and affiliates of parent companies | 4 | 1,895,083 | 34 | 2,369,000 |
| e) | other personal guarantees issued in the interest of associated companies and other companies | 5 | 0 | 35 | 0 |
| f) | other personal guarantees issued in the interest of third parties | 6 | 0 | 36 | 0 |
| g) | guarantees secured by mortgages for obligations of parent companies, affiliated companies and affiliates of parent companies | 7 | 0 | 37 | 0 |
| h) | guarantees secured by mortgages for obligations of associated companies and companies in which a significant interest is held | 8 | 0 | 38 | 0 |
| i) | guarantees secured by morgages for third parties obligations | 9 | 0 | 39 | 0 |
| l) | guarantees issued for obligations of the Company | 10 | 45,315 | 40 | 47,578 |
| m) | assets deposited for accepted reinsurance operations | 11 | 118,458 | 41 | 131,806 |
| **Total** | | 12 | **2,058,856** | 42 | **2,817,884** |
| II. | Guarantees received: | | | | |
| a) | from group companies, associated companies and other | 13 | 0 | 43 | 0 |
| b) | from third parties | 14 | 549,871 | 44 | 376,396 |
| **Total** | | 15 | **549,871** | 45 | **376,396** |
| III. | Guarantees issued by third parties in the interest of the Company: | | | | |
| a) | from group companies, associated companies and other | 16 | 0 | 46 | 0 |
| b) | from third parties | 17 | 90,475 | 47 | 97,958 |
| **Total** | | 18 | **90,475** | 48 | **97,958** |
| IV. | Commitments: | | | | |
| a) | commitments for acquisitions with obligation to resale | 19 | 0 | 49 | 0 |
| b) | commitments for sales with obligation to buy back | 20 | 197,898 | 50 | 0 |
| c) | other commitments | 21 | 2,889,024 | 51 | 3,156,189 |
| **Total** | | 22 | **3,086,922** | 52 | **3,156,189** |
| V. | Assets relating to pension funds managed in the name and on behalf of third parties | 23 | 0 | 53 | 0 |
| VI. | Securities deposited with third parties | 24 | 14,143,372 | 54 | 6,882,753 |
| **Totale** | | 25 | **14,143,372** | 55 | **6,882,753** |

Notes on the accounts - Attachment 18

Company **Assicurazioni Generali S.p.A.** Year 2017

## Breakdown of derivatives according to type of contracts

| Derivatives contracts | | Current year | | | | | | | | Previous year | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Purchases | | | | Sales | | | | Purchases | | | | Sales | | | |
| | | | (1) | | (2) | | (1) | | (2) | | (1) | | (2) | | (1) | | (2) |
| Futures: | on shares | 1 | 0 | 101 | 0 | 21 | 0 | 121 | 0 | 41 | 0 | 141 | 0 | 61 | 0 | 161 | 0 |
| | on debt securities | 2 | 0 | 102 | 0 | 22 | 0 | 122 | 0 | 42 | 0 | 142 | 0 | 62 | 0 | 162 | 0 |
| | on currencies | 3 | 0 | 103 | 0 | 23 | 0 | 123 | 0 | 43 | 0 | 143 | 0 | 63 | 0 | 163 | 0 |
| | on rates | 4 | 0 | 104 | 0 | 24 | 0 | 124 | 0 | 44 | 0 | 144 | 0 | 64 | 0 | 164 | 0 |
| | others | 5 | 0 | 105 | 0 | 25 | 0 | 125 | 0 | 45 | 0 | 145 | 0 | 65 | 0 | 165 | 0 |
| Options: | on shares | 6 | 0 | 106 | 0 | 26 | 0 | 126 | 0 | 46 | 0 | 146 | 0 | 66 | 0 | 166 | 0 |
| | on debt securities | 7 | 0 | 107 | 0 | 27 | 0 | 127 | 0 | 47 | 0 | 147 | 0 | 67 | 0 | 167 | 0 |
| | on currencies | 8 | 0 | 108 | 0 | 28 | 0 | 128 | 0 | 48 | 0 | 148 | 0 | 68 | 0 | 168 | 0 |
| | on rates | 9 | 0 | 109 | 0 | 29 | 0 | 129 | 0 | 49 | 0 | 149 | 0 | 69 | 0 | 169 | 0 |
| | others | 10 | 0 | 110 | 0 | 30 | 0 | 130 | 0 | 50 | 0 | 150 | 0 | 70 | 0 | 170 | 0 |
| Swaps: | on currencies | 11 | 1,283,166 | 111 | −364,897 | 31 | 482,958 | 131 | −3,260 | 51 | 1,299,213 | 151 | −440,185 | 71 | 469,812 | 171 | −815 |
| | on rates | 12 | 0 | 112 | 0 | 32 | 341,654 | 132 | −19,294 | 52 | 0 | 152 | 0 | 72 | 605,539 | 172 | −34,890 |
| | others | 13 | 0 | 113 | 0 | 33 | 255,000 | 133 | 0 | 53 | 0 | 153 | 0 | 73 | 255,000 | 173 | 0 |
| Other operations: | | 14 | 0 | 114 | 0 | 34 | 0 | 134 | 0 | 54 | 0 | 154 | 0 | 74 | 0 | 174 | 0 |
| **Total** .................................. | | 15 | **1,283,166** | 115 | **−364,897** | 35 | **1,079,612** | 135 | **−22,554** | 55 | **1,299,213** | 155 | **−440,185** | 75 | **1,330,351** | 175 | **−35,705** |

Only transactions on derivatives extant at the balance sheet date and that represent commitments for the Company must be included. In the event of a contract not belonging precisely to the above-mentioned types or a contract which has characteristics of different types of contracts, the contract must be included in the nearest type. Items compensations are not allowed, unless they refer to purchase/sale transactions referring to the same type of contract (same content, deadline, underlying asset…)

Contracts providing for currency swaps must be shown only once, with conventional reference to the currency to be purchased. Contracts that allow both currency swaps and interest rate swaps must be reported exclusively among currency contracts. Derivative contracts providing for interest rate swaps are conventionally classified as “purchases” or “sales” depending on whether they commit the insurance company to purchase or sell the fixed rate.

(1) For derivatives that imply or could imply futures contracts, the settlement price of the contracts has to be indicated; in all other cases, the nominal value of the reference capital has to be indicated.

(2)Indicate the fair value of derivatives

Notes on the accounts - Attachment 19

Company **Assicurazioni Generali S.p.A.** Year 2017

Details of the non life business technical account

| | | Gross written premiums | | Earned written premiums | | Gross cost of claims | | Operating expenses | | Reinsurance balance |
|---|---|---|---|---|---|---|---|---|---|---|
| **Direct insurance:** | | | | | | | | | | |
| Accident and Health (class of insurance 1 and 2) | 1 | 33,441 | 2 | 29,196 | 3 | 18,429 | 4 | 5,921 | 5 | −5,542 |
| Motor TPL (class of insurance 10) | 6 | 332 | 7 | 292 | 8 | −216 | 9 | 22 | 10 | −319 |
| Motor, other classes (class of insurance 3) | 11 | 2,595 | 12 | 4,410 | 13 | 4,783 | 14 | 126 | 15 | 635 |
| Marine, aviation and transport (classes of insurance 4, 5, 6, 7, 11 and 12) | 16 | 12,930 | 17 | 13,655 | 18 | 7,907 | 19 | 3,867 | 20 | −4,145 |
| Fire and other damage to property (classes of insurance 8 and | 21 | 36,985 | 22 | 33,575 | 23 | 61,672 | 24 | 5,103 | 25 | 6,669 |
| General liability (class of insurance 13) | 26 | 74,804 | 27 | 67,905 | 28 | 76,389 | 29 | 13,614 | 30 | −7,703 |
| Credit and suretyship (classes of insurance 14 and 15) | 31 | 1,389 | 32 | 1,715 | 33 | −399 | 34 | 275 | 35 | −747 |
| Miscellaneous financial loss (class of insurance 16) | 36 | 13,017 | 37 | 12,134 | 38 | 7,024 | 39 | 1,574 | 40 | 1,438 |
| Legal expenses (class of insurance 17) | 41 | 4 | 42 | 4 | 43 | −131 | 44 | 0 | 45 | 0 |
| Assistance (class of insurance 18) | 46 | 107 | 47 | 106 | 48 | 1 | 49 | 2 | 50 | 0 |
| **Total direct insurance** | 51 | **175,604** | 52 | **162,992** | 53 | **175,459** | 54 | **30,504** | 55 | **−9,714** |
| **Inward reinsurance** | 56 | **194,431** | 57 | **184,892** | 58 | **100,350** | 59 | **23,851** | 60 | **−25,056** |
| **Total Italian portfolio** | 61 | **370,035** | 62 | **347,884** | 63 | **275,809** | 64 | **54,355** | 65 | **−34,770** |
| **Foreign portfolio** | 66 | **1,291,023** | 67 | **1,288,905** | 68 | **782,980** | 69 | **256,421** | 70 | **−147,177** |
| **Total** | 71 | **1,661,058** | 72 | **1,636,789** | 73 | **1,058,789** | 74 | **310,776** | 75 | **−181,947** |

Notes on the accounts - Attachment 20

Company **Assicurazioni Generali S.p.A.** Year 2017

Summary of life business: premiums and reinsurers' share.

| | Direct business | Reinsurance | Total |
|---|---|---|---|
| Gross premiums: | 1 225,180 | 11 1,483,156 | 21 1,708,336 |
| a) 1. individual policies | 2 83,707 | 12 370,564 | 22 454,271 |
| 2. group policies | 3 141,473 | 13 1,112,592 | 23 1,254,065 |
| b) 1. regular premiums | 4 208,651 | 14 1,483,156 | 24 1,691,807 |
| 2. single premiums | 5 16,529 | 15 0 | 25 16,529 |
| c) 1. policies without profit sharing | 6 174,870 | 16 1,483,156 | 26 1,658,026 |
| 2. policies with profit sharing | 7 0 | 17 0 | 27 0 |
| 3. policies where the investment risk is borne bythe policyholders and relating to the administration of pension funds | 8 50,310 | 18 0 | 28 50,310 |

| | | | |
|---|---|---|---|
| Reinsurance balance | 9 −4,533 | 19 −388 | 29 −4,921 |

Notes on the accounts - Attachment 21

Company **Assicurazioni Generali S.p.A.** Year 2017

Income from investments (items II.2 e III.3)

| | | Non-life business | | Life business | | Total |
|---|---|---|---|---|---|---|
| **Income from equities:** | | | | | | |
| Dividends and other income from shares and participations in group companies and other companies in which a significant interest is held | 1 | 979,930 | 41 | 1,001,314 | 81 | 1,981,244 |
| Dividends and other income from equities | 2 | 607 | 42 | 2,005 | 82 | 2,612 |
| **Total** | 3 | **980,537** | 43 | **1,003,319** | 83 | **1,983,856** |
| **Income from land and buildings** | 4 | 4,944 | 44 | 0 | 84 | 4,944 |
| **Income from other investments:** | | | | | | |
| Income from debt securities of group companies and other companies in which a significant interest is held | 5 | 0 | 45 | 30 | 85 | 30 |
| Income from loans to group companies and other companies in which a significant interest is held | 6 | 62,146 | 46 | 17,473 | 86 | 79,619 |
| Income from shares in common investment funds | 7 | 2,265 | 47 | 0 | 87 | 2,265 |
| Income from debt securities and other fixed-income securities | 8 | 18,240 | 48 | 61,981 | 88 | 80,221 |
| Interests on loans | 9 | 55 | 49 | 51 | 89 | 106 |
| Income from participation in investment pools | 10 | 0 | 50 | 0 | 90 | 0 |
| Interests on deposits with credit institutions | 11 | 814 | 51 | 673 | 91 | 1,487 |
| Incom from other financial investments | 12 | 4,906 | 52 | 0 | 92 | 4,906 |
| Interests on deposits with ceding companies | 13 | 2,662 | 53 | 240,065 | 93 | 242,727 |
| **Total** | 14 | **91,088** | 54 | **320,273** | 94 | **411,361** |
| **Value re-adjustments on other investments:** | | | | | | |
| Land and buildings | 15 | 0 | 55 | 0 | 95 | 0 |
| Shares and participations in group companies and other companies | 16 | 0 | 56 | 0 | 96 | 0 |
| Debt securities issued by affiliated companies and other companies in which a significant interest is held | 17 | 0 | 57 | 16 | 97 | 16 |
| Other equities | 18 | 0 | 58 | 114 | 98 | 114 |
| Other debt securities | 19 | 1,172 | 59 | 4,820 | 99 | 5,992 |
| Other financial investments | 20 | 5,733 | 60 | 0 | 100 | 5,733 |
| **Total** | 21 | **6,905** | 61 | **4,950** | 101 | **11,855** |
| **Gains on the realisation of investments:** | | | | | | |
| Surplus on the sale of land and buildings | 22 | 0 | 62 | 0 | 102 | 0 |
| Gains on shares and participations in group companies and other companies in which a significant interest is held | 23 | 19,610 | 63 | 0 | 103 | 19,610 |
| Gains on debt securities issued by group companies and other companies in which a significant interest is held | 24 | 0 | 64 | 0 | 104 | 0 |
| Gains on other equities | 25 | 966 | 65 | 0 | 105 | 966 |
| Gains on other debt securities | 26 | 2,181 | 66 | 10,865 | 106 | 13,046 |
| Gains on other financial investments | 27 | 14,112 | 67 | 0 | 107 | 14,112 |
| **Total** | 28 | **36,869** | 68 | **10,865** | 108 | **47,734** |
| **GRAND TOTAL** | 29 | **1,120,343** | 69 | **1,339,407** | 109 | **2,459,750** |

Notes on the accounts - Attachment 22

Company **Assicurazioni Generali S.p.A.** Year 2017

Income and unrelises gains on investments for the benefit of policyholders who bear the investment risk and on investments relating to the administration of pension funds (item II.3)

I.Investments relating to investment funds and market index

| | | | Amounts |
|---|---|---|---|
| **Income arising from:** | | | |
| Land and buildings | | 1 | 0 |
| Investments in group companies and other companies in which a significant interest is held | | 2 | 67,088 |
| Shares in common investment funds | | 3 | 1 |
| Other financial investments | | 4 | 1,069 |
| - of which income from debt securities | 1,061 | | |
| Other | | 6 | −54 |
| **Total** | | 7 | **68,104** |
| **Gains on the realisation of investments:** | | | |
| Surplus on the sale of land and buildings | | 8 | 0 |
| Gains on invest. in group companies and other companies in which a significant interest is held | | 9 | 0 |
| Gains on common investment funds | | 10 | 2,363 |
| Gains on other financial investments | | 11 | 106 |
| - of which debt securities | 99 | | |
| Other income | | 13 | 0 |
| **Total** | | 14 | **2,469** |
| **Unrealised gains** | | 15 | **23,101** |
| **GRAND TOTAL** | | 16 | **93,674** |

II. Investments relating to the management of pension funds

| | | | Amounts |
|---|---|---|---|
| **Income arising from:** | | | |
| Investments in group companies and other companies in which a significant interest is held | | 21 | 0 |
| Other financial investments | | 22 | 0 |
| - of which income from debt securities | 0 | | |
| Other assets | | 24 | 0 |
| **Total** | | 25 | **0** |
| **Profits on the realisation of investments:** | | | |
| Investments in group companies and companies where a significant interest is held | | 26 | 0 |
| Profits on other financial investments | | 27 | 0 |
| - of which debt securities | 0 | | |
| Other income | | 29 | 0 |
| **Total** | | 30 | **0** |
| **Unrealised gains** | | 31 | **0** |
| **GRAND TOTAL** | | 32 | **0** |

Notes on the accounts - Attachment 23

Company **Assicurazioni Generali S.p.A.** Year 2017

Details of investment charges (items II.9 e III.5)

| | Non-life business | | Life business | | Total | |
|---|---|---|---|---|---|---|
| **Investment management charges and other charges:** | | | | | | |
| Charges referring to equities | 1 | 6,871 | 31 | 7,595 | 61 | 14,466 |
| Charges referring to investment in land and buildings | 2 | 1,909 | 32 | 0 | 62 | 1,909 |
| Charges referring to debt securities | 3 | 3,227 | 33 | 4,051 | 63 | 7,278 |
| Charges referring to shares in common investment funds | 4 | 0 | 34 | 0 | 64 | 0 |
| Charges referring to shares in common investments | 5 | 0 | 35 | 0 | 65 | 0 |
| Charges referring to other financial investments | 6 | 19,600 | 36 | 828 | 66 | 20,428 |
| Interests on deposits received from reinsurers | 7 | 49 | 37 | 5,241 | 67 | 5,290 |
| **Total** | 8 | **31,656** | 38 | **17,715** | 68 | **49,371** |
| **Value re-adjustments on investments referring to:** | | | | | | |
| Land and buildings | 9 | 3,607 | 39 | 0 | 69 | 3,607 |
| Shares and participations in group comp. and other companies | 10 | 2,997 | 40 | 0 | 70 | 2,997 |
| Debt securities issued by group companies and other companies | 11 | 0 | 41 | 0 | 71 | 0 |
| Other equities | 12 | 264 | 42 | 18 | 72 | 282 |
| Other debt securities | 13 | 5,068 | 43 | 3,544 | 73 | 8,612 |
| Other financial investments | 14 | 24,958 | 44 | 6 | 74 | 24,964 |
| **Total** | 15 | **36,894** | 45 | **3,568** | 75 | **40,462** |
| **Losses on the realisation of investments:** | | | | | | |
| Losses on the sale of land and buildings | 16 | 0 | 46 | 0 | 76 | 0 |
| Losses on equities | 17 | 202 | 47 | 0 | 77 | 202 |
| Losses on debt securities | 18 | 341 | 48 | 52 | 78 | 393 |
| Losses on other financial investments | 19 | 9,555 | 49 | 230 | 79 | 9,785 |
| **Total** | 20 | **10,098** | 50 | **282** | 80 | **10,380** |
| **GRAND TOTAL** | 21 | **78,648** | 51 | **21,565** | 81 | **100,213** |

Notes on the accounts - Attachment 24

Company **Assicurazioni Generali S.p.A.** Year 2017

Investment charges and unrealised losses relating to investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds (item II.10)

I. Investments relating to investment funds and market index

| | | Amounts |
|---|---|---|
| **Charges arising from:** | | |
| Land and buildings | 1 | 0 |
| Investments in group comp. and other companies in which a significant interest is held | 2 | 0 |
| Shares in common investment funds | 3 | 0 |
| Other financial investments | 4 | 7 |
| Other activities | 5 | 67 |
| **Total** | 6 | **74** |
| **Losses on the realisation of investments:** | | |
| Losses on the sale of land and buildings | 7 | 0 |
| Losses on investments in group companies and other companies in which a significant interest is held | 8 | 0 |
| Losses on common investment funds | 9 | 15 |
| Losses on other financial investments | 10 | 20 |
| Other losses | 11 | 1 |
| **Total** | 12 | **36** |
| **Unrealised losses** | 13 | **3,082** |
| **GRAND TOTAL** | 14 | **3,192** |

II. Investments relating to the pension funds management

| | | Amounts |
|---|---|---|
| **Charges arising from:** | | |
| Investments in group comp. and other companies in which a significant interest is held | 21 | 0 |
| Other financial investments | 22 | 0 |
| Other activities | 23 | 0 |
| **Total** | 24 | **0** |
| **Losses on the realisation of investments:** | | |
| Losses on investments in group companies and other companies in which a significant interest is held | 25 | 0 |
| Losses on other financial investments | 26 | 0 |
| Other losses | 27 | 0 |
| **Total** | 28 | **0** |
| **Unrealised losses** | 29 | **0** |
| **GRAND TOTAL** | 30 | **0** |

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

Summary layout of technical account

| | | | Lob 01 Accident | | Lob 02 Health |
|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | |
| Written premiums | + | 1 | 3,183 | 1 | 30,258 |
| Change in the provision for unearned premiums (+ o -) | - | 2 | −66 | 2 | 4,311 |
| Claims incurred | - | 3 | 2,503 | 3 | 15,926 |
| Change in other technical provisions (+ o -) | - | 4 | 0 | 4 | 0 |
| Balance of other technical income and charges (+ o -) | + | 5 | 0 | 5 | −106 |
| Operating expenses | - | 6 | 188 | 6 | 5,733 |
| **Balance on the technical account for direct business (+ o -) A** | | 7 | **558** | 7 | **4,182** |
| **Balance of reinsurance ceded (+ o -) B** | | 8 | **−13** | 8 | **−5,529** |
| **Net balance of accepted business (+ o -) C** | | 9 | **6,832** | 9 | **−4,818** |
| Change in the equalisation provision (+ o -) D | | 10 | 0 | 10 | 0 |
| Allocated investment return transf. from the non-technical account E | | 11 | 6,209 | 11 | 4,129 |
| **Net balance of accepted business (+ o -) (A + B + C - D + E)** | | 12 | **13,586** | 12 | **−2,036** |

| | | | Lob 07 Cargo | | Lob 08 Fire and natural events |
|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | |
| Written premiums | + | 1 | 5,361 | 1 | 20,010 |
| Change in the provision for unearned premiums (+ o -) | - | 2 | −316 | 2 | 3,039 |
| Claims incurred | - | 3 | 6,030 | 3 | 39,828 |
| Change in other technical provisions (+ o -) | - | 4 | 0 | 4 | 0 |
| Balance of other technical income and charges (+ o -) | + | 5 | 0 | 5 | 0 |
| Operating expenses | - | 6 | 1,586 | 6 | 2,327 |
| **Balance on the technical account for direct business (+ o -) A** | | 7 | **−1,939** | 7 | **−25,184** |
| **Balance of reinsurance ceded (+ o -) B** | | 8 | **113** | 8 | **3,294** |
| **Net balance of accepted business (+ o -) C** | | 9 | **2,119** | 9 | **16,856** |
| Change in the equalisation provision (+ o -) D | | 10 | 0 | 10 | 116 |
| Allocated investment return transf. from the non-technical account E | | 11 | 1,847 | 11 | 7,847 |
| **Net balance of accepted business (+ o -) (A + B + C - D + E)** | | 12 | **2,140** | 12 | **2,697** |

| | | | Lob 13 General liability | | Lob 14 Credit |
|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | |
| Written premiums | + | 1 | 74,804 | 1 | 1 |
| Change in the provision for unearned premiums (+ o -) | - | 2 | 6,899 | 2 | −1 |
| Claims incurred | - | 3 | 76,389 | 3 | 4 |
| Change in other technical provisions (+ o -) | - | 4 | 0 | 4 | 0 |
| Balance of other technical income and charges (+ o -) | + | 5 | −109 | 5 | 0 |
| Operating expenses | - | 6 | 13,614 | 6 | 0 |
| **Balance on the technical account for direct business (+ o -) A** | | 7 | **−22,207** | 7 | **−2** |
| **Balance of reinsurance ceded (+ o -) B** | | 8 | **−7,703** | 8 | **0** |
| **Net balance of accepted business (+ o -) C** | | 9 | **−188** | 9 | **31** |
| Change in the equalisation provision (+ o -) D | | 10 | 0 | 10 | 0 |
| Allocated investment return transf. from the non-technical account E | | 11 | 16,427 | 11 | 22 |
| **Net balance of accepted business (+ o -) (A + B + C - D + E)** | | 12 | **−13,671** | 12 | **51** |

Notes on the accounts - Attachment 25

Year 2017

by branch - Non-life business -Italian portfolio

| Lob 03 Motor, other classes | | Lob 04 Trains | | Lob 05 Aircrafts | | Lob 06 Watercrafts | |
|---|---|---|---|---|---|---|---|
| 1 | 2,595 | 1 | 320 | 1 | 1,594 | 1 | 4,640 |
| 2 | −1,815 | 2 | 0 | 2 | 24 | 2 | −209 |
| 3 | 4,783 | 3 | 25 | 3 | 1,535 | 3 | 810 |
| 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 |
| 5 | 0 | 5 | 0 | 5 | −21 | 5 | −2 |
| 6 | 126 | 6 | 42 | 6 | 402 | 6 | 1,522 |
| 7 | **−499** | 7 | **253** | 7 | **−388** | 7 | **2,515** |
| 8 | **635** | 8 | **0** | 8 | **−1,097** | 8 | **−1,953** |
| 9 | **−23** | 9 | **57** | 9 | **−62** | 9 | **2,258** |
| 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 |
| 11 | 1,315 | 11 | 9 | 11 | 286 | 11 | 436 |
| 12 | **1,428** | 12 | **319** | 12 | **−1,261** | 12 | **3,256** |

| Lob 09 Other damage | | Lob 10 Motor TPL | | Lob 11 Aviation TPL | | Lob 12 Watercrafts TPL | |
|---|---|---|---|---|---|---|---|
| 1 | 16,975 | 1 | 332 | 1 | 1,015 | 1 | 0 |
| 2 | 371 | 2 | 40 | 2 | −224 | 2 | 0 |
| 3 | 21,844 | 3 | −216 | 3 | 636 | 3 | −1,129 |
| 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 |
| 5 | −70 | 5 | −6 | 5 | 0 | 5 | 0 |
| 6 | 2,776 | 6 | 22 | 6 | 315 | 6 | 0 |
| 7 | **−8,086** | 7 | **480** | 7 | **288** | 7 | **1,129** |
| 8 | **3,375** | 8 | **−319** | 8 | **−64** | 8 | **−1,144** |
| 9 | **−2,703** | 9 | **4,647** | 9 | **−539** | 9 | **15** |
| 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 |
| 11 | 2,974 | 11 | 962 | 11 | 277 | 11 | 5 |
| 12 | **−4,440** | 12 | **5,770** | 12 | **−38** | 12 | **5** |

| Lob 15 Suretyship | | Lob 16 Miscell. financial loss | | Lob 17 Legal expenses | | Lob 18 Assistance | |
|---|---|---|---|---|---|---|---|
| 1 | 1,388 | 1 | 13,017 | 1 | 4 | 1 | 107 |
| 2 | −325 | 2 | 883 | 2 | 0 | 2 | 1 |
| 3 | −403 | 3 | 7,024 | 3 | −131 | 3 | 1 |
| 4 | 0 | 4 | 0 | 4 | 0 | 4 | 0 |
| 5 | −1 | 5 | 0 | 5 | 0 | 5 | 0 |
| 6 | 275 | 6 | 1,574 | 6 | 0 | 6 | 2 |
| 7 | **1,840** | 7 | **3,536** | 7 | **135** | 7 | **103** |
| 8 | **−747** | 8 | **1,438** | 8 | **0** | 8 | **0** |
| 9 | **−395** | 9 | **11,494** | 9 | **55** | 9 | **0** |
| 10 | 0 | 10 | 0 | 10 | 0 | 10 | 0 |
| 11 | 913 | 11 | 803 | 11 | 41 | 11 | 9 |
| 12 | **1,611** | 12 | **17,271** | 12 | **231** | 12 | **112** |

Notes on the accounts - Attachment 26

Company **Assicurazioni Generali S.p.A.** Year 2017

Summary layout of technical accounts of non-life business

Italian portfolio

| | | | Direct insurance | | | | Reinsurance | | | | Risks retained |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Direct risks | | Ceded risks | | Risks accepted | | Retrocessions | | Total |
| | | | 1 | | 2 | | 3 | | 4 | | 5 = 1 - 2 + 3 - 4 |
| Written premiums | + | 1 | 175,604 | 11 | 44,576 | 21 | 194,431 | 31 | 84,753 | 41 | 240,706 |
| Change in the provision for unearned premiums (+ o -) | - | 2 | 12,612 | 12 | 1,910 | 22 | 9,539 | 32 | 14,131 | 42 | 6,110 |
| Claims incurred | - | 3 | 175,459 | 13 | 27,551 | 23 | 100,350 | 33 | 39,233 | 43 | 209,025 |
| Change in other technical provisions (+ o -) | - | 4 | 0 | 14 | 0 | 24 | 0 | 34 | 0 | 44 | 0 |
| Balance of other technical income and charges (+ o -) | + | 5 | −315 | 15 | 39 | 25 | 0 | 35 | 3,061 | 45 | −3,415 |
| Operating expenses | - | 6 | 30,504 | 16 | 5,440 | 26 | 23,851 | 36 | 9,394 | 46 | 39,521 |
| **Technical balance (+ o -)** | | 7 | −43,286 | 17 | 9,714 | 27 | 60,691 | 37 | 25,056 | 47 | −17,365 |
| Change in the equalisation provision (+ o -) | - | | | | | | | | | 48 | 116 |
| Allocated investment return transf. from the non-technical account | + | 9 | 27,446 | | | 29 | 17,066 | | | 49 | 44,512 |
| **Balance on the technical account (+ o -)** | | 10 | **−15,840** | 20 | **9,714** | 30 | **77,757** | 40 | **25,056** | 50 | **27,031** |

Notes on the accounts - Attachment 27

Company **Assicurazioni Generali S.p.A.** Year 2017

Life insurance - Summary layout of technical accounts by branch - Italian portfolio

| | | | Lob 01 Life | | Lob 02 Marriage and birth | | Lob 03 Unit linked |
|---|---|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | | | |
| Written premiums | + | 1 | 81,873 | 1 | 0 | 1 | 0<br>21 |
| Claims incurred | - | 2 | 102,503 | 2 | 0 | 2 | 4,602 |
| Change in mathematical provision and in other technical provisions (+ o -) | - | 3 | −11,108 | 3 | 0 | 3 | −3,158 |
| Balance of other technical income and charges (+ o -) | + | 4 | 0 | 4 | 0 | 4 | 1 |
| Operating expenses | - | 5 | 5,380 | 5 | 0 | 5 | 87 |
| Allocated investment return transferred to the non-technical account (*) | + | 6 | 74,109 | 6 | 0 | 6 | 2,650 |
| **Balance of direct business gross of reinsurance(+ o -) A** | | 7 | **59,207** | 7 | **0** | 7 | **1,141** |
| **Balance of reinsurance ceded (+ o -) B** | | 8 | **−5,566** | 8 | **0** | 8 | **−2** |
| **Net balance of accepted business (+ o -) C** | | 9 | **235,664** | 9 | **0** | 9 | **124** |
| **Balance of direct business gross of reinsurance (+ o -) (A + B + C)** | | 10 | **289,305** | 10 | **0** | 10 | **1,263** |

| | | | Lob 04 Health | | Lob 05 Capitalisation | | Lob 06 Pension funds |
|---|---|---|---|---|---|---|---|
| **Direct business gross of reinsurance** | | | | | | | |
| Written premiums | + | 1 | 24,346 | 1 | 61 | 1 | 0 |
| Claims incurred | - | 2 | 54,918 | 2 | 4,735 | 2 | 0 |
| Change in mathematical provision and in other technical provisions (+ o -) | - | 3 | −35,564 | 3 | 131 | 3 | 0 |
| Balance of other technical income and charges (+ o -) | + | 4 | 0 | 4 | 0 | 4 | 0 |
| Operating expenses | - | 5 | 3,468 | 5 | 0 | 5 | 0 |
| Allocated investment return transferred to the non-technical account (*) | + | 6 | 1,787 | 6 | 8,653 | 6 | 0 |
| **Balance of direct business gross of reinsurance(+ o -) A** | | 7 | **3,311** | 7 | **3,848** | 7 | **0** |
| **Balance of reinsurance ceded (+ o -) B** | | 8 | **2,537** | 8 | **0** | 8 | **0** |
| **Net balance of accepted business (+ o -) C** | | 9 | **0** | 9 | **0** | 9 | **0** |
| **Balance of direct business gross of reinsurance (+ o -) (A + B + C)** | | 10 | **5,848** | 10 | **3,848** | 10 | **0** |

(*) Sum of the items relating to the italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 28

Company **Assicurazioni Generali S.p.A.** Year 2017

Summary layout of technical accounts of life business

Italian portfolio

| | | | Direct insurance | | | | Reinsurance | | | | Risks retained |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Direct risks | | Ceded risks | | Risks accepted | | Retrocessions | | Total |
| | | | 1 | | 2 | | 3 | | 4 | | 5 = 1 - 2 + 3 - 4 |
| Written premiums | + | 1 | 106,301 | 11 | 33,565 | 21 | 246,755 | 31 | 1,161 | 41 | 318,330 |
| Cost of claims | - | 2 | 166,758 | 12 | 22,653 | 22 | 740,099 | 32 | 0 | 42 | 884,204 |
| Change in mathematical provision and in other technical provisions(+ o -) | - | 3 | −49,699 | 13 | 2,972 | 23 | −465,437 | 33 | 0 | 43 | −518,108 |
| Balance of other technical income and charges (+ o -) | + | 4 | 1 | 14 | 0 | 24 | −37 | 34 | 0 | 44 | −36 |
| Operating expenses | - | 5 | 8,935 | 15 | 4,909 | 25 | 22,960 | 35 | −128 | 45 | 27,114 |
| Allocated investment return transferred to the non-technical account (*) | + | 6 | 87,199 | | | 26 | 287,980 | | | 46 | 375,179 |
| **Balance on the technical account (+ o -)** | | 7 | **67,507** | 17 | **3,031** | 27 | **237,076** | 37 | **1,289** | 47 | **300,263** |

(*) 'Sum of the items relating to the italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 29

Company Assicurazioni Generali S.p.A. Year 2017

Summary layout of technical accounts of non-life and life business - Foreign portfolio

Section I: Non Life Business

| | | | Total lines of business |
|---|---|---|---|
| **Direct business gross of reinsurance** | | | |
| Written premiums | + | 1 | 226,854 |
| Change in the provision for unearned premiums (+ o -) | - | 2 | 285 |
| Claims incurred | - | 3 | 142,394 |
| Change in other technical provisions (+ o -) | - | 4 | 0 |
| Balance of other technical income and charges (+ o -) | + | 5 | 526 |
| Operating expenses | - | 6 | 56,218 |
| **Balance on the technical account for direct business (+ o -)** | **A** | 7 | **28,483** |
| **Balance of reinsurance ceded (+ o -)** | **B** | 8 | **−14,864** |
| **Net balance of accepted business (+ o -)** | **C** | 9 | **89,156** |
| Change in the equalisation provision (+ o -) | **D** | 10 | 0 |
| Allocated investment return transferred from the non-technical account | **E** | 11 | 93,117 |
| **Balance on the technical account for direct business (+ o -)** | **(A+B+C-D+E)** | 12 | **195,892** |

Section II: Life Business

| | | | Total lines of business |
|---|---|---|---|
| **Direct business gross of reinsurance** | | | |
| Written premiums | + | 1 | 118,879 |
| Claims incurred | - | 2 | 72,602 |
| Change in mathematical provision and in other technical provisions(+ o -) | - | 3 | 62,142 |
| Balance of other technical income and charges (+ o -) | + | 4 | 13,771 |
| Operating expenses | - | 5 | 25,830 |
| Allocated investment return transferred to the non-technical account (1) | + | 6 | 47,538 |
| **Balance of direct business gross of reinsurance(+ o -)** | **A** | 7 | **19,614** |
| **Balance of reinsurance ceded (+ o -)** | **B** | 8 | **−1,502** |
| **Net balance of accepted business (+ o -)** | **C** | 9 | **129,753** |
| **Balance on the technical account (+ o -)** | **(A+B+C-D+E)** | 10 | **147,865** |

(1) 'Sum of the items relating to the italian line of business and portfolio included in items II.2, II.3, II.9, II.10, II.12 of the Profit and Loss Accounts

Notes on the accounts - Attachment 30

Company Assicurazioni Generali S.p.A. Year 2017

Layout of the links with Group companies and companies where a significant interest is held

I: Income

| | Parent companies | Affiliated companies | Affiliated of parent companies | Associated companies | Other | Total |
|---|---|---|---|---|---|---|
| **Investment income** | | | | | | |
| Income from land and buildings | [1] 0 | [2] 38 | [3] 0 | [4] 0 | [5] 0 | [6] 38 |
| Income from equities | [7] 0 | [8] 1,970,536 | [9] 0 | [10] 8,396 | [11] 2,312 | [12] 1,981,244 |
| Income from debt securities | [13] 0 | [14] 30 | [15] 0 | [16] 0 | [17] 0 | [18] 30 |
| Interests on loans | [19] 0 | [20] 79,619 | [21] 0 | [22] 0 | [23] 0 | [24] 79,619 |
| Income from other financial investments | [25] 0 | [26] 38 | [27] 0 | [28] 0 | [29] 0 | [30] 38 |
| Interests on deposits with ceding companies | [31] 0 | [32] 230,625 | [33] 0 | [34] 12 | [35] 0 | [36] 230,637 |
| **Total** | [37] **0** | [38] **2,280,886** | [39] **0** | [40] **8,408** | [41] **2,312** | [42] **2,291,606** |
| **Unrealised income and gains on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds** | [43] **0** | [44] **67,088** | [45] **0** | [46] **0** | [47] **0** | [48] **67,088** |
| **Other income** | | | | | | |
| Interests on credits | [49] 0 | [50] 6,196 | [51] 0 | [52] 0 | [53] 0 | [54] 6,196 |
| Recoveries of administration expenses and charges | [55] 0 | [56] 28,854 | [57] 0 | [58] 0 | [59] 0 | [60] 28,854 |
| Other income and recoveries | [61] 0 | [62] 61,299 | [63] 0 | [64] 0 | [65] 0 | [66] 61,299 |
| **Total** | [67] **0** | [68] **96,349** | [69] **0** | [70] **0** | [71] **0** | [72] **96,349** |
| **Profits on realisation of investments (*)** | [73] **0** | [74] **19,610** | [75] **0** | [76] **0** | [77] **0** | [78] **19,610** |
| **Extraordinary income** | [79] **0** | [80] **588** | [81] **0** | [82] **0** | [83] **0** | [84] **588** |
| **GRAND TOTAL** | [85] **0** | [86] **2,464,521** | [87] **0** | [88] **8,408** | [89] **2,312** | [90] **2,475,241** |

Layout of the links with Group companies and companies where a significant interest is held

II: Charges

| | | Parent companies | | Affiliated companies | | Affiliated of parent companies | | Associated companies | | Other | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Charges on investments and passive interests:** | | | | | | | | | | | | |
| Investment charges | 91 | 0 | 92 | 14,634 | 93 | 0 | 94 | 0 | 95 | 0 | 96 | 14,634 |
| Interests on subordinated liabilities | 97 | 0 | 98 | 1,492 | 99 | 0 | 100 | 0 | 101 | 0 | 102 | 1,492 |
| Interests on deposits from reinsurers | 103 | 0 | 104 | 0 | 105 | 0 | 106 | 0 | 107 | 0 | 108 | 0 |
| Interests on debits from direct insurance operations | 109 | 0 | 110 | 0 | 111 | 0 | 112 | 0 | 113 | 0 | 114 | 0 |
| Interests on debits from reinsurance operations | 115 | 0 | 116 | 9,793 | 117 | 0 | 118 | 0 | 119 | 0 | 120 | 9,793 |
| Interests on debits towards banks and financial | 121 | 0 | 122 | 1 | 123 | 0 | 124 | 0 | 125 | 0 | 126 | 1 |
| institutions | 127 | 0 | 128 | 0 | 129 | 0 | 130 | 0 | 131 | 0 | 132 | 0 |
| Interests on mortgages | 133 | 0 | 134 | 75,757 | 135 | 0 | 136 | 0 | 137 | 0 | 138 | 75,757 |
| Interests on other debits | 139 | 0 | 140 | 0 | 141 | 0 | 142 | 0 | 143 | 0 | 144 | 0 |
| Administration charges and charges for third parties | 145 | 0 | 146 | 28,854 | 147 | 0 | 148 | 0 | 149 | 0 | 150 | 28,854 |
| Other charges | 151 | 0 | 152 | 43,282 | 153 | 0 | 154 | 0 | 155 | 0 | 156 | 43,282 |
| **Total** | 157 | **0** | 158 | **173,813** | 159 | **0** | 160 | **0** | 161 | **0** | 162 | **173,813** |
| **Unrealised charges and losses on investments for the benefit of policyholders who bear the investment risk and relating to the administration of pension funds** | 163 | **0** | 164 | **43** | 165 | **0** | 166 | **0** | 167 | **0** | 168 | **43** |
| **Losses on realisation of investments (*)** | 169 | **0** | 170 | **27** | 171 | **0** | 172 | **0** | 173 | **0** | 174 | **27** |
| **Extraordinary charges** | 175 | **0** | 176 | **840** | 177 | **0** | 178 | **0** | 179 | **0** | 180 | **840** |
| **GRAND TOTAL** | 181 | **0** | 182 | **174,723** | 183 | **0** | 184 | **0** | 185 | **0** | 186 | **174,723** |

(*) with reference to the counterpart in the operation

Notes on the accounts - Attachment 31

Company Assicurazioni Generali S.p.A. Year 2017

Summary layout of direct business premiums written

| | Non-life | | | | Life | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Affiliates | | FoS | | Affiliates | | FoS | | Affiliates | | FoS |
| Written premiums: | | | | | | | | | | | | |
| in Italy | 1 | 43,872 | 5 | 1,076 | 11 | 11,056 | 15 | 0 | 21 | 54,928 | 25 | 1,076 |
| in other EU countries | 2 | 126,056 | 6 | 4,593 | 12 | 95,245 | 16 | 0 | 22 | 221,301 | 26 | 4,593 |
| in third countries | 3 | 226,854 | 7 | 8 | 13 | 118,879 | 17 | 0 | 23 | 345,733 | 27 | 8 |
| **Total** | 4 | **396,782** | 8 | **5,677** | 14 | **225,180** | 18 | **0** | 24 | **621,962** | 28 | **5,677** |

Notes on the accounts - Attachment 32

Company Assicurazioni Generali S.p.A. Year 2017

Layout of costs with regard to staff, administrators and auditors

I: Staff costs

| | Non-life business | | Life business | | Total | |
|---|---|---|---|---|---|---|
| **Employees' costs:** | | | | | | |
| Italian portfolio: | | | | | | |
| - Wages | 1 | 139,715 | 31 | 4,675 | 61 | 144,390 |
| - Social contributions | 2 | 42,289 | 32 | 1,572 | 62 | 43,861 |
| - Severance payments and other obligations | 3 | 8,084 | 33 | 307 | 63 | 8,391 |
| - Other employee costs | 4 | 9,943 | 34 | 168 | 64 | 10,111 |
| **Total** | 5 | **200,031** | 35 | **6,722** | 65 | **206,753** |
| Foreign portfolio: | | | | | | |
| - Wages | 6 | 37,207 | 36 | 18,786 | 66 | 55,993 |
| - Social contributions | 7 | 10,082 | 37 | 6,789 | 67 | 16,871 |
| - Other employee costs | 8 | 2,473 | 38 | 2,312 | 68 | 4,785 |
| **Totale** | 9 | **49,762** | 39 | **27,887** | 69 | **77,649** |
| **Grand total** | 10 | **249,793** | 40 | **34,609** | 70 | **284,402** |
| **Costs of non subordinate workforce:** | | | | | | |
| Italian portfolio | 11 | 4,232 | 41 | 199 | 71 | 4,431 |
| Foreign portfolio | 12 | 898 | 42 | 9 | 72 | 907 |
| **Total** | 13 | **5,130** | 43 | **208** | 73 | **5,338** |
| **Total cost of workforce** | 14 | **254,923** | 44 | **34,817** | 74 | **289,740** |

II: Details of items entered

| | Non-life business | | Life business | | Total | |
|---|---|---|---|---|---|---|
| Investments charges | 15 | 73 | 45 | 10 | 75 | 83 |
| Costs of claims | 16 | 8,249 | 46 | 3,273 | 76 | 11,522 |
| Other acuisition costs | 17 | 17,392 | 47 | 2,693 | 77 | 20,085 |
| Other administration costs | 18 | 28,014 | 48 | 23,986 | 78 | 52,000 |
| Administrative charges and charges for third parties | 19 | 201,195 | 49 | 4,855 | 79 | 206,050 |
| Holding costs | 20 | 0 | 50 | 0 | 80 | 0 |
| **Total** | 21 | **254,923** | 51 | **34,817** | 81 | **289,740** |

## III: Average number of staff

| | Number | |
|---|---|---|
| Managers | 91 | 271 |
| Employees | 92 | 1,574 |
| Salaried | 93 | 0 |
| Others | 94 | 45 |
| **Total** | 95 | **1,890** |

## IV: Administrators and auditors

| | Number | | Wages due | |
|---|---|---|---|---|
| Administrators | 96 | 13 | 98 | 3,935 |
| Auditors | 97 | 3 | 99 | 350 |

# **Securities** and **urban real estate** on which revaluation have been

## Securities on which revaluations have been carried out (Art. 10 of Law 19/3/1983 n. 72)

(values in euro)

| Name | Entered value 2017 | Monetary revaluations | Other revaluations |
|---|---|---|---|
| GENERALI (SCHWEIZ) HOLDING AG | 655,416,360 | 85,639 | - |
| GENERALI FRANCE | 529,486,198 | 110,443 | 502,204 |
| **Total** | **1,184,902,557** | **196,082** | **502,204** |

## Urban real estate on which revaluations have been carried out

| (values in euro)<br>Place<br>ITALY | Total book values at 31/12/2017(*) | (Art. 10 of Law 19/3/83 n. 72)<br>Monetary revaluations | Other revaluations |
|---|---|---|---|
| BARLETTA | 240,000 | 11,517 | 366,050 |
| BOLOGNA | 3,259,874 | - | 4,499,215 |
| BUSTO ARSIZIO | 274,220 | 23,756 | 464,515 |
| CALTAGIRONE | 88,551 | - | 65,067 |
| CALTANISSETTA | 98,023 | 6,881 | 122,469 |
| CASALECCHIO DI RENO | 186,087 | 13,189 | 174,214 |
| CASORIA | 127,278 | 9,086 | 235,396 |
| CATANIA | 240,000 | - | 58,172 |
| CATANZARO | 310,000 | - | 387,942 |
| FABRIANO | 1,793,462 | - | 1,529,568 |
| FERMO | 215,743 | - | 296,271 |
| FIGLINE VALDARNO | 303,622 | 17,552 | 594,504 |
| FOGGIA | 244,803 | 114 | 273,458 |
| FOLIGNO | 932,737 | 16,828 | 591,561 |
| FUCECCHIO | 196,195 | - | 267,018 |
| LATINA | 323,214 | 26,004 | 363,491 |
| MATERA | 160,000 | 10,770 | 293,961 |
| MELEGNANO | 270,000 | 22,450 | 450,438 |
| MONSELICE | 254,670 | 19,291 | 274,227 |
| MUGGIA | 714,392 | - | - |
| PADUA | 16,372,986 | 308,881 | 13,805,894 |
| PERUGIA | 78,523 | - | 111,393 |
| PESCARA | 724,727 | - | 1,123,300 |
| PISTOIA | 1,294,980 | - | 1,145,810 |
| RAGUSA | 353,657 | - | 274,118 |
| REGGIO DI CALABRIA | 200,000 | - | 391,385 |
| REGGIO NELL'EMILIA | 1,362,244 | - | 2,727,637 |
| ROMA | 52,157,060 | - | 39,588,421 |
| SASSARI | 127,275 | 18,722 | 155,838 |
| SERIATE | 88,304 | - | 141,501 |
| SIGNA | 215,402 | 14,689 | 327,729 |
| TRAPANI | 117,692 | - | 79,562 |
| TREVIGLIO | 215,568 | 9,936 | 326,621 |
| TRIESTE | 2,854,620 | - | 4,696,432 |
| VENICE | 1,136,092 | 50,109 | 1,031,994 |
| VOLTERRA | 147,056 | - | 144,443 |
| TOTAL ITALY | 87,679,058 | 579,775 | 77,379,613 |

* total book value includes as amount of Euro 1,787,491 for work in progress

## Urban real estate on which revaluations have been carried out

| (values in euro)<br>Place<br>FOREIGN COUNTRY | Total book values at 31/12/2017 | (Art. 10 Legge 19/3/83 n. 72)<br>Monetary revaluations | Voluntary Revaluations |
|---|---|---|---|
| GREAT BRITAIN - LONDON | 534,677 | 0 | 670,973 |
| FRANCE - PARIS | 1,792,000 | 0 | 75,567 |
| MAROCCO - CASABLANCA | 934,885 | 232,929 | 676,022 |
| EGYPT - CAIRO | 2,411,941 | 64,328 | 11,757,511 |
| LEBANON - BEIRUT | 6,079,285 | 12,865 | 5,281,190 |
| TOTAL ABROAD | 11,752,787 | 310,123 | 18,461,262 |

**SUMMARY** (in euro)

| | | | |
|---|---|---|---|
| BUILDINGS IN CITIES ITALY | 87,679,058 | 579,775 | 77,379,613 |
| BUILDINGS IN CITIES ABROAD | 11,752,787 | 310,123 | 18,461,262 |
| GRAND TOTAL | 99,431,845 | 889,897 | 95,840,875 |

# **Attestation** of the Financial Statements

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

# Attestation of the financial statements pursuant to the provisions of art. 154-*bis*, paragraph 5, of legislative decree 58 of february 24, 1998 and art. 81-*ter* of consob regulation no. 11971 of 14 may 1999 and following amendments and integrations

1. The undersigned, Philippe Donnet, in his capacity as Managing Director and Group CEO, and Luigi Lubelli, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A. and Group CFO, having also taken into account the provisions of Art. 154-*bis*, paragraphs 3 and 4, of the Italian Legislative Decree No. 58 dated 24 February 1998, hereby certify:
   - the adequacy in relation to the characteristics of the Company and
   - the effective implementation

of the administrative and accounting procedures for the preparation of the financial statements over the course of the period from 1 January to 31 December 2017.

2. The adequacy of the administrative and accounting procedures in place for preparing the financial statements as at 31 December 2017 has been assessed through a process established by Assicurazioni Generali S.p.A. on the basis of the guidelines set out in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.

3. The undersigned further confirm that:
   3.1 the financial statements as at 31 December 2017:
      a) are prepared in compliance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of the Italian Civil Code, of Legislative Decree No. 173 of 26 May 1997, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);
      b) correspond to the related books and accounting records;
      c) provide a true and fair representation of the financial position of the issuer;
   
   3.2 the management report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and a description of the main risks and uncertain situations to which it is exposed. .

Milan, 15 March 2018

Dott. Philippe Donnet
*Managing Director and Group CEO*

ASSICURAZIONI GENERALI S.p.A.

Dott. Luigi Lubelli
*Manager in charge of preparing the Company's financial reports and Gro*up CFO

ASSICURAZIONI GENERALI S.p.A.

# **Board of Statutory Auditors'** Report

# Statutory Auditors' Report to the General Meeting of Assicurazioni Generali S.p.A. called to approve the Financial Statements as at 31 December 2017 pursuant to s. 153 of Legislative Decree 58/1998

Ladies and Gentlemen,

in compliance with s. 153 of Legislative Decree no. 58 of 24 February 1998 (CFBA) and the indications contained in Consob notice no. 1025564 of 6 April 2001, as amended, and having regard to the code of conduct recommended by the National Accountants' and Bookkeepers' Council, the Board of Statutory Auditors of Assicurazioni Generali S.p.A. reports on the supervisory activities conducted during the 2017 financial year.

## 1. Activities of the Board of Statutory Auditors during the financial year ending on 31 December 2017 *(point 10 of Consob Notice no. 1025564/01)*

The Board of Statutory Auditors (BSA) performed the activities falling within its remit during the 2017 financial year by holding 24 meetings, with an average duration of approximately two hours.
The BSA also:
- attended the 14 meetings of the Board of Directors (BoD);
- attended the 13 meetings of the Risk and Control Committee (RCC);
- attended the 3 meetings of the Related-Party Transactions Committee (RPTC);
- attended, in the person of its Chairman and/or another statutory auditor, the 8 meetings of the Appointments and Remuneration Committee (ARC), with specific reference to remuneration matters;
- attended, in the person of its Chairman and/or another statutory auditor, the 14 meetings of the Investments and Strategic Operations Committee (ISOC);
- attended, in the person of its Chairman and/or another statutory auditor, the 8 meetings of the Corporate Governance and Social and Environmental Sustainability Committee (GSC).
- In addition to the above activities, in the course of its activity plan, the Board of Statutory Auditors, among other things:
- held meetings with, and obtained information from, the Group CEO, also in his role as Internal Control and Risk Management Director, the Group Audit Manager, the Group Compliance Manager, the Risk Management Manager, the Group Actuarial Manager, the Group Financial Crime Manager, the Manager in Charge of Preparation of the Company's Financial Reports, Group General Counsel and the Corporate Affairs Manager, and the managers of the Company's functions affected by the supervisory activities of the BSA at various times;
- met members of the Surveillance Body instituted pursuant to Legislative Decree no. 231/2001 for a useful exchange of information;
- pursuant to ss. 151.1 and 151.2 of the CFBA, held meetings and exchanged information with the Board of statutory auditors or supervisory bodies of the main subsidiaries (Generali Italia S.p.A., Generali Investment Europe S.p.A., Banca Generali S.p.A., Generali France Assurances, Generali Deutschland Holding AG, Alleanza Assicurazioni S.p.A., Genertel S.p.A., GenertelLife S.p.A. and Europe Assistance Italia S.p.A.);
- in the course of the statutory dealings between the BSA and the auditors, held periodic meetings with the external auditors EY S.p.A., at which data and information relevant to the performance of their respective duties were exchanged.

## 2. Transactions having a significant impact on the economic, financial and assets position. Other noteworthy events *(point 1 of Consob Notice no. 1025564/01)*

### *2.1 Activities performed by the BSA*

The BSA monitored compliance by the Company with the legislation and the Articles of Association and observance of the principles of correct administration, with special reference to transactions having a significant impact on the economic, financial and assets position, by regularly attending meetings of the Board of Directors and examining the documentation provided.
In this context, the BSA received information from the Managing Director and the Board of Directors about the activities performed and transactions with a significant impact on the economic, financial and assets position conducted by the Company, including through directly or indirectly controlled companies.
On the basis of the information provided, the BSA reasonably concludes that the said transactions can be deemed to comply with the legislation, the Articles of Association and principles of sound management, and that they do not appear to be manifestly imprudent, rash or in conflict with the resolutions passed by the General Meeting, or such as to prejudice the integrity of the Company's assets.
In particular, the BSA was informed about transactions

in which Directors declared an interest, on their own account or on behalf of third parties, and has no comments to make about the compliance of the corresponding resolutions with the legislation and regulations.

## 2.2 Most significant events

The most significant events involving the Company and the Group in 2017 are also reported on in the 2017 Integrated Annual Report and Consolidated Financial Statements. They include the following events.

- On 23 January 2017 the Company purchased the voting rights to 505 million Intesa Sanpaolo S.p.A. shares, namely 3.01% of the share capital, by means of a stock loan; on 17 February 2017 the Company purchased 510 million Intesa Sanpaolo S.p.A. ordinary shares, namely 3.04% of its share capital, and at the same time began the procedure for terminating the stock loan. A transaction in collateralised derivative instruments was conducted to hedge the whole of the economic risk associated with the purchase of the said shares. Subsequently, on 30 May 2017, the Company sold all the 510 million Intesa Sanpaolo S.p.A. shares previously purchased, and at the same time terminated the hedging transaction in collateralised derivative instruments.
- On 25 January 2017 the Board of Directors resolved to terminate the contract of employment of General Manager and Group CFO Alberto Minali, and having heard the favourable opinion of the Board of Statutory Auditors (pursuant to s. 154-*bis*.1 of the CFBA and art. 40.2 of the Company's Articles of Association), appointed Luigi Lubelli as Group Chief Financial Officer, Manager in Charge of Preparation of the Company's Financial Reports, and member of the Group Management Committee. All the first-level company functions that had reported to the General Manager were required to report directly to Group CEO Philippe Donnet.
- Also on 25 January 2017, the Board of Directors resolved to extend the responsibilities of the Investment Committee to include operations with a strategic value, and therefore changed its name to the Investments and Strategic Operations Committee.
- On 8 February 2017 Generali Finance B.V. exercised the option of early repayment of a perpetual subordinated bond amounting to € 869 million.
- On 20 April 2017 Assicurazioni Generali S.p.A. increased the share capital by way of implementation of the Long-Term Incentive Plan approved by the General Meeting on 30 April 2014. Following the said increase, which involved the issue of 1,924,724 shares, the fully subscribed and paid-up share capital of Assicurazioni Generali S.p.A. amounts to € 1,561,808,262.
- In June 2017, Assicurazioni Generali S.p.A. entered into a reinsurance agreement with Lion II Re DAC, an Irish special-purpose company, which will cover the possible catastrophe losses incurred by the Generali Group as a result of storms and floods in Europe and earthquakes in Italy for four years. Lion II Re DAC has issued a € 200 million tranche of bonds to finance the commitments undertaken pursuant to the reinsurance agreement, thereby transferring part of the risk to the bondholders.
- On 19 July 2017 the Company signed an Agreement with the Talanx Group for the sale of shareholdings in two Colombian insurance companies, Generali Seguros and Generali Vida, amounting to 91.3% and 93.3% respectively. The transaction is conditional on the approval of the competent authorities. The sale of the holding in the Company's Guatemalan subsidiary, Aseguradora General S.A., to the Neutze family, our long-standing local partner, was also completed. On 7 August 2017 an agreement was also signed for the sale of the assets held by the Company in Panama to ASSA Compania de Seguros S.A. for a consideration of USD 172 million, subject to adjustment on closing of the transaction; that transaction is also conditional on the approval of the competent authorities
- On 13 September 2017 the Company signed an agreement for the sale of its entire holding in Generali Nederland N.V. for an initial consideration of € 143 million, subject to adjustment on closing of the transaction. Authorisations having been obtained from the competent authorities, that transaction was completed in February 2018.
- On 18 December 2017 an agreement was signed for the sale to Life Company Consolidation Group of the entire holding in Generali PanEurope for an initial consideration of € 230 million, subject to adjustment on closing of the transaction. The transaction is conditional on (*inter alia*) the approval of the competent authorities, and is expected to be completed in the first half of 2018.
- On 19 December 2017 the Company signed an agreement for the sale of the Non-life portfolio in run-off of its English subsidiary to Compre Group, a company specialising in the management of claims portfolios in run-off.

## 2.3 Litigation

As regards the ongoing litigation relating to former Company executives Giovanni Perissinotto and Raffaele Agrusti, the Board of Statutory Auditors received periodic updates on the progress of the proceedings at meetings of the Board of Directors. The BSA took note of the Board of Directors' decision of 13 June 2017, which concluded that the conditions for usefully continuing, in the Company's interests, the proceedings previously commenced against the Company's former executives, did not exist, and consequently resolved to discontinue the corresponding lawsuits.

As already stated in the 2016 Integrated Annual Report and Consolidated Financial Statements, the Brazilian company Banco BTG Pactual S.A. ("BTG") commenced arbitration proceedings in 2016 relating to certain claims for compensation made by BTG pursuant to an agreement whereby the sale to the latter of Banca della Svizzera Italiana S.A. ("BSI") by a Generali subsidiary was concluded in September 2015.
In this context, the Board of Statutory Auditors received periodic updates about the development of the litigation at meetings of the Board of Directors and the Risk and Control Committee, examining the opinions prepared by the external lawyers and focusing in particular, insofar as falls within its remit, on the analyses requested from those lawyers, with a view to obtaining evidence of alleged irregularities by executives and/or employees of the Generali Group before the sale of BSI. These analyses are undergoing progressive, regular updating, partly in view of the extensive documentation produced during the arbitration proceedings.
The Board of Statutory Auditors also met the Manager in charge of Preparation of the Company's Financial Reports and the Company's other relevant internal functions, together with External Auditors EY S.p.A., with a view to monitoring the process conducted by them, insofar as falls within their respective remits, for the purpose of conducting the necessary evaluations relating to possible provisions pursuant to IAS 37, and the corresponding disclosure.
As stated in the 2017 Integrated Annual Report and Consolidated Financial Statements, the Company, on the basis of its evaluations including discussions with the External Auditors, taking into account the status of the arbitration proceedings and the legal opinions obtained, decided that the conditions of probability and ability to make the reliable estimate required by IAS 37 for risk provisions associated with BTG's said claim for damages were not fulfilled.

## 3. Related-party and intercompany transactions. Atypical and/or unusual transactions *(points 2 and 3 of Consob Notice no. 1025564/01)*

The Company has introduced "Related-Party Transaction Procedures" ("RPT Procedures"), adopted in compliance with Consob Regulation 17221/2010, as amended, and s. 2391-*bis* of the Civil Code, which are also applicable to transactions performed by subsidiaries.
As stated in the Report of the Board of Statutory Auditors pursuant to s. 153 of Legislative Decree 58/1998 issued on 31 March 2017, the Related-Party Transactions Committee, on request (*inter alia*) by the Board of Statutory Auditors, commissioned an external adviser to analyse some questions regarding relations between the Related-Party Transactions Committee and the other Board Committees; this activity indicated the advisability of a refinement to the RPT Procedures and the Regulation of the Board of Directors and the Board Committees to ensure better interaction between the various Board committees and a complete flow of information to the Related-Party Transactions Committee. The new text of the RPT Procedures, incorporating the refinements suggested by the external adviser, was approved by the Board of Directors on 15 February 2017, after obtaining a favourable opinion from the Related-Party Transactions Committee. On the same date, the Board of Directors also approved the corresponding amendments to the Regulation of the Board of Directors and the Board Committees.
Also in the context of the said RPT Procedure updating activity, following the request by the Board of Statutory Auditors to the Group Audit Function, an audit activity regarding specific aspects of the concrete operation of the RPT Procedures in the parent company and subsidiaries was added to the first half of the 2017 Audit Plan. That activity related to *(i)* the operation of the Related-Party Transactions Committee and *(ii)* the compliance of the activities performed by the internal functions in support of the said Committee with the Company's procedures and the applicable legislation. The said auditing activity was monitored by the BSA in the ambit of periodic updates with the Group Audit Function, and the resulting suggestions were incorporated in the above-mentioned review of the RPT Procedures approved on 15 February 2017, and in the associated amendments to the Regulation of the Board of Directors and the Board Committees.

In view of the factors set out above, the Board of Statutory Auditors concludes that the Company's RPT Proce-

dures comply with Consob Regulation 17221/2010, as amended; the BSA monitored the Company's compliance with the said Procedures during the year.
Assicurazioni Generali's 2017 Annual Financial Statements and the 2017 Integrated Annual Report and Consolidated Financial Statements illustrate the economic and asset-related effects of the related-party transactions, and describe the most significant relationships.
No transactions classifiable as major transactions pursuant to the above-mentioned Procedures were submitted for the attention of the Related-Party Transactions Committee during the 2017 financial year, nor were any urgent related-party transactions performed.

With regard to intercompany transactions during the year, on 26 October 2016 IVASS issued the new Regulation no. 30/2016 on intercompany operations and risk concentrations, which replaces the previous Regulation no. 25/2008. The new Regulation no. 30/2016, which significantly amended the provisions governing intercompany operations, came into force on 1 December 2016. The Group Compliance Function supported the preparation of the new Group policy pursuant to the said IVASS Regulation 30/2016, designed to provide the Generali Group's internal control and risk management system with processes and procedures for the identification, measurement, monitoring, management and reporting of intercompany transactions, in compliance with the said regulatory provisions. Finally, the Company's Board of Directors, at the meeting held on 15 March 2017, approved the new Policy on Intra-Group Transactions.
On the basis of the supervisory activities of the BSA, intercompany transactions were conducted during the year in compliance with the said policies approved by the Board of Directors. The main intercompany activities, with payment at market prices or at cost, were conducted by means of reinsurance and coinsurance agreements, administration and management of securities and real estate, claims management and settlement, IT and administrative services, loans and guarantees, and personnel loans. The said services allowed the rationalisation of the operational functions and a better level of services.
The BSA also concluded that the information provided by the Board of Directors in the 2017 Annual Financial Statements of Assicurazioni Generali relating to intercompany and related-party transactions was adequate.
As far as we are aware, no atypical and/or unusual transactions were conducted.

## 4. Organisational structure of the Company and the Group *(point 12 of Consob Notice no. 1025564/01)*

The organisational structure of the Company and the Group and its developments are described in detail in the Corporate Governance and Share Ownership Report.
The Group's organisational structure is confirmed in its Functions, and promotes the integration of best practices regarding insurance, financial and investment techniques, activation of Group synergies and focus on operational efficiency at global level, including through Centres of Expertise supporting the entire organisation.
The Group's organisational structure is based on two dimensions: Group Head Office (GHO) and the Business Units. GHO acts as the strategic policy, guidance and coordination structure for the Business Units. The Business Units promote local entrepreneurship and autonomies, and provide international control.
The organisational governance is ensured by integration and coordination mechanisms between the Business Units and the Group Head Office functions, represented by:
- the Group Management Committee (GMC), namely the group of top management executives which discusses the main strategic decisions;
- the Quarterly Business Review processes, which ensure alignment between GHO and the Business Units in terms of strategic objectives and the results trend;
- three main cross-functional committees that support the Group CEO in guiding the Group's strategic decisions: the Balance Sheet Committee, Finance Committee and Product & Underwriting Committee;
- the Functional Guidelines and Functional Councils, through which functional coordination is implemented at global level;
- a matrix system of reporting lines, classified as "solid" or "dotted" according to the intensity of guidance and coordination between the GHO Functions and the corresponding functions in the Business Units. The "solid" Functions, namely those in which the guidance and coordination activity is most intensive, are the Group CRO, Group General Counsel, including Group Compliance, and Group Audit; the other Group Functions are "dotted".

Some organisational changes in the organisational structure of Group Head Office and the Group Management Committee took place in 2017, as described in the Corporate Governance and Share Ownership Report. The main such changes included the following:

- with effect from 1 December 2017 the Board of Directors appointed Marco Sesana as Country Manager for Italy (who maintains his position as Managing Director and General Manager of Generali Italia). Marco Sesana also became a member of the Group Management Committee;
- with effect from 9 January 2017, the Board of Directors appointed Timothy Ryan as new Group Chief Investment Officer, and he also became a member of the Group Management Committee;
- on 25 January 2017 the Board of Directors resolved to terminate the contract of employment of General Manager and Group CFO Alberto Minali, and appointed as new Group CFO Luigi Lubelli, who became a member of the Group Management Committee. All the first-level company functions that reported to the General Manager were required to report directly to Group CEO Philippe Donnet.
- with effect from 1 June 2017, the Board resolved to appoint Jean-Laurent Granier as new Country Manager for France, and he became a member of the Group Management Committee;
- with effect from 1 July 2017, Bruno Scaroni was appointed Group Strategy & Business Accelerator Director;
- with effect from 1 October 2017 the Board of Directors, having heard the favourable opinion of the Board of Statutory Auditors, appointed Nora Gürtler as Group Audit Manager;
- on 18 October 2017 the Board of Directors updated the composition of the Group Management Committee, resolving to appoint Group Chief HR & Organisation Officer Monica Alessandra Possa and Group Chief Marketing & Customer Officer Isabelle Marguerite Conner as GMC members;
- on 13 December 2017 the Board of Directors instituted, with effect from 1 January 2018, the new role of Group Chief Operating & Insurance Officer, appointing to that position Jaime Anchustegui, who became a member of the Group Management Committee from that date.

The Board of Statutory Auditors, by means of the activity described in paragraph 1 above, monitored the adequacy of the overall organisational structure of the Company and the Group and the adequacy of the instructions issued by the Company to its subsidiaries pursuant to s. 114.2 of the CFBA, to ensure rapid acquisition of the information required to meet the statutory communication obligations.
The BSA also established, pursuant to s. 15 of the Market Regulation of 28 December 2017, that the Company's organisation and the procedures adopted enable the Company to establish that the companies controlled and incorporated by it which are governed by the legislation of countries not belonging to the European Union and are required to comply with the Consob regulations have an administrative/accounting system suitable to supply the Company's management and external auditors regularly with the economic, capital and financial data required to draw up the consolidated financial statements. As at 31 December 2017, the non-EU companies to which the Market Regulation applies were: Generali Personenversicherungen AG, Generali (Schweiz) Holding AG e Generali China Life Insurance Co. Ltd.
No noteworthy information emerged from examination of the reports of the supervisory bodies of the subsidiaries, and/or the information sent by them to the BSA following specific requests.

## 5. Internal Control and Risk Management System, administrative/accounting system and financial reporting process *(points 13 and 14 of Consob Notice no. 1025564/01)*

### *5.1. Internal Control and Risk Management System*

The main characteristics of the Internal Control and Risk Management System are described in the Corporate Governance and Share Ownership Report.
The Company has an internal regulatory system applicable to the whole Group, called the Generali Internal Regulation System (GIRS). That system is structured on three levels:
- Group Policies, approved by the Board of Directors;
- Group Guidelines, approved by the Group CEO or the managers of the Control Functions;
- Group Operating Procedures, approved by the relevant functions of Group Head Office.

The company functions operate in accordance with an organisational model based on three levels of control:
- the managers of the operational areas (risk owners);
- the functions of the second level of control, in particular Group Risk Management, Group Compliance and the Group Actuarial Function;
- Group Audit.

The Group CEO also holds the position of Internal Control and Risk Management Director.

In the development of the Internal Control and Risk Management System (ICRMS), the Company performs its activities in accordance with the terms of Solvency II, including delegated acts and guidelines issued on the subject by EIOPA, and with the legislative and regulatory provisions transposed at national level.
Following the issue by the Regulator of authorisation to use a "Partial Internal Model" (PIM) to calculate the Solvency Capital Requirement (SCR) as required by Solvency II, the Group is allowed to use the PIM to determine the SCR of the Group and the main Business Units for the Italian, German, French and Czech companies. For further details, see the Group Risk Report.
In the ambit of credit risk measurement a system of rules and procedures was implemented at Group level, designed to guarantee monitoring in terms of internal ratings of creditworthiness, thus reducing the sole use of external ratings.
Moreover, to maintain compliance with Solvency II, the Company has updated and/or introduced internal Group policies having the following objectives:
- formalising the ICRMS by establishing the roles and responsibilities of the Control Functions;
- establishing the processes associated with the management of specific risks (investment, underwriting and operational risks) and the main business processes (including capital management, the asset liability management (ALM) process and the product approval process).

The Company monitored legislative developments during the year, activated compliance-checking plans and continued its ongoing reinforcement of the procedural structure, as described in the parent company's Risk Report and Financial Statements. The Internal Control and Risk Management System policies are also adopted by the main subsidiaries, having regard to the specific legislation in each country in which the Group operates, and any special features of the business. These policies are continuously updated.
In the context of constant development and reinforcement of controls, in accordance with the applicable industry regulations, the Board of Statutory Auditors has constantly monitored the adequacy of the ICRMS of the Company and its Group. In particular, the BSA:
i) took note of the favourable opinion of the adequacy of the ICRMS issued half-yearly by the Board of Directors after consulting the Risk and Control Committee;
ii) examined the summary document regarding the assessment of the adequacy and efficacy of the Internal Control and Risk Management System drawn up by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions;
iii) attended all meetings of the Risk and Control Committee, obtaining information about the initiatives that the Committee has decided to promote or request on specific subjects;
iv) obtained information about the development of the corresponding organisational structures and the activities performed by the Group Audit, Group Compliance, Group Risk Management and Group Actuarial Functions, partly by means of discussions with the managers concerned;
v) examined the reports on the activities of the Group Compliance, Group Risk Management and Group Actuarial Functions submitted to the Risk and Control Committee and the Board of Directors;
vi) examined the Group Audit Manager's half-yearly Complaint Reports;
vii) examined the Audit Plan drawn up by the Group Audit Function and approved by the Board of Directors, observed that it had been complied with, and received information about the audit results;
viii) obtained information about the activities of the Supervision and Control Committee instituted by the Company in compliance with Legislative Decree no. 231/2001, by means of specific reports and update meetings regarding the activities performed by it;
ix) obtained information from the managers of the respective company functions;
x) exchanged information with the supervisory bodies of the subsidiaries, as required by ss. 151.1 and 151.2 of the CFBA;
xi) met and exchanged information with the Executive Director responsible for supervising the ICRMS;
xii) obtained information about the development of the Group's regulatory system, in particular the Company's structure of policies, regulations, guidelines and procedures designed to ensure compliance with the specific regulations of the insurance industry and listed companies applicable to or approved by the Company.

In the course of its supervisory activities over the ICRMS, the BSA, in 2017 as in the preceding financial years, paid particular attention to compliance with the money-laundering legislation.
As stated in the Report pursuant to s. 153 of the CFBA relating to the 2016 financial year, issued on 31 March 2017, in the first few months of the last financial year the major project adopted by the Company regarding

money-laundering and anti-terrorism measures was substantially finalised, including the introduction of the new "Group Anti-Money Laundering & Counter-Terrorism Financing (AML/CTF) Policy".
During the 2017 financial year the BSA continued to monitor the implementation of the AML/CTF Policy in the individual Group companies, in liaison with the boards of statutory auditors or supervisory bodies of the subsidiaries concerned, taking into account also the different and variegated legislative situations.
In November 2017, the Company approved an update to the said Group AML/CTF Policy, which takes account of the changes in the legislative picture since the 4th European AML Directive came into force during the year. The innovations introduced by the new version of the policy include, in particular, the provision that where national legislation does not allow the requirements laid down by the policy to be introduced, the Group companies concerned are specifically required to identify and adopt additional measures to deal with the local limitations, in order to ensure effective AML/CTF risk management.

Also during the financial year that has just ended, following the Letter to the Market dated 5 June 2017 in which IVASS requested life insurance companies to conduct a self-assessment of the risk of money-laundering and financing of terrorism with reference to the 2016 financial year, 44 Group companies operating in the life sectors conducted the said self-assessment activity. This self-assessment process was conducted on the basis of the specific methodologies indicated by IVASS, requiring the risk to be measured by analysing and evaluating the following aspects: *(i)* the intrinsic risk associated with the nature of the business actually carried on; *(ii)* the ability of the internal control system to mitigate the intrinsic risk; *(iii)* the residual risk to the company after evaluating the effective ability of the internal control system to mitigate the intrinsic risk.
On the basis of the results, actions designed to further mitigate the money-laundering and financing of terrorism risks were identified, to be implemented in the 2018 financial year by the Company and the Group. The risk mitigation actions planned for the 2018 financial year, delineated by the Company following the said self-assessment activity, were approved by the Board of Directors on 13 December 2017, after consulting the Risk and Control Committee and the Board of Statutory Auditors. The BSA will regularly monitor its implementation during the coming financial year.

The Board of Statutory Auditors, in liaison with the Risk and Control Committee, also monitored the trend of actual implementation of the actions and projects deriving from audit activities. In the preceding year, this aspect represented an area requiring attention, as indicated by the Risk and Control Committee and the Board of Directors, which agreed on the importance of drawing the attention of the management to ensuring that the action plans resulting from audit activities are completed in the scheduled times, informing the said bodies of the reasons for any delay, and rescheduling the corresponding time limits. After that request, the process significantly improved; however, this aspect is still considered to be an area requiring attention by both the BSA and the BoD, which has reminded management of its importance  to ensure timely completion of the planned actions. The BSA will also continue its regular monitoring of this area.
In 2017, the Board of Directors and the Risk and Control Committee promoted actions involving further reinforcement of the internal control system to take account of the new requirements introduced by the European legislation governing privacy and date protection, insurance distribution and Packaged Retail Investment-based Insurance Products (PRIIPS). For that purpose, it was agreed that the internal control system must be further updated and strengthened to take account of the higher risk profile, in particular as regards penalties, deriving from the new legislative and regulatory requirements. In view of the extent of the legislative innovations, the BSA suggested specific induction and training activities for Board members.
Finally, the Risk and Control Committee and the Board of Directors monitored the implementation of the overall IT programme commenced in 2016, with a view to progressive reinforcement of the associated controls, and mitigation of the risks involved. This activity was conducted on the basis of the activities of the Control Functions and information supplied by the IT management, promoting accelerated implementation of the programme as far as possible. In particular, the Company intends to complete the cyber risk mitigation and prevention programme a year earlier than originally forecast. In this context, the refinement of systems and procedures suitable to prevent and reduce the said risk remains an area of attention subject to regular monitoring by the Board of Statutory Auditors.

In the light of all the above information and having regard to the above-mentioned areas of attention, no factors emerged from the analyses conducted or the information obtained that could lead this BSA to consider the Company's Internal Control and Risk Management System as not adequate as a whole.

In view of the evolutionary nature of any internal control system, specific updates were planned for 2018, as part of the process of ongoing improvement of the efficacy of the system pursued by the Company.

## *5.2. Administrative accounting system and financial reporting process.*

As regards the administrative accounting system and the financial reporting process, the Board of Statutory Auditors monitored (*inter alia*) the Company's activities designed to assess their adequacy continuously.
This objective was pursued by the Company by adopting a "financial reporting model" consisting of a set of principles, rules and procedures designed to guarantee an adequate administrative and accounting system.
The Corporate Governance and Share Ownership Report describes the main characteristics of the model, as defined by the Manager in Charge of Preparation of the Company's Financial Reports, who is supported by the Financial Reporting Risk structure.
Data and information relevant to the performance of their respective tasks pursuant to s. 150 of the CFBA were exchanged with the managers of the External Auditors, and no noteworthy aspects emerged.
In particular, no significant deficiencies in the internal control system relating to the financial reporting process emerged from the additional report issued by EY S.p.A. pursuant to art. 11 of EU Regulation 537/2014. That report was discussed and analysed during information exchanges between the Board of Statutory Auditors and the External Auditors.
From September 2016, consistently with the development of the applicable legislative situation, the Company decided to develop its quarterly financial reporting, as from the third quarter of 2016, by producing a more concise representation of its business, focusing on relevant information.

## *5.3. Consolidated Non-Financial Statement.*

With reference to the 2017 financial year, the Company is required, for the first time, to prepare and publish a Consolidated Non-Financial Statement ("CNFS") in accordance with the terms of Legislative Decree no. 254/2016 and its Implementing Regulation issued by CONSOB in Resolution no. 20267 of 18 January 2018. As required by s. 4 of Legislative Decree no. 254/2016, the said Statement provides non-financial information relating to the Company and its subsidiaries "*to the extent required to ensure comprehension of the group's business, trend and results, and the impact produced by it*".
As specified in s. 3.7 of Legislative Decree no. 254/2016, the Board of Statutory Auditors, in the performance of its statutory functions, monitored compliance with the legislation governing the preparation and publication of the CNFS.
In particular, the BSA monitored the adequacy of the organisational structures adopted by the Group in accordance with the strategic objectives pursued by it in the socioenvironmental field.
The BSA also monitored the adequacy of the processes and structures which, in the Group, control production, reporting, measurement and representation of the non-financial information and results.
For this purpose, the BSA examined the documentation made available by the Company and met, in various sessions, the Function responsible for drafting the CNFS identified in the ambit of the Group CFO Function, and the representatives of the External Auditors responsible for certification (EY), who were also instructed to issue a specific report containing the certification of conformity required by s. 3.10 of Legislative Decree no. 254/2016.
In continuity with the Group's well-established methodological decisions regarding integrated reporting, the Board of Directors prepared the CNFS, approved by the Board of Directors on 14 March 2018, in accordance with the Guiding Principles and Content Elements of the International <IR> Framework, approved by the International Integrated Reporting Council (IIRC). The standard adopted for reporting on the material subjects identified by the Group is represented by the GRI Sustainability Reporting Standard, published in 2016 by GRI Global Reporting Initiative (GRI – Referenced claim) with reference to selected GRI Standards and indicators of GRI G4 Financial Services Sector Disclosures.
The BSA further noted that the External Auditors issued the said report on 27 March 2018. In the said report, EY certified that on the basis of the work performed, no information had come to its attention suggesting that the CNFS was not drawn up, in all significant respects, in compliance with the terms of ss. 3 and 4 of Legislative Decree no. 254/2016 and the reporting standard used by the Group to prepare the CNFS.
The Board of Statutory Auditors observes that in the course of the controls conducted and specified above, no evidence of non-conformity by the CNFS with the legislative provisions governing its preparation and publication came to its attention.
When drawing up the Consolidated Non-Financial Statement, the Company did not exercise the option to omit

information concerning imminent developments and transactions under negotiation allowed by s. 3.8 of Legislative Decree 254/2016.

Finally, the BSA emphasises that in view of the recent introduction of the legislation governing non-financial information reporting, it will continue to monitor with particular attention the development of its practical application and the actions performed by the Company with the aim of further improving the degree of formalisation of the socioenvironmental policies implemented and the related processes.

## 6. Other activities performed by the Board of Statutory Auditors

In addition to the matters described above, the Board of Statutory Auditors performed further specific periodic checks in accordance with the statutory and regulatory provisions applicable to the insurance industry.
In particular the BSA, partly by attending meetings of the Risk and Control Committee:

- monitored compliance with the investment policy guidelines resolved on, following the issue of ISVAP Regulation no. 36 of 31 January 2011, by the Board of Directors on 13 May 2011, and updated in 2012, 2013, 2014, 2015 and finally in September 2016, after IVASS Regulation no. 24 of 6 June 2016 came into force;
- checked that transactions in derivative financial instruments complied with the guidelines and limitations issued by the Board of Directors, and checked that the Company had duly submitted periodic communications to IVASS;
- analysed the administrative procedures adopted for handling, safekeeping and accounting of financial instruments, checking the instructions issued to depositaries regarding periodic despatch of statements of account with suitable indications of any encumbrances;
- checked that the assets destined for covering the technical reserves were free of encumbrances and fully available;
- checked on correspondence with the register of assets destined to cover the technical reserves.

In the Notes to the Financial Statements, the Company supplied a report on share-based payment agreements, in particular the incentive plans based on equity instruments allocated by the parent company and other companies belonging to the Group.

## 7. Organisational and Management Model pursuant to Legislative Decree no. 231/2001

The Board of Statutory Auditors has perused and obtained information about the organisational and procedural activities conducted pursuant to Legislative Decree 231/2001, as amended, regarding the administrative liability of organisations. The main aspects connected with the organisational and procedural activities conducted by the Company pursuant to Legislative Decree 231/2001 are illustrated in the Corporate Governance and Share Ownership Report.
No noteworthy facts and/or circumstances emerged from the report submitted by the Surveillance Body instituted pursuant to Legislative Decree no. 231/2001 regarding the activities performed.

## 8. Ratification of the Corporate Governance Code, Composition of the Board of Directors, and remuneration *(point 17 of Consob Notice no. 1025564/01)*

The Company has ratified the Corporate Governance Code issued by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. This BSA has evaluated the procedures for concrete implementation of the Code in question, with reference to the principles and application criteria, and has no comments to make on them.
The Board of Statutory Auditors notes that the Board of Directors has evaluated the operation, size and composition of the Board of Directors and the Board Committees. The Board Review process for the 2017 financial year, which involved all Directors and the Chair of the BSA, was conducted by means of a questionnaire based on the model developed for the preceding financial year by a leading firm of consultants. The answers were addressed to the Chair of the Board of Statutory Auditors to ensure their confidentiality and monitor the consolidation process (as regards those concerning the BSA, the answers were handled by the Secretary to the Board of Directors). The final self-assessment report formed the subject of a detailed discussion, first by the GSC and then by the Board of Directors.
The Board of Statutory Auditors reports that having regard (*inter alia*) to the terms of Legislative Decree no. 254/2016, the BoD, at the meeting held on 13 December 2017, approved a specific diversity policy for members

of the Company's corporate bodies, which combines in a single text the provisions already contained in other legislative and regulatory sources internal and external to the Company, with the aim of formalising the objectives pursued and the commitment to promoting generally recognised principles of non-discrimination. The Company also acknowledges and welcomes the value of the legislation and the generally accepted principles of diversity and inclusion in line with the European Commission's Guidelines on communication of non-financial information.

The Board of Statutory Auditors also checked on the correct application of the criteria and process initiated by the Board of Directors to assess the independence of directors classed as "independent"; it also established that its own independence requirements were met.
With reference to subjects connected with establishing that directors meet the independence requirements, the activities commenced in 2015, following requests by the BSA for analysis and action, as illustrated in the Board of Statutory Auditors report issued pursuant to s. 153 of the Legislative Decree 58/1998 relating to the two preceding financial years, continued in the 2017 financial year.
In particular, in order to provide the Board of Directors and the GSC with the most comprehensive possible information about the independence assessments, the additional provisions introduced into the Regulation of the Board of Directors and the Board Committees for the conduct and formalisation of the assessment process were finalised and implemented, as from the assessment conducted in May 2016; specific internal operational guidelines requested by the BSA were then concretely implemented, as from the assessment conducted in June 2017, with a view to ensuring, by means of formal processes for the collection of the relevant information from the various company functions involved, that the said information is made available to the bodies responsible for the independence assessments.
In that context, and also in the light of the new policies and operating guidelines, the Board of Directors conducted its assessments of whether the independence requirement is met on the basis of all the information available to the Company in any way, and on the basis of specific supplementary declarations, designed to obtain from Directors stating themselves as independent precise, accurate information about the existence of any commercial, financial or professional relations, relations involving self-employment or employment or other pecuniary or professional relations, which are relevant as defined in the Corporate Governance Code and the CFBA.

The BSA notes that the Board of Directors has adopted a specific top management succession policy and plan.

The BSA has no comments to make about the consistency of the remuneration policy with the recommendations of the Corporate Governance Code and its compliance with ISVAP Regulation no. 39 of 9 June 2011.

## 9. External audit *(points 4, 7, 8 and 16 of Consob Notice no. 1025564/01)*

The firm EY S.p.A. was appointed as External Auditors to audit the financial statements of Assicurazioni Generali S.p.A. and the consolidated financial statements of the Group; during the 2017 financial year the said External Auditors checked that the Company's accounts were properly kept and transactions properly recorded in the books of account.
On 27 March 2018, the External Auditors issued the reports required by ss. 14 and 16 of Legislative Decree 39/2010 relating to the financial statements and the consolidated financial statements of the Group as at 31 December 2017. The said reports indicate that the financial statements are drawn up clearly and truthfully and correctly represent the assets and financial situation, profit and cash flows for the year ending on that date, in compliance with the applicable standards and regulations.
The Manager in Charge of Preparation of the Company's Financial Reports and the Managing Director and Group CEO issued the declarations and certifications required by s. 154-*bis* of the CFBA with reference to the financial statements and the consolidated financial statements of Assicurazioni Generali S.p.A. as at 31 December 2017.
The BSA monitored, within the terms of its remit, the general layout of the financial statements and the consolidated financial statements in accordance with the legislation and specific regulations governing drafting of insurance companies' financial statements. The BSA declares that the consolidated financial statements of the Assicurazioni Generali Group were drawn up in compliance with the IAS/IFRS International Accounting Standards issued by the IASB and approved by the European Union, in compliance with EU Regulation no. 1606 of 19 July 2002 and the CFBA, and Legislative Decree 209/2005, as amended. The consolidated financial statements were also drawn up as required by ISVAP Regulation no. 7 of 13 July 2007, as amended, and contain the information required by Consob Notice no. 6064293 of 28 July 2006.

The Notes to the Financial Statements illustrate the evaluation criteria used, and provide the information required by the applicable legislation.
The Directors' Report annexed to the draft financial statements of the parent company illustrates the business trend, indicating current and prospective developments, and the Group's development and reorganisation process.
The Board of Statutory Auditors also declares that it was consulted, together with the External Auditors, by the Risk and Control Committee in the course of the evaluations falling within that Committee's remit, together with the Manager in Charge of Preparation of the Company's Financial Reports, regarding the correct use of the accounting standards and the uniformity of their use for the purpose of preparing the consolidated financial statements.
On 27 March 2018, EY S.p.A. issued its additional report pursuant to art. 11 of EU Regulation 537/2014 to the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee. In compliance with the terms of s. 19.1.a of Legislative Decree 39/2010, the BSA sent that report promptly to the Board of Directors, without formulating any observations.

The BSA also held meetings with the managers of External Auditors EY S.p.A. pursuant (*inter alia*) to s. 150.3 of the CFBA, during which useful exchanges of data and information relevant to the performance of their respective tasks took place, and no noteworthy facts or situations emerged. In that context, in the ambit of the supervision referred to in s. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors also obtained information from EY S.p.A. regarding the planning and conduct of its auditing activities.
Pursuant to s. 19.1.e of Legislative Decree 39/2010, the Board of Statutory Auditors, again in its capacity as Internal Control and Audit Committee, checked and monitored the independence of the External Auditors. In the performance of those checks, no situations were found that prejudiced the independence of the External Auditors or constituted grounds for incompatibility pursuant to the applicable legislation. This is confirmed by the statement issued by EY S.p.a pursuant to art. 6.2.a of EU Regulation 537/2014.
With reference to non-audit services, at the request and with the support of the BSA, on 1 January 2017 the Company adopted a specific procedure for the approval of the commissioning from the External Auditors and a company belonging to their network of permitted services other than audits ("*Guideline for the assignment of non-audit services to auditors*").
During the year, the BSA asked for further control processes to be implemented and established further refinements to the said procedure to take account of interpretative developments in the current legislation and practical application.
In compliance with the terms of s. 19.1.e of Legislative Decree 39/2010 and art. 5.4 of EU Regulation 537/2014, and by way of application of the Company's Guideline, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, examined in advance the proposal to commission non-audit services from the External Auditors or a company belonging to their network, evaluating in particular the compatibility of the said services with the prohibitions laid down in art. 5 of EU Regulation 537/2014 and the absence of potential risks to the auditors' independence deriving from the performance of the said services. As the statutory pre-requisites were fulfilled, the BSA approved the commissioning of the service from EY S.p.A. or other companies belonging to its network.
The fees for non-audit services provided by the External Auditors or other companies belonging to their network for parent company Assicurazioni Generali and its subsidiaries in the 2017 financial year are disclosed in detail in the Notes to the Financial Statements. During the year, the Board of Statutory Auditors, in the legal capacity of Audit Committee, supervised the trend of the said fees.

## 10. Opinions issued by the Board of Statutory Auditors during the financial year *(point 9 of Consob Notice no. 1025564/01)*

During the year, the Board of Statutory Auditors also issued the opinions, comments and attestations required by the applicable legislation.
In particular, at the meeting of the Board of Directors held on 25 January 2017, the Board of Statutory Auditors expressed, pursuant to s. 154-*bis*.1 of the CFBA and art. 40.2 of the Company's Articles of Association, a favourable opinion of the proposed appointment of Luigi Lubelli as new Manager in Charge of Preparation of the Company's Financial Reports.
At the meeting of the Board of Directors held on 15 February 2017, the Board of Statutory Auditors expressed a favourable opinion of the remuneration of the Group Audit Manager (meeting of 2016 targets and setting of 2017 targets) and the Audit Plan for 2017.
The BSA expressed a favourable opinion of the appointment and remuneration of the new Group Audit Manager,

Nora Gürtler, appointed by the Board of Directors on 6 July 2017 (with effect from 1 October 2017) to replace Anne Jaeger, who resigned on 31 July 2017. On 1 August 2017, the BSA also expressed a favourable opinion of the proposal that the Functions which reported directly to Anne Jaeger should be coordinated on an interim basis by the Chairman of the Board of Directors, assisted by the Chair of the Risk and Control Committee, until the date on which the new Group Audit Manager, Nora Gürtler, takes office. In the interim, the BSA constantly monitored the correct operation and continued independence of the Group Audit Function by means of periodic contacts with its main representatives.
In March 2017, the BSA expressed a favourable opinion pursuant to s. 2389 of the Civil Code of the proposed allocation of newly issued shares to the Managing Director (Group CEO) in the ambit of the resolution to increase the share capital for the purposes of the LTI Plan 2014, and a favourable opinion of the adjustment process relating to the 2016 incentive plans for the Group CEO. Again with reference to the Group CEO's remuneration, in July 2017 the Board of Statutory Auditors, expressed a favourable opinion of the Group CEO's remuneration taking the form of participation in the LTI Plan 2017.
During the 2017 financial year the BSA also regularly commented on the Half-Year Reports on complaints prepared by the Group Audit Function in compliance with ISVAP Regulation no. 24 of 19 May 2008, as amended. The reports did not highlight any particular problems or organisational deficiencies. The BSA also checked that the Company sent the reports and associated comments by the BSA promptly to IVASS.

## 11. Complaints pursuant to s. 2408 of the Civil Code. Omissions, reprehensible actions or irregularities found *(points 5, 6 and 18 of Consob Notice no. 1025564/01*

The Board of Statutory Auditors received two communications pursuant to s. 2408 of the Civil Code during the 2017 financial year.

On 7 May 2017, shareholder Marco Bava sent the Company's Board of Statutory Auditors, with a copy for information to CONSOB, a letter relating to news reported in the press about the alleged involvement of BSI, a subsidiary of the Generali Group until 15 September 2015, in the affair involving the Malaysian fund 1MDB, a former customer of the bank, in 2015. The shareholder referred to audits conducted in October 2016 by the Bank of Italy at the Italian subsidiary of BSI, during which breaches of the anti-money-laundering legislation are said to have emerged, and asked the Company's Board of Statutory Auditors to establish whether the alleged irregularities found by the Bank of Italy took place while BSI was controlled by Assicurazioni Generali.
As stated in para. 2.3 above, the holding in BSI was sold by the Generali Group to the Brazilian company BTG in September 2015, as a result of a divestment process commenced by the Company in early 2014, and BTG subsequently transferred the holding to the Luxembourg company EFG International in 2016.
As clarified by the Bank of Italy in the press release dated 5 May 2017 cited by the shareholder, its audits were conducted in October 2016, when BSI had not belonged to the Generali Group for over a year. The Company is therefore not entitled to obtain detailed information about the purpose of the audit or the nature and timing of the alleged breaches of the money-laundering legislation. Moreover, according to the information obtained at the Company's internal offices in the course of the ongoing litigation with BTG regarding claims for damages made by the latter (see para. 2.3 above), the alleged breaches to which the Bank of Italy's audit relates involve conduct and facts which took place after 15 September 2015, the closing date of the sale of BSI to BTG.
Moreover, the Bank of Italy, in a subsequent press release dated 13 November 2017, announced its Order of 26 October 2017 whereby it revoked the prohibition on performing new operations and cancelled the procedure for closing the Italian subsidiary of BSI, previously initiated by Order dated 26 April 2017.
With reference to BSI's position in the Generali Group before its divestment, the BSA has made the appropriate checks at the relevant offices of the Company, and found that the information flows between the subsidiary BSI and the parent company Generali were subject to significant limitations. Firstly, the said limitations were connected with the regulatory and legislative provisions applicable to Swiss banks, in particular those governing banking secrecy, and secondly, when the acquisition of BSI by Generali was authorised, the Swiss authorities expressly required the bank to maintain an independent position within the Generali Group, adopting specific measures to protect its independence.
More generally, since this Board of Statutory Auditors took office in April 2014, it has always paid specific attention to monitoring activities relating to preventing and reducing the risk of money-laundering, which was defined as one of the Group's top priorities. In the 2017 financial

year, as in earlier years, the BSA regularly monitored the implementation and application of suitable controls and actions against that risk at Group level, and received regular reports on the subject from the appropriate company structures. For a more detailed illustration of the initiatives undertaken in this respect, see para. 5.1 above, and the corresponding paragraphs of the similar reports for the 2015 and 2016 financial years.

On 28 May 2017, shareholder Tommaso Marino sent a complaint pursuant to s. 2408 of the Civil Code, forwarded to the Company by certified e-mail and addressed to the Board of Statutory Auditors, the Board of Directors of Assicurazioni Generali S.p.A. and the Competition and Market Regulator (AGCM). He complained that he had not received a full answer at the General Meeting to a pre-meeting question he had asked.
Mr Marino had asked whether "*a cartel had been set up with other insurance companies*", naming the Unipol Group in particular, in connection with other questions on the subject of the investigation by the Antitrust Authority of a possible agreement in restraint of competition in the third-party vehicle insurance field.
The BSA notes that the Group CEO had given a negative answer to his question, specifying that: "*no agreement has been signed by Group companies to prevent competition from other parties in the third-party vehicle insurance field*"; however, Mr Marino objected that his question had a broader scope.
The BSA therefore agreed, following a discussion at a Board meeting, on a clarification of the answer given to Mr Marino, specifying that the companies belonging to the Group have never entered into any agreements to restrict competition with any party in any field. The clarification in reply to the shareholder was published on the Company's website, as a supplementary reply to the pre-meeting questions.

No complaints pursuant to s. 2408 of the Civil Code were received in the first few months of the 2018 financial year. No reprehensible actions, omissions or irregularities requiring reports to the Regulators emerged from the supervisory activities performed.

***

On the basis of all the factors set out in this Report, the Board of Statutory Auditors finds no reason to object to the approval of the Annual Financial Statements of Assicurazioni Generali S.p.A. for the financial year ending on 31 December 2017, as submitted to you by the Board of Directors, and expresses a favourable opinion of the proposed dividend distribution, funded entirely by the profit for the year.

Trieste, 27 March 2018

**Board of Statutory Auditors**

Carolyn Dittmeier, Chair
Lorenzo Pozza
Antonia Di Bella

# Independent Auditor's **Report**

EY S.p.A.
Largo Don Bonifacio, 1
34125 Trieste

Tel: +39 040 7783011
Fax: +39 040 7783068
ey.com

# Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, to article 10 of EU Regulation n. 537/2014 and to article 102 of Legislative Decree n. 209, dated 7 September 2005
(Translation from the original Italian text)

To the shareholders of
Assicurazioni Generali S.p.A.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Assicurazioni Generali S.p.A. (the Company), which comprise the balance sheet as at December 31, 2017, the income statement for the year then ended, and the explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance for the year then ended, in accordance with Italian regulations governing financial statements.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Building a better working world

We identified the following key audit matters:

| Key Audit Matters | Audit Responses |
|---|---|
| **Valuation of interests in affiliated companies** | |
| Interests in affiliated companies are recorded in the financial statements at 31 December 2017, for an amount of Eur 29,731,819 thousand, representing around 60% of total assets.<br>At least annually, Management evaluates the presence of any indicators of impairment losses for each interest in affiliated companies, and in case of occurrence, an impairment test is carried out. An eventual impairment loss is determined by comparing the carrying amount of the interest in affiliated companies with its recoverable amount, estimated based on future benefits which are expected to flow to the Company.<br>The processes and valuation methods for determining the recoverable amount of each investment require the use of methodologies, sometimes complex, which imply, by their nature, to use of judgment by management when choosing the assumptions to be applied.<br>For these reasons, we considered this aspect a key matter for our audit.<br>The financial statement information relating to interests in affiliated companies is reported in the explanatory notes in "Part A - Evaluation criteria - Explanation of the evaluation criteria" and in "Part B - Information on the balance sheet and income statement" in Section 2.2.1. | The audit response included several procedures, the most relevant of which are outlined below:<br>• An understanding of management process regarding interests in affiliated companies designed by the Company and of the related key controls, as well as the testing of these controls, in particular with reference to the process used to identify indicators of impairment losses and the evaluation of these investments;<br>• The performance of test of details on movements related to these investments which occurred during the financial year;<br>• The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used to determine the recoverable amounts and the verification of the related results.<br>We also involved valuation specialists to assist us in performing our audit procedures.<br>Finally, 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 are recorded at 31 December 2017 for an amount equal to Eur 2,297,906 thousand, of which around 70% represented by indirect business.<br>The valuation of the non-life technical provisions is a well-structured estimation process that requires the use of complex statistical and actuarial methodologies and calculation models, characterised by a high level of subjectivity when choosing the assumptions, such as the frequency and average cost of the claims, used | The audit response included several procedures, the most relevant of which are outlined below.<br>• An understanding of estimation process of technical provisions designed by the Company and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the non-life technical provisions; |

as input to develop the estimate. This is further highlighted in long-tail businesses such as the general liability segment, which is one of the main line of business of the Company.
For these reasons, we considered this aspect a key matter for our audit.
The financial statement information relating to non-life technical provisions is disclosed in the explanatory notes in "Part A - Evaluation criteria" and in "Part B - Information on the balance sheet and income statement" in Section 10.

- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used to estimates the non-life technical provisions, including the additional technical provisions;
- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;
- test of details on basic data, including the information communicated by the ceding companies;
- the check that the estimated amount of the technical provisions is included in a range of acceptable values, also through independently reperforming of the actuarial calculation, when applicable.

We also involved actuarial specialists to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

---

Life technical provisions estimation

The technical provisions of the life segment are recorded at 31 December 2017 for an amount equal to Eur 8,391,312 thousand, of which around 85% represented by indirect business.
The valuation of the life technical provisions is a well-structured estimation process that requires the use of complex statistical and actuarial methodologies and calculation models, characterised by a high level of subjectivity when choosing the assumptions used to develop the estimate. Furthermore, determining the technical provisions of the life segment requires the use of consistent databases whose completeness and accuracy are essential to determine the result.
For these reasons, we considered this aspect a key matter for our audit.
The financial statement information relating to life insurance provisions is disclosed in the explanatory notes in "Part A - Evaluation criteria" and in "Part B - Information on the

The audit response included several procedures, the most relevant of which are outlined below:
Subsequently, we understood the operation of the In this context, we also considered what was done by the Company's actuarial function.

- an understanding of estimation process of life technical provisions designed by the Company and of the related key controls, as well as the testing of these controls; these procedures were carried out with reference to the controls over completeness, accuracy and appropriateness of data related to the insurance portfolio used to calculate the life technical provisions, taking into consideration also the control activities performed by the actuarial function of the Company and the related results;
- The evaluation of the appropriateness of the methodologies and the reasonableness of the assumptions used

balance sheet and income statement" in Section 10.

to estimate the life technical provisions, including the additional technical provisions;

- comparative analyses through the calculation of appropriate indicators observed historically and their correlation with other significant financial statements indicators, as well as the consistency with other financial statements information, the expected values and the results determined in previous financial years;
- test of details on basic data, including the information communicated by the ceding companies;
- recalculation of the mathematical provision for pure premiums, for a representative sample of policies;
- the development, of an independent range of acceptable values, also through sensitivity analyses, representative of the level of uncertainty in setting the assumptions underlying the estimation of life technical provisions, and verifying that these were included in that range.

We also involved an actuarial specialist to assist us in performing our audit procedures.
Further, we assessed the adequacy of the disclosures provided in the explanatory notes.

## Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and presentation of the financial statements, that give a true and fair view in accordance with Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The statutory audit committee ("collegio sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

## Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Assicurazioni Generali S.p.A., in the general meeting held on April 30, 2011, engaged us to perform the audits of the financial statements of each year ending December 31, 2012 to December 31, 2020.
We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.
We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared in accordance with article 11 of the EU Regulation n. 537/2014.

Building a better working world

# Report on compliance with other legal and regulatory requirements

## Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Assicurazioni Generali S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Assicurazioni Generali S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

## Opinion pursuant to the article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005 of the non-life segment

In performing the engagement assigned by Assicurazioni Generali S.p.A., we tested, in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, the accounts related to the non-life technical provisions recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017. The Directors are responsible for establishing sufficient technical provisions in respect of commitments arising from insurance and reinsurance contracts. Based on the procedures performed in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, ISVAP Regulation n. 22, dated 4 April 2008, and the related application guidance included in the explanatory guidance published on the IVASS website on 31 January 2017, the above-mentioned technical provisions, recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017, are sufficient in conformity with the applicable laws and regulations and generally accepted actuarial principles and practices, which comply with the application rules as per ISVAP Regulation n. 22, dated 4 April 2008.

## Opinion pursuant to the article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005 of the life segment

In performing the engagement assigned by Assicurazioni Generali S.p.A., we tested, in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, the accounts related to the life technical provisions recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December 31, 2017. The Directors are responsible for establishing sufficient technical provisions in respect of commitments arising from insurance and reinsurance contracts. Based on the procedures performed in accordance with article 102, paragraph 2 of Legislative Decree n. 209, dated 7 September 2005, ISVAP Regulation n. 22, dated 4 April 2008, and the related application guidance included in the explanatory guidance published on the IVASS website on 31 January 2017, the above-mentioned technical provisions, recorded as liabilities in the financial statements of Assicurazioni Generali S.p.A. as at December, 31 2017, are sufficient in conformity with the applicable laws and regulations and generally accepted actuarial principles and practices, which comply with the application rules as per ISVAP Regulation n. 22, dated 4 April 2008.

## Other aspects

The determination of the technical provisions is a complex estimation process that involves many subjective variables for which any change thereof may have an effect on the results. For this reason, we developed a range of reasonably possible outcomes, distinctively for non-life and life segments, in order to take into consideration the uncertainty of these subjective variables. In assessing the sufficiency of the above-mentioned technical provisions, we tested that those provisions fall within such ranges.

Trieste, 27 March 2018

EY S.p.A.
Signed by: Paolo Ratti, partner

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

# Contacts


## Group Integrated Reporting
integratedreporting@generali.com
Responsabile: Massimo Romano

## Corporate Affairs
giuseppe.catalano@generali.com
Responsabile: Giuseppe Catalano

## Group Reward & Institutional HR Governance
group_reward@generali.com
Responsabile: Giovanni Lanati

## Group Sustainability and Social Responsibility
csr@generali.com
Responsabile: Lucia Silva

## Investor & Rating Agency Relations
ir@generali.com
Responsabile: Spencer Horgan

## Media Relations
press@generali.com
Responsabile: Roberto Alatri

## Shareholders & Governance
governance@generali.com
Responsabile: Michele Amendolagine

Editing
**Group Integrated Reporting**

Coordination
**Group Communications**
**& Public Affairs**

The document is
available on
www.generali.com

Photos on page 6, 7, 14, 36, 37
**Giuliano Koren**

Image on page 12
**Marco Moro (1854)**
**Collezione Stelio e Tity Davia, Trieste**

Photo on page 12
**Collezione Archivio Fotografico Generali**

Photo on page 12
**Alessandra Chemollo**

Image on page 13
**Achille Beltrame (1916),**
**Foto Duccio Zennaro**

Photo on page 13
**Michele Stallo**

Photo on page 13
**Alberto Fanelli**

Photo on page 14
**Daniele Braida**

Photo on page 15
**Alphaomega**

Photo on page 15
**Bernd Brundert**

Photos on page 36
**Federico Guida**

Print
**Lucaprint S.p.A.**

Concept & Design
**Inarea Strategic Design**

FSC® www.fsc.org MISTO Carta da fonti gestite in maniera responsabile FSC® C109074

ACID FREE

ELEMENTAL CHLORINE FREE GUARANTEED

LONG-LIFE ISO 9706

HEAVY METAL ABSENCE CE 94/62

SELECTED SECONDARY FIBERS