

Annual Integrated Report 2013



generali.com

182nd year





MSCI







One identity, continuously changing perspectives.



Being yourself in every part of the world. Being able to integrate in different realities, aware of your own strengths and paying the correct attention to ethical and social issues.

The Group identity is the fundamental pillar at the base of the global growth of Assicurazioni Generali: one single overall view which, thanks to the main focus on business development in each country, respects context and market-related differences, creates synergy between financial and social responsibility, produces value for each stakeholder.

In our report we provide shareholders, clients, agents, employees, local and financial communities with the results of our philosophy, a modern business mindset which is able to offer concrete perspectives.

About this Report

According to the International <IR> Framework, published by the International Integrated Reporting Council (IIRC) on December 2013, an **integrated report** is a concise communication about how an organization's strategy, governance, and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

The **International Integrated Reporting Council (IIRC)** is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. It aims to promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates

the full range of factors that materially affect the ability of an organization to create value over time.

Consequently, Generali has decided to take this new approach to corporate reporting since it represents an innovative and effective way to communicate the Group's ability to create value in a sustainable manner over time.

Generali has participated in the Pilot Programme promoted by IIRC since 2012.



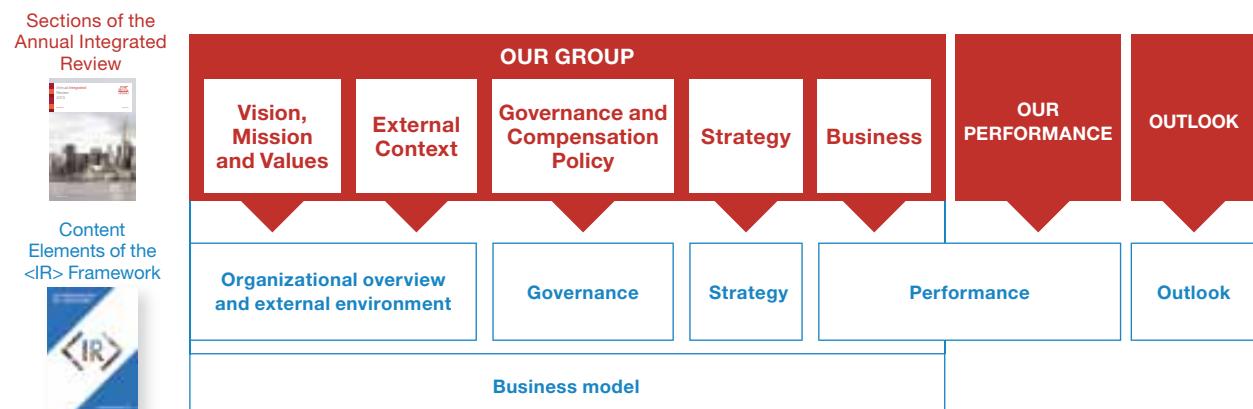
HOW TO READ OUR ANNUAL INTEGRATED REPORT

This is the **first Annual Integrated Report** for Generali. In line with the various alternatives envisaged by the International <IR> Framework, the Group has decided to prepare and present an integrated report in response to both this Framework and the existing compliance requirements. Specifically, such report is made up of:



THE CONTENT OF THE ANNUAL INTEGRATED REVIEW

The Annual Integrated Review includes the International <IR> Framework requirements; the following diagram shows the connection between the sections of this report and the <IR> Content Elements:



In order to adhere to the Guiding Principles of the International <IR> Framework on Materiality and Connectivity of information, Generali has also presented the report as an e-book. It envisages:

- the abovementioned different layers of information, meeting different information needs of the users of the report, i.e. a concise Annual Integrated Review that becomes an Annual Integrated Report including all information;
- a better connectivity among the sections of the report.

RESPONSIBILITY FOR THE ANNUAL INTEGRATED REVIEW

The Board of Directors of Assicurazioni Generali S.p.A. is responsible for the preparation of this report. Under its responsibility the reporting process was conducted applying, for the first time, the Guiding Principles and Content Elements envisaged by the International <IR> Framework.



www.theiirc.org



Note on Management Report
(p. 90)

Please download the app for free on your smartphone or tablet to see our Annual Integrated Report as an e-book.



CORPORATE BODIES

as at 30 April 2014



GENERALI

Company established in Trieste in 1831 - Share Capital € 1,556,873,283.00 fully paid-up
Fiscal code, VAT and Trieste Companies' Register no. 00079760328
Company entered in the Register of Italian Insurance and Reinsurance Companies under
no. 1.00003 - Parent Company of Generali Group, entered in the Register of Insurance Groups under no. 026
Pec: assicurazionigenerali@pec.generali.com

CHAIRMAN

Gabriele Galateri di Genola

VICE-CHAIRMEN

Francesco Gaetano Caltagirone
Clemente Rebecchini

GROUP CEO
Managing Director and
General Manager

Mario Greco

DIRECTORS

Ornella Barra
Alberta Figari
Jean-René Fourtou
Lorenzo Pellicioli
Sabrina Pucci
Paola Sapienza
Paolo Scaroni

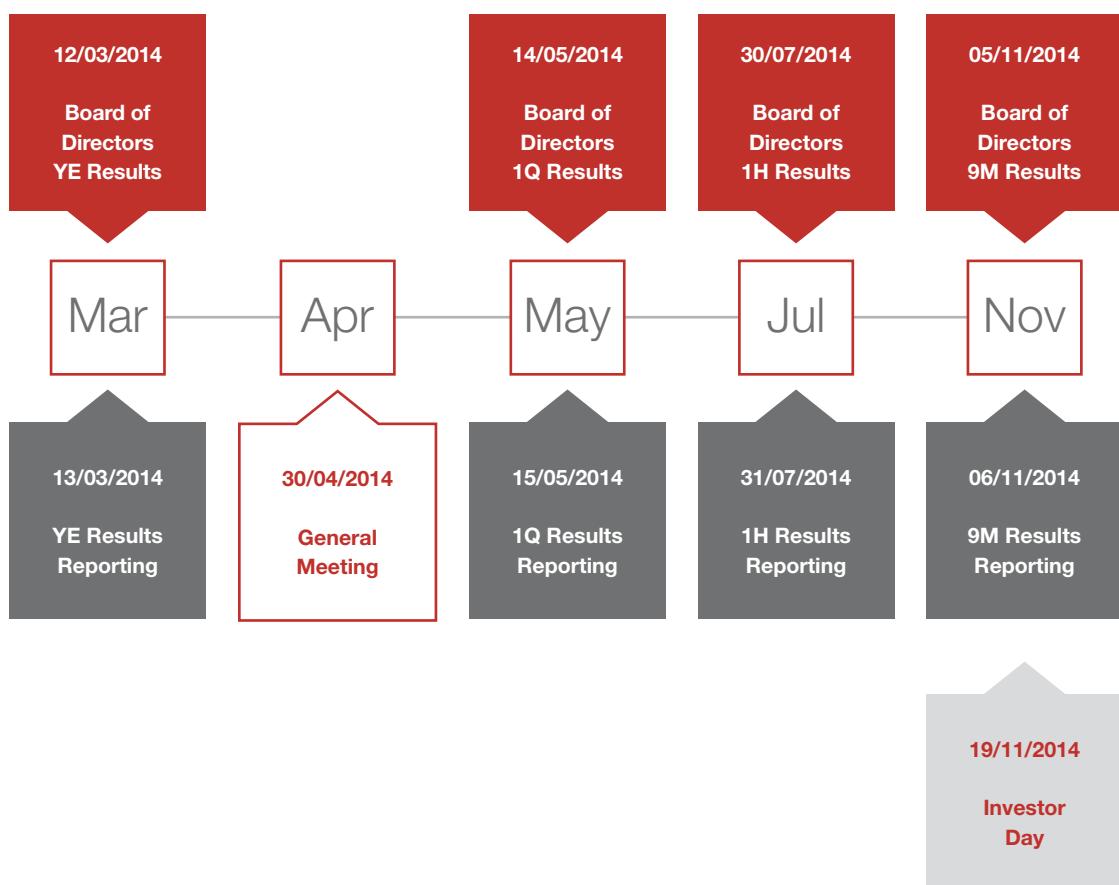
BOARD OF AUDITORS

Carolyn Dittmeier (Chairman)
Lorenzo Pozza
Antonia Di Bella
Francesco Di Carlo (substitute)
Silvia Olivotto (substitute)

**SECRETARY OF THE BOARD
OF DIRECTORS**

Antonio Cangeri

2014 corporate event calendar



CONTACTS

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Index

<p>12. Chairman and Group CEO letter</p> <p>14. Group highlights and Segment performance</p> <p>18. 2013 key facts</p> <p>24. Our Group</p> <p>28. Vision, Mission and Values</p> <p>32. External Context</p> <p>38. Governance and Compensation Policy</p> <p>38. Our shareholders</p> <p>39. Governance and management</p> <p>42. Compensation Policy</p> <p>44. Strategy</p> <p>48. Business</p> <p>54. Our performance</p> <p>64. Group performance and financial position</p> <p>65. Group performance</p> <p>69. Group financial position</p> <p>77. Our people</p> <p>80. Our clients</p> <p>81. Our sales force</p> <p>84. Share performance</p> <p>85. Rating and ethical indices</p> <p>1. Performance and financial position by segment</p> <p>1. Life segment</p> <p>15. Property&Casualty segment</p> <p>29. Financial segment</p> <p>86. Outlook</p>	<p>89. Appendix to Management Report</p> <p>90. Note on Management Report</p> <p>1. Methodological note on alternative performance measures</p> <p>92. Glossary</p> <p>94. Consolidated Financial Statements</p> <p>99. Consolidated Financial Statements</p> <p>102. Balance sheet</p> <p>104. Income statement</p> <p>1. Statement of comprehensive income</p> <p>2. Statement of changes in equity</p> <p>4. Statement of cash flow (indirect method)</p> <p>1. Notes to the Consolidated Financial Statements</p> <p>2. Basis of presentation and accounting principles</p> <p>32. Risk Report</p> <p>63. Notes to the balance sheet</p> <p>90. Notes to the income statement</p> <p>97. Other information</p> <p>123. Appendices to the notes</p> <p>1. Appendixes</p> <p>1. Change in the consolidation area</p> <p>3. Subsidiaries consolidated line by line</p> <p>22. Non-consolidated subsidiaries and associated companies</p> <p>106. Attestation of the Consolidated Financial Statements pursuant to the provisions of Art. 154-bis of Legislative Decree No. 58 of 24 February 1998 and Art. 81-ter of Consob Regulation No. 11971 of 14 May 1999</p> <p>1. Board of Auditors' Report</p> <p>1. Indipendent Auditor's Report</p>
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■ Integrated Review

■ Additional mandatory information

Chairman and Group CEO letter

2013 has been a turning point in the history of Generali. A year characterized by major changes and a new strategy through which we are committed to bring the Group to a position of international leadership in profitability and capitalization.

At the beginning of 2013 we presented our three-year turnaround plan based on a strong focus on core insurance business, the enhancement of our capital position and the technical excellence to improve the offering to clients. During these months we have worked on the implementation of our plan and we have made significant progress.

Generali has already disposed of € 2.4 billion non-core assets to good multiple, reaching 60% of the target of € 4 billion in 2015. We have invested significant resources to guarantee the full control of the operating units in strategic areas such as GPH in Central and Eastern Europe, Generali Deutschland Holding in Germany and Generali Asia. In Italy, we have undertaken the major reorganization of the business that will allow us to consolidate our market leadership.

Greater financial discipline was also introduced and internal governance has been further simplified and improved by completing the Group Management Committee with new managers of international standing and creating an effective new regional structure for our businesses around the world.

Generali showed the strength and the ability to deeply transform and improve the performance of our business during the course of the year. Thanks to the quality of our work, in 2013 we achieved a solid premium income, growing operating performance and a net profit of almost € 2 billion: the best in the last 6 years.

The results that we are presenting to our stakeholders show that we are on track in order for the Group to grow and always better remunerate the shareholders. We are increasingly confident and believe that we can achieve the turnaround of our Group.

The great changes that have affected Generali are also reflected in the report of this year. For the first time we are presenting an integrated report, which gives an overview of the process of value creation, including the explanation of the contribution of the main stakeholders in their dual capacity as actors and beneficiaries of the Group's activities and is not only confined to financial performance.

Generali is among the first groups to present an integrated report expressing a new corporate culture that opens up to a different dialogue with all stakeholders. This will help understand and better communicate what we are doing.

Gabriele Galateri di Genola
Chairman



Mario Greco
Group CEO





Group highlights

WRITTEN PREMIUMS

€ 66,055
mln

0%

32%
P&C
premiums

68%
Life
premiums



Operating through
480 companies
and present in more
than 60 countries

BUSINESS
MIX

GROUP
OPERATING
RESULT

TOTAL
ASSET UNDER
MANAGEMENT

SOLVENCY I

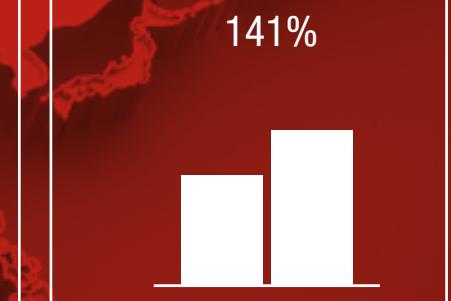
+5.3%

€ 4,207
mln

+5.4%

€ 508
bln

141%



77,185
employees

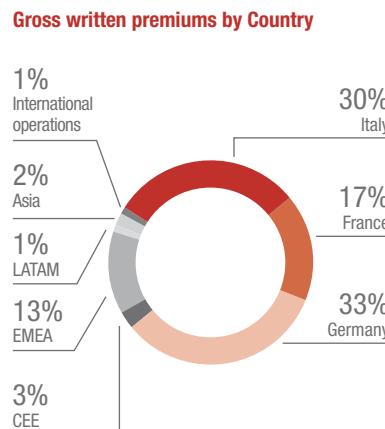


Segment performance

Life



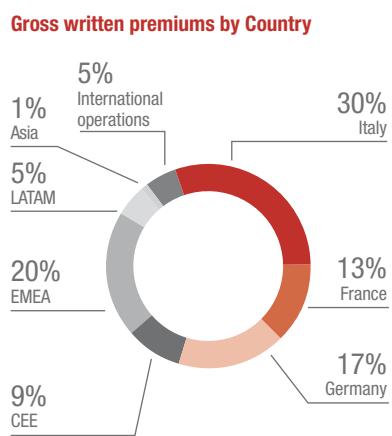
- Stable written premiums, strong development of linked business.
- APE slightly decreased.
- Increasing operating performance due to technical result.



Property & casualty



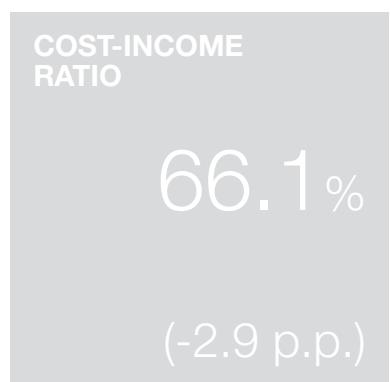
- Written premiums slightly decreased due to the non motor business trend.
- Improving COR, in particular thanks to the loss ratio.
- Operating result strongly increased.



Financial

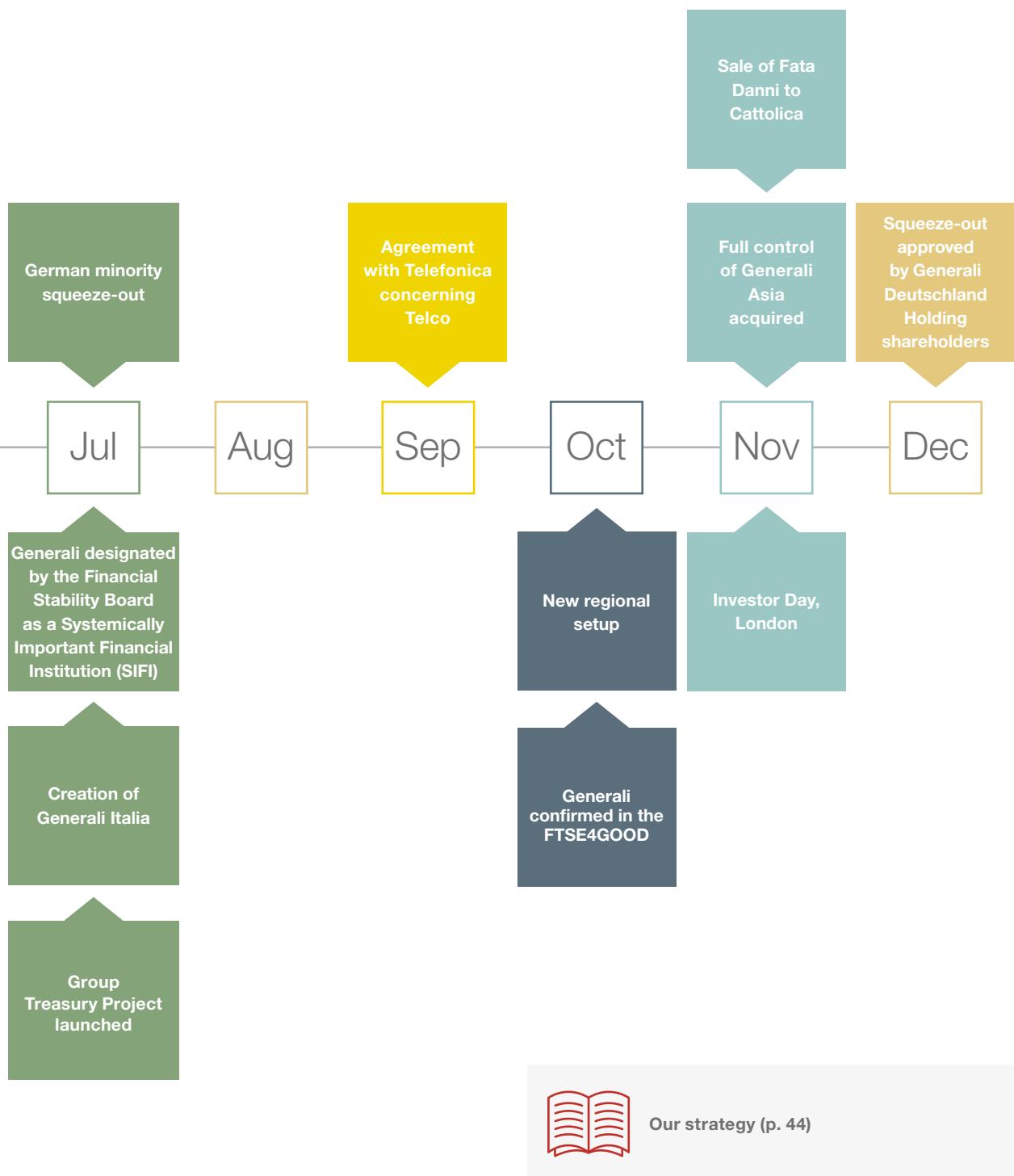


- Third party AUM up thanks to the net inflow positive development.
- Strong development of operating performance.



2013 key facts





Please read some insights on 2013 key facts.

As part of its **strategy aimed at achieving a streamlined geographical footprint** through the strengthening of its position in key, high-growth potential markets, in January the Generali Group signed an agreement to purchase 25% of Generali PPF Holding, representing the first tranche of the acquisition of the entire company from the PPF Group. Accordingly, the Group holds 76% of Generali PPF Holding. At the same time, Generali PPF Holding transferred to the PPF Group the insurance operations in Russia and other countries of the Commonwealth of Independent States. The Group will have the possibility to acquire the second tranche, equal to the remaining 24% of Generali PPF Holding in 2014.

In line with the Group strategy to have complete control of core activities, in November Assicurazioni Generali S.p.A. completed the acquisition of the minority stake held by the KuoK group in Generali Asia, the holding company that controls the insurance operations of the Group in the Philippines, Thailand and Indonesia, for a value of € 40 million. Generali Asia operates in Indonesia in the life segment with a multichannel distribution system. In the Philippines it is active in the life segment, mainly via bancassurance channels. In Thailand, Generali Asia operates in both the life and property&casualty segments via direct distribution channels and brokers. As a confirmation of the great potential of these markets total premiums from these three markets has grown by 44% in 2013 with respect to the prior year.

With the aim of optimizing the Group's presence in mature markets, in July the Generali Group concluded an agreement for the purchase of 3% of Generali Deutschland Holding, Germany's second-largest insurance group, in which a 93% stake was held at the time. Following this transaction, the Group initiated a squeeze-out procedure for the outstanding 4% stake, at a price of approximately € 228 million, in order to take full equity control of the company. Considering the synergies achieved by the transaction and the following delisting, the Group will obtain a return on investment in line with the strategic plan. In support of the transaction, Generali completed the placement of 15.5 million own shares, corresponding to approximately 1% of its share capital. On 4 December 2013, the general meeting of Generali Deutschland Holding approved the squeeze-out procedure requested by Assicurazioni Generali S.p.A..

In line with the **organizational restructuring of the Group**, with effect from 1 November, the Generali Group completed its territorial simplification into seven geographical areas, which will permit greater coordination between local markets and the Head Office. The structure will consist of the business units for the three major markets – Italy, France and Germany – and four regional organizations: CEE (Central Eastern European countries belonging to the EU), EMEA (Austria, Belgium, Greece, Guernsey, Ireland, the Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai), Asia and

LatAm (Argentina, Brazil, Columbia, Ecuador, Guatemala and Panama).

The restructuring of the business in Italy continued during the year, in a market affected by the current national economic situation and currently subject to a process of concentration and consolidation by many local insurance companies. In July, the business unit of Assicurazioni Generali S.p.A. named "Direzione per l'Italia" was transferred to Ina Assitalia. This business unit includes the Italian insurance activities and the main Italian companies, such as AlleanzaToro, Genertel, Genertellife, Banca Generali, Generali Properties and Genagricola. Subsequently, Ina Assitalia assumed the name of Generali Italia S.p.A.. At the end of 2013, AlleanzaToro was incorporated into Generali Italia S.p.A.. With respect to this operation, AlleanzaToro conferred to Alleanza Assicurazioni a line of business named "Ramo Alleanza".

During 2013, the process of centralizing the purchase of contractual reinsurance cover for all operating entities within the Parent Company was completed. In addition to maximizing capital allocation, such centralization allowed an ulterior efficiency with regards to the terms and conditions of the reinsurance programs and the better management and control of counterparty risks. As part of the organizational restructuring and capital optimization process, the centralization of the Groups treasury function is currently underway in order to strengthen the financial analysis which is fundamental for the Group.

With respect to the organizational restructuring of the Group, in November, Assicurazioni Generali S.p.A. concluded an agreement with Allianz to acquire full control of Citylife, an investment property located in Milan, for a total value of approximately € 109 million. The agreement also provided for the sale of the Isozaki Tower and part of the residential component for € 367 million. The agreement is subject to suspension clauses.

In April, in accordance with its **strategy of optimizing its capital solidity**, the Group successfully concluded the placement of 12% of Banca Generali, thereby improving the Group's Solvency I ratio.

As part of the process of increasing capital efficiency by optimizing the debt structure, in May Assicurazioni Generali S.p.A. contracted revolving credit facilities for a total amount of € 2 billion, which may be used by the Group within a period of 2 to 3 years. The transaction will have an impact on the Group's financial debt only if the facility is drawn upon and allows Generali to improve its financial flexibility in order to manage future liquidity needs.

In line with its objective of strengthening its capital position, in September the Group entered into an agreement amending the shareholders' agreement governing Telco S.p.A. that permits, among other, the possible future sale in addition to establishing the conditions for the redemption of the bond issued by Telco S.p.A. and held by the Group.

With reference to the measures aimed at divesting non-core and non-strategic operations, in October the Group completed the sale of its life reinsurance operations in the United States (for a value of approximately € 680 million) and a 49% stake in the Group's Mexican companies, after authorizations were obtained from the competent authorities. These transactions are consistent with the strategy of enhancing the Group's capital strength and yielded improvements in its Solvency I ratio.

In the same context and with respect to the objective of optimizing the Private Equity investments portfolio, in October the Generali Group sold its participation in Agorà Investimenti S.p.A., a holding company which has indirect control of Save S.p.A. for € 60 million. In November, the Group concluded the agreement for the sale of 100% of Fata Assicurazioni Danni S.p.A. for € 179 million. The transaction allowed the Group to further strengthen its liquidity profile and capital structure with an improvement in its Solvency I ratio. The finalization of the sale is subject to the necessary regulatory approvals.

In line with its objective of **increasing its property&casualty business**, in April the Group established the Global Corporate & Commercial Unit, a platform that will be charged with integrating and developing the property&casualty business and the insurance services aimed at medium-sized and large enterprises at an international level.

As part of the **enhancement of the Group's governance**, the Group Management Committee has been expanded and strengthened with the appointment of four new members:

- in February, Nikhil Srinivasan joined as Group Chief Investment Officer;
- in April, Carsten Schildknecht was nominated Group Chief Operating Officer;
- in October, Philippe Donnet joined as Country Manager Italy and Eric Lombard as Country Manager France.



SIGNIFICANT EVENTS AFTER 31 DECEMBER 2013

On 14 January 2014, Assicurazioni Generali S.p.A placed a senior bond with institutional investors for an overall amount of € 1.25 billion. The bond is intended to only partially refinance the Group's 2014 senior maturities worth a total of € 2.25 billion, in accordance with Generali's funding strategy announced during the Investor Day held in London on 27 November 2013. The issue attracted strong interest from international investors, which accounted for approximately 90% of the placement, confirming the confidence the Group has on the international market. Approximately 37% of the placement went to UK institutional investors, approximately 18% to French companies and 15% to German companies. The placement has a duration of six years and an annual coupon of 2.875% and is listed on the Luxembourg Stock Exchange.

During the fourth quarter of 2013, in view of the imminent introduction, with effect from 1 January 2014, of the new prudential rules for banks (*Pacchetto CRD IV*), Generali has received from Mediobanca, with reference to the loan granted to the Company of € 500 million, the request for the application of the contractual clause "additional costs".

In order to assess the bank's request, Generali carried out a thorough analysis of the contractual documentation and in this context, the existence of an option contract came to light that would allow Assicurazioni Generali to repay the loan in advance and that this contract had not been communicated by the Company to the Supervisory Authority in 2008, at the time of financing agreement. More specifically, the option would allow Generali, with the approval of the Supervisory Authority, to buy in advance the aforementioned subordinated liability from the twenty-fourth month following the signing of the loan agreement. As a result of the analysis conducted by the Company it was found that at the meeting of the Board of Directors, which approved the aforementioned loan in September 2008, the possibility of requesting early repayment, with reasonable notice to the lending bank and subject to the issuance of a specific authorization by the Supervisory Authority had been mentioned, however the option to repurchase the subordinated liability was not communicated to the Board of Directors at the aforesaid meeting, nor was it subsequently disclosed, nor was it made known to the new management of the Company.

In light of this, the Group has promptly sent all documentation relating to the matter to the Supervisory Authority, and as a result of the communication from IVASS on 4 February, cited below, has informed the Risk and Control Committee, the Board of Directors and the Statutory Auditors, simultaneously launching an extensive internal audit. Upon request from IVASS, Generali has also performed both a review of all subordinated debt as part of a comprehensive capital analysis and also a thorough verification of all correspondence with IVASS in recent years. There was no evidence of any further failure to provide information to the Supervisory Authority for supervisory purposes and the competent boards of the Company. The Company is carefully evaluating the refinancing, legal and reputational costs arising from this situation.



As a result of its examination, on 4 February IVASS provided for the non-eligibility of hybrid subordinated financing for the calculation of the solvency margin, with effect on the solvency situation as from 31 December 2013; the non-eligibility of hybrid subordinated financing has a negative impact estimated at about 3 percentage points. As Generali intends to repay the subordinated hybrid loan using financial resources already available and will replace it with an appropriate capital financing instrument, this event will have no impact on the Group's ability to reach the target of 160% of Solvency I by 2015.

On 6 February 2014, the rating agency Fitch affirmed the Insurer Financial Strength rating of Assicurazioni Generali at A- (with negative outlook), reflecting the strong operating performance in 2013 and the enhanced focus of the new management on preserving capital and reducing debt. The negative outlook is related to the outlook of Italy, also negative. Fitch has also affirmed Generali's senior and subordinated notes at BBB+ and BBB-, respectively.

On 18 February 2014, the rating agency Moody's improved the outlook of Generali from negative to stable which benefited from the same improvement in Italian outlook. It also confirmed the Insurance Strength Rating to Baa1 and the Baa2 rating on the Generali senior bond placement.

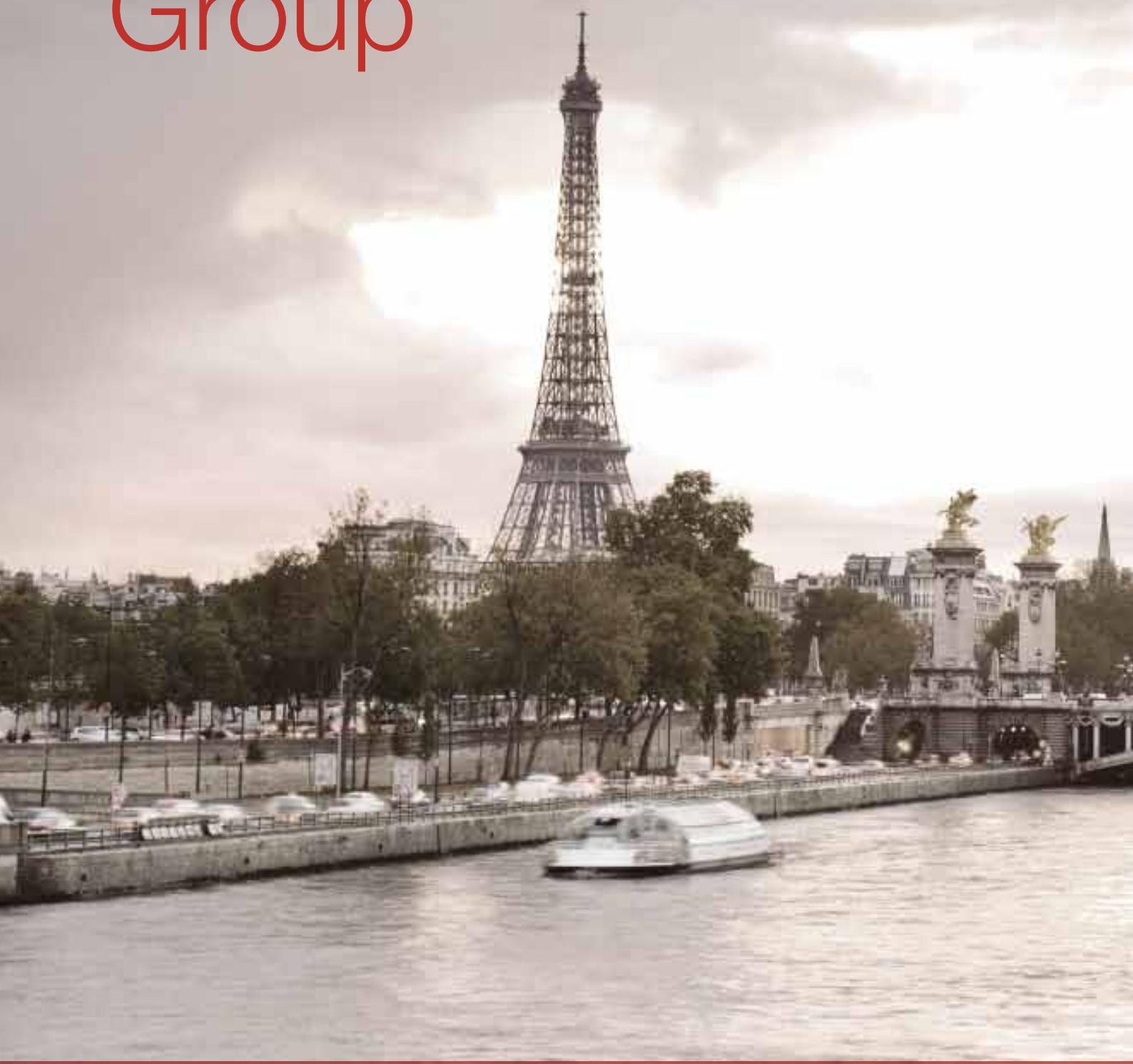
The rating continues to be two notches above the rating of its main country of operation due to the fact that its activities extend into the European Union and it is a leader in terms of market share in countries with high credit ratings such as Germany, France, Austria and the Czech Republic. This geographic diversification reduces the direct link to Generali's sovereign domestic risk.

On 19 February, the Board of Directors of Assicurazioni Generali S.p.A. examined, at the request of IVASS and also in light of new circumstances and facts, the findings of the Risk and Control Committee in relation to certain alternative investments carried out in the past. Also, at the request of IVASS, the Board of Directors analysed the assessments of the Remuneration Committee relating to the financial compensation attributed to the former Chief Executive Officer, Giovanni Perissinotto, and the former General Manager, Raffaele Agrusti, under their exit agreements. In light of the above, the Board has decided to mandate the Group CEO Mario Greco to immediately start the appropriate legal compensation and responsibility actions before the employment tribunal against both Giovanni Perissinotto and Raffaele Agrusti in order to protect the financial interests of the Company.

On 19 February 2014, the Board of Directors of Generali España Holding de Entidades de Seguros S.A. appointed Santiago Villa as the new Chief Executive Officer, replacing Jaime Anchustegui, who became Regional Head of Latin America. The Board has coopted Giovanni Liverani as Vicepresident, the Group's EMEA Regional Head.

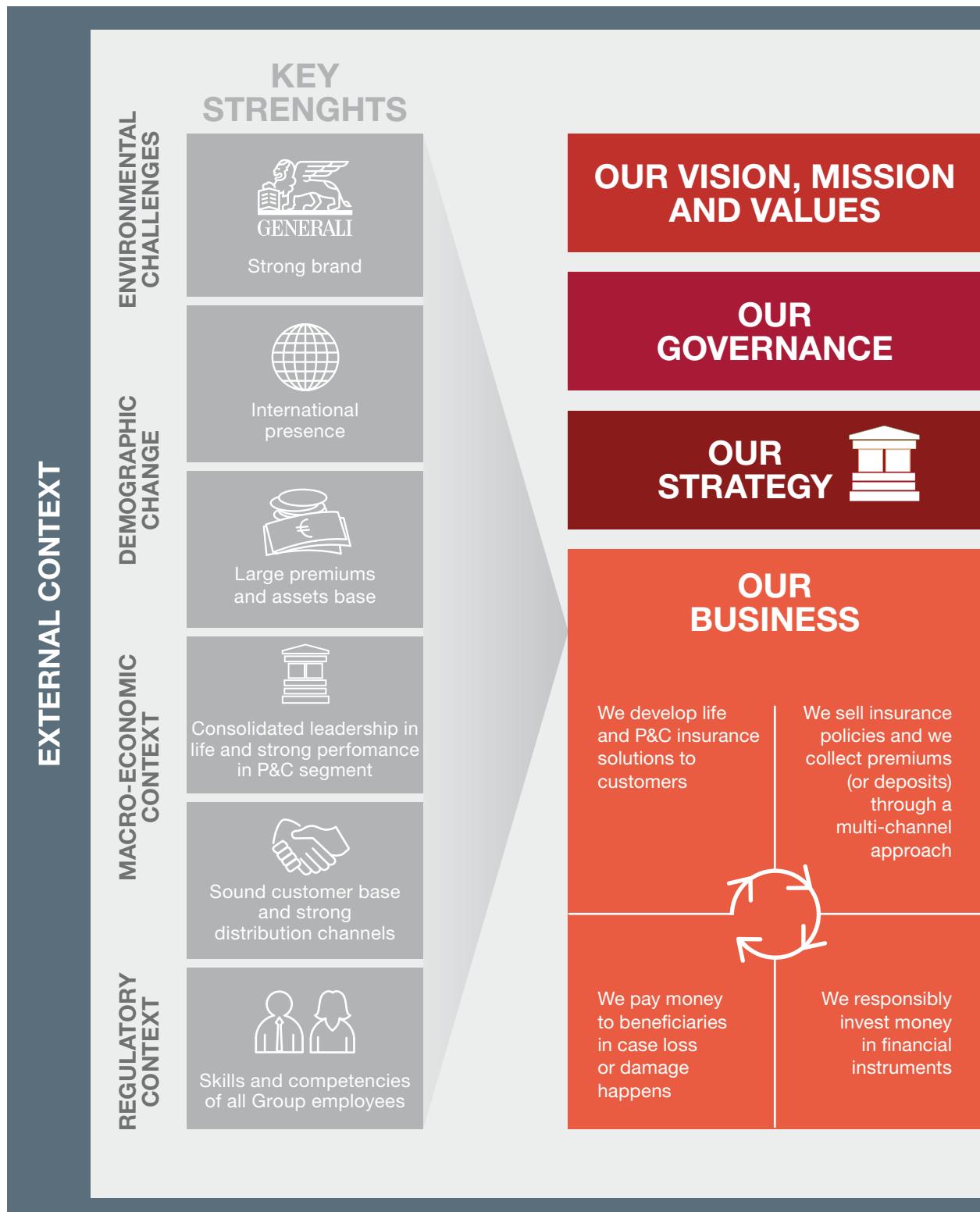


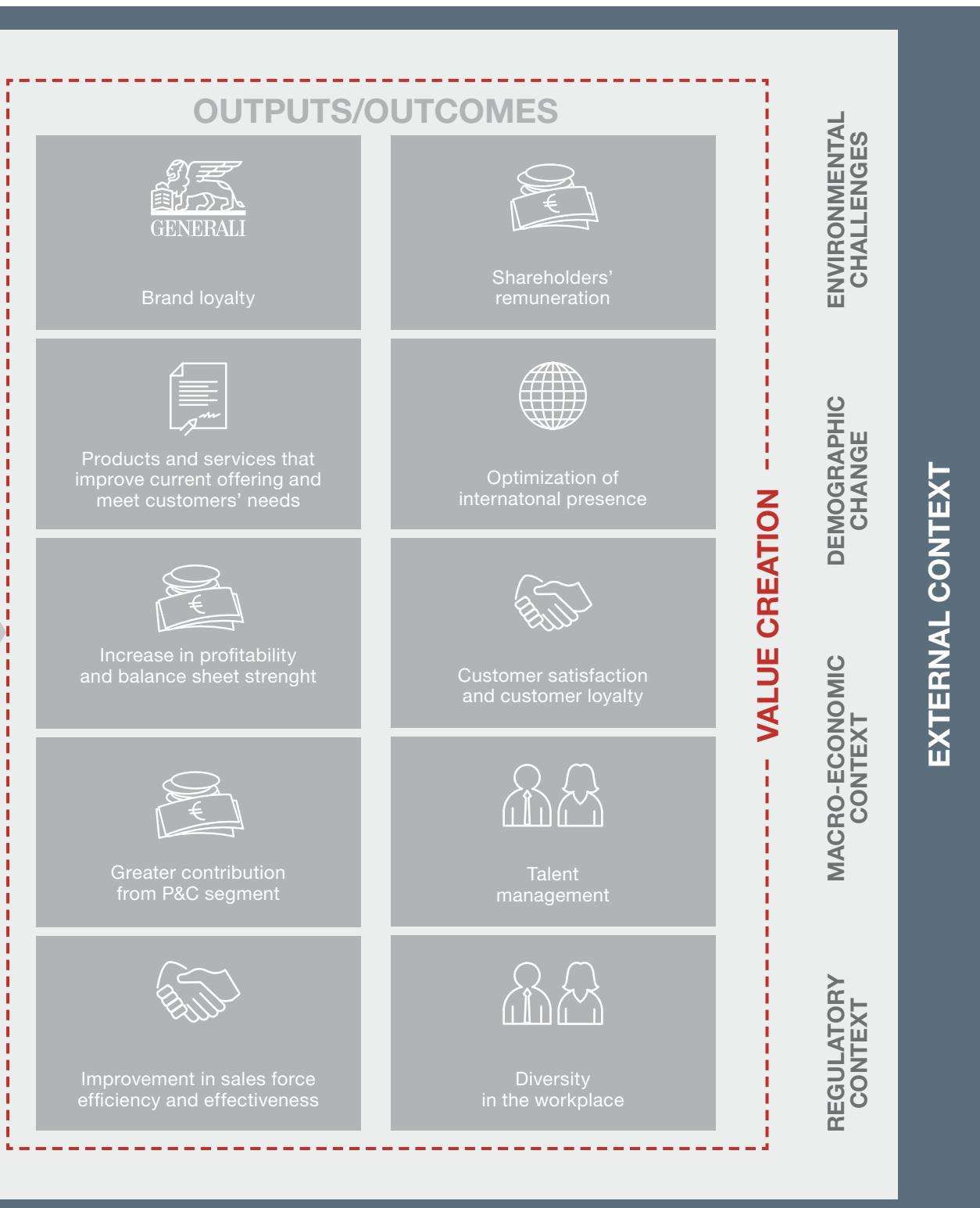
Our Group





Our business model





OUR VISION, MISSION AND VALUES

Our Vision

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

Our Mission

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

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.

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
Value our people
Live the community
Be open

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

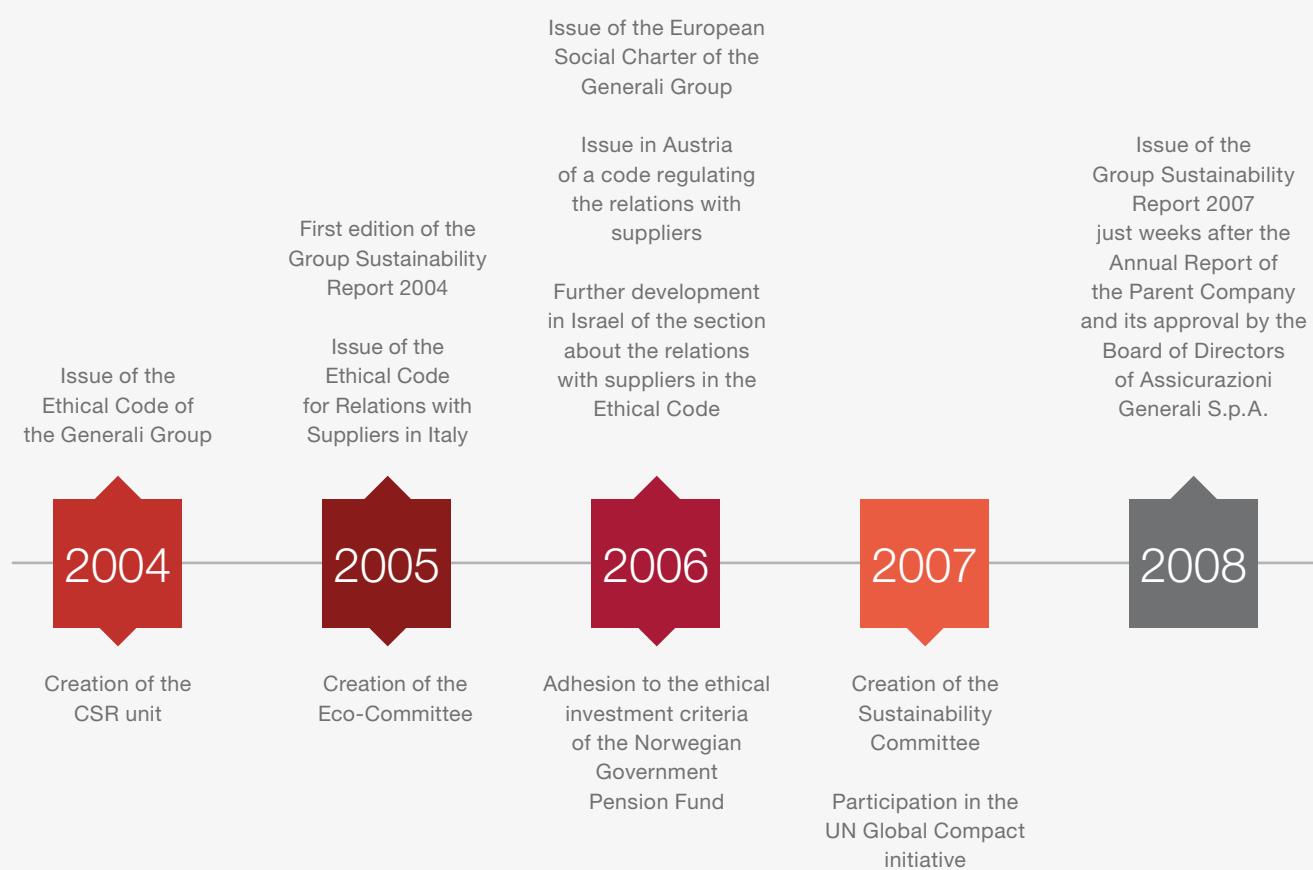
We are proud to belong to a global Group with strong, sustainable and long lasting relationships in every market in which we operate. Our markets are our homes.

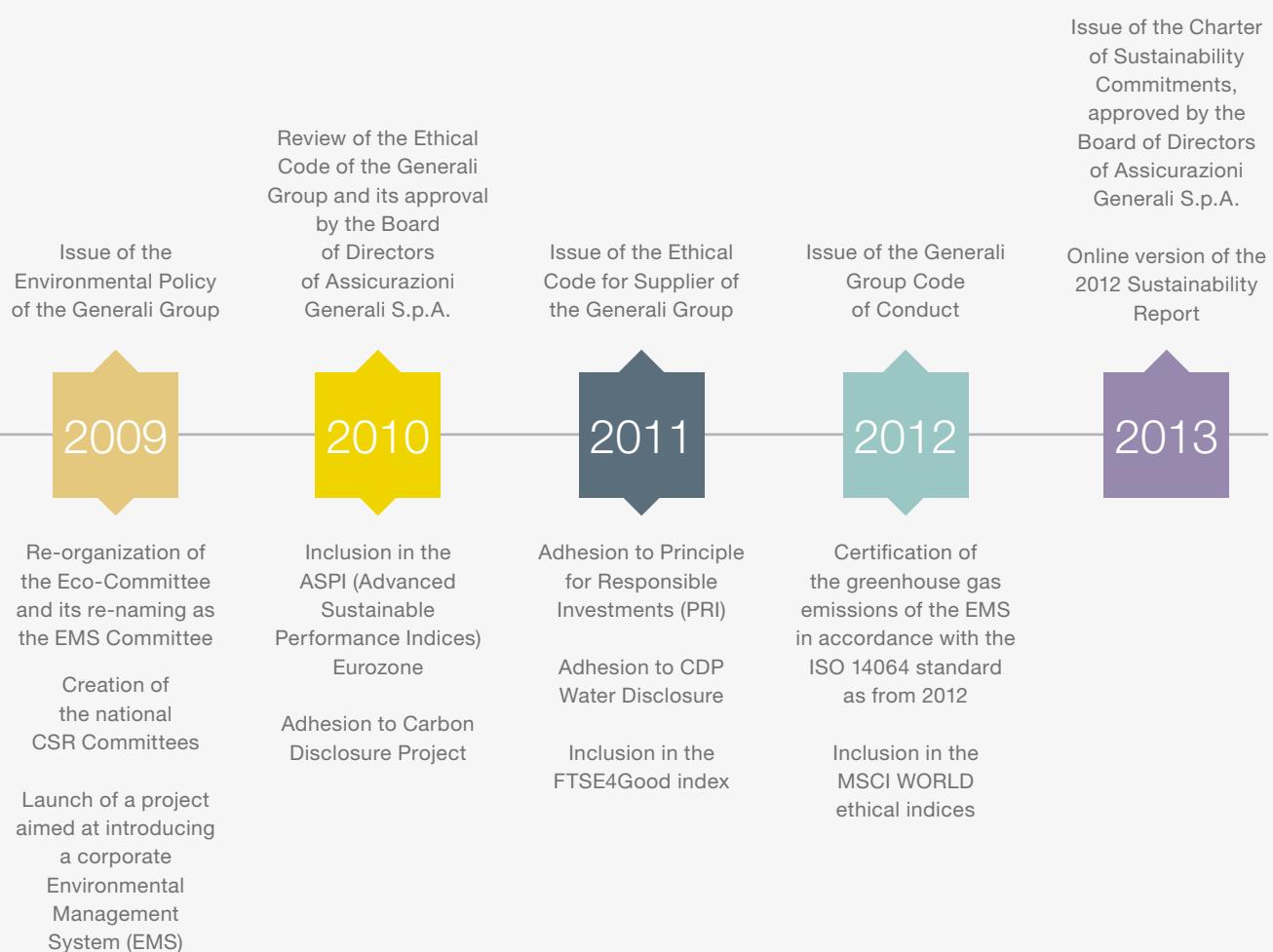
Be open

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

Generali plays its role as insurer, adopting an approach that manages the various sustainability aspects in a perspective of continual improvement.

The main milestones in its sustainability commitment are the following:





EXTERNAL CONTEXT

The main long-term factors that may significantly affect the business and the ability to create value for the Group are:

Regulatory context

The regulatory context within which the Generali Group operates is constantly changing.

In its business, in the actions and long-term strategies, Generali is strongly influenced by the changes of two distinct classes of laws and regulations:

- the legislation in force in the stock market, and in particular the governance regulations, since the Parent Company is listed on regulated markets;
- legislation that defines and characterizes the insurance industry, extremely dynamic at national, European and international level.

The European project on the reform of prudential supervision of insurance and reinsurance business, known as **Solvency 2** has a great impact on the insurance business. The significant innovations provided by the Solvency 2 Directive (2009/138/EC) require a coordinated approach within the Group. Specific implications are being identified through a dedicated action plan, where priority is given to the formal adoption of internal models for capital requirement measurement. Last 13 November 2013, an agreement was reached between the European Parliament, Council and Commission on the Omnibus 2 Directive, which is going to amend the Solvency 2 Framework Directive. Omnibus 2 is crucial to a correct and sustainable integration of the principles identified by the Solvency 2 Framework Directive into corporate practice. On the dates of implementation in each Member State and first application of Solvency 2, Omnibus 2 fixed the dates of 31 March 2015 and 1 January 2016 respectively.

The following year will in particular require European insurers to implement several aspects of the Solvency II regulations (so called Interim measures), also by considering current and prospective assessment of the risk profile.

The European Institutions are also discussing the introduction of new **provisions and stricter rules for the distribution of insurance products**, with the aim to increase consumer protection, enhance transparency of information and reduce conflicts of interest.

Furthermore, following the designation by the Financial Stability Board (FSB) of Assicurazioni Generali S.p.A. in the initial cohort of **9 Global Systemically Important Insurers (G-SIIs)**, the Policy Measures aimed at increasing the financial stability by reducing the moral hazard have started to be applied. The Enhanced Supervision, the first step of the process, is intended by Generali not only as a measure to comply with

but also as an opportunity to take advantage of. The Systemic Risk Management Plan (SRMP) which Generali is preparing represents an occasion to deepen an internal analysis on the risks raised by the designation process methodology. In particular, an additional focus within the overall risk management system is given to the management of systemic risk aspects as well as on the liquidity risk.

The next stage of the process will be the implementation of the Recovery and Resolution Plan, the tool to adequately assess and manage stress situations. At the same time Generali will be pursuing its stated strategy of narrowing its business focus onto core insurance activities, and disposing of non-core assets. Needless to remind that Generali as well as other traditional insurers are agents of stability for the whole economy and act as shock-absorbers, as they run their business with a typical long-term approach.



Macro-economic context

The second half of 2013 evidenced an increase in global activity, mainly in various advanced economies, such as the United States. Growth in the US is expected by the International Monetary Fund (IMF) at 2.8% in 2014 after 1.9% in 2013, thanks to the reduction in fiscal drag. The Euro-zone should also continue to increase in 2014 (1% yoy GDP growth after a -0.4% in 2013), but the recovery should remain uneven. Emerging market economies should grow by 5.1% in 2014, after 4.7% in 2013. China is expected to slow down due to policy measures aimed at slowing credit growth and rising the cost of capital. The decision of the Federal Reserve to begin tapering its quantitative easing measures could have a negative impact on those emerging markets which are reliant on global liquidity.

Life insurance and household saving have been gravely affected by **financial volatility, low interest rates** and by the **decrease in per capita income** and **rise in unemployment**, with a dramatic **downturn in volumes and turnovers** especially between the end 2010 and the beginning 2013. This trend has been particularly pronounced in peripheral European countries, but has also affected France and Germany. In the US and in the key emerging markets where the Generali Group operates the picture is more varied. Property&Casualty insurance has a stronger, longer term linkage with the real business cycle, and not always and unambiguous one. **Lower GDP and income per capita** negatively affect demand but may at the same time have a **positive impact on profits** (combined ratios) via the **reduction in claim frequency** (Commercial and Motor). Recently there seems to have been a "reversal" in the outcome of these two segments, with life business slowly recovering with financial stabilization and a timid overall economic recovery, and property&casualty business starting to show the strains deriving from persistent economic stagnation and renewed tariff competition.



Demographic change

Societies are facing dramatic and unprecedented demographic changes: an ageing population, low birth rates, altering family structures and migration. This composite process is a worldwide phenomenon that affects industrialized and emerging countries alike.

The two main causes for population ageing globally are longevity (i.e. greater life expectancy) and falling fertility rates, two drivers that are the result of major successes in healthcare, education and increasing affluence but that create an impressive social challenge.

Population ageing has many potentially upsetting effects on the economy, including pressures on growth and the labor market, on state budgets (through both pension and health care costs), on the private savings behavior by individuals, and on interest rates.

Life insurance has a central role to play in mitigating the effects of ageing society. In economies with aging populations there is a growing demand for post-retirement income products, especially those that provide some form of income benefits that would give retirees comfort that their savings will be adequate to fund their retirement.

Individuals are progressively in charge of their own financial security after retirement but most older workers know little about the size of the pension plan they are accumulating and the rules governing social security benefits. **Insufficient levels of financial literacy and lack of information affect the ability of the individuals to save and to secure a comfortable retirement.**

The objective of Generali is to improve financial awareness in the society by educating the sales force to dialogue with the individuals and facilitate the comparison between pension funds accumulated and projected salary at retirement age; moreover **Generali participates in many interdisciplinary initiatives that promote the study of future mortality improvement of the population**, in association with national social security organizations, public statistical institutes and associations of actuaries. For Generali, future mortality improvement is a long-term open issue of primary importance based on the projection of mortality rates subject to periodical review.

The adequacy of pensions is associated with their ability to prevent social exclusion in old age while the sustainability relates to the possibility of contributing to a pension plan without destabilizing the financing of other key aspects of sustainable societies. In this respect, the **Generali Group is offering specific solutions aiming at achieving the adequacy and sustainability of individuals' income after retirement**. On the basis of projected mortality tables, a wide selection of private life annuities is available to mitigate the longevity risk and reduce the financial gap:

- fixed annuities, that make payments in fixed amounts or in amounts that increase by a fixed percentage;
- variable annuities, by contrast, pay amounts that vary according to the investment performance of a specified set of investments, typically bond and equity mutual funds;
- guaranteed annuities, under which the annuity issuer is required to make annuity payments for at least a certain number of years;
- joint-life and joint-survivor annuities, where payments stop upon the death of one or both of the annuitants respectively. For example, an annuity may be structured to make payments to a married couple, such payments ceasing on the death of the second spouse.

The social ageing process and its economic and social consequences is associated with the **growing challenge of long-term care (LTC) for the elderly population** and how to finance it.

Research shows that in OECD countries today, there is a 40 per cent chance of a 65-year-old individual requiring LTC in the future. At the same time, the number of informal caregivers is decreasing, because of split families, better educational opportunities and a growing employment rate for women.

Private LTC insurance is still under-developed but the Generali Group is present in many marketplaces. The benefits typically provided are:

- individual cash benefit payments proportional to the degree of dependency;
- private supplementary LTC covers offered in combination with life-time annuities.

By attributing a considerable role in pension provision to privately managed schemes, Generali likewise considers the financial management of people's retirement savings of primary importance and has always adopted a conservative investment strategy in order to minimize the volatility of the financial markets.



[http://www.generali.com/Sustainability/
strategy-and-material-topics](http://www.generali.com/Sustainability/strategy-and-material-topics)



Environmental challenges

Insurance and reinsurance companies have always followed catastrophe events carefully, mainly because of the specific catastrophe covers they provide to their clients, and not only because of the possible effects on their own operations and infrastructure.

The Generali Group constantly monitors the environment in which it operates, to correctly assess the potential impact of catastrophe risks. Economic growth and development, coupled with higher insurance penetration - both in industrialized and emerging nations - have led to **increased risk accumulations**. As a side effect to this process, higher complexity and advanced technology are leading to the **emergence of new risks**. For example, the **climate is changing**, becoming more unpredictable and extreme. This adds to the factors that may influence the risk landscape especially for insurance protection against events that depend on the weather (e.g. floods, windstorms, etc.).

With respect to the management and development of its business, Generali views these **changes** as a **potential source of additional risk**, but also as an **opportunity**. The challenge lies in identifying, assessing, monitoring and managing the risk, while simultaneously being able to exploit the new business opportunities originating from the demand driven by change itself.

The main area of risk derives from the **rise in claims tied to catastrophic events**. This is reflected not only in **higher expected losses**, but also in an increase in their volatility. This results in greater uncertainty in pricing and in higher risk capital absorption associated to the business being underwritten.

These factors **may require tariff adjustments**, which, if unmitigated or not well managed, for example through careful redesigning of products and conditions, could eventually make it unaffordable for customers to access insurance, or, in extreme cases, even lead to the impossibility of insuring particular risks altogether, if the hazard, coupled with exposed accumulation, exceed the level of sustainability.

To counter this trend, **Generali is actively working on identifying and assessing the significance of these risks**, so as to minimize the negative repercussions that may follow. The Group constantly monitors the main perils and territories to which it is exposed, using specialized models capable to assess the impact of natural phenomena on written business considering the characteristics of its risk exposures. It is thus in a position to verify the adequacy and enhance the effectiveness of its **insurance underwriting and risk mitigation strategy**. The constant monitoring of risk and the regular updates that are incorporated within risk models, enable Generali to follow the evolution in climate change, and therefore to quickly adapt

if and when the need arises. Regarding mitigation, **Generali is now managing its reinsurance cessions centrally** at Group level, to leverage scale and diversification and to **maximize the value of its operations**. The Group is also committed to investing in research and studies on these topics.

As mentioned, these changes also constitute a significant **opportunity**. This mainly derives from the possibility of better promoting existing products and developing new ones, associated with a high level of services, to satisfy the potential greater need of protection against catastrophes.

With respect to services, over the past few years, the **Generali Group has excelled in the response to its customers following severe catastrophic events**. As an example, in 2012, in the aftermath of the earthquake in Emilia, Italy, six ad hoc claim facilities were set up, supported by 60 credited loss adjustors. In 2013, following the severe floods in Central Europe, special crisis units were set up in Germany to accelerate claim procedures and assist clients, while in the Czech Republic 330 employees volunteered with the same purpose.

Although most of the actions being described can be carried out by the insurance sector on its own, to better achieve these goals it is fundamental that a **supportive regulatory context** is promoted. This should include:

- legislative and regulatory tools that **prevent adverse risk selection**. This could be achieved by expanding the scope and mix of coverage, for example introducing obligatory or semi-obligatory mechanisms, but still maintaining price differentiation based on the actual exposure and vulnerability of risks being insured;
- **tax incentives**, which would make the purchase of this type of insurance more affordable for customers;
- the **State acting as risk carrier of last resort**, in those cases where the insurance sector alone cannot offer sufficient capacity.

In this context, **Generali**, as a **leading member of the insurance industry**, is strengthening its role as a key player, while also **helping society to achieve a greater resilience against catastrophes**, including those exacerbated by climate change.

These risks are captured by the integrated risk management system, which relies on the Group internal model and methodologies (for financial and underwriting risks) as well



<http://www.generali.com/Sustainability/strategy-and-material-topics>

as on the results shared at European level by the insurance industry providing the market best practice for the emerging risk identification and management. The underwriting risk

methodologies are being regularly updated on the basis of the expected trends being mentioned above.



A more detailed insight on the risk profile and the related risk assessment methodologies is provided in the Risk Report, being part of the Notes to the Consolidated Financial Statement. Its content is developed according to the risk disclosure reporting requirements under Solvency II and to the enhanced internal risk reporting framework.



[Risk Report \(p. 27 of section Notes\)](#)

OUR GOVERNANCE AND COMPENSATION POLICY

Our shareholders

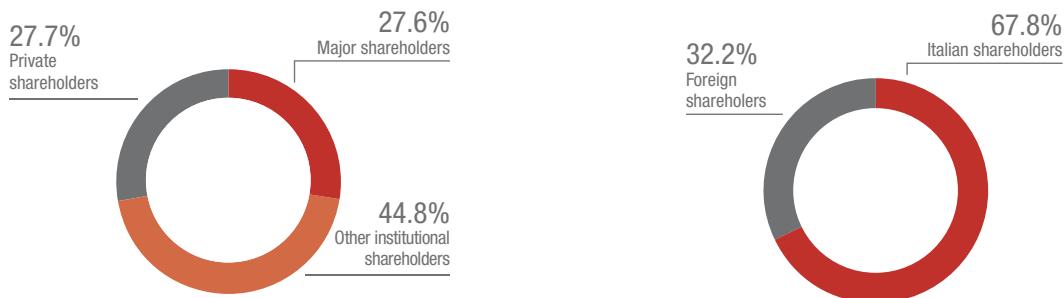
At 31 December 2013 the issued share capital, with a nominal value of € 1 each, amounted to 1,556,873,283 shares, of which 460,969 shares were held by the Parent Company and other Group companies. At the same date, the Parent Company had 251,000 shareholders.

At 31 December 2013, the following subjects held - either directly or indirectly through third parties, trustees and subsidiaries - more than 2% of the share capital:

Shareholders	Number of shares	Percentage of share capital
GRUPPO MEDIOBANCA	206,534,821	13.266%
CASSA DEPOSITI E PRESTITI	69,777,535	4.482%
DELFIN SARL (gruppo LEONARDO DEL VECCHIO)	46,800,000	3.006%
GRUPPO NEW B&D HOLDING (DE AGOSTINI)	37,890,000	2.434%
GRUPPO CALTAGIRONE	34,750,000	2.232%
EFFETI S.p.A.	33,489,587	2.151%

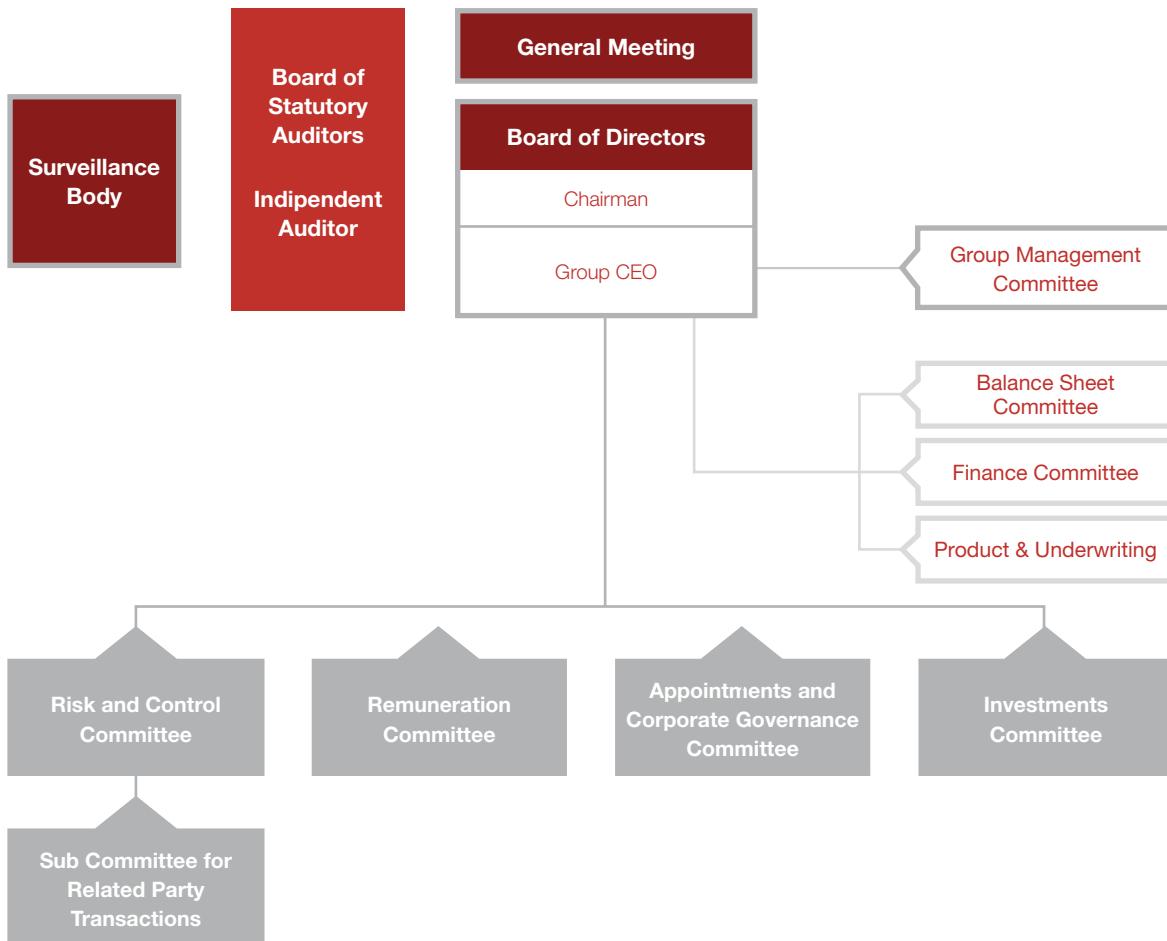
At 31 December 2013, the closing price of Generali shares was € 17.10. Since the beginning of 2013 the shares have hit their lowest level at € 11.92 on 4 March 2013 and their maximum of € 17.33 on 22 October 2013.

The market capitalization at 31 December 2013 was € 26,623 million.



Our governance and our management

The Corporate Governance system of Assicurazioni Generali S.p.A. is focused on the goal of **sustainable value creation over the long term**. In pursuing this goal, the Company is committed to aiming for excellence in its organisation. The safeguarding of the soundness, reliability, transparency and professionalism of the company, combined with an effective business strategy form the system of values the Company has built to pursue its goal of interpreting and meeting every need of its stakeholders.



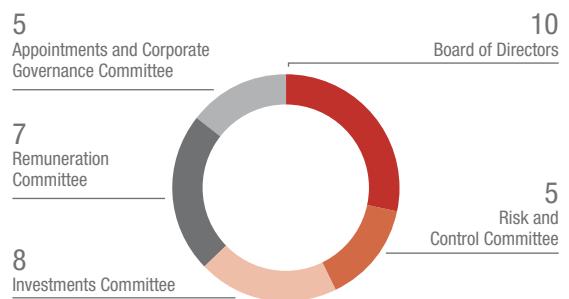
The Parent Company's Corporate Governance system has been set up based on the traditional administration and control model, which includes a **Board of Directors**, assigned the strategic management of the Company for the pursuit of the corporate purpose, a **Board of Statutory Auditors** with supervisory functions and a General Meeting, the corporate body which expresses the will of the shareholders by issuing resolutions.

The regulatory audit of the Company's financial statements, instead, is the responsibility of an **Independent Auditor**.

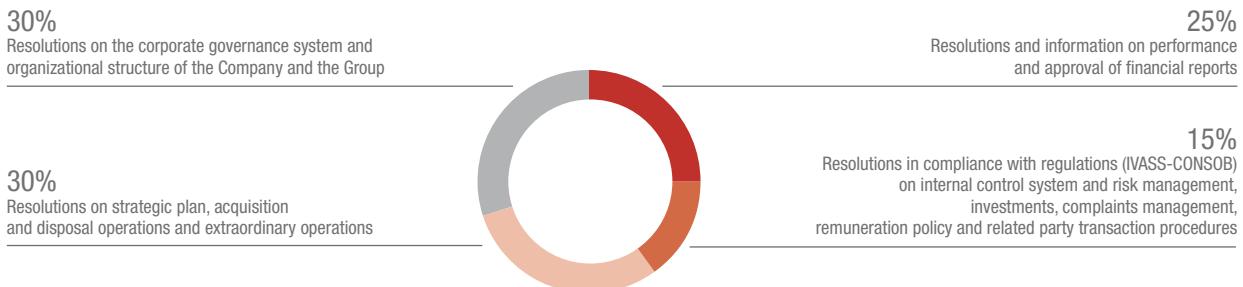
The **Surveillance Body** is a collective body that reports to the Board of Directors, to which tasks and powers relating to the drafting, development and promotion of constant updates to the Organisation and Management Model are attributed.

The Company's Board of Directors and the Board of Statutory Auditors are appointed by the General Meeting, through a slate voting mechanism.

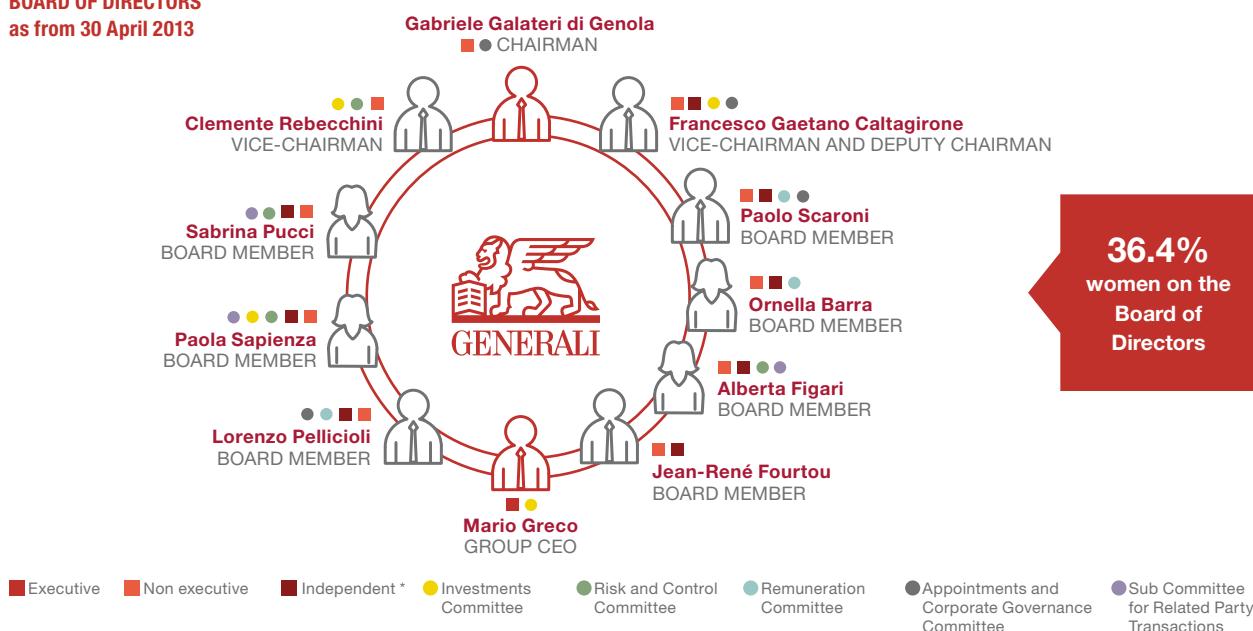
Meetings held as from 30 April 2013



Activities of the Board of Directors as from 30 April 2013



BOARD OF DIRECTORS as from 30 April 2013



BOARD OF STATUTORY AUDITORS

Eugenio Colucci CHAIRMAN	Giuseppe Alessio Vernì PERMANENT AUDITOR	Gaetano Terrin PERMANENT AUDITOR	Maurizio Dattilo SUBSTITUTE	Francesco Fallacara SUBSTITUTE
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The Board of Directors is currently made up of one director, who according to the terms of the Self-Regulatory Code, is to be considered an executive director, and ten non-executive directors, eight of whom are independent as defined by the Code. One director has been elected by the minorities (slate presented by Assogestioni).

The composition of the Board of Directors complies with age limits: due to the amendment of the Articles of Association approved by the shareholders in 2012, no one who has reached the age of 77 may be elected director, no person who has reached

the age of 70 can be elected Chairman and no person who has reached the age of 65 can be appointed Managing Director.

The composition of the Board of Directors also complies with the gender quota envisaged by regulations in force (known as the Golfo-Mosca Law): women on the Board are four or 36.4%, much higher than the required minimum.

The Board of Statutory Auditors is about to expire: on 30 April 2014 the General Meeting will appoint the new Board of Statutory Auditors, the composition of which shall comply with the gender quota.

Skills, expertise and geographical diversity are appropriately represented within the Board; directors are required to have a minimum of three years previous industry or relevant experience prior to being eligible for a directorship. Directors are required to know the duties and responsibilities associated with their function. The Chairman and the Group CEO shall take steps to keep the Board informed of the main statutory and regulatory innovations concerning the Company and the governing bodies and events on the international economic scene which may have significant repercussions on the Group's business.

The Directors' knowledge of corporate and Group dynamics and situations is promoted by inviting the managers of the Company and the Group to attend meetings held by the governing bodies, thus providing detailed information about the items on the agenda.

Workshops for members of the Board of Directors on specific subjects were organized in 2013, with the support of the Company's managers working in that field, to provide a complete picture of the new legislative and business scenarios.

The model Generali has selected requires a clear separation between the functions of the Chairman of the Board of Directors and those of the Managing Director.

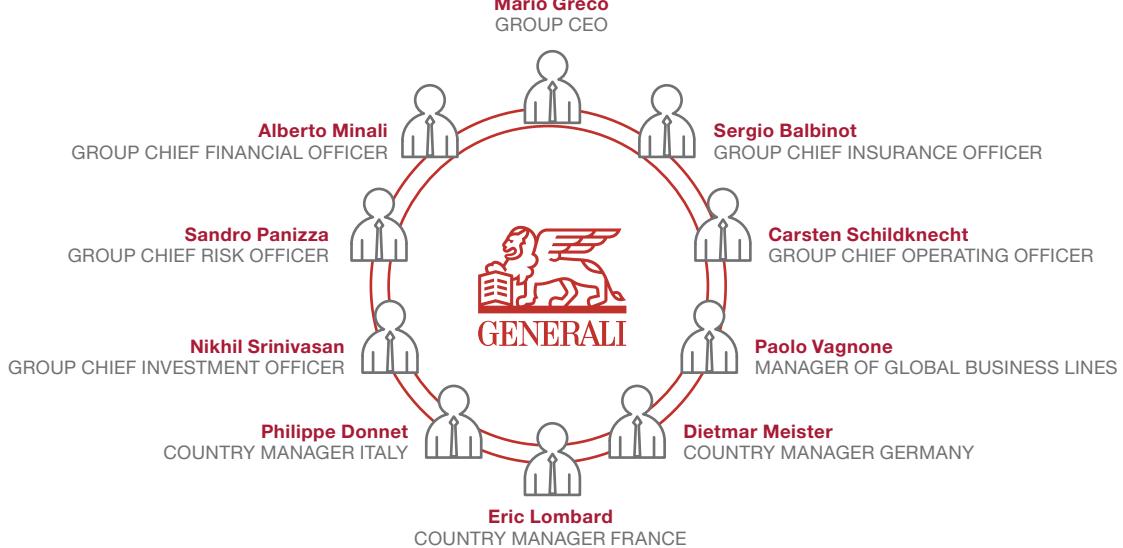
The **Chairman** has the power of legal representation of the Company and does not hold an operational role, as he is not assigned further powers in addition to those set forth in the Articles of Association.

In line with the provisions of the Articles of Association, the

Board of Directors has appointed a Managing Director, who has been assigned the role of **Group Chief Executive Officer (Group CEO)**, as he is also the General Manager. The Group CEO is the main person in charge of Company management. In this position, the Group CEO has the power of steering and operational management of the Company and the Group, in Italy and abroad, with the powers of ordinary administration, in line with the general planning and strategies determined by the Board of Directors, within the amount limits resolved, without prejudice to the powers assigned by law or the Articles of Association exclusively to other Company bodies or otherwise delegated by the Board of Directors.

In 2012 the **Group Management Committee (GMC)** was established, introducing a team approach to the international management of the business, with the goal of ensuring greater alignment on strategic priorities among Group business units and a more effective, shared decision-making process. In addition to the Group CEO, Mario Greco, and the Group Chief Insurance Officer (CInsO), Sergio Balbinot, who is his Deputy, the GMC is composed of the managers representing the three main markets (Italy, France and Germany), of the global business lines and of the steering and control functions of Head Office (Group Chief Operating Officer, Group Chief Financial Officer, Group Chief Investment Officer and Group Chief Risk Officer). The GMC is in charge of identifying the Group's strategic priorities and monitoring business and financial performances, while ensuring Group-wide operational cohesiveness.

GROUP MANAGEMENT COMMITTEE



The Group CEO is also supported by:

- **Balance Sheet Committee**, with decision-making responsibility for aspects of the financial statements at Group and Head Office level, and alignment of financial information;
- **Finance Committee**, responsible for examining, evaluating and approving extraordinary investments and transactions;
- **Product & Underwriting Committee**, which supervises the

undertaking of extraordinary insurance risks on the basis of their industrial and financial impacts and risk aspects.

Over the next three years the reorganizational process will continue within the single Group's functions and operating companies, with the aim to ensure the operational coherence and efficiency, essential to achieve the goal of revenues and cost synergies.

In order to increase the efficiency and effectiveness of its work, the Board of Directors is supported by the following advisory Committees that have primarily consulting, recommendation and preparatory functions: Remuneration Committee; Risk and Control Committee; Appointments and Corporate Governance Committee; and Investments Committee.

It is the task of the **Remuneration Committee** to express its opinion and make non-binding proposals to the Board on (inter alia) remuneration policies and the determination of the remuneration payable to the Chairman of the Board, Managing Directors, General Manager and the members of the GMC.

The **Risk and Control Committee** has the task of assisting the Board in performing the obligations assigned by the Code and the regulations of the Italian Insurance Supervision Body and, therefore, in determining the guidelines of the internal control and risk management system, assessing its adequacy and actual functioning on a regular basis, identifying and managing the main corporate risks. The Committee has also consulting, recommendation and preparatory functions on environmental and social matters involving the Company and the Group. Under the Risk and Control Committee a **Sub Committee for Related Party Transactions** has been formed, expressing its opinion of related party transactions submitted for its attention by the Board or bodies holding delegated

powers, in accordance with the related party transaction procedures approved by the Board.

The **Appointments and Corporate Governance Committee** performs consultative, recommendatory and preparatory activities for the Board of Directors on subjects relating to its size and composition and the corporate governance rules of the Company and the Group.

The Board of Directors assigns the **Investment Committee** the responsibility for conducting a periodic analysis of the Group investment policies, the main operational guidelines and the corresponding results, and a prior analysis of major investment and divestment operations.

The Board of Directors has launched its self-assessment process and has resolved, after consulting the Appointments and Corporate Governance Committee, to instruct a leading firm of consultants to assess the size, composition and functioning of the Board itself and its Committees with regard to its activities in 2013.



[www.generali.com/Governance/
corporate-governance-report](http://www.generali.com/Governance/corporate-governance-report)

Compensation Policy

We aim to attract, motivate and retain our people who - for their technical and managerial competencies and their different profiles in terms of origin, gender and experiences - create a real advantage for the Group.

We believe that an effective compensation policy can positively reinforce employee engagement and alignment with organizational goals consistent with our Group mission, culture and values.

OUR PILLARS	MAIN CRITERIA
EQUITY AND CONSISTENCY	<ul style="list-style-type: none"> — Balanced remuneration packages based on role, responsibilities, skills & abilities demonstrated; — Same approach across countries/regions/business and functions.
ALIGNMENT WITH CORPORATE STRATEGY	<ul style="list-style-type: none"> — Structured incentive systems linked to the achievement of sustainable Group results; — Targets setting on an annual and multi-year basis to maintain a sustainable level of performance in terms of results and risks taken.
COMPETITIVENESS	<ul style="list-style-type: none"> — Constant monitoring of our peers' practices and general remuneration trends of the market; — Competitive total compensation in terms of levels and structure; — Alignment with business strategy and direction.
VALUE MERIT AND PERFORMANCE	<ul style="list-style-type: none"> — Variable compensation based on performance, differentiation and selectivity; — Strong connection between remuneration and Group results; — Performance-based compensation as a key driver of motivation, retention and alignment with organizational goals.
GOVERNANCE AND COMPLIANCE	<ul style="list-style-type: none"> — Clear and transparent governance; — Sound guidelines on remuneration compliance with global and local regulatory requirements and in line with Group values; — Dialogue with institutional investors and proxy advisor.

Group Governance on compensation is primarily focused on Group executives:

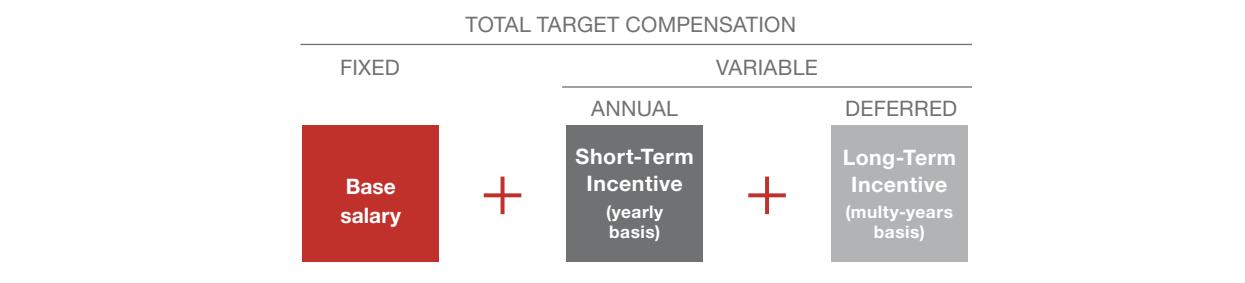
- Group CEO;
- Group Management Committee (GMC) and executives directly reporting to the Group CEO - presently 17 roles;
- Global Leadership Group (GLG) - presently Top 200 Group roles.

Equity and Consistency

The pillars of our compensation policy are consistently cascaded throughout the organization taking into account business and local specificities and regulations within Group approach and standards.

Alignment with corporate strategy

Our incentive systems are structured so that roles are remunerated according to the achievement of annual and multi-year results in order to maintain a sustainable level of performance over time.



Competitiveness

The Group intention is to align the executive compensation policy between the median and top quartile in terms of total target compensation of the European financial peers market with individual positioning set according to the performance and potential assessment and people strategy.

the risk adjusted framework and the plan provides for a holding period on shares up to 2 years.

For control functions (Internal Audit, Risk and Compliance) specific guidelines are applied in line with regulatory requirements.

Value merit and performance

The variable remuneration structure of Group executives is made up of a short and a long-term component:

- the Group Short-Term Incentive (STI) is the annual cash bonus system for the Group CEO, GMC and GLG providing for an individual bonus from 0% to 200% of baseline target depending on:
 - Group funding capacity linked to the Solvency ratio, operating result and net profit at Group level;
 - individual balanced scorecards based on 5 to 9 goals linked to value creation, risk adjusted profitability, process effectiveness and customer and people management.
- the Group Long-Term Incentive (LTI) is the multi-year program for Group executives and selected key resources, settled in Generali shares under the Group shareholders' approval:
 - in line with market practice and investor expectations, payment is set within a 6-year timeframe subject to Group performance conditions (Solvency ratio, RORC, RoE and relative total shareholder return);
 - in line with regulatory requirements, any payment is subject to malus and claw back provisions based on

Governance and Compliance

The compensation policy of Assicurazioni Generali is approved by the General Meeting, upon the Board of Directors proposal and the Remuneration Committee recommendation, according to the regulatory and governance requirements.

In line with our compliance culture, an individual assessment on adherence of compliance, audit and Group values is performed acting as malus/clawback provision on all incentives.

Particular attention is paid to developing a proactive and constructive dialogue on remuneration with our main investors and proxy advisors. The feedback we receive on these key topics is analysed in the Remuneration Report, that gathers, in a single document, all compensation-related information, in order to enhance stakeholder awareness of our compensation policy, practices and outcomes.



[www.generali.com/Governance/
remuneration-report](http://www.generali.com/Governance/remuneration-report)

OUR STRATEGY

The Generali Group's strategy in the next three years is based on the following key strengths:

- strong **brand**, especially in core countries;
- enviable wide and diversified **international presence**, with some excellent competitive positioning in both mature and emerging markets;
- large **premiums and assets base** that position Generali among the top insurance groups in the world;
- a **consolidated leadership** in life and strong performance in P&C segment.

Starting from the abovementioned points, Generali developed a turnaround strategy to improve shareholders returns and maximize the profitability of its existing business, based on following three key points: **discipline, simplicity and focus on core insurance business**.

FUNDAMENTALS OF THE STRATEGY

We want to offer clients **multiple distribution channels** (both proprietary and third-party) that they can choose according to their needs and preferences, and shifting habits. These multiple access points have to strongly interact and complement each other in order to offer superior customer experience and maximize customer value for the Group.

We aim at pursuing excellence in the management of **sales channels**. We strengthen both traditional and direct ones, implementing and disseminating internal and external best practices to identify all potential levers (e.g. incentive systems, front-end applications, sales-funnel optimization, reduction of administration tasks for distributors) that can improve our productivity and economics. However, we also put a strong attention to new distribution opportunities, such as bancassurance agreements especially in many emerging markets where we have decided to operate.

Distribution Opportunities

We re-confirm our commitment to the **life insurance business**. Its profitability should be increased by optimizing returns on absorbed capital, focusing more on protection products, streamlining operations and reviewing distribution incentive systems.

In order to strengthen the technical performance, we are introducing Group-wide standards and fostering best practice sharing on key elements along its value chain such as pricing, risk selection, and leakage reduction.

Life Performance

We are consistently pursuing our growth strategy in **emerging markets**, namely Asia, Central and Eastern European countries and LatAm.

Within LatAm, we have identified Brazil as a key market, and we are committed to capture profitable growth opportunities in other Latin American countries, building on our long tradition in the region.

Portfolio Footprint Optimization

The Group's goal is to reshape its approach to deliver **top quartile shareholder** returns and profitability through discipline, simplicity and focus, through:

- focus on core insurance business, with **greater contribution from P&C**;
- stronger capital position and disciplined **balance sheet management**;
- superior **customer acquisition and retention**, with a focus on retail and affluent space;
- consistent **technical excellence** and tight control of costs.

Customer Opportunities

Our strategy is to be **client centric**. We understand the importance of focusing on loyalty maximization and long-term value creation.

We will maximize the value of our current customer base, by improving retention and increasing cross- and up-selling. Since information availability is crucial in this process, we will invest in acquiring a broader knowledge of our customers, in order to better assess their specific needs and accordingly tailor appropriate solutions.

Particular focus has been dedicated in targeting the **affluent** segment, given its relevant size and growth pattern in both mature and emerging markets. A key success factor will be the creation of distinctive integrated solutions for each stage of the customer lifecycle, enabled by a proper architecture for the operating model.

P&C Performance

We aim at giving to **P&C business** a stronger weighting, capturing new opportunities both in business lines (e.g. Accident and Health) and in client segments (e.g. Corporate and Commercial).

We will further excel in our technical performance by centralizing reinsurance and focusing on all levers of value creation.

Superior Operating Model

Our objective is to optimize the operating model, pursuing a strong and continuous efficiency and greater **integration** of the main processes across our companies to reduce our costs, particularly in IT, procurement and real estate facilities.

We will also aim at attracting and investing in the best **talents** and developing their **skills** to properly execute our strategy going forward. We invest in international careers and mobility, as well as we focus on incentive plan for our top management which aligns reward to the Group strategic objectives and success and not only to the success of their business units.

Balance Sheet Strength

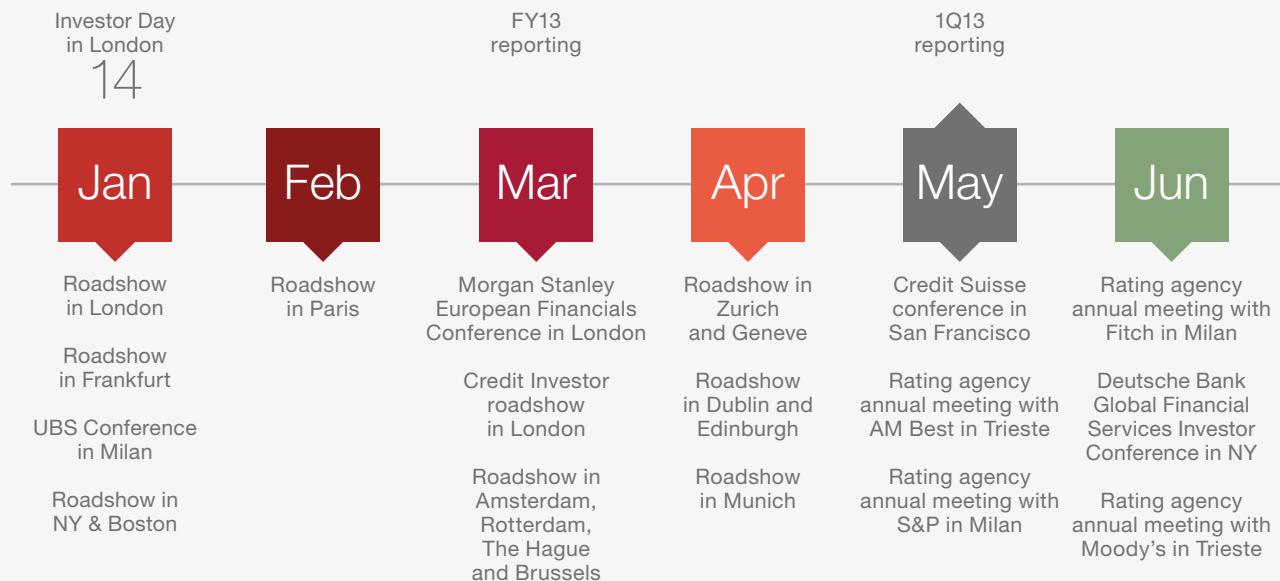
Our goal is to strongly increase our **capital position** as capital is what allows us to take risk onto our balance sheet.

Trade-offs between strengthening, earnings and cash will be optimized.

Taking into consideration the abovementioned strategy elements, Generali believes that value is created by focusing on the following **primary stakeholders**:



Generali IR activity 2013



As for the **financial community**, which encompasses institutional equity and debt investors, financial analysts, and rating agencies, the Group is committed to transparent, timely and relevant communication.

We engage financial market participants by means of:

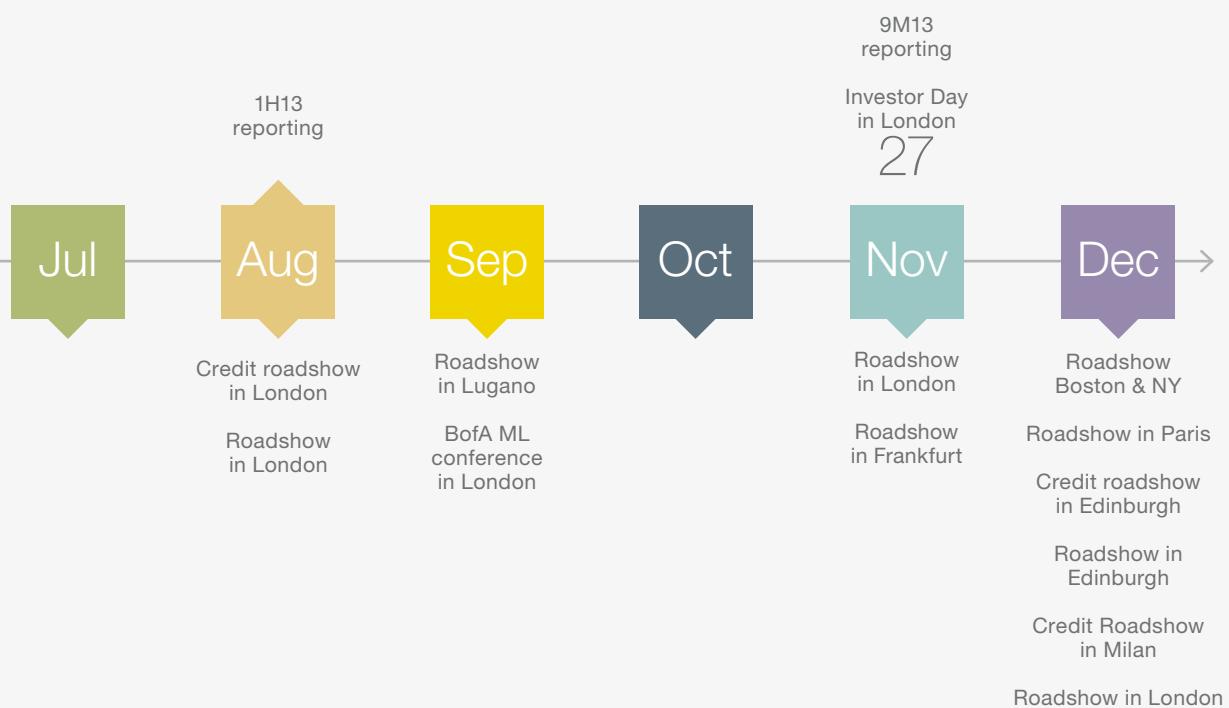
- **results reporting:** The Group provides regular, detailed analysis of our financial performance, through our results reporting package (comprising Management Report, Analyst presentation, and other supporting data, in addition to a video presentation of the key developments from our management team). We supplement this with a Q&A conference call and webcast on results day, which gives analysts and investors the opportunity to directly engage with the Group's senior management.
- **regular press releases:** In addition, we issue timely press releases concerning any material developments within the group outside of normal financial reporting.
- **Investor Days:** We aim to host Investor Days normally once per year. These important events give us the opportunity to discuss more deeply with the financial community our key strategic and performance ambitions.
- **management roadshows and meetings:** Our senior management and IR officers regularly travel to meet with

members of the financial community in major financial centres around the world. In addition we host "reverse-roadshows" and other ad-hoc meetings.

- **major conferences:** Our senior management team and investor relations officers present at a number of the most eminent and well attended investor conferences.
- **generali.com:** The Investor Relations section at www.generali.com contains a variety of useful information, including information on our shares and debt securities in issue, current and previous results, reports and presentations, details of financial analyst coverage, and other information.
- **Investor Relations team:** The Group's experienced investor relations team is always available to answer questions from the financial community.



www.generali.com/Investor-Relations



As for the other stakeholders abovementioned, they are described in the dedicated sections.



Our people (p. 77)
Our clients (p. 80)
Our sales force (p. 81)

OUR BUSINESS

Generali Group is one of the leading global insurance and financial entities, led by Assicurazioni Generali S.p.A., established in Trieste in 1831. It has always been internationally oriented and is now present in more than 60 Countries: At the end of 2013 the Group's insurance turnover was over € 66 billion.

As regards its **core insurance business**, the product line of Generali Group comprises savings and protection policies, which account for the majority of its portfolio, alongside the Health business and Supplementary pension policies. In the property&casualty segment the Group is currently focused on the retail market, offering coverage for the entire insurance portfolio. Furthermore, Generali is one of the world's major players in the field of assistance, through the Europ Assistance Group, which provides worldwide services in the motor, travel, health, home and family segments.

The Group has also expanded its business from insurance to a full line of **asset management, properties and financial services**. In particular, the Banca Generali Group is one of Italy's leaders in the personal financial services market.

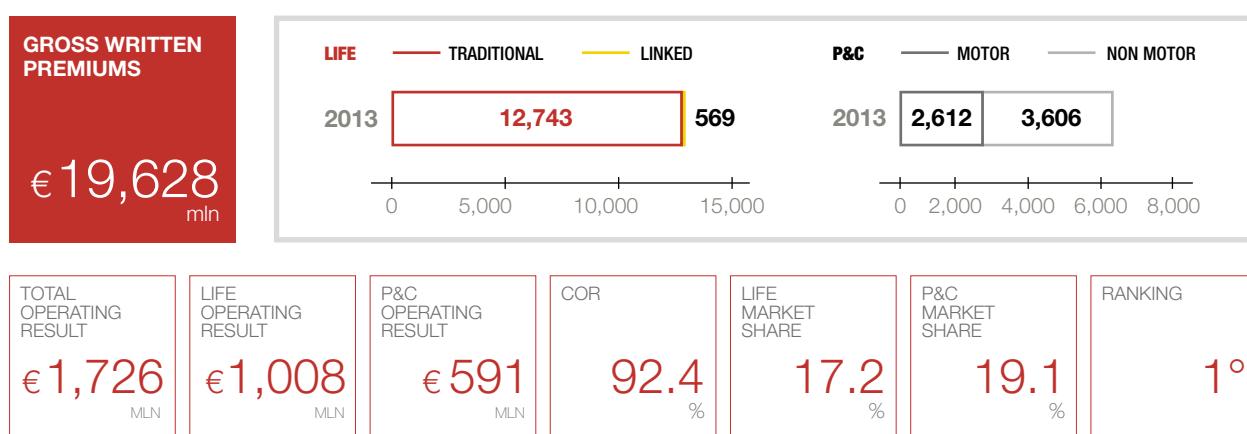
Market leader in Italy, the Group has consolidated its position as one of the major insurance groups worldwide, becoming increasingly more important in Western European market, its main area of operations, where it remains among the leading operators in Germany, France, Austria, Spain and Switzerland.

In addition, Generali have a strong presence in markets with high development potential. More specifically, through Generali PPF Holding, the Group is one of the main operators in Central and Eastern Europe. It is also present in China, where after few years since it entered the market, it has become one of the leading foreign-owned insurance companies.

Especially with regard to **distribution channels**, the Group was able to develop new distribution solutions which it adopted alongside the traditional ones and financial promoters. The attention paid to changes in society and the markets, combined with its consolidated diversification policy have, in fact, enabled the company to promote original initiatives linked to insurance services as more specifically proven by the experience made in Italy by Genertel, specialised in phone direct sale. This policy allowed the Group to become leader in the sale of policies through alternative channels such as the Internet and the telephone also in France and Germany.

Reference markets and Group's competitive position *

ITALY



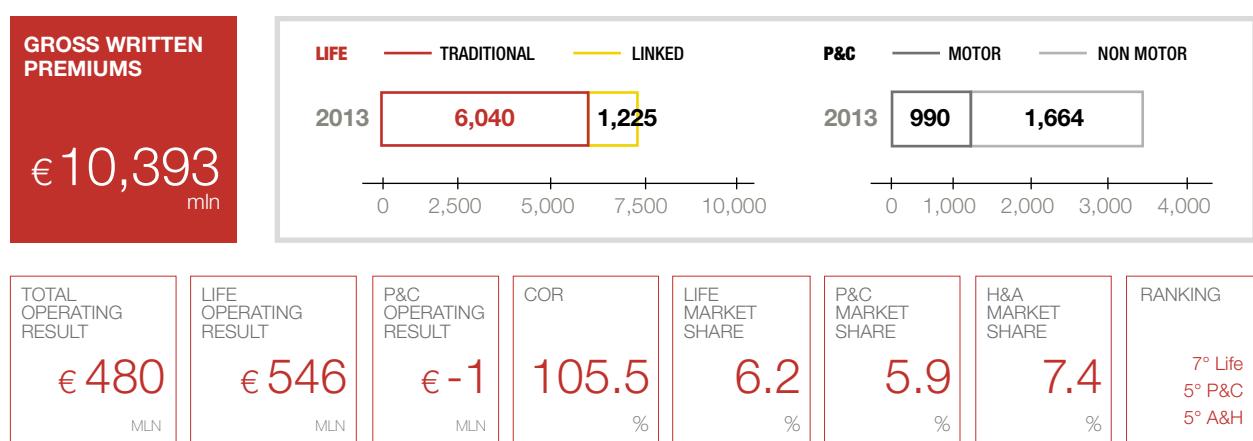
* Indicated shares and market positions, based on turnover, refer to official data or to the most recent available estimates.

With almost 10.1 million customers and 17.9% market share, Generali is leader in the Italian insurance market. The Group offers its customers - in the retail, SME and Corporate segments - a full range of insurance solutions both in the life and property&casualty segments; the Italian turnover is approximately 30% of the total Generali Group premiums. As far as distribution is concerned, Generali can rely on a sales force of well over 7,200 tied agents and internal producing brokers, almost 33,000 sub-agents and independent producing brokers, 2,800 financial promoters as well as consolidated relationships with approximately 1,700 brokers. Generali also

holds a consolidated position in the direct channel, through Genertel -Genertellife, the first online insurer launched in Italy. Finally, through Banca Generali, the Group offers its customers a wide and complete range of financial products in the pension and savings segment.

In 2013 an integration process has been started aiming at unify the existing brands into three brands with a clear strategic positioning: Generali Italia (retail and middle market), Alleanza (households) and Genertel (alternative channels).

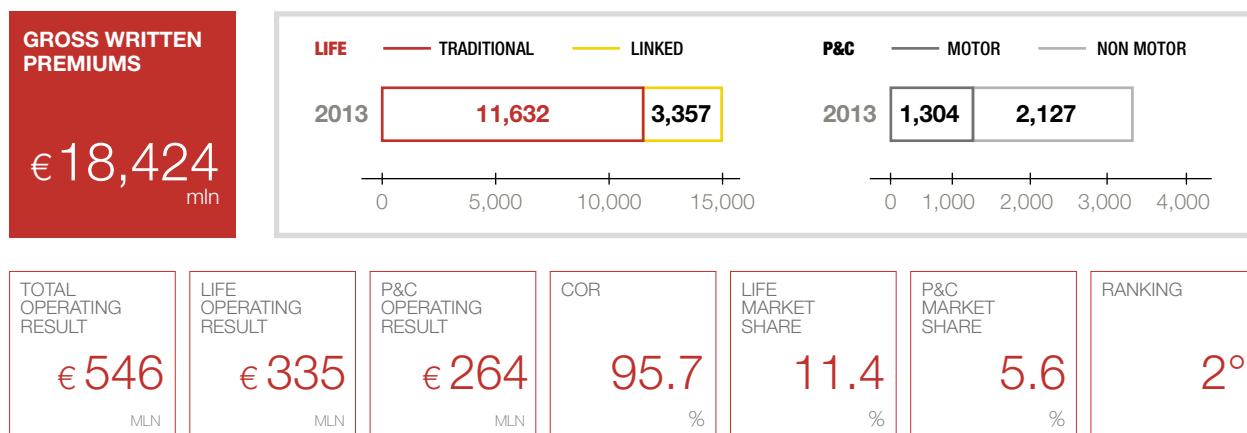
FRANCE



After Italy and Germany, France represents the third market of the Generali Group, with a turnover of approximately 16% of the total Generali Group premiums. Generali France is the third largest general insurer in France. It is market leader in the Private savings segment and, in particular, in the Internet savings segment; it is also leader

in the pension, self-employed professional and small enterprise segment. It operates with a multi-channel approach, through agents, brokers, financial promoters and banking partnerships as well as internet, offering a complete range of products that can meet the needs of around 6 million customers.

GERMANY

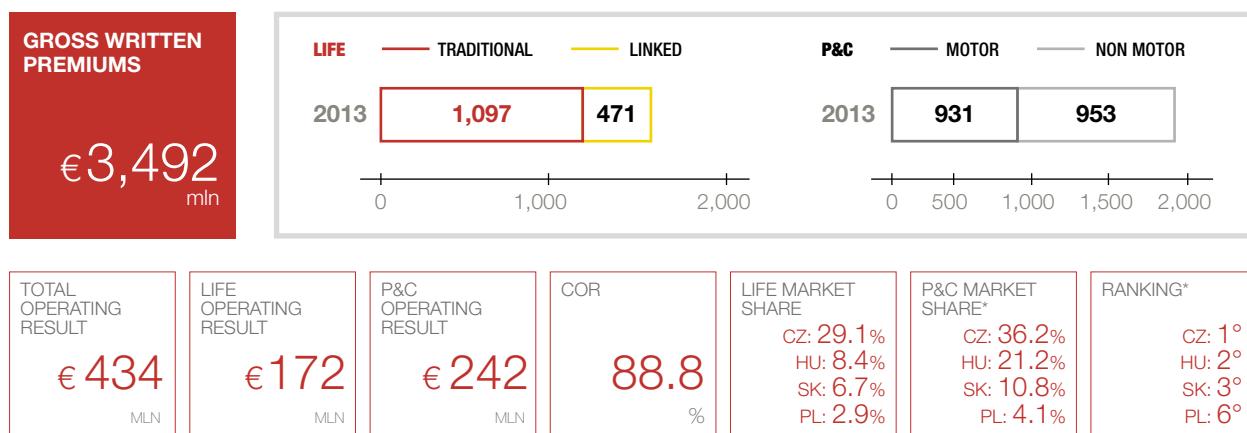


Generali Deutschland is Germany's second insurance Group in terms of direct written premiums; it represents the second reference market, with 25% of Group total written premiums. Generali Deutschland is market leader in unit-linked business, biometric risks coverage, and pension segment, with reference to the Germany's second pillar pension scheme (so-called Riester policies). The Group, focused on the retail segment, offers a full range of innovative products that can meet the needs of its 13.5 million customers, in the life, property&casualty and health lines as well as in the financial services segment. The strategy is aimed to enhance the competitive advantage generated by the multi-channel distribution system, in which Generali Deutschland is leader over all distribution alternatives (financial promoters of the DVAG network, direct channel, traditional distribution channels).

At the same time the Group is concentrated on exploiting the synergies between the various operating units, by integrating and optimising back-office activities in shared service companies.

In July 2013 Generali Group set out the squeeze out formal procedure to acquire the entire ordinary share of Generali Deutschland Holding, still owned by minority's shareholders. The squeeze out has been approved by the Generali Deutschland shareholders' meeting on 4 December 2013. The transfer of all outstanding ordinary shares of Generali Deutschland Holding still held by minority shareholders will be effective upon registration of the shareholders' resolution in the Commercial Register in Germany, which is expected to take place in the first semester of 2014. The delisting of GDH's shares will follow immediately thereafter.

CENTRAL AND EASTERN EUROPE (CEE)



*CZ: Czech Republic; HU: Hungary; SK: Slovak Republic; PL: Poland

In Central and Eastern European countries, Generali operates through Generali PPF Holding (GPH), a joint venture with the PPF group, a financial leader in the region, and enjoys a leadership

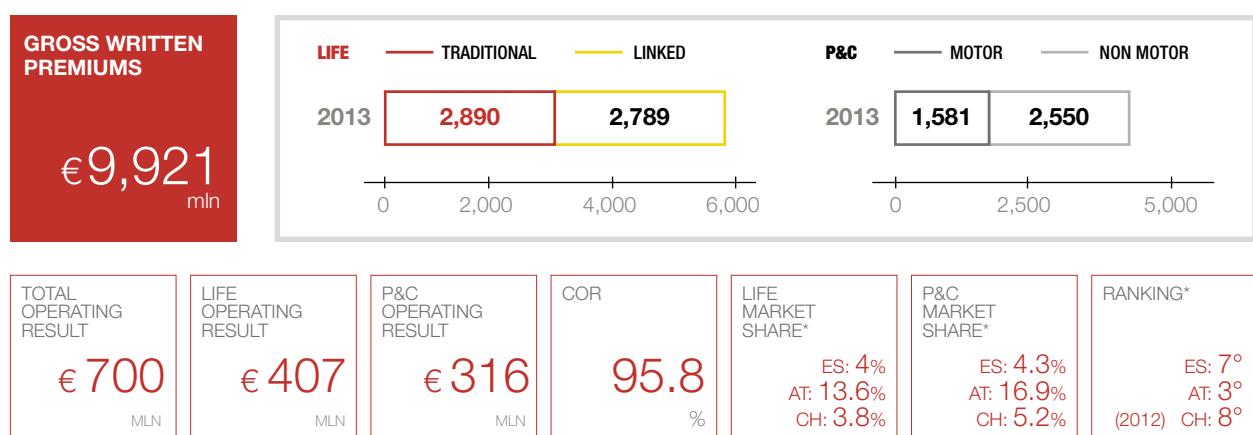
position. The Holding company, with operating office in Prague, provides operating and professional know-how to insurance companies in 10 countries - Bulgaria, Croatia, the Czech

Republic, Hungary, Montenegro, Poland, Rumania, Serbia, Slovakia and Slovenia.

Since it was established in January 2008, GPH has obtained the best profitability of the region both in the life and property&casualty segments. The diversification of the distribution channels surely represents a strength and in the last few years, in particular, the Group has reorganised its networks of agencies in many countries, strengthening at the same time the collaboration with many external partners (brokers, banks, financial promoters, leasing companies).

In January 2013 Generali and the PPF Group entered into an agreement defining the conditions for the termination of the GPH joint venture that will give the opportunity to Generali to obtain a 100% stake and full management control within the end of 2014. In March the Generali Group completed the purchase from PPF Group of the first tranche of GPH shares of 25%, under the terms of the agreement announced in January. Generali now holds 76% of GPH taking the full management control of the company. Simultaneously with the closing of the first tranche, GPH sold to PPF Group its operations in Russia and other countries of the Commonwealth of Independent States (CIS).

EMEA¹



*ES: Spain; AT: Austria; CH: Switzerland

With regards to the EMEA region, the main territories where Generali is present:

Austria: Generali has been operating in Austria since 1832, the year after the Company was established in Trieste. Generali, which operates in the Country through the insurance companies Generali Versicherung, BAWAG P.S.K. Versicherung and Europäische Reiseversicherung, today is the country's third insurance company, with a total share of 15.2%, and is leader in the Motor segment.

Today, in Austria, the group has over 4 million customers, to which it offers a full range of life and property&casualty products, both in the retail, small-medium enterprises and corporate segments. The distribution strategy is multi-channel and can count on a widespread network of agencies (approximately 2,000 tied agents), over 4,000 brokers, almost 400 financial promoters and 775 bank desks of BAWAG P.S.K. and 3Banken.

Spain: Generali España is one of Spain's main insurance groups, with a total market share of 4.4%. The Group provides a wide range of life and property&casualty policies dedicated to both private individuals and enterprises and operates through

a multi-channel distribution strategy which includes over 1,500 bank desks and a network of agents and brokers that is one of the most widespread in Spain. Thanks to its presence across the country, the Group stands out for the excellent service offered to its 3.2 million customers (through 1,500 service points) and the quality of its products..

Switzerland: Generali has been operating in Switzerland since 1987 and in the following decade it consolidated its presence through the acquisition and merger of many insurance companies, today Generali operates through the Generali and Fortuna brands in the life, property&casualty. The Group is focused on the retail business and is characterised by the provision of innovative and high-quality services offered through diverse distribution channels: agents, brokers, financial promoters, direct channel. In the life segment, with reference to individual policies sector, the Group is in third place with a market share exceeding 15%. In particular for unit-linked policies the Group is the market leader with a market share exceeding 50%. In the property&casualty segment the Group operates in all the insurance lines and ranks 6th with a 4.5% market share. In Switzerland, Generali exceeded one million customers and more than one and a half million policies.

1. EMEA includes Austria, Belgium, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai.

LATAM²



*AR: Argentina

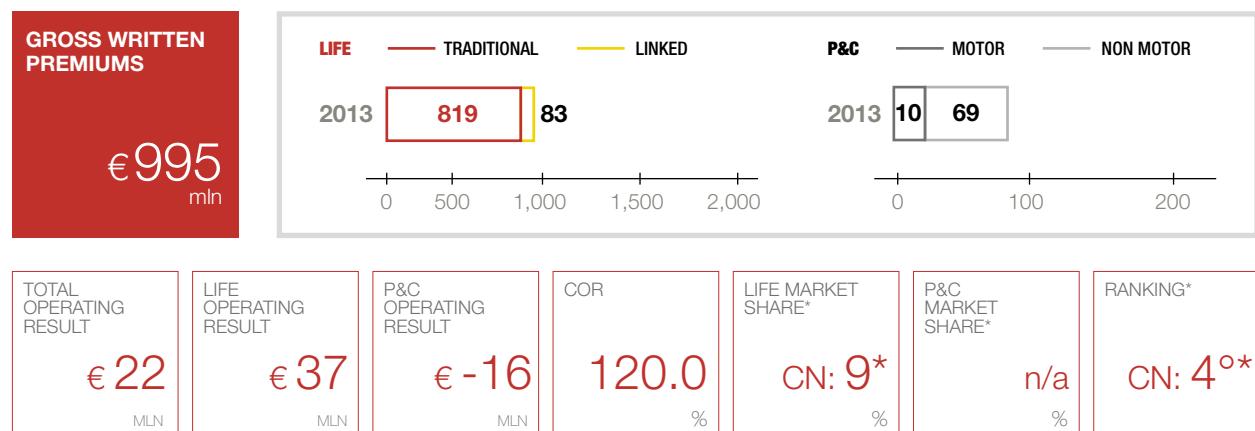
The Generali Group has long been present in many countries in Latin America. Its main operations are in Argentina, where the Group is the leader of the market and Brazil, which recorded in 2013 a strong market.

Smaller but significant are operations in Colombia, Guatemala (where the Group is the 3rd player in the market), Ecuador and Panama (where the Group is the 4th), particularly through agents and brokers. They offer a wide range of P&C, life and accident products for retail and corporate clients.



2. LatAm includes Argentina, Brazil, Colombia, Ecuador, Guatemala and Panama.

ASIA



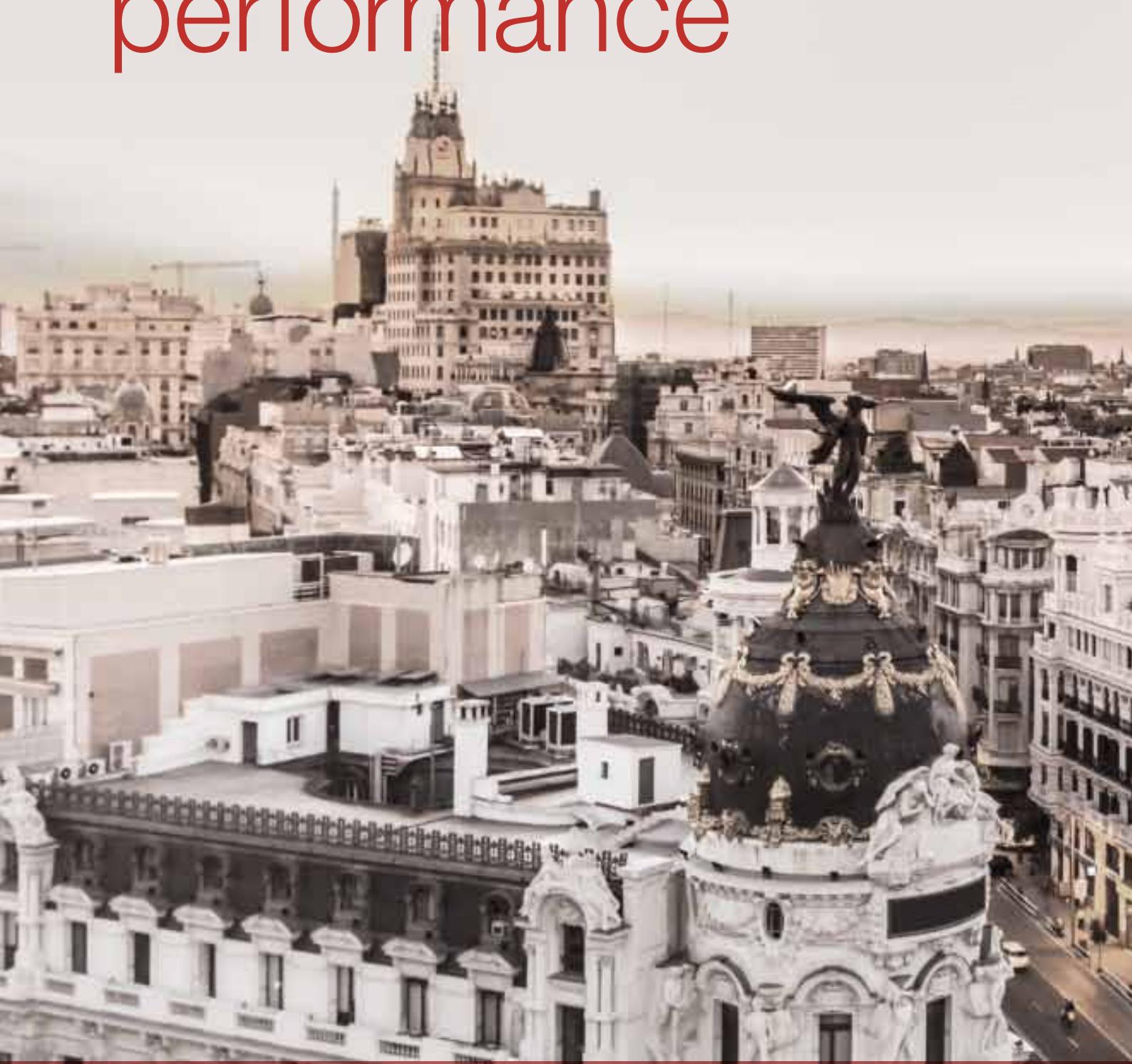
*CN: China - between foreign players

The Generali Group has worked in the Far East since 1980. The branches in Japan and Hong Kong have been slowly added to the ones in the Philippines, China, Thailand, India and Indonesia. In 2011, the Life Insurance Company was finally established in Vietnam. The main operation is in China, where the JV incorporated with the local CNPC (China National Petroleum Corporation) Partner has

become one of the top life foreign insurance groups. In China, the Group adopted a multi-channel distribution strategy, selling its own Life Insurance products through agents, brokers and bank tellers. The range of products includes Damages and Savings, Accident and Illness and Simple Risk and involves both the individual and Multinational operating in China.

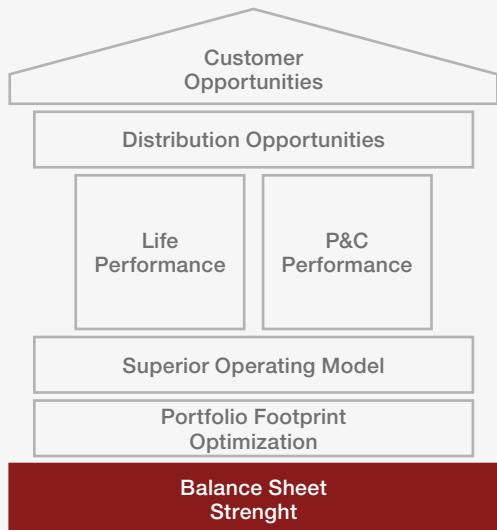


Our performance

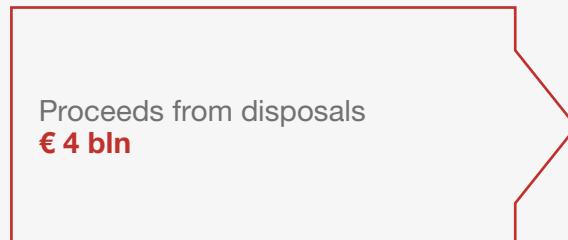
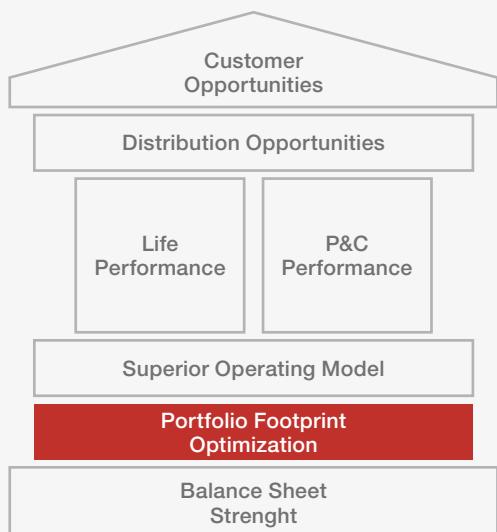
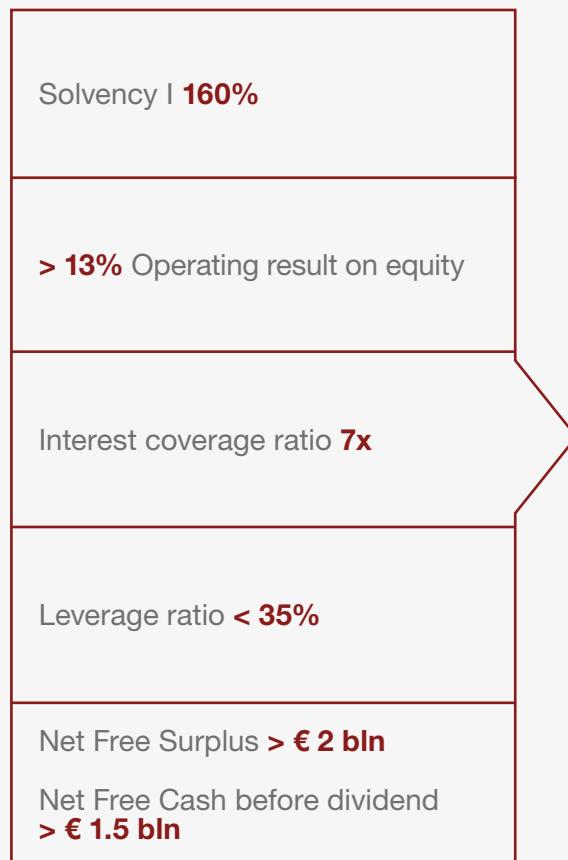




FUNDAMENTALS OF THE STRATEGY



OUR 2015 COMMITMENTS



OUR 2013 ACHIEVEMENTS AND STRATEGIC ACTIONS

Solvency I **141%**

The Group Solvency I ratio was 141% and excess capital amounted to € 7.3 bln. The index remains stable even in the presence of significant transactions for the purchase of minority interests in subsidiaries GPH and Generali Deutschland.

12.1% Operating result on equity

The Operating return on equity is growing at 12.1% compared to 11.3% by the end of 2013, mainly due to the positive trend in operating results and a reduction in minority interests.

Interest coverage ratio **4.2x**

Improvement of the Leverage ratio by 0.8 p.p. with respect to the YE2012, driven by the reduction of the stock of financial debt by around € 500 mln and the improvement of the shareholders' equity.

Increase in the Interest coverage ratio by 0.6x, thanks to the improvement of the Group profitability, notwithstanding the increase in interest expenses on financial debt related to the subordinated bonds issued in 2012.

In 2014 the Group will further reduce the stock of Financial Debt by at least € 750 mln in order to improve the Leverage ratio and the Interest coverage ratio.

Leverage ratio **39.6%**

Net Free Surplus 2013 **€ 2.1 mld**

Net Free Surplus and Net Free Cash Flow before Dividend show an improvement versus YE2012. In terms of Net Free Surplus, the 2015 target has already been achieved, while the Net Free Cash before Dividend is well on track in order to reach the 2015 target thanks to the current remittance ratio of around 70%.

Net Free Cash before Dividend 2013 **€ 1.2 mld**

Proceeds from disposals **€ 2.4 bln**

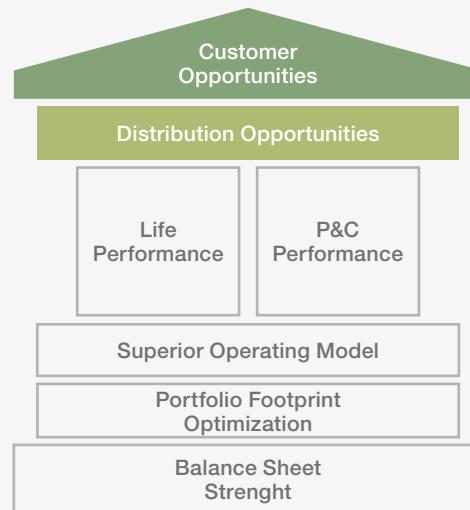
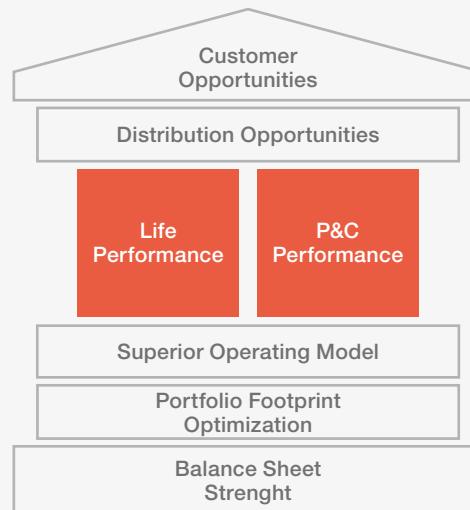
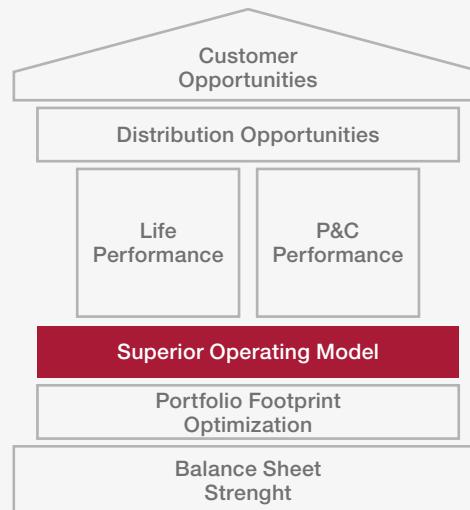
Disposal process (US life reinsurance business and minority stakes in the Mexican joint ventures) is well advanced over € 2.4 billion, 60% of disposal target achieved.

STRATEGIC ACTIONS

As for Asia, the Group has bought back the minorities at the end of 2013 and devised a regional strategic plan that outline a much stronger contribution to the Group in particular from China and Indonesia, geared towards both organic and inorganic growth.

In CEE the Group has gained full control of its operations through the acquisition of the minorities started in 2013 and that would be concluded during 2014. Also in CEE, Generali has developed an ambitious plan that aims at consolidating our leadership position in the region, growing aggressively in Poland, still maintaining our best-in-class profitability.

FUNDAMENTALS OF THE STRATEGY



OUR 2013 STRATEGIC ACTIONS

- Centralization and optimization of the Group Reinsurance and Treasury functions.
- Reorganization of the Group's operating platforms.
- Regional structure implemented.
- Within the tighter control of cost base, the Group aims at achieving € 1 bln cost savings by 2016. Several **Operational Excellence (OPEX)** initiatives already launched to increase operational efficiency and support the achievement of the savings target.

Considering our focus on people commitment, potential and diversity, several initiatives have been launched. In particular:

- the Generali Group Academy has launched specific learning and development programs;
- the Global Leadership Group has been created with a dedicated approach for remuneration packages and a new Performance and talent management process has been defined;
- a new International Mobility program has been launched.

The **Technical Excellence (TechEX)** project launched in 2013 is in line with the objective of improving of € 0.9 bln gross operating profit in 2016 and has achieved significant results during its first year of activation.

PERFORMANCE IN LIFE

- Segmentation and in-force portfolio analysis to create value through initiatives for retention and client development. Simultaneously activation of initiatives to foster capabilities in these areas.
- Launch of actions to enforce life policies of pure risk.

PERFORMANCE IN P&C

- Sophistication and extension of technical know how to define and optimize tariffs through the introduction of centralized business intelligence solutions both in Motor and Non Motor segments. Simultaneously activation of programs to develop technical capabilities in the Group.
- Introduction and adoption of a peril based approach (by risk type) to identify further business opportunities deriving from strengthened integration between product development functions, underwriting and claims.
- Analysis to broaden commercial offering in selected geographies in the area of telematics for the Motor segment and in Accident & Health.
- Activation of performance monitoring in claims through dedicated dashboard.
- Launch of competence centres on fraud analytics and claims estimations techniques for Motor in the beginning of 2014.

OPPORTUNITIES LINKED TO CLIENTS

- Development of customer centricity as an approach to design a customer oriented Group.
- Activation of best practice sharing, customer value pilots and definition of guide lines for the Net Promoter Score (NPS) as the Group performance indicator to measure client satisfaction.
- Launch of initiatives to improve retention and generate value on customers; development of an integrated approach for Affluent clients.

DISTRIBUTION OPPORTUNITIES

- Activation of initiatives to improve efficacy and efficiency of Tied Agents (Excel in Tied Agents).
- Development of an Effective Multi-channel distribution.
- Activation of project to launch direct channels in selected emerging markets.

- New life products approval procedure based on value.
- New Global Corporate & Commercial business unit.

The above mentioned performance was achieved within the following business environment.

BUSINESS ENVIRONMENT

The economic activity in the Euro Area began to grow again in the second half of the year, after the contraction that had characterized the first six months. The growth rate of GDP at the end of 2013 was therefore reduced to -0.4% compared to -0.6% in 2012. The recovery observed in the second half of the year was supported in particular by an improvement in exports, from the expansionary monetary policy of the ECB and easing of austerity policies aimed at reducing the public deficit. The labor market remains weak with the unemployment rate steady at 12.0%.

In **Italy**, the economy continued to contract (-1.9% decline in GDP). However, economic activity benefited from the significant improvement from exports which, during the third trimester of the year, increased by 0.7%. In addition, a slowdown in the decline in consumption, decreasing by 1.9% in the third quarter compared to the same period last year. The conditions of the labor market have not improved, with the unemployment rate in November rising to 12.7% (11.5% at the end of 2012). In **Germany**, GDP shows a trend in growth of 0.5% mainly due to an increase in

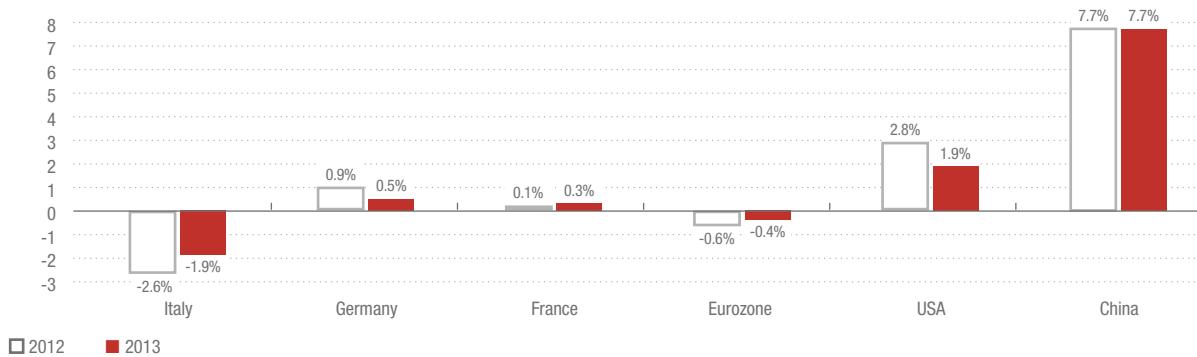
domestic demand. There was also a further improvement in the unemployment rate, already at historical lows, which stood at 5.2% in September.

Recovery was also seen in **France** (+0.3% growth in GDP), owing in particular to the increase in consumption.

In the **United States**, economic growth continued (+2% change in the GDP with respect to the same period in the prior year) attributable to the contribution of foreign demand and the recovery of the real-estate market. In addition, the markets benefited from the temporary measures adopted by the government on 17 October, which avoided a default of the Federal State. A decision on raising the debt ceiling is expected for early 2014.

In **China**, the decline in global demand continued to negatively affect the growth rate, which nonetheless remained very high (+7.7% trend in the GDP at 31 December 2013).

Annual GDP development

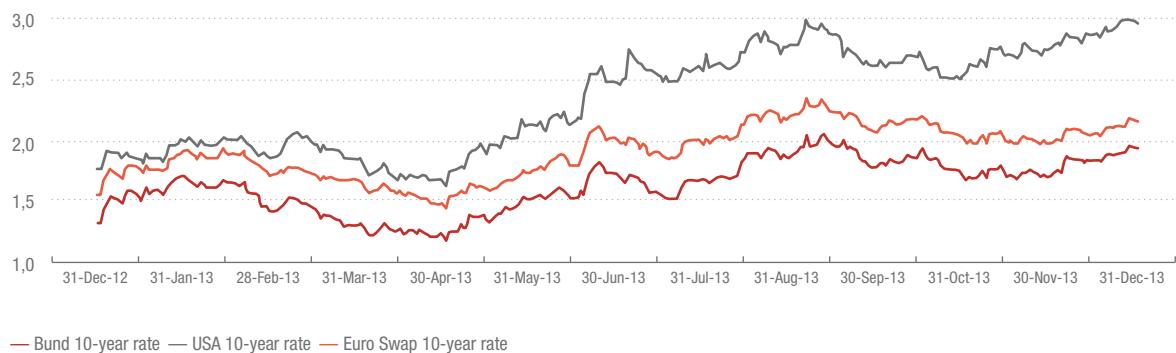


FINANCIAL MARKETS

During 2013, the financial markets were characterized by a general increase in interest rates, which remain at very low levels, and the positive performance of the equity markets in

the Euro Area. The trend was reinforced by the confirmation of an expansionary monetary policy by the Federal Reserve in September.

Long-term interest rate



Italy spread 10Y GOV - Bund



The **Bond market** was characterized by a positive trend in the value of government bonds of peripheral euro area countries, due to the reduction in the yield spread between government bonds of “core” countries and Peripheral countries.

The yield on German ten-year government bonds rose from 1.32% at the end of 2012 to 1.74% at 31 December 2013 while the yield on ten-year Italian BTP compared to German bunds, was equal to 318 bps at the end of 2012, dropped to 219 bps at the end of 2013.

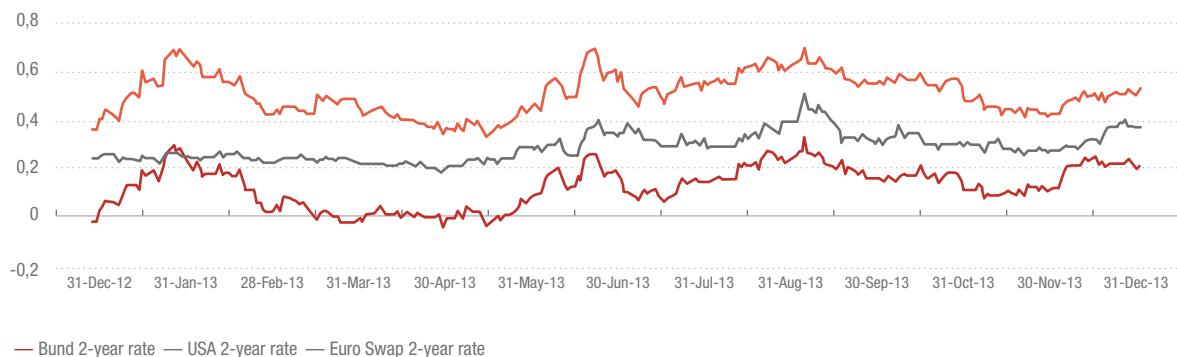
Euro corporate Bond spread



The 10-year Euro swap rate, increased from 1.57% at December 31, 2012 to 2.2% at December 31, 2013.

The spread on corporate bonds narrowed further compared to European investment-grade governmental issuers from 131 bps at the end of 2012 to 94 bps. For issuers with speculative ratings, the spread declined from 507 bps to 329 bps.

2 years rate



The two-year Bund rate performed positively, from -0.01% at 31 December 2012 to 0.17% at 31 December 2013, showing a slight steepening of the rate curve. Similarly, the two-year euro swap rate increased.

Stock markets



Equity markets have registered a particularly positive trend. In the Eurozone, the Eurostoxx showed a marked increase (+20.50% with respect to +15.53% in 2012). This trend was mainly due to the performance during the second half of the year (+19.47% with respect to +0.86% in the first six months). European stock markets have shown a very positive trend, on average consistent with that of the Eurostoxx. Frankfurt's Dax posted gains of 25.48%, Paris' Cac of 17.99%, while Milan's FTSE MIB registered an increase of 16.56%.

INSURANCE MARKETS¹

The three main European insurance markets on which the Generali Group operated showed performances that differed by business segment and geographical area.

The **life segment** showed positive written premium performances across nearly all of the Group's main countries of operation.

In Italy, new business grew by 24.3% compared to the same period in 2012, with a strong contribution coming from new business, increasing at +31.2%. In particular, a sharp increase was recorded in the banking channel (+45.3%) and also from the agency channel (26.7%). In contrast to this trend was however from the financial advisors channel (-5.4% in November).

Following the highly negative performance in 2012, France showed an increase in life written premiums (+7% in November) due to the excellent performance of *unit-linked* products (+26%).

In Germany, the insurance market was driven by single-premium polices (+27.9%); the positive growth of recurring premiums is still modest (+0.8%). Overall, in Germany, life premiums grew by 7.9%.

In the **property&casualty segment**, written premiums showed differentiated performances in the main markets where the Group operates. In Italy, written premiums decreased (-3.6% compared to the same period in 2012). With reference to the Motor line, the marked decrease in registrations and the higher level of competition greatly contributed to the significant decline in written premiums (-6.8%). The Non-motor line was impacted by the ongoing weakness of industrial activities and the lower spending capacity of households; written premiums declined by 0.5%, nonetheless showing a slight improvement compared to the first three months of 2013.

In contrast, written premiums in France for the property&casualty segment increased (1.5% in the first eleven months of the year). The Non-motor line grew by 2.3% (estimated growth at year end 2013) due to tariff increases aimed at restoring the technical profitability, which has dropped significantly in recent years. In contrast, written premiums in the Motor line grew by 1.5%.

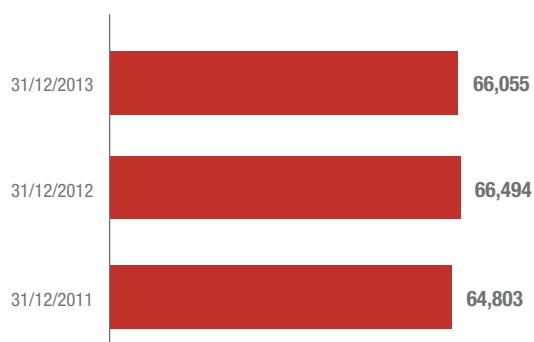
In Germany, the property&casualty segment showed a highly positive performance, mainly driven by written premiums in the Motor line, which rose at a rate of over 5%.

1. Unless otherwise specified the changes refer to the first nine months of the year compared to the same period in the prior year.

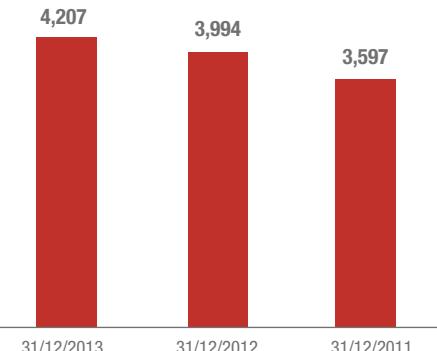
Group performance and financial position

Group highlights

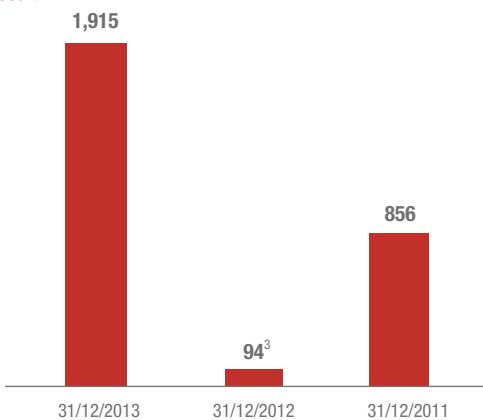
Gross written premiums



Group operating result



Net result



Solvency I ratio



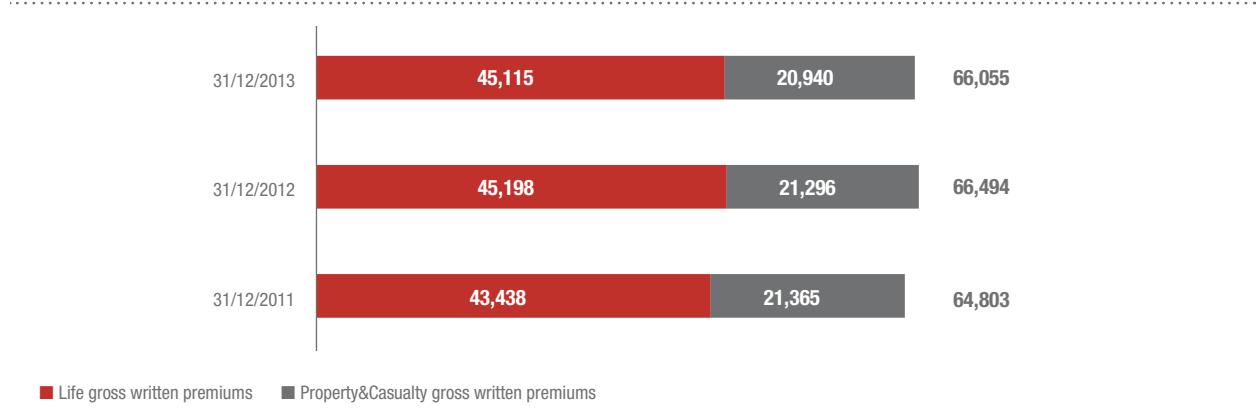
- Gross written premiums, approximately € 66.1 billion, stable compared to the prior year².
- Continued growth in the operating performance (+5.3%), due to the positive performance of all business segments.
- Result of the period increased to € 1,915 million, with a positive contribution even from the last quarter of the year.
- Group solvency I ratio at 141%³.

2. The variation in gross written premiums and the APE are in equivalent terms (at constant exchange rates and scope of consolidation).

3. As of 1 January 2013, the revised IAS 19 became effective. The amendments to the revised standard are described in the Notes to the present Management Report. The retrospective application of the standard involved the recalculation of shareholders' equity as at 31 December 2012. The Solvency I ratio has also been recalculated in order to take into account these effects.

GROUP PERFORMANCE

Gross written premiums development



Total written premiums amounted to € 66,055 million, remaining stable compared to 31 December 2012. Continuing the trend observed in the third quarter, the fourth quarter saw a decline in the property&casualty segment, observed in particular in Italy, one of the areas most affected by the contraction in Motor and Commercial/Industrial lines. Premiums of the life segment in the fourth quarter also decreased, which was impacted by the slowdown in growth observed in Germany and the trends observed mainly in Spain and France.

As previously indicated, with effect from 1 November, the Generali Group completed a territorial simplification into seven geographic areas based on the areas of responsibility of the Group's country managers. The reporting by geographical area presented in this report has been adapted to the new territorial structure of the Group, consisting of the business units of the three main markets - Italy, France and Germany - and four regional structures:

- CEE: Central and Eastern European countries inside the EU;
- EMEA: Austria, Belgium, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai;
- LatAm: Argentina, Brazil, Colombia, Ecuador, Guatemala and Panama;
- Asia: China, Indonesia, India, Hong Kong, Vietnam, Thailand, the Philippines and Japan.

In addition to these areas, the International Operations cluster was introduced, which includes the activities of the Holding Company - including the reinsurance of the Group and the international activities of the Parent Company which have not been allocated in the previous geographical areas - the business relating to Europ Assistance and to BSI, and investment and real estate management activities for the Group companies.

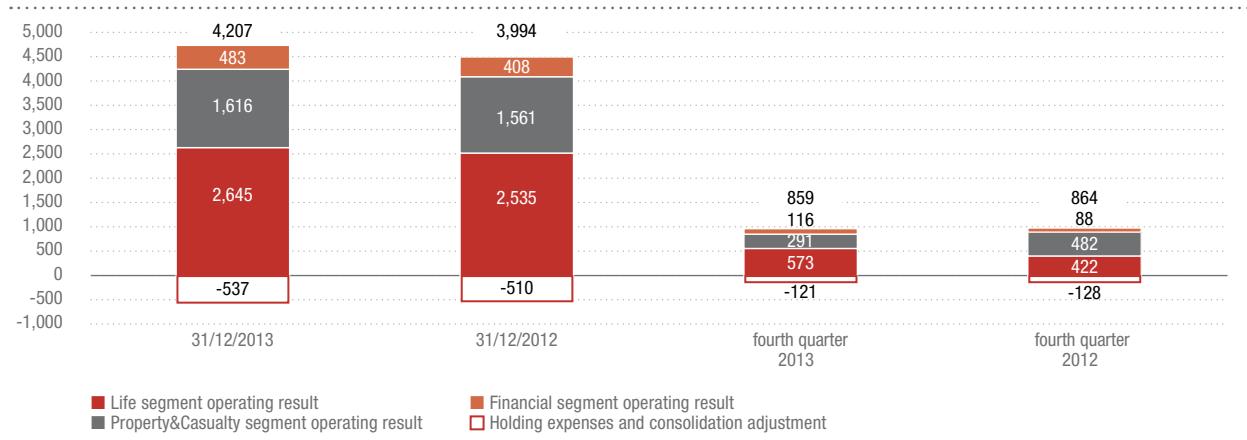
In the following financial report, in order to provide a more effective comparison of the economic and financial position of the Group, all the comparative data, except for the consolidated result and shareholders' equity have been restated excluding the contribution from activities which have been discontinued or sold with reference to 31 December 2013. The indication of the effect of this restatement in terms of presentation of the main key performance indicators is shown in the appendix to this report.

Life written premiums amounted to € 45,115 million, remaining stable (+0.2% on equivalent terms): the development of annual premiums (+0.2%) mitigates the decline in single premium (-0.9%); a significant contribution to the segment comes from indirect business.

Consistently with the strategy aimed at optimizing return on capital, by favouring low capital-absorption insurance products, this segment showed a growth in linked contracts (+8.8% on equivalent terms). Savings and Pension lines decreased (-2.6% on equivalent terms), which in 2012 had benefited from the effects of protective measures of the French Savings and Pension portfolio; a negative trend, although contained, for the Protection lines (-0.4% on equivalent terms).

Property&casualty written premiums amounted to € 20,940 million, slightly decreasing compared to 31 December 2012 (-0.6% on equivalent terms). With reference to the Motor line, direct premiums increased (+0.3% on equivalent terms) as in the trend observed in mature markets most affected by the economic crisis, in particular Italy, France and Spain, are more than offset by the development noted in Germany and in the emerging markets. The decline in direct premiums of the Non-motor line (-1.2% on equivalent terms) was due to the above-mentioned reduction in the Commercial/Industrial lines and also the decline in the Accident and Health lines.

Operating result



The **operating result** of the Group amounted to € 4,207 million (€ 3,994 million at 31 December 2012), at performance levels similar to those recorded since the beginning of the 2008 financial and economic crisis, despite macroeconomic and regulatory difficulties, an environment of low interest rates and a series of catastrophic events that significantly impacted the Group.

All components of this result have contributed to the 5.3% increase, particularly in the life segment, which benefited from increased technical performance. The operating result of the non-life segment also increased despite the aforementioned impact of catastrophic events, as well as that of the financial segment.

Holding expenses increased, also as a result of the investments needed to support the strategic initiatives announced in January and in course of implementation.

In line with the strategic objective of increasing the Group's operating profitability, the **operating return on equity** was 12.1%, increasing from 11.3% at 31 December 2012.

Non-operating result

The non-operating result of the Group improved, from € -2,441 million at 31 December 2012 to € -1,805 million.

In detail:

- **net impairment losses** decreased from € -1,386 million at 31 December 2012 to € -623 million, as a result of lower impairment losses on equity portfolios;
- **net realized gains** increased from € 2 million at 31 dicembre 2012 a € 835 million due to higher gains, in particular from equity portfolios, and lower losses on bond portfolios, which had been negatively impacted by the Group's de-risking policy in 2012. This item also includes the effect of € 290 million resulting from the new provisions relating to participation in Banca d'Italia⁴;
- **net non-operating income from financial instruments at fair value through profit or loss** amounted to € -206 million (€ 28 million at 31 December 2012) mainly due to the minimal performance of various financial markets compared to the same period of the previous year;
- **net other non-operating expenses**, which include net non-recurring income and the amortization of the value of acquired portfolios, amounted to € -1,004 million (€ -413 million at 31 December 2012), of which € 363 million was associated with the amortization of the value of acquired portfolios (€ 184 million at 31 December 2012). The increase was primarily attributable to : the revision of the useful life of the savings management customer portfolio referring to the *Banca Svizzera Italiana* group which resulted in the full amortization of the remaining value of the portfolio, for € 189 million; the one-off impact of € 193 million resulting from the strengthening of French claims reserves as a result of the new market regulation on bodily injury; € 131 million due to write-downs of certain properties classified as inventories; non-recurring expenses related to the corporate restructuring initiatives currently underway of approximately € 20 million;
- **non-operating holding expenses**, essentially composed of interest expenses on financial liabilities, rose to € -806 million (€ -673 million at 31 December 2012) due to both higher interest expenses on financial liabilities mainly related to the issue of new bonds in July and December 2012, and the extraordinary entry bonus granted to some top managers, paid for in Parent Company's shares and approved by the last General Shareholders' Meeting, as well as other non-recurring expenses related to the Group's reorganization projects of and non-recurring transactions incurred by the Parent Company in order to implement strategic initiatives announced in the financial community during 2013.

4. For further information, refer to the comments included in the non-operating result of the property&casualty segment.

Group result

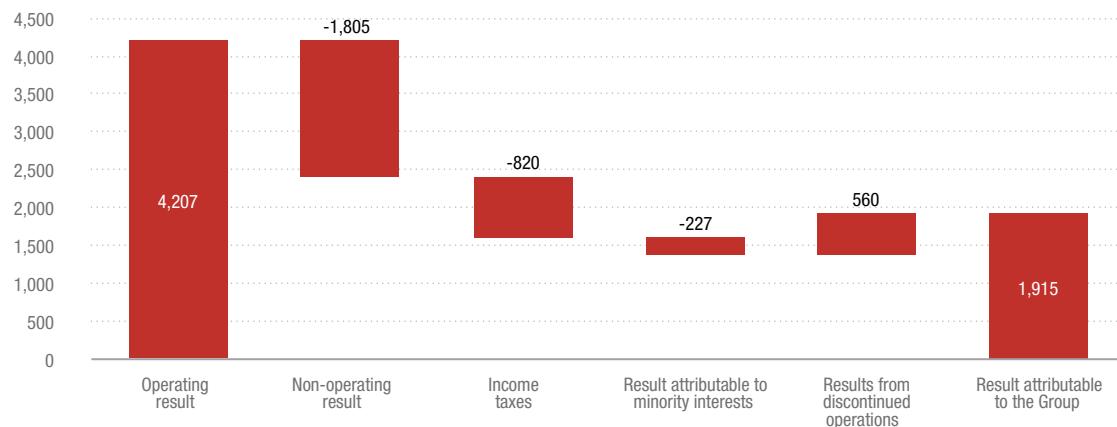
The **result of the period attributable to the Group** amounted to € 1,915 million, a strong growth compared to € 94 million at 31 December 2012.

The **tax rate** decreased to 32% (77% at 31 December 2012). This result was mainly attributable to lower non-deductible impairments and higher realized gains on equities, compared to the previous year.

The result attributable to minority interests amounted to € -227 million (€ -277 at 31 December 2012), equal to a minority

rate of 10.9%, decreasing principally due to the aforementioned purchases of the first tranche of the minority shares of GPH and the minority shares of Generali Deutschland Holding.

The result of discontinued operations, which amounted to € 560 million and includes the effects of the sales of operations in Mexico and in the USA, as well as the result of the sale of Fata, that, consistent with the application of IFRS 5⁵, has been classified as discontinued operations as a result of the aforementioned sales agreements.



5. For further information on the accounting treatment, reference should be made to the paragraph on Discontinued Operations and Assets held for sale in the Notes.

From operating result to Group result

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Consolidated operating result	4,207	3,994	859	864
Net earned premiums	60,796	60,734	16,172	16,400
Net insurance benefits and claims	-63,295	-61,567	-17,705	-15,777
Acquisition and administration costs	-10,924	-11,068	-2,801	-2,937
Net fee and commission income and net income from financial service activities	815	764	223	174
Net operating income from financial instruments at fair value through profit or loss	5,062	6,140	2,129	1,673
Net operating income from other financial instruments	12,602	9,694	3,095	1,571
Interest income and other income	12,017	11,952	2,970	2,930
Net operating realized gains on other financial instruments and land and buildings (investment properties)	2,160	964	494	462
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-407	-2,002	-88	-1,481
Interest expense on liabilities linked to operating activities	-547	-569	-131	-170
Other expenses from other financial instruments and land and buildings (investment properties)	-620	-651	-150	-171
Operating holding expenses	-354	-313	-87	-92
Net other operating expenses(*)	-495	-390	-167	-148
Consolidated non-operating result	-1,805	-2,441	-921	-1,401
Net non-operating income from financial instruments at fair value through profit or loss	-206	28	-132	8
Net non-operating income from other financial instruments(**)	212	-1,384	108	-1,064
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	835	2	456	-45
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	-623	-1,386	-348	-1,020
Non-operating holding expenses	-806	-673	-209	-177
Interest expenses on financial debt	-751	-668	-187	-175
Other non-operating holding expenses	-55	-5	-22	-2
Net other non-operating expenses(***)	-1,004	-413	-688	-168
Earnings before taxes	2,402	1,553	-63	-536
Income taxes(*)	-820	-1,239	-90	-428
Earnings after taxes	1,582	314	-152	-965
Profit or loss from discontinued operations	560	58	499	-18
Consolidated result of the period	2,142	371	347	-984
Result of the period attributable to the Group	1,915	94	324	-1,039
Result of the period attributable to minority interests	227	277	23	55

(*) At 31 December 2013 the amount is net of operating taxes for € 64 million and of non-recurring taxes shared with the policyholders in Germany for € 14 million (at 31 December 2012 respectively for € 64 million and € 21 million).

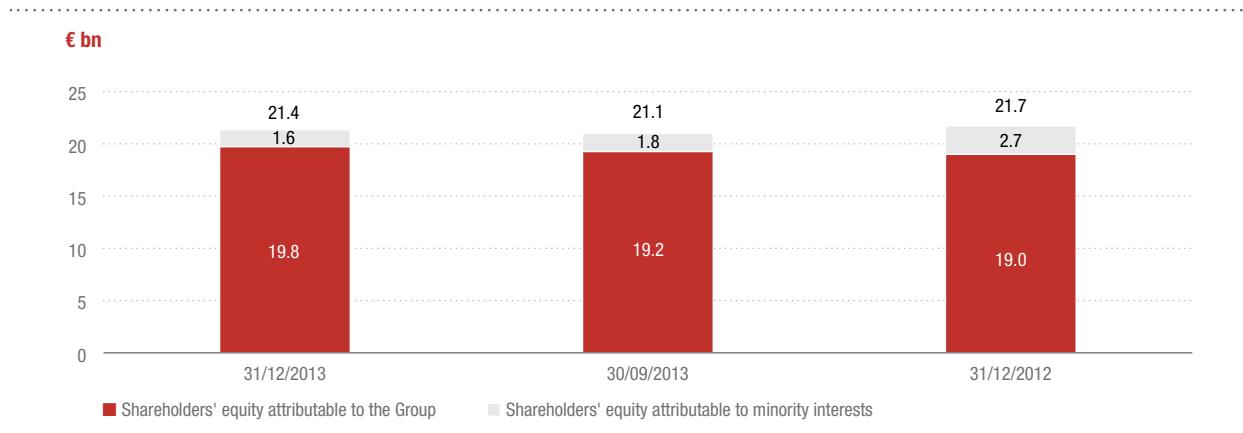
(**) The amount is gross of interest expense on liabilities linked to financing activities.

(***) The amount is net of the share attributable to the policyholders in Germany and Austria.

GROUP FINANCIAL POSITION

Shareholders' equity and Group Solvency

Shareholders' equity



The **shareholders' equity attributable to the Group** amounted to € 19,778 million at 31 December 2013 compared to € 19,013 million at 31 December 2012. The comparison takes into account the impact of € 815 million attributable to the application of IAS 19 revised⁶.

The 4.0% variation was mainly attributable to:

- the result of the period attributable to the Group, which amounted to € 1,915 million at 31 December 2013;
- the negative overall impact on the shareholders' equity of the Group due to the purchase of minority interests in GPH in the first quarter of 2013 for € -477 million;
- the dividend distribution of € -311 million;
- other gains or losses recognized through equity during 2013 amounting to € -132 million.

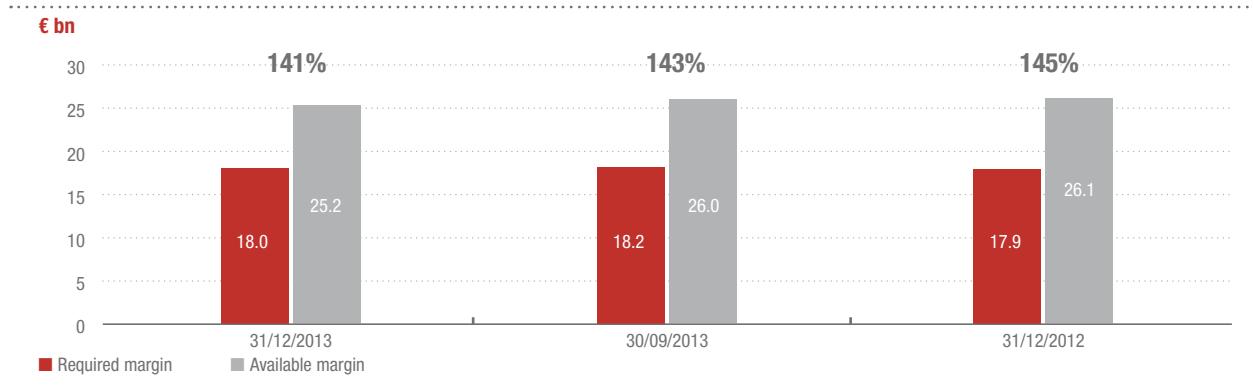
In particular, gains and losses on foreign exchange decreased due to the favorable performance of the main currencies with respect to the euro and amounted to € -298 million. This decrease was partially offset by gains from the re-measurement of liabilities regarding defined benefit plans for € 112 million attributable to the increase in the reference rate used to discount the liabilities.

Finally, the improvement of the hedging reserve, amounting to € 101 million is mainly due to the termination of the hedging relationship of certain derivative contracts related to the issuance of debt and the consequent recognition of valuation losses in the income statement.

(€ million)	31/12/2013	31/12/2012
Shareholders' equity attributable to the Group at the end of the previous period	19,013	15,173
Result of the period	1,915	94
Dividend distributed	-311	-311
Other comprehensive income	-132	4,164
Net unrealized gains and losses on available for sale financial assets	31	4,703
Foreign currency translation differences	-298	54
Net unrealized gains and losses on hedging derivatives	99	-96
Net unrealized gains and losses on defined benefit plans	112	-464
Other net unrealized gains and losses	-77	-33
Other items	-706	-108
of which impact of the GPH minority acquisition	-477	0
Shareholders' equity attributable to the Group at the end of the period	19,778	19,013

6. As of 1 January 2013, IAS 19 revised became effective. The amendments to the revised standard were described in the Notes to the present Management Report. The retrospective application of the standard involved the recalculation of the shareholders' equity at 31 December 2012. Also Solvency I has been recalculated as of 1st January 2013 to include these effects.

Group Solvency



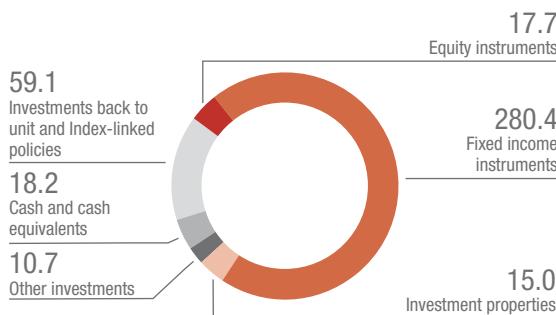
The Group Solvency I ratio was 141% at 31 December 2013 (145% 31 December 2012). The 4 pps decrease in 2013 was attributable to the acquisition of a number of significant minority interests in subsidiaries and reduced use of subordinated debt only partially offset by higher net income for the period, net of dividend.

The required margin rose to € 18.0 billion, benefitting from business development, whereas the available margin was € 25.2 billion. Excess capital amounted to € 7.3 billion.

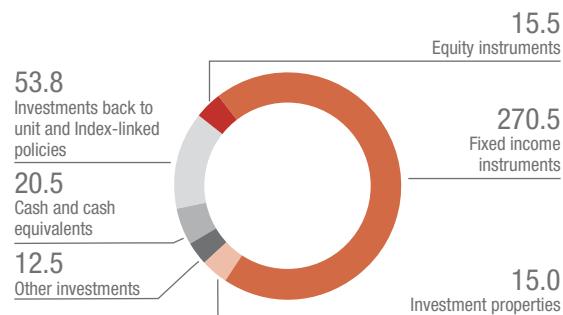
Investments

Asset allocation

Investments at 31/12/2013 (€ 401.2 billion)



Investments at 31/12/2012 (€ 387.9 billion)

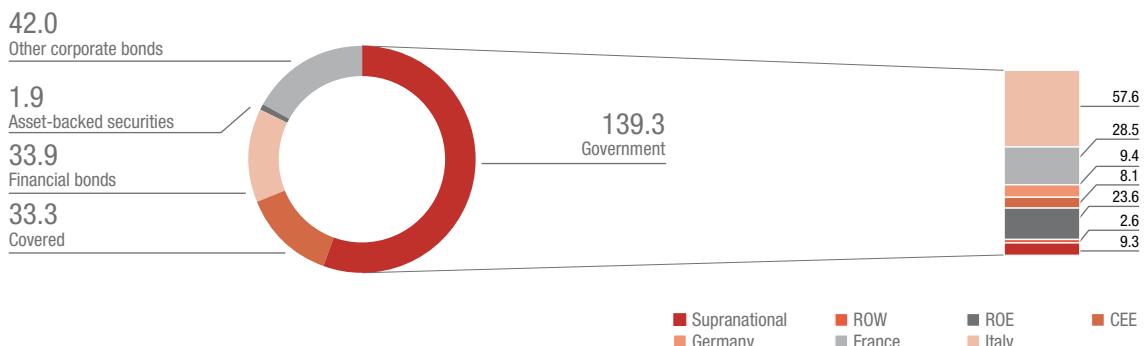


At 31 December 2013 total investments amounted to € 401,152 million increasing by 3.4% with respect to the previous period. Group investments totaled € 342,036 million (+2.4%) and policy linked investments totaled € 59,116 million (+9.8%).

With reference to the weight of the main investments categories, increases were recorded in exposure both to fixed income securities weighing 82.0% (81.0% at 31 December 2012), and equity instruments weighing 5.2% (4.7% at 31 December 2012). Stable instead, the weight of real estate investments at 4.4% (4.5% at 31 December 2012). Finally, decreases in the weights of both cash and cash equivalents at 5.3% (6.1% at 31 December 2012) and other investments, primarily including receivables from banks or bank customers, equity investments and derivatives at 3.1% (3.7% at 31 December 2012).

Fixed income instruments: the bond portfolio

Bond exposure at 31/12/2013 (€ 250.3 billion)



With reference to the composition of the bond portfolio, government securities, which accounted for 55.6% of the portfolio (54.4% at 31 December 2012), show an increase amounting to € 139,251 million (€ 133,474 million at 31 December 2012). The decrease was mainly due to net purchases made by the Group during 2013.

The exposure to individual bonds is primarily allocated to their respective countries of operation.

The corporate component increased amounting in absolute terms to € 111,032 million (€ 106,011 million at 31 December

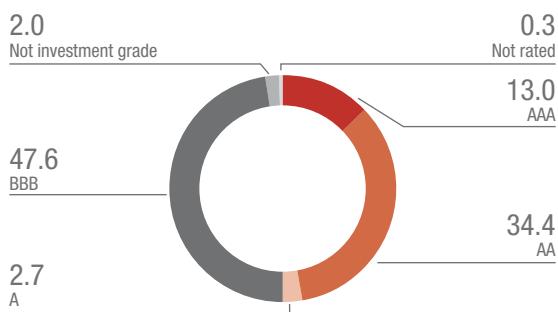
2012) equal to 44.4% of the bond portfolio (45.6% at 31 December 2012). The change is attributable to net purchases made during the year.

The corporate component is divided between guaranteed bank corporate bonds, other financial sector bonds and bonds issued by industrial companies.

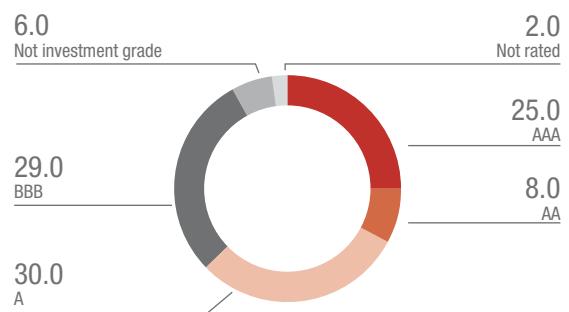
With regards to new investments, non-financial sector bonds have been preferred, with the aim of encouraging a greater level of diversification.

A breakdown by credit rating of the bond portfolio as at 31 December 2013 split between government and corporate bonds follows.

Government bonds 31/12/2013 (€ 139.3 billion)

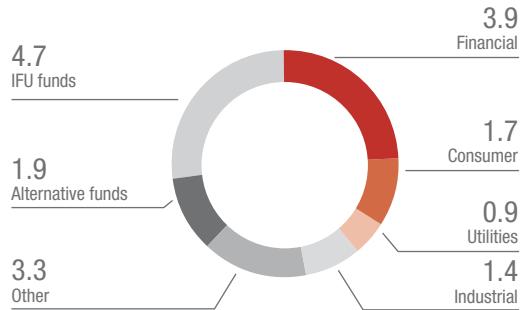


Corporate bonds 31/12/2013 (€ 111.0 billion)



Equity securities: equity portfolio

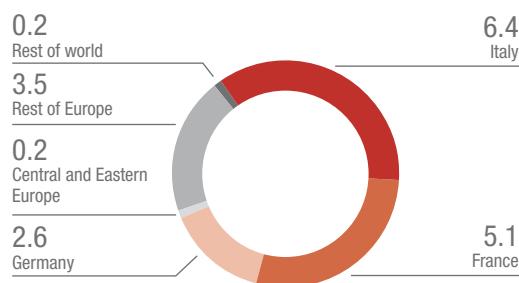
Equity exposure at 31/12/2013 (€ 17.7 billion)



Equity securities, increased to € 17,740 million (€ 15,549 million at 31 December 2012). The increase is mainly due to the recovery in the value of direct investment in particular, benefiting from the positive trend in share prices. In addition, there is a growing exposure to the financial sector mainly in the face of the increase in value mentioned above.

Investment Property

Direct investment properties at 31/12/2013 (Fair value € 17.9 billion)



Real estate investments in terms of book value amounted to € 14,956 million (€ 15,000 million at 31 December 2012), slightly decreasing. In particular, with reference to the composition of the property portfolio at fair value, amounting to € 17,910 million, the Group's investments are allocated almost entirely in Western Europe, mainly in Italy, France and Germany. In addition, the buildings are mainly allocated in their respective countries of operation.

Investment result⁷

(€ million)	31/12/2013	31/12/2012
Economic components		
Current income from fixed income instruments	10,519	10,379
Current income from equity instruments	499	516
Net current income from investment properties(*)	892	935
Net realized gains	3,081	1,114
Net impairment losses	-863	-3,217
Net unrealised gains	1,065	22,169
Average stock	337,051	317,556
Ratio		
Net current return(*)	3.5%	3.9%
Harvesting rate	0.7%	-0.4%
P&L return	4.3%	3.4%

(*) Net of depreciation of the period.

The current return recorded a modest decline, reaching 3.5% (3.9% at 31 December 2012) while the absolute value of current income, increased to € 12,341 million (€ 12,282 million at 31 December 2012). The decline in the ratio can be attributed to the significant increase in average investments compared to the reinvestment of cash at lower interest rates and the decline in the credit spread of sovereign debt of the Euro zone peripheral countries.

The contribution to profit for the period arising from sales and valuation recognized in the income statement (harvesting rate) improved at 0.7% (-0.4% at 31 December, 2012). This trend benefits from both higher net realized gains and lower realized losses, the decrease in impairments, primarily on equity securities, partially offset by a unrealized losses through the profit or loss.

Debt and liquidity

Debt

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

- Liabilities linked to operating activities, which are all the consolidated financial liabilities related to specific consolidated balance sheet items. This category also includes liabilities related to investment contracts issued by insurance companies and liabilities to banks and customers of banks belonging to the group;

— Liabilities linked to financing activities, including other consolidated financial liabilities, such as subordinated liabilities, bonds issued and other loans received. This category includes, for example, liabilities arising from operations carried out to acquire controlling interests.

Total liabilities were as follows:

(€ million)	31/12/2013	30/09/2013	31/12/2012
Liabilities linked to operating activities	49,258	50,183	50,671
Liabilities linked to financing activities	12,758	12,713	13,234
Subordinated liabilities	7,612	7,577	7,833
Senior bonds	4,468	4,467	4,464
Other non subordinated liabilities linked to financing activities	678	670	937
Total	62,016	62,896	63,905

The variation of financial debt compared to the stock at 31 December 2012 is mainly due to the repayment in cash of a subordinated loan for a nominal amount of € 200 million and a senior debt, classified as "Other non-subordinated liabilities linked to financing activities" for a nominal amount of € 350 million.

The weighted average cost of financial debt at 31 December 2013 amounted to 5.93%, stable with respect to 30 September 2013 (5.93%) slightly increasing with respect to 31 December 2012 at 5.85%. The weighted average cost reflects the annualized cost of financial debt considering the outstanding debt at the reporting date and the related activities of currency and interest rate hedging.

Interest expenses on total liabilities are detailed as follows:

(€ million)	31/12/2013	31/12/2012	Change
Interest expense on liabilities linked to operating activities	547	569	-3.9%
Interest expense on liabilities linked to financing activities	751	668	12.4%
Total(*)	1,298	1,237	4.9%

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

Focus on financial debt

Details of subordinated liabilities and senior bonds

(\$ million)	31/12/2013				31/12/2012			
	Nominal value	Book value	Accrued interest expenses	Average weighted cost %	Nominal value	Book value	Accrued interest expenses	Average weighted cost %
Subordinated liabilities	7,653	7,612	532	6.5%	7,884	7,833	443	6.6%
Senior bonds	4,496	4,468	216	4.8%	4,496	4,464	217	4.8%
Total	12,149	12,080			12,381	12,297		

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

Details of issues and redemptions of subordinated liabilities and senior bonds

(\$ million)	31/12/2013			31/12/2012		
	Issuances	Redemptions	Issuances net of redemptions	Issuances	Redemptions	Issuances net of redemptions
Subordinated liabilities	0	200	-200	2,000	758	1,242
Senior bonds	0	0	0	16	20	-4
Total	0	200	-200	2,016	778	1,238

Details of the principal issues

Subordinated liabilities

Issuer	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Call date	Maturity
Generali Finance B.V.	5.32%	1,275	EUR	1,252	16/06/2006	16/06/2016	Perp
Generali Finance B.V.	6.21%	700	GBP	839	16/06/2006	16/06/2016	Perp
Assicurazioni Generali	6.27%	350	GBP	418	16/06/2006	16/06/2026	Perp
Generali Finance B.V.	5.48%	1,250	EUR	938	08/02/2007	08/02/2017	Perp
Assicurazioni Generali	6.42%	495	GBP	590	08/02/2007	08/02/2022	Perp
Assicurazioni Generali	10.13%	750	EUR	747	10/07/2012	10/07/2022	10/07/2042
Assicurazioni Generali	7.75%	1,250	EUR	1,245	12/12/2012	12/12/2022	12/12/2042

(*) in currency million.

(**) in € million.

This category includes unquoted subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries. Liabilities issued by Assicurazioni Generali S.p.A. in the form of private placements amounted to a nominal value of € 1,500 million corresponding to an amortized cost of € 1,485 million including a bank loan of € 500 million. The remaining subordinated liabilities refer mainly to BSI issues for a nominal value of USD 100 million, and other liabilities issued by Austrian subsidiaries. The total corresponding amortized cost of € 98 million.

Senior bonds

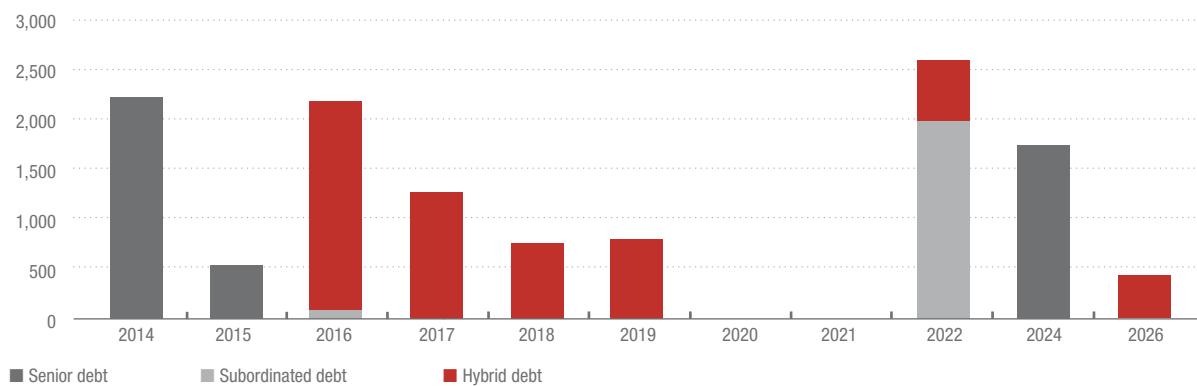
Issuer	Taux nominal	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Maturity
Generali Finance B.V.	4.75%	1,500	EUR	1,492	12/05/1999	12/05/2014
Generali Finance B.V.	3.88%	500	EUR	499	06/05/2005	06/05/2015
Assicurazioni Generali	4.88%	750	EUR	742	11/03/2009	11/11/2014
Assicurazioni Generali	5.13%	1,750	EUR	1,721	16/09/2009	16/09/2024

(*) in currency million.

(**) in € million.

This category includes other senior bonds issued by the subsidiary Ceska Pojistovna for a nominal amount of CZK 500 million, corresponding to an amortized cost of € 14 million.

Maturity of financial debt



The average duration is 5.27 years as of 31 December, 2013, compared to 6.01 at 31 December, 2012 due to the repayment of two liabilities, for a total nominal value of € 550 million during the first half of 2013.

The counterparties are major financial institutions of high international standing. The competitive bidding process adopted has allowed the Group to obtain very favorable conditions in terms of contractual pricing.

Lines of Credit

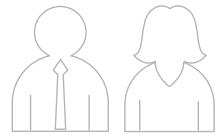
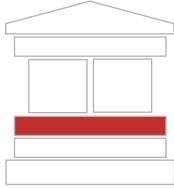
As established market practice for the sector, on 30 May 2013, Assicurazioni Generali signed a series of revolving credit facilities for a maximum total amount of € 2 billion which may be used by the Company within a period of 2 to 3 years depending on the individual contract.

The transaction will have an impact on the Group's financial debt only if the facility is drawn upon and allows Generali to improve its financial flexibility to manage future liquidity needs in a volatile environment.

Liquidity

(€ million)	31/12/2013	30/09/2013	31/12/2012
Cash at bank and short-term securities	12,224	10,731	10,886
Cash and cash equivalents	2,519	2,711	7,490
Cash and balances with central banks	4,689	4,258	3,156
Reverse REPO	393	504	596
REPO	-1,586	-1,618	-1,655
Cash and cash equivalents	18,239	16,586	20,475

As mentioned previously, cash decreased to € 18,239 million, as a result of the Group investment policy focused on consolidating current return and reducing cash levels. The increase compared to September is attributable to the temporary effect of the asset sales policy in the last quarter, the funds from which were not reinvested at the balance sheet date.



OUR PEOPLE

Human resources are a key factor in the achievement of Group strategic goals. We believe in the value of our employees and we build our competitive advantage on their expertise and commitment.

Our HR policies are focused on:

- our people and their commitment, offering an environment of opportunities, communication and professionalism for everyone;

N. EMPLOYEES OF THE GROUP
77,185
(-2.9%)

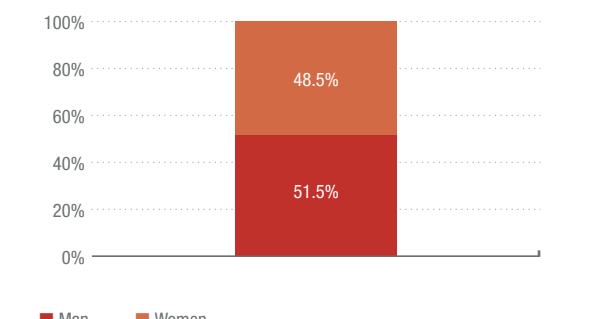
AVERAGE AGE
41 YEARS

AVERAGE LENGTH OF SERVICE
12 YEARS



Diversity and inclusion

The Group seeks to improve its employees and regards diversity as an opportunity for enrichment.



Generali guarantees a working environment free of all types of discrimination and harassment, promoting the diversity and inclusion of its employees in the belief that cooperation between people from different cultural backgrounds, with different skills, opinions and experience, is an essential prerequisite for attracting talent and guaranteeing business growth and innovation.

PART-TIME EMPLOYEES IN THE GROUP
12%

Employees in positions of responsibility are asked to play an active role in creating and promoting a welcoming and supportive working environment where the values of integrity, respect, cooperation, diversity and inclusion are genuinely pursued.

All decisions regarding the workforce, including selection, recruitment, training, assessment and professional growth, are based on merit and performance and cannot be influenced by factors such as race, ethnicity, religion/creed, sexual orientation, marital status or political beliefs.

Governance and Strategy

We aim to develop a sense of belonging to the Group by ensuring managerial continuity through the enhancement of individual professionalism, leadership competencies and technical knowledge. We leverage on our values and on the internationalization of the Group to implement coherent human capital processes and tools in order to identify, develop and retain our people.

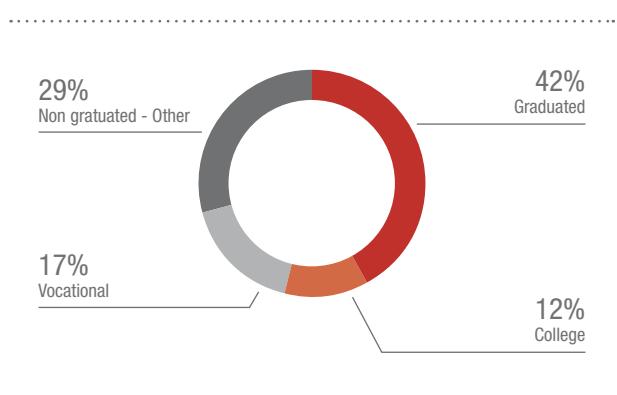
Based on these assumptions, HR processes are defined to support the Group Strategy in coherence with our mission, vision and values.

Recruiting

The Group is committed to hiring highly qualified staff following a selection process based on the principles of fairness and impartiality.

We promote Generali as an attractive global employer to recruit the best profiles in line with the needs of a world leading Group.

We aim to attract people with an open minded and flexible approach, able to operate in an international context, effectively dealing with complexity and cultural diversity; people passionate towards their jobs, able to release their potential and to actively contribute to the Group's growth through personal growth.



We want to bring people together, to acknowledge and share the value of their diversity. We have an inclusive approach which promotes the belief that cooperation and exchange between different cultures, skills and experiences is fundamental.

Training

The Generali Group regards learning and knowledge sharing as crucial elements for meeting its improvement goals, maximising business value and implementing its strategy based on its core insurance business, on a customer-led business approach and on the strengthening of its capital solidity and profitability.

PER CAPITA AVERAGE HOURS OF TRAINING
30.5 (-6.1%)

Human capital enhancement is supported by the Generali Group Academy - the Group Corporate University for the development of key competencies.

We provide appropriate learning and development programs, aimed to sustain a global alignment on strategic priorities and corporate vision, mission and values, and to enhance both the leadership and functional/technical competencies requested by our business.

In particular, we build and nurture a sustainable learning environment able to support the creation of a diverse, inclusive, and fully engaged cosmopolitan workforce.

Leadership Development and Performance and Talent Management

We support strategic and cultural change in line with the Group strategy and objectives. We ensure transparent promotion and career development processes, through the implementation of coherent performance management and talent review systems in order to:

- promote the development of each individual in relation to their role, responsibilities and potential and balancing all these aspects with the business priorities;
- ensure managerial continuity, promoting the internationalization of the Group and giving all employees the opportunity to feel a sense of belonging to the organization.

On the basis of these objectives the Global Leadership Group (GLG) was established in 2013. This Group, composed of around 200 strategic roles exerting a significant impact on Group business results, was identified as the main target for the implementation of the following global processes and tools:

- a new reward system (both short- and long-term components);
- a new performance and talent management process, including succession planning for the GLG and their successors;
- a new leadership model.

The Performance and Talent management process requires managers to evaluate their people's performance and potential. The outputs of this review determine their position in the Performance/Potential Matrix and help define the succession planning and subsequent leadership development for each individual.

The **Generali Leader of the Future** leadership model describes the necessary and distinctive competencies required from Generali senior leaders to achieve the strategic objectives and has been used in the first global performance and talent review process.

Reward

We aim to attract, motivate and retain our people who - for their technical and managerial competencies and their different profiles in terms of origin, gender and experiences - create a real advantage for the Group.

We believe that an effective compensation policy can positively reinforce employee engagement and alignment with organizational goals consistently with our Group mission, culture and values.

The pillars of our compensation approach are:

- equity and consistency;
- alignment with corporate strategy;
- competitiveness;
- value merit and performance;
- governance and compliance.

Group Governance on compensation is primarily focused on Group executives (Group CEO, Group Management Committee and Global Leadership Group) providing for competitive total compensation offer and incentives aligned with market practice and regulatory requirements.

The pillars of our remuneration policy are consistently cascaded throughout the organization taking into account business and local specificities and regulations within Group approach and standards.

Further details on our compensation policy and programs can be found in the Compensation Policy section of this report and in the Remuneration Report.

International Mobility

As a global and international employer, we have launched in 2013 an **International Mobility** program, as a lever for Group internationalization and to support the new business strategy.

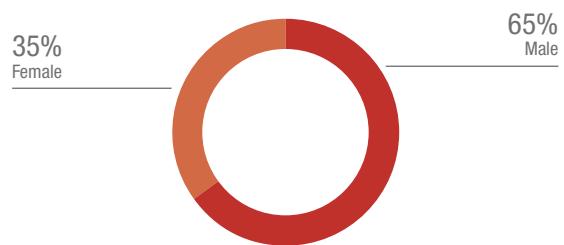
Key elements of the program are:

- centralized and disciplined process;
- central budget for relocation costs, with an overall investment of € 12,5 million in 4 years;
- a new International Mobility Policy;
- quotas of expatriates hosted, assigned to countries/region
- a dedicated IT mobility tool (Gulliver).

As of 31 December, 274 are the colleagues in international mobility. 80 new the international assignments started in the course of 2013 with an increase of 70% compared to the previous year.

Also relevant is the increase of female assignees from 23% to 35% which reflects the attention for the gender balance and the effort on diversity.

Gender balance of International Mobility



Main drivers for international assignments are organizational needs and individual development reasons. Every Group employee who meets English language skills and job requirements can be part of the program.

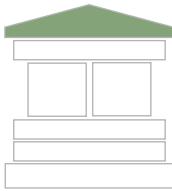
Organization and Change Management

We aim to create a high performing organization that optimizes business and operating synergies and sets up a consistent governance among three key dimensions:

- geographies, i.e. Head Office, regions and countries;
- functional excellence;
- business excellence, through products, distribution and customer segments.

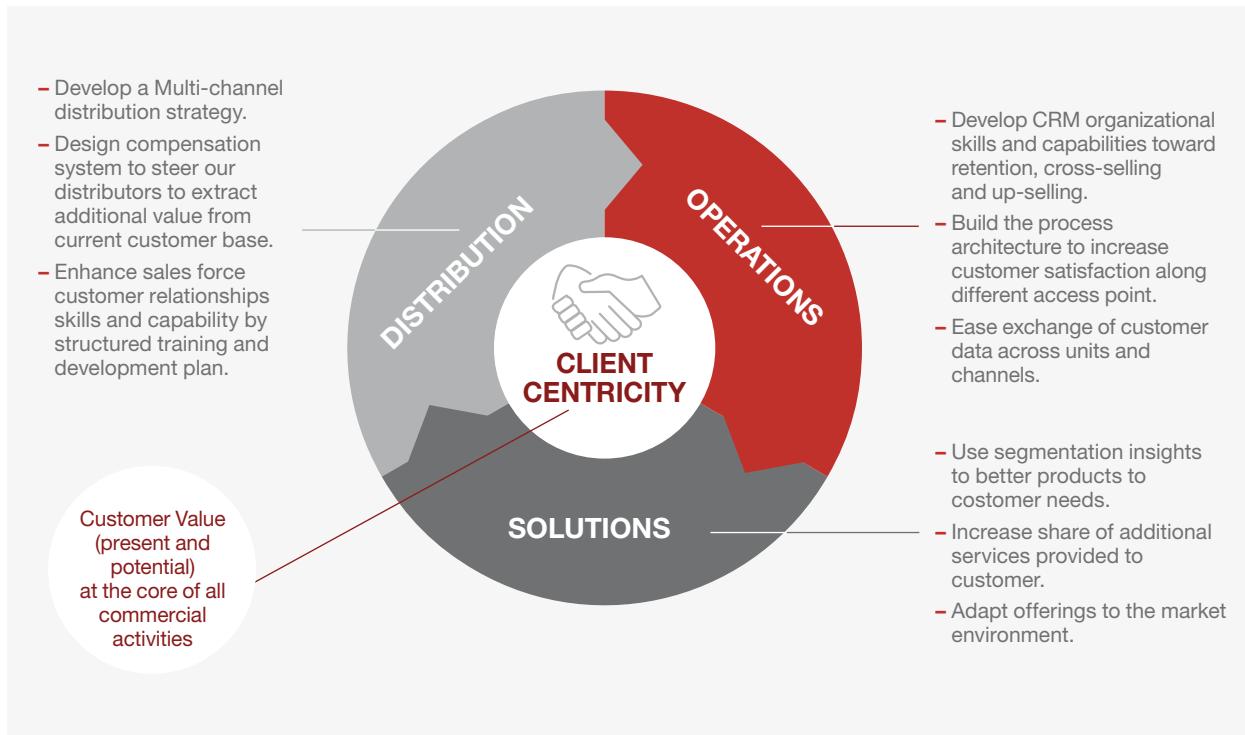
We support the Group strategy through:

- design and define world-class organizational guidelines and principles to develop and maintain highest standard in organizational efficiency and effectiveness;
- promote a global Group consistent organization, leveraging Group scale, capturing synergies and leveraging on professional competencies;
- foster organization transparency, clarity and consistency among entire Group;
- monitor, control and drive major organizational dynamics, developing a Group-wise workforce strategic planning;
- promote employee commitment, engagement and Group level sense of belonging.



OUR CLIENTS

In 2013 we launched **Become a true Client Centric Company** project as an evolution of the former Customer as an asset with the main aim of enhancing the profound transformational change already in place in our way of doing business, being truly customer-oriented. Following our approach, the new trends in customer behavior mainly driven by technology and the difficult economic environment are being addressed maximizing the customer satisfaction and the loyalty of our current customer base.



As a matter of fact, the focus on our on-going activities is to design product, services and processes in line with customer needs and behavior, increase customer satisfaction for higher loyalty and trigger word of mouth, increase analytics and data management, improve the customer retention and cross-sell and up-sell on current portfolios.

In line with this, we identified 7 levers divided into core and support streams:

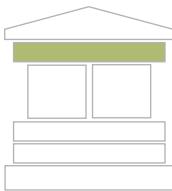
- customer value;
- retention;
- cross-up selling;
- customer satisfaction;
- new customer acquisition;
- product and service development;
- customer experience.

We then established an efficient network of experts and stream coordinators in order to disseminate best practices and foster cross-border synergies. The implementation of IT solutions to support the full deployment of all necessary functionalities in terms of Customer Relationship Management (CRM) for customer database, CRM platforms and customer platforms is one of the key enabler for the fulfilment of the entire project.

Technical Excellence projects in retention and cross-up selling were clearly identified and ad-hoc task forces were appointed where the need for improvement in P&C retention or life maturity management is particularly high.

In parallel, a blueprint on the main levers was released to all countries defining the customer value methodology, the application of customer value to the insurance business, the levers for retention, proactive contact strategy, loyalty programs, cross and up selling etc..

Customer satisfaction and Net Promoter Score (NPS) form part of the streams of the project. We consider the net promoter score metrics, which is currently used in many countries, a tool to improve the customer experience; recommending one company means going beyond rational factors, involving emotions. Customers recommend if they have a good perception of how much the company cares about them; we will focus on the brand relation, the satisfaction with the offered product, the ease of doing business and the touch point experience. Understanding what is special for the customers and what really matters to them provide us with significant insight and opportunity to differentiate.



OUR SALES FORCE

The agent channel currently represents the backbone of the Group. Considering the market trend, and despite the increasing importance of the new alternative channels, the agent channel will be a predominant one also in the future for all main regions and for both fast-growing and mature markets.

The latter is true only if we assume that agent channel will be able to undertake a significant step ahead by removing currents constraints, make the whole sales process much more efficient and hassle free than it is today, adapting skills and systems to the new challenges.

As a matter of fact, in mature markets agents are threatened by the proliferation of channels, the competition of product specialists, the changes in customers purchase trends and the growing requirements set by regulators, while working with skills, operating models and systems that were designed for previous market conditions.

In other terms, protecting and strengthening our agent franchisees in mature markets is a must and this is the reason why we are pursuing it through a Group strategic project named **Excel in Tied Agents**.

To this effect, and for the purpose of further improving effectiveness and efficiency in terms of productivity, sales quality and customer orientation, carried out through a successful management of all the possible synergies at Group level, the Excel in Tied Agents project has been launched with the specific objective of modernizing, improving and allowing for a more effective and efficient sales process throughout all the physical distribution networks, thereby acting directly on key aspects in the value chain, on cost efficiency and on strong customer service orientation. More precisely, the project should bring a quantum leap in productivity and effectiveness of tied agent network that can only occur by removing currents constraints, and drastically make the whole sales process much more efficient and hassle free than today, by freeing up agents of administrative burdens and allowing them to spend more time with and for the clients.

The project belongs to the so-called **Technical Excellence** area, being it part of a wider program that links distribution and customer activities with those of life and P&C, in order to define, implement and track relevant actions in the business units, meant at increasing technical margins while assuring a substantial growth.

In this respect, after going through specific activity gates, along a very structured process, the project has identified some main development areas and per each of these areas the business units have designed and implemented, on a local basis, a specific action plan for the next three years under the co-ordination and supervision of the Head Office Technical Excellence department. To design these action plans, the business units have leveraged on the capability building tools and levers produced through the project such as: an international network and team of experts, a Group knowledge exchange platform made of workshops, web share

point, reference guidelines and best practices book, a specific set of KPIs and the related monitoring system.

The development areas identified are the following:

- network efficiency
 - sale process efficiency and effectiveness;
 - sales force life-cycle management/organization;
 - network segmentation and clustering;
- remuneration
 - value based compensation schemes.

Improving sales force efficiency and effectiveness can be obtained mostly through the improvement, modernization and simplification of the main sales process and their automation. Reaching efficiency requires a **360° methodology** which includes an **ambitious sales plan**, a **defined sales process** and a **good monitoring system** - all of them supported by the necessary **technology and tools**. Structured and disciplined selling processes and their advanced automation are essential to **optimize commercial time**, to increase the volume of contacts, to then convert them into new clients, develop their commercial potential gain their loyalty and, in case of loss, do the best to win them back. A significant increase in efficiency generates a direct impact on **network productivity** and **profitability**. At the same time, this efficiency increase, combined with an improved customer management ability of agents, allows to leverage the in-force customer portfolio for intensive up and cross-selling actions in order to draw **value** and **increase premium**.

In order to protect current agents, working only on the efficiency side may not be enough because there is also a need to introduce new metrics and **rewarding criteria for efficiency** and productivity in addition to **improving the compensation models** towards a value-based, **customer oriented** selling approach. Last but not least, a fundamental requirement to succeed in pursuing the abovementioned goals is to have a **qualified and well-skilled sales force** by using professional recruitment tools and structured development plans, providing a sustainable stability and quality of the network over time. Particularly, the turnover of agents can be reduced significantly if the recruitment process is quality-based and working effectively with a significant impact both in terms of cost saving and higher productivity. **Recruitment** and development are the first and key step of the entire agent job life-cycle which then includes a phase of stabilization, consolidation and carrier path.

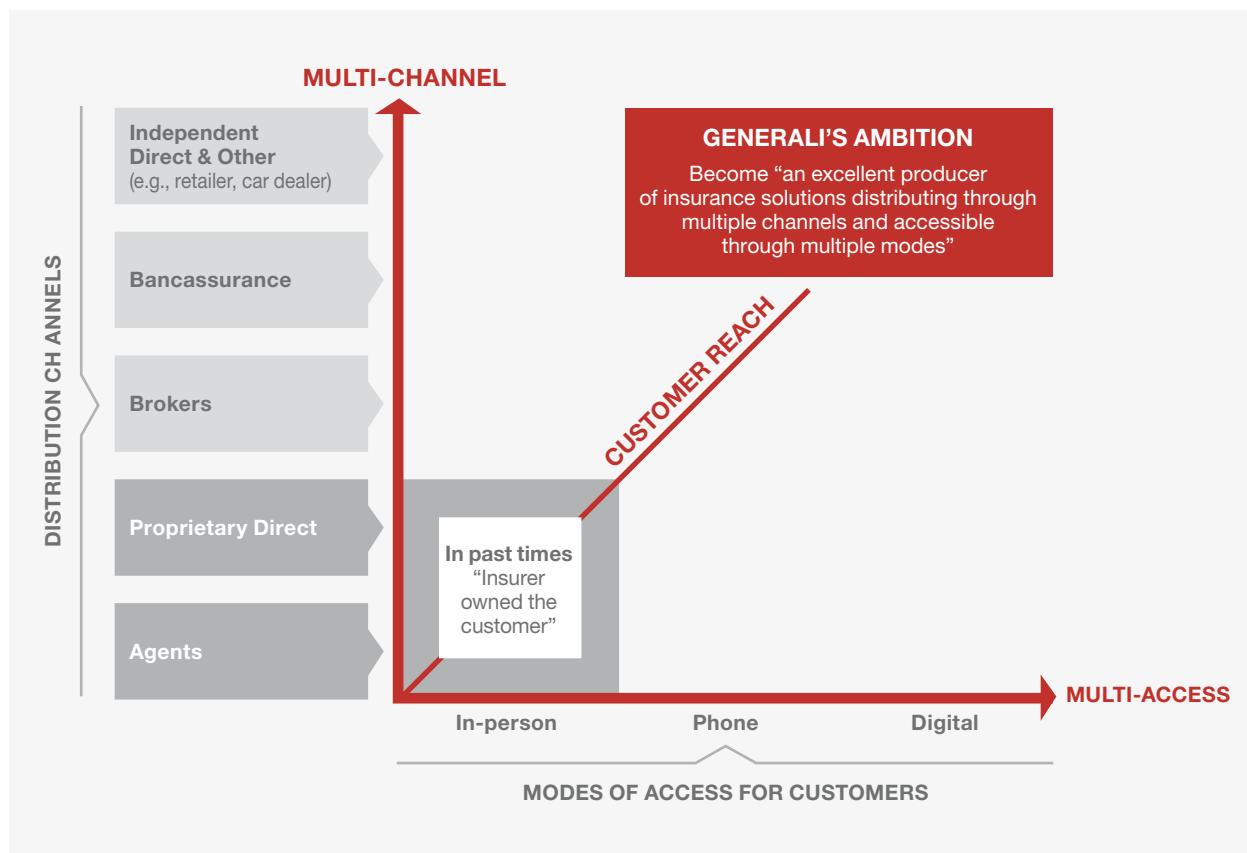
The goals of the Excel in Tied Agent project are not focused only in the short term. Modernizing the network and consequently creating a new agent generation are most of all mid and long term targets in order to protect our franchisees. Given the proliferation of new type of competitor as a consequence of the ease of access generated by digital technology, renovating the **agency model** and developing a new **digital agent generation** is crucial.

The first step, that has been undertaken in this direction and that will be the most relevant development area for enhancing the productivity of agent network, is the newly launched **Enabling true Multi-channel Distribution project** that will allow for customers multi-access to agencies mainly through new digital tools and solutions.

Being multi-channelled is one of our strategic imperatives; we are, above all, a retail Group and today clients are asking to deal with insurers in different ways. Our goal is to respond to this need and become an excellent producer of insurance solutions in a distribution landscape which is rapidly becoming more challenging: while in the past distribution occurred through one's own tied agent networks, nowadays more and more channels are available. Clients are driving the sales process, supported by more transparency driven by regulators and new technology available. New access modes are emerging allowing customers to be more and more independent in their

relationship with the insurer, being able to collect information on alternative products, comparing options for the chosen product, purchasing the preferred one and getting the post-sale service. These new access modes are increasingly important to establish customer brand perception, provide information and impact their behavior. Customers are becoming hybrid giving rise to a remote relationship in addition to physical, shifting habits and requiring more differentiated contact points with insurers.

Enabling true multi-channel Distribution project is part of the **Technical Excellence** activities and is meant to fully satisfy client demand by developing a truly multi-access and multi-channel model, targeting also new customer segments. The goal is to achieve the maximum level of integration between traditional and direct modes of access reflecting customer behaviors and expectations, thus increasing customer satisfaction and value creation.



In 2013 we created a community of experts for running projects focusing on direct and multi- channel distribution, defining key levers and key best practices by lever, assessing the technical capability of business units and developing initiatives on customer and distribution. In this way we take advantage of local and global synergies, with local best practices elevated to Group's benefit and redeployed locally in less mature market.

Our multi-channel/multi-access approach is centered on different streams representing the main levers (lead management and CRM, distribution platforms, customer portals, direct channels, new generation of products and services and new ventures). Technical Excellence projects were clearly identified and given priority for full implementation in a short-term, while a blueprint based on multi-channel/multi-access best

practices will be released in mid-term in order to properly pilot future initiatives. This will enable the selection of the optimal multi-channel approach given a country's existing distribution model, how to perform company-driven processes across channels and modes of access (e.g. retention, cross-selling, etc.) and how to differentiate the product offer across channels. The creation of innovative Group prototypes for new products and services as well as new platforms for customers and distribution will be a further step in our approach. The use of technology will play a fundamental role in this issue, being mobile technology and online platforms differentiating ingredients that should be coupled with new business models. The promotion and the support of new launches in direct and multi-access business are also important activities that are being followed and will, in future, be pursued closely as part our activities.

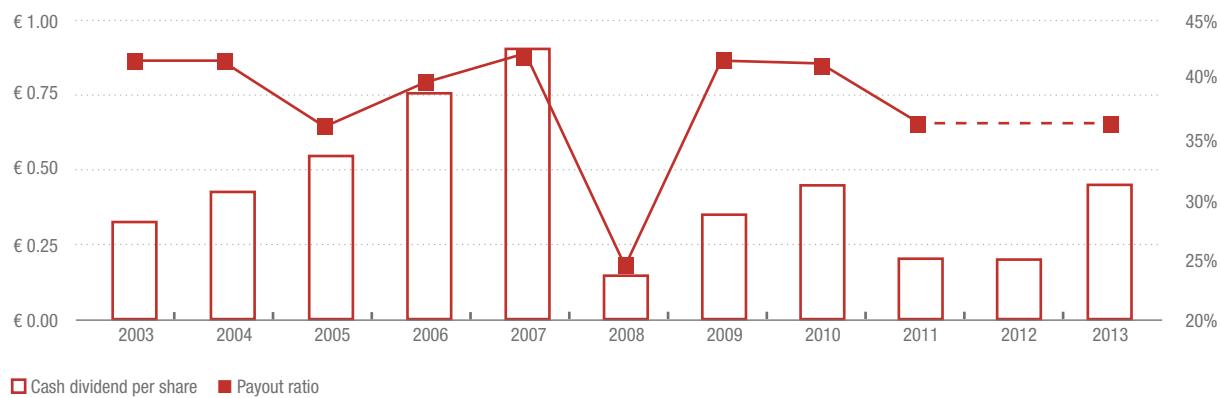
SHARE PERFORMANCE

Information on share trend

Stock Markets



Dividend per share and payout ratio*



The share trend during recent years is expressed through the main financial indicators per share, which confirms Assicurazioni Generali among the strongest insurance companies in Europe.

* 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 payment policy applied by the Group.

Main indicators per share

	31/12/2013	31/12/2012	31/12/2011
Per share information			
EPS	1.24	0.06	0.56
Operating earning per share	1.36	1.26	1.11
DPS	0.45	0.20	0.20
Embedded value per share	18.6	15.4	14.6
Share price information (in euro)			
share price	17.10	13.74	11.63
minimum share price	11.92	8.22	10.65
maximum share price	17.33	13.82	16.99
average share price	14.57	11.35	13.83
Share volume information			
average number of share outstanding	1,548,056,710	1,540,876,152	1,540,742,780
market capitalization (in € million)	26,622	21,391	18,106
daily number of traded share	6,116,433	7,151,866	8,432,234
Total shareholders' return (%)*	26.16%	20.90%	-16.75%

* (total dividend + change in share price in the period/ share price at the beginning of each year).

RATING AND ETHICAL INDICES

The current *rating* and *outlook* assigned to Assicurazioni Generali by the major rating agencies are illustrated below.

Rating agency	Rating	Outlook
A.M.Best	A	Negative
Standard & Poor's	A-	Watch Negative
Fitch	A-	Negative
Moody's	Baa1	Stable

Updated as of February 2014.

On 26 November 2013, the rating agency Standard & Poor's placed Assicurazioni Generali on credit watch with negative implications following the adoption of a new methodology focusing on the relationship between the rating of the Company and that of the country to which they have "significant" exposure in terms of total investments. The expiry of the credit watch was 20 February 2014 but has been extended by Standard & Poor's to the 31 March.

On 6 February 2014, the rating agency Fitch affirmed the Insurer Financial Strength rating of Assicurazioni Generali at A- (with negative outlook), reflecting the strong operating performance in 2013 and the enhanced focus of the new management on preserving capital and reducing debt. The negative outlook is related to the outlook of Italy, also negative. Fitch has also affirmed Generali's senior and subordinated notes at BBB+ and BBB-, respectively.

On 18 February 2014, the rating agency Moody's improved the outlook of Generali from negative to stable which benefited from the same improvement in Italian outlook. It also confirmed the Insurance Strength Rating to Baa1 and the Baa2 rating on the Generali senior bond placement.

The rating of Assicurazioni Generali continues to be two notches above the rating of its main country of operation due to the fact that its activities extend into the European Union and it is a leader in terms of market share in countries with high credit ratings such as Germany, France, Austria and the Czech Republic. This geographic diversification reduces the direct link to Generali's sovereign domestic risk.

The ratings assigned to Assicurazioni S.p.A. by agencies which are specialized in sustainability topics and are continually more numerous considering the financial instruments issued by the Company as socially responsible investments (SRI), are improved. Results obtained in the various areas of sustainability in the last few years have led the Company to its inclusion in many of the most prestigious **ethical indices**, such as FTSE4Good, NYSE Euronext Vigeo Europe 120 and MSCI ESG indices.

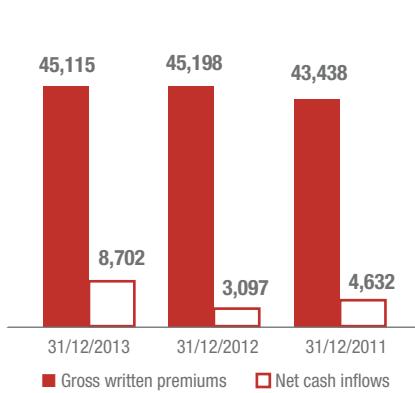


www.generali.com/Sustainability

PERFORMANCE AND FINANCIAL POSITION BY SEGMENT

LIFE SEGMENT

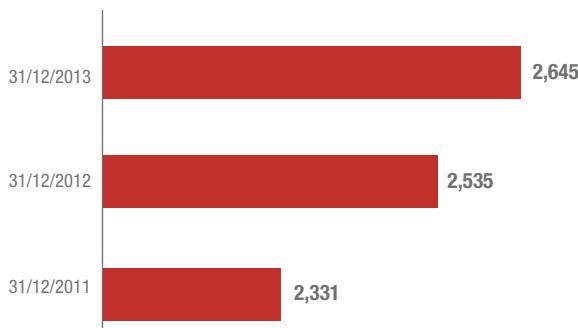
Gross written premiums and net cash inflows



APE



Operating result



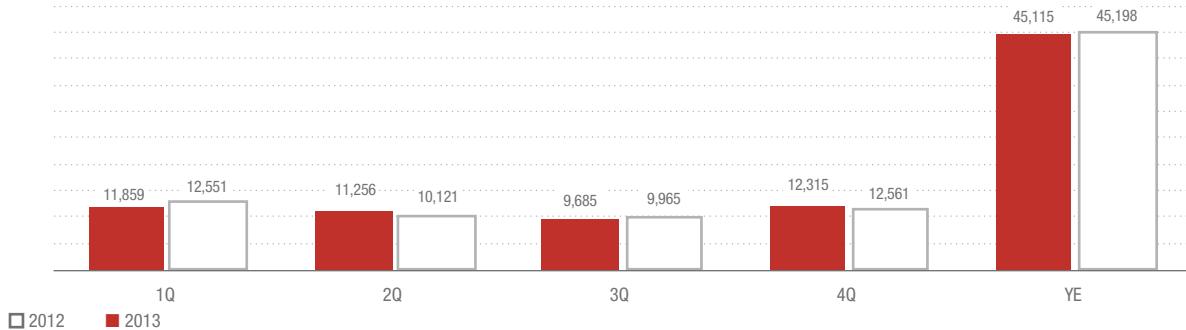
Operating result from investments



- Gross written premiums stable (+0.2% on equivalent terms) attributable in particular to the development of the *linked* business, net cash inflows showed a strong recovery.
- New business in terms of APE € 4,470 million, slightly decreasing in comparison to the previous year (-1.0%).
- Increasing operating result (+4.3%) due to the positive technical performance.

Premiums development and new business

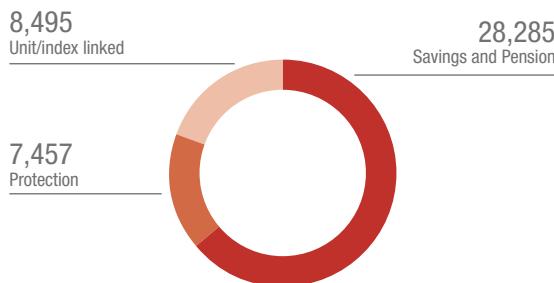
Gross written premiums



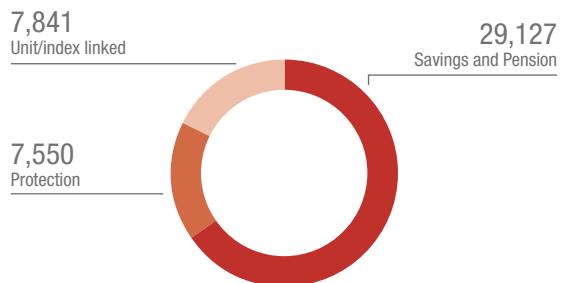
Written premiums in the life segment, including premiums related to investment contracts, amounted to € 45,115 million, stable with respect to the previous year (+0.2% on equivalent terms). This trend was driven by the rise in linked contracts (+8.8% on equivalent terms), in line with the strategy aimed

at favouring lower capital-absorption products. In decline the trend in the savings and pension lines (-2.6% on equivalent terms) and, to a lesser extent, the protection policies (-0.4% on equivalent terms).

Group written premiums by line of business at 31/12/2013



Group written premiums by line of business at 31/12/2012



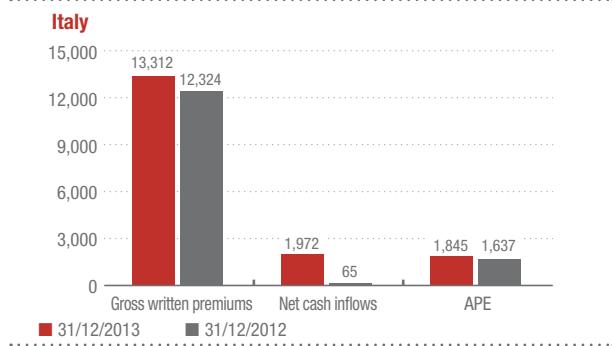
Net cash inflows amounted to € 8,702 million, far higher than the figure reported at 31 December 2012, owing to the significant containment of capital outflows, particularly surrenders and maturities, and the above mentioned slightly positive performance in terms of written premiums.

New business annual premium equivalent (APE) amounted to € 4,470 million, decreasing slightly compared to the previous year (-1.0% at constant exchange rates and share attributable to the Group). The new business production in 2013 is characterized by a modest decrease in annual premiums (-1.9% on equivalent terms), that continue to have a predominant weight on the total APE (almost 61% of APE) and the moderate development of single premiums (+0.4% on equivalent terms), driven by the significant increase recorded in Italy (+19.1% on equivalent terms) and Germany (+19.4% on equivalent terms).

With reference to the lines of business, savings and pension lines declined (-4.1% on equivalent terms), while both protection and linked business grew (on equivalent terms, respectively, +3.6% and +8.4%).

Despite the drop in interest rates, the profitability of new business (margin on APE) has increased from 19.2% in 2012 to 21.0% in 2013 with the increase explained by a better product mix and the constant reduction in the level of guarantees offered. Due to improved profitability, the **value of new business (NBV)** recorded a significant increase compared to 2012 (+14.2%) and amounted to € 937 million.

A geographical focus follows regarding the main indicators set out above:

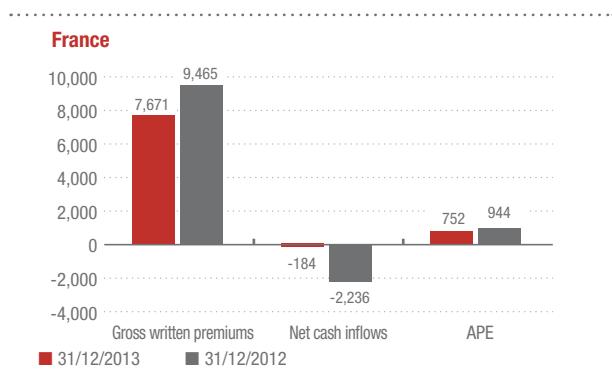


Gross written premiums in Italy increased from € 12,324 million at 31 December 2012 to € 13,312 million. This performance (+8.0%) was attributable to the increase +11% of written individual premiums driven by the increase in single premiums (+24.2%), benefiting from competitive returns compared to alternative products; written recurring premiums were stable. All distribution channels contributed to the growth in written individual premiums, in particular the traditional channel showed an increase of +8.9% and also the financial advisor channel +8.5%, which evidenced a significant recovery from the first half of the year. A positive contribution was evidenced from the banking channel that doubled its collection.

New business annual premium equivalent increased (+12.7% on equivalent terms) due to the positive development of both the annual premium (+9.4% on equivalent terms), which represents almost 65% of APE, and single premium products (+19.1% on equivalent terms).

The profitability (margin on APE) increased from 17.2% in 2012 to 18.2% in 2013, the growth, observed in all major business lines, is explained by the more favourable tariffs in the savings and pension lines and the positive effect of lower interest rates on the profitability of protection products. As a result of higher volumes and improved profitability the **value of new business** increased by 21.0% and amounted to € 336 million.

Net cash inflows improved significantly, benefiting from the significant decline in maturing contracts, in addition to the above mentioned premium performance; it should be noted that the fourth quarter evidenced a significant net increase due to the banking channel.



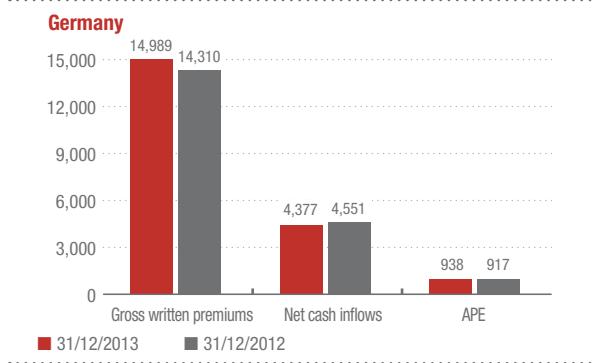
Gross written premiums in France went from € 9,465 million at 31 December 2012 to € 7,671 million. This decrease (-19.0%) was attributable to the protective measures adopted for the savings and pension portfolio last year due to the significant outflows which affected this portfolio in the first quarter of 2012.

With reference to the lines of business, the sharp growth in written premiums of linked policies (+34.3%), particularly single premium policies, reflect the actions taken to improve the portfolio mix towards products with lower capital absorption, and benefit from the more confident climate in the financial markets. This increase, was fully offset by the downturn of protection policies (-9.3%) and the decrease in savings and pension policies (-32.1%) as a result of the aforementioned measures.

The sharp contraction of **APE** (-20.3% on equivalent terms) was mainly explained by the fact that the production of the first part of 2012 benefited from the effects of an extraordinary operation in order to preserve the traditional portfolio of savings single premiums. Neutralizing this impact, the production evidences a slight decrease. The more profitable protection business and linked business grew (+21.9% on equivalent terms and +22.5% on equivalent terms respectively).

As a result of lower volumes, the **value of new business** decreased by -20.6% and amounted to € 96 million, while profitability (margin on APE) remained stable at 12.7% due to a more favorable business mix (greater weight of the more profitable protection and linked products) which compensated for the negative effect due to the fall in interest rates.

Although still negative, **net cash inflows** rose sharply, thanks to a reduction in capital outflows, which offset the above-mentioned decline of written premiums.

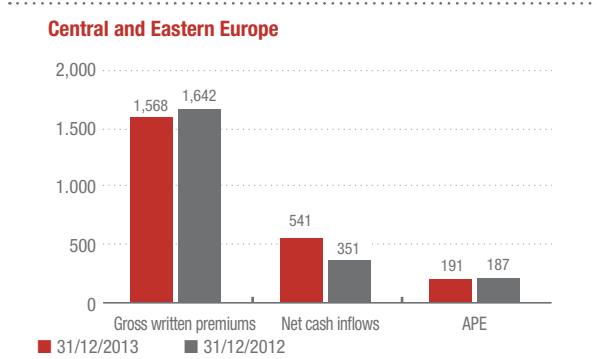


Gross written premiums in Germany performed exceptionally well, increasing from € 14,310 million at 31 December 2012 to € 14,989 million, confirming the country to be the first premiums contributor of the Group. The growth (+4.7%) was mainly attributable to the performance of the savings and pension policies (+8.4%), solely single premium policies. An increase was reported also for the protection business (+1.0%), also due to the performance of single premium policies, and the linked business (+1.8%).

New business annual premium equivalent grew moderately (+0.8% on equivalent terms). Single premiums evidenced a significant development (+19.4% on equivalent terms) maintaining the levels observed during the second half of 2012, while annual premiums declined both in the life business (-10.0% on equivalent terms) and in the protection business (-2.5% on equivalent terms).

The profitability (margin on APE) increased from 20.2% in 2012 to 26.5% in 2013 due to higher margin from the protection business and the more profitable tariff characteristics of the new single-premium products. As a result of higher volumes and improved profitability the **value of new business** increased by 31.6% and amounted to € 248 million.

Net cash inflows remained at excellent levels, even though decreasing compared to the previous year due to the increase in capital outflows which offset the positive performance of premiums written.

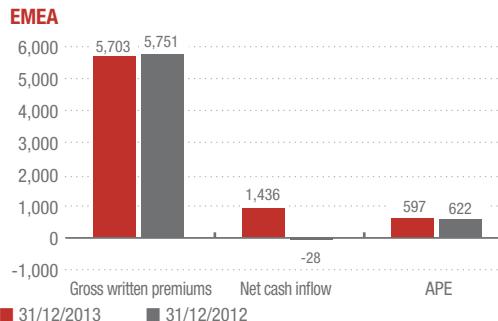


Gross written premiums of Central and Eastern Europe decreased from € 1,642 million at 31 December 2012 to € 1,568 million, (-2.1% on equivalent terms). In detail, while *linked* policies increased (+12.0% on equivalent terms) especially in Poland, and protection policies grew (+7.9% on equivalent terms) as a result of the performance in the Czech Republic, Slovakia and Poland, savings and pension policies decreased (-10.7% on equivalent terms) particularly in Poland and the Czech Republic.

The decline in the **value of new business** (-23.7% on equivalent terms) is mainly due to the volatile developments in the pension funds in the Czech Republic and Poland, which have been affected by recent regulatory changes and uncertainties. By neutralizing these impacts the change in new business in the EEC is positive at +6.3% on equivalent terms.

The profitability (margin on APE) increased from 31.4% in 2012 to 38.5% in 2013 due to the increased profitability of the new pension products marketed in the Czech Republic. Despite increased profitability, lower volumes caused a decline in the **value of new business** of 8.9% to € 73 million.

Net cash inflows increased compared to 31 December 2012, due to the considerable growth witnessed in the Czech Republic owing to the diminished outflows from pension funds as a consequence of the restrictions imposed by the pension reform; significant improvements were also recorded in Poland and Hungary.



Gross written premiums in EMEA decreased (-0.5% on equivalent terms) from € 5,751 million at 31 December 2012 to € 5,703 million. The trend is determined by the contraction of the savings policies, partially offset by the positive performance of both linked policies and protection lines.

In particular, a reduction in gross written premiums in **Spain**, which amounted to € 1,006 million (€ 1,183 million at 31 December 2012); this decrease (-15.0%) was attributable to the decline in collection of savings policies (-18.3%), due to the renewal of a single premium policy occurred in the last quarter of the previous year. Protection policies remain stable (+0.2%); instead, *linked* policies performed well.

In **Austria** gross written premiums amounted to € 1,156 million (€ 1,147 million at 31 December 2012); this increase (+0.8%) was due to the protection lines (+4.5%), which recorded an increase in both the number of policies and the average premium, and from savings and pension policies (+1.9%); the trend of the lines of business mentioned above mitigate the contraction of *linked policies* (-5.0%), which are affected by the continued difficult market conditions.

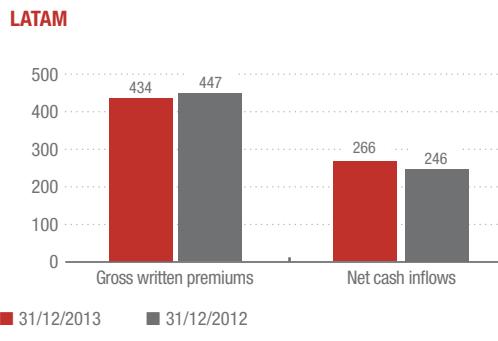
Gross written premiums in **Switzerland** (-6.3% on equivalent terms), decreased from € 1,157 million at 31 December 2012 to € 1,062 million. The decline was mainly due to savings and pension products (-9.0% on equivalent terms), solely single premium policies whose distribution is hindered by low interest rates. *Linked* policies also decreased (-7.0% on equivalent terms), both annual and single premiums, whereas protection policies performed well (+2.2% on equivalent terms).

The above-mentioned increase in EMEA countries was attributable to the contribution of Ireland, which showed a positive trend in all lines of operations, specifically *linked* policies (+28.0%).

New business annual premium equivalent decreased slightly (-3.6% on equivalent terms), a consequence of the contraction observed in the saving business lines of (-15.4% on equivalent terms), partially offset by the positive progress of linked business (+6.2% on equivalent terms), while the protection business remained essentially stable (+0.1% on equivalent terms). In terms of geographical territory, business is declining in Austria (-3.8% on equivalent terms), Switzerland (-30.5% on equivalent terms) and the Guernsey (+7.3% on equivalent terms) while Spain increases (+4.7% on equivalent terms) and Ireland (+36.8% on equivalent terms).

The better product mix contributed positively on profitability (margin on APE) which passes from 20.8% in 2012 to 26.1% in 2013. The **new business value** amounted to € 156 million, an increase of 21.7%.

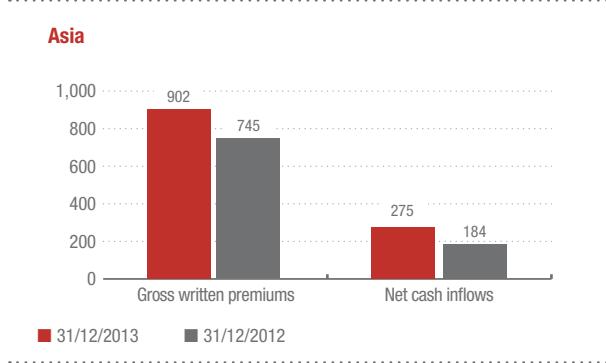
Net cash inflows in EMEA increased due to the significant decrease in maturing contracts that compensate for the negative trend in premiums. This trend is mainly attributable to Spain, where at 31 December 2012 showed high values for maturing contracts, and also in Ireland. Growth trends are evident in Austria, Portugal, Belgium and the Netherlands, which offset the downtrends observed in Switzerland and Guernsey.



Gross written premiums in **Latin America** increased (+17.0% on equivalent terms) to € 434 million (€ 447 million at 31 December 2012).

The trend is due to both the growth in savings and pension policies (+29.2% on equivalent terms), and protection policies (+10.7% on equivalent terms) especially in Argentina, which was also influenced by inflationary increases.

Finally, the growth in **net cash inflows** in Latin America due to the excellent performance of Argentina, which benefits from the aforementioned inflationary effects, and Brazil.



Optimal performance in **gross written premiums** in **Asia** increasing from € 745 million at 31 December 2012 to € 902 million (+24.2% on equivalent terms).

This growth is attributable to gross written premiums in all lines of business, with particular reference to savings and pension policies (+19.5% on equivalent terms).

At country level, it can be noted that the positive trend is attributable to China as well as in emerging countries, such as Indonesia and the Philippines.

Finally, the growth in net cash inflows in Asia is mainly due to the excellent performance of the above mentioned China, Indonesia and the Philippines.

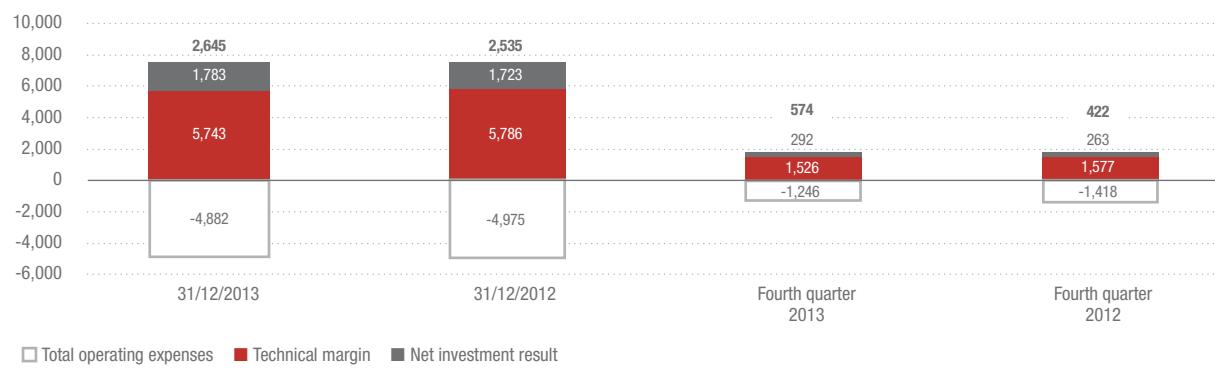
With reference to **Asia** and **Latin America**, the **value of new business APE** shows good growth (+10.1% on equivalent terms) as a result of the strong increase recorded in Asia (+17.3% on equivalent terms), partially offset by a decline in South American countries (-26.2% on equivalent terms). The **value of new business** decreased slightly (-1.9% on equivalent terms) and amounted to € 28 million.

International operations

Gross written premiums in the International Operations Group, increased from € 514 million at 31 December 2012 to € 537 million (+6.6% on equivalent terms), due to the favorable Generali Employee Benefits business.

Finally, **net cash inflows** of the International Operations group increased due to the above-mentioned positive trend in premiums.

Operating result



The **operating result** of the life segment amounted to € 2,645 million, an increase of +4.3% compared to € 2,535 million in 2012. The increase is primarily due to the favorable trend in the financial margin and simultaneous containment of costs.

This improvement is also confirmed by comparing the fourth quarter of 2013 compared to the corresponding quarter of the previous year (+36% on a comparable basis), due primarily to the reduction of operating costs.

Finally, the operating profitability⁸ of the life segment amounted to 0.77% (0.78% at December 31, 2012).

8. For further information on the calculation methodology for this indicator, please refer to the appendix to this Management Report.

Operating result: Technical margin

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Technical margin	5,743	5,786	1,526	1,577
Net earned premiums	40,971	40,949	11,251	11,720
Fee and commission from financial service activities	200	199	55	29
Net insurance claims adjusted for financial interests and bonuses credited to policyholders	-35,506	-35,428	-9,784	-10,194
Other insurance items	78	66	5	22

The technical margin⁹, amounted to € 5,743 million, slightly decreasing; in particular, the contraction of the loadings was only partially offset by growth in the profitability of the protection business.

The technical margin does not include insurance operating expenses, which are reported in *Total operating expenses*.

Operating result: Net investment result

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Net investment result	1,783	1,723	292	263
Operating income from investments	16,031	14,298	4,774	2,826
Net income from investments	11,610	8,861	2,840	1,376
Current income from investments	10,718	10,644	2,661	2,618
Net operating realized gains on investments	2,089	973	468	462
Net operating impairment losses on investments	-390	-1,978	-71	-1,469
Other operating net financial expenses	-807	-779	-217	-235
Net income from financial instruments at fair value through profit or loss	4,421	5,437	1,934	1,450
Net income from financial instruments related to unit and index-linked policies	4,101	4,563	1,823	1,155
Net other income from financial instruments at fair value through profit or loss	320	874	112	295
Policyholders' interests on operating income from investments	-14,248	-12,575	-4,481	-2,562

Net investment result € 1,783 million, increased by 3.5% with respect to € 1,723 million at 31 December 2012. This trend was due to an increase in realized gains and a decrease in impairment losses which had a negative impact on the prior year. This effect was partly offset by the persistence of low interest rates that led to higher provisions for interest rate risk compared to the previous year, reflected in reduced net investment result. In addition, the net investment result was negatively impacted, compared to the corresponding period of the previous year, by a fall in income from investments at fair value through profit or loss, due to the excellent performance of financial markets, noted throughout 2012, even though the last quarter of 2013 showed a recovery.

In detail:

— **current income from investments** – which also includes current income from investments at fair value through profit or loss – amounted to € 10,718 million (€ 10,644 million at 31 December 2012), with the related current return, calculated based on investments book value, decreasing moderately to 3.8% (4.1% at 31 December 2012). In detail, the current income from fixed income instruments went from € 9,181 million at 31 December 2012 to € 9,325 million due both the aforementioned scenario of lower reinvestment rates and the persistence of a high incidence of liquidity instruments in the life portfolios, although

9. For further information on the calculation methodology for this indicator, please refer to the appendix to this Management report.

decreasing in the reporting period. Current income from the equity portfolio decreased from € 426 million at 31 December 2012 to € 388 million. Finally, current income from investment properties remained essentially stable at € 712 million;

- **net operating realized gains on investments** amounted to € 2,089 million (€ 973 million at 31 December 2012) against lower realized losses, mainly regarding Group's government bond portfolio, compared to the same period of the previous year, which was significantly impacted by the *de-risking* policy adopted particularly in Italy, France and Germany;
- **net operating impairment losses on investments** went from € -1,978 million at 31 December 2012 to € -390 million due to the lower impairments recognized especially on equities securities;
- **other operating net financial expenses**, which include interest expenses on operating debt and investment management expenses, amounted to € -807 million (€ -779 million at 31 December 2012);

- **net income from financial instruments related to unit-and index-linked contracts** went from € 4,563 million at 31 December 2012 to € 4,101 million. The variation of € -462 million was due to the change of the value of investments as a result of the lower performance of financial markets compared to the same period of the previous year;
- **net income from financial instruments at fair value through profit or loss** amounted to € 320 million (€ 874 million at 31 December 2012). The change is attributable to the strong performance of the financial markets observed in the second half of 2012, which was not repeated in 2013 even though the market trend has been positive.

The policyholders' interests on income from investments increased from € -12,575 million at 31 December 2012 to € -14,248 million, a variation of € -1,673 million. This change is mainly attributable to the effect on deferred policyholder liabilities of lower net impairment losses on investments in life portfolios.

Operating result: Total operating expenses

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Total operating expenses	-4,882	-4,975	-1,246	-1,418
Acquisition and administration costs related to insurance business	-4,797	-4,970	-1,227	-1,423
Net other operating expenses	-85	-5	-18	5

Total operating expenses improved from € -4,975 million at 31 December 2012 to € -4,882 million.

In detail, acquisition and administration costs related to insurance business were € -4,797 million, decreasing by 3.5% with respect to 31 December 2012. This trend is due to both the decline in acquisition costs which amounted to € 3,872 million, decreasing by -3.3% owing to the decrease observed in Germany, Central and Eastern Europe, and to the decline in administration costs. Administration costs were € 925 million, decreasing by 4.2% due to declines observed in almost all major territories of the Group, resulting from the planned initiatives to contain operating costs.

The acquisition and administration cost ratio was 10.8%, decreasing with respect to 31 December 2012 (11.1%) due to the contraction of 0.2 pps observed in the acquisition costs component.

The ratio of total administration costs related to insurance business to the average insurance provisions declined slightly to 0.29%.

The rise in other operating components was attributable to the higher provisions for risks and the positive impact on the corresponding comparative period of the release of provisions for disputes.

Non-operating result

The non-operating result of the life segment improved, from € -902 million at 31 December 2012 to € -545 million as a result of lower non-operating impairment losses, especially on equities portfolios, and higher non-operating net realized gains.

Life segment operating result

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Life segment operating result	2,645	2,535	573	422
Net premiums	40,971	40,949	11,251	11,720
Net insurance benefits and claims	-49,697	-47,959	-14,285	-12,759
of which change in the provisions for unit and index-linked policies	-4,788	-4,150	-2,183	-871
Acquisition and administration costs	-4,692	-4,828	-1,204	-1,381
Acquisition and administration costs related to insurance business(*)	-4,690	-4,827	-1,204	-1,380
Other acquisition and administration costs	-1	-1	0	0
Net fee and commission income and net income from financial service activities	93	56	32	-14
Net operating income from financial instruments at fair value through profit or loss	4,853	5,937	2,062	1,610
of which net income from financial assets and liabilities related to unit and index-linked policies	4,101	4,563	1,823	1,155
Net operating income from other financial instruments	11,178	8,362	2,712	1,215
Interest income and other income	10,286	10,163	2,531	2,465
Net operating realized gains on other financial instruments and land and buildings (investment properties)	2,089	955	470	455
Net operating impairment losses on other financial instruments and land and buildings (investment properties)	-390	-1,978	-71	-1,469
Interest expense on liabilities linked to operating activities	-261	-259	-63	-89
Other expenses from other financial instruments and land and buildings (investment properties)	-545	-520	-155	-146
Net other operating expenses(**)	-62	18	5	30
Life segment non-operating result	-545	-902	-278	-562
Net non-operating income from other financial instruments	-304	-754	-171	-527
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)(***)	32	-164	43	-95
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)(***)	-336	-590	-214	-433
Net other non-operating expenses(****)	-240	-148	-106	-35
Life segment earnings before taxes	2,100	1,633	296	-140

(*) Commissions related to investment contracts, which amounted to € - 107 million (€ - 143 million at 31 December 2012), are included in net fee and commission income and net income from financial service activities.

(**) At 31 December 2013 the amount is net of operating taxes for € 64 million and of non-recurring taxes shared with the policyholders in Germany for € 14 million (at 31 December 2012 respectively for € 64 million and € 21 million).

(***) The amount is net of the share attributable to the policyholders.

(****) The amount is net of the share attributable to the policyholders in Germany and Austria.



Life segment indicators by country

(€ million)	Gross written premiums		Net cash inflow		APE	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	13,312	12,324	1,972	65	1,845	1,637
France	7,671	9,465	-184	-2,236	752	944
Germany	14,989	14,310	4,377	4,551	938	917
Central and Eastern Europe	1,568	1,642	541	351	191	187
EMEA	5,703	5,751	1,436	-28	597	622
Spain	1,006	1,183	-189	-1,569	130	124
Austria	1,156	1,147	172	141	94	98
Switzerland	1,062	1,157	585	655	62	91
Other EMEA	2,479	2,264	868	745	311	309
Latin America	434	447	266	246	147	201
Asia	902	745	275	184		
International Operations	537	514	18	-35		
Total	45,115	45,198	8,702	3,097	4,470	4,508

Direct written premiums by line of business

(€ million)	Savings and Pension		Protection		Unit/index linked		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	12,543	11,590	200	220	569	515	13,312	12,324
France	4,458	6,564	1,582	1,745	1,225	912	7,266	9,221
Germany	7,488	6,909	4,144	4,103	3,357	3,298	14,989	14,310
Central and Eastern Europe	851	981	245	233	471	428	1,568	1,642
EMEA	2,057	2,280	833	806	2,789	2,639	5,679	5,725
Spain	807	988	186	185	12	9	1,005	1,183
Austria	639	627	259	248	239	252	1,137	1,127
Switzerland	169	189	134	134	760	834	1,062	1,157
Other EMEA	442	476	254	239	1,778	1,544	2,474	2,259
Latin America	203	190	230	250	0	0	433	440
Asia	616	521	203	174	83	50	902	744
International Operations	69	92	19	20	0	0	88	112
Total direct written premiums	28,285	29,127	7,457	7,550	8,495	7,841	44,237	44,518

(€ million)	NBV		Operating result	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	336	281	1,008	945
France	96	120	546	464
Germany	248	186	335	327
Central and Eastern Europe	73	59	172	184
EMEA	156	129	407	427
Spain	39	25	117	127
Austria	19	6	65	61
Switzerland	28	25	120	116
Other EMEA	70	73	105	123
Latin America	28	88	52	51
Asia			37	26
International Operations			88	111
Total	937	863	2,645	2,535

Financial position of the life segment

Investments

(€ million)	31/12/2013		30/09/2013		31/12/2012	
	Total book value	% of total	Total book value	% of total	Total book value	% of total
Equity instruments	13,244	4.7	13,252	4.8	12,428	4.5
Fixed income instruments	243,070	86.1	240,296	86.3	232,467	85.1
Bonds	220,163	78.0	216,902	77.9	209,379	76.6
Other fixed income instruments	22,907	8.1	23,394	8.4	23,089	8.5
Land and buildings (investment properties)	9,988	3.5	10,119	3.6	9,751	3.6
Other investments	5,239	1.9	5,571	2.0	5,728	2.1
Investments in subsidiaries, associated companies and joint ventures	4,333	1.5	4,505	1.6	4,481	1.6
Derivatives	414	0.1	603	0.2	727	0.3
Other investments	492	0.2	463	0.2	521	0.2
Cash and cash equivalents	10,829	3.8	9,347	3.4	12,820	4.7
General account investments	282,370	100.0	278,585	100.0	273,194	100.0
Investments back to unit and index-linked policies	59,116		56,745		53,842	
Total investments	341,487		335,330		327,036	

At 31 December 2013 total investments of the life segment increased compared to 31 December 2012, amounting to € 341,487 million (+4.4%). Group investments amounted to € 282,370 million (+3.4%) and linked policy investments totaled € 59,116 million (+9.8%).

The exposure to both fixed income instruments and equity instruments increased to 86.1% (85.1% at 31 December 2012) and 4.7% (4.5% at 31 December 2012), respectively. Real estate investments remained stable at 3.5% (3.6% at 31 December 2012) whereas the weight of cash and cash equivalents decreased further to 3.8% (4.7% at 31 December 2012).

With respect to the bond investment portfolio, the exposure to government bonds increased at € 122,362 million (€ 116,397

million at 31 December 2012), the impact of this asset class remained unchanged at 55.6%. The trend is primarily due to net purchases made during the year.

The corporate component also increased to € 97,801 million (€ 92,981 million at 31 December 2012), with stable incidence at 44.4% on the bond portfolio. The growth was attributable to net acquisitions made in the year with the aim of diversifying the overall bond portfolio.

Lastly, the average duration of the bond portfolio was 7.2 years (6.7 years at 31 December 2012).

	31/12/2013	31/12/2012
Net current return(*)	3.8%	4.1%
Harvesting rate	0.6%	-0.3%
P&L return	4.4%	3.6%

(*) Net of depreciation of the period.

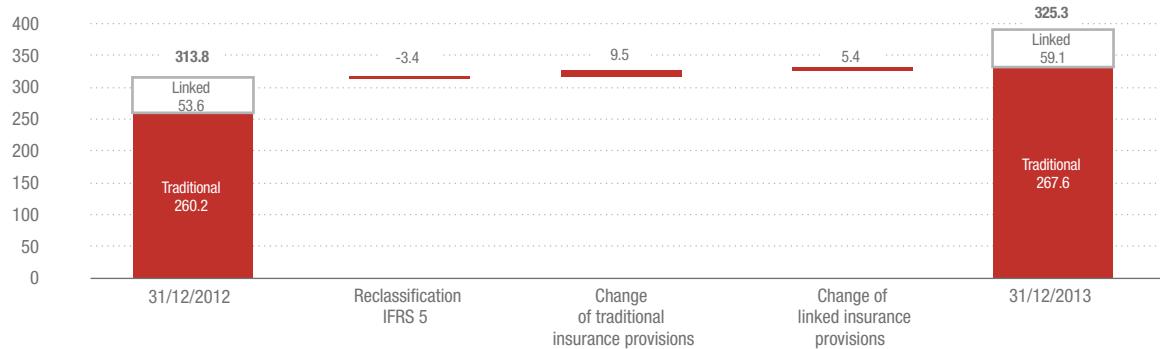
The current return of life segment investments declined slightly in all asset classes, from 4.1% at 31 December 2012 to 3.8%.

The contribution to the result of the period from harvesting operations increased to 0.6% (-0.3% at 31 December 2012), benefitting from greater net realized gains, in particular lower realized losses, lower impairment losses, especially on equities, which were only partially offset by the deterioration of the value of investments recognized through profit or loss.

Life segment insurance provisions

Insurance provisions development

€ bn



Without taking into account deferred policyholders liabilities, insurance provisions and financial liabilities of the life segment amounted to € 325,278 million, compared to € 313,761 million at 31 December 2012. In terms of equivalent consolidation area, the 4.8% increase reflected the growth in both the traditional portfolio provisions (+3.7% on equivalent consolidation area) as a result of written premiums and investments result shared with policyholders, and linked portfolio provisions (+10.0% on equivalent consolidation area), driven by written premiums performance and the financial market recovery.

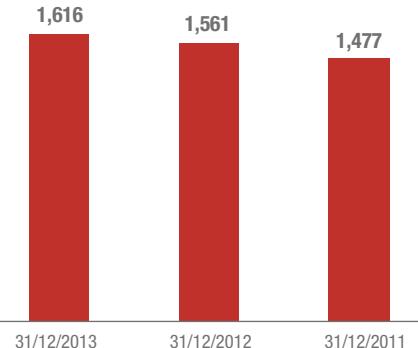
Lastly, deferred policyholders liabilities amounted € 3,999 million (€ 4,000 million at 31 December 2012).

PROPERTY&CASUALTY SEGMENT

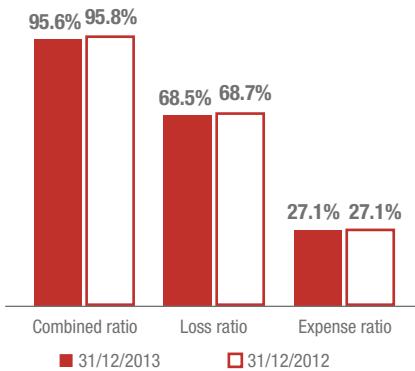
Gross written premiums



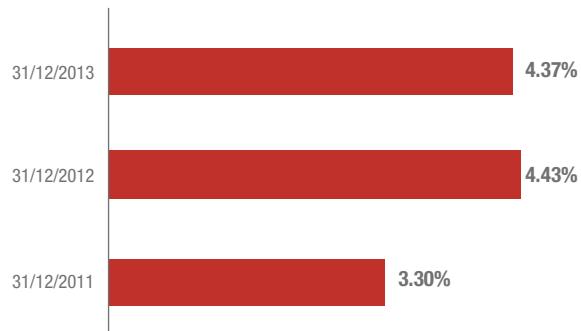
Operating result



Combined ratio



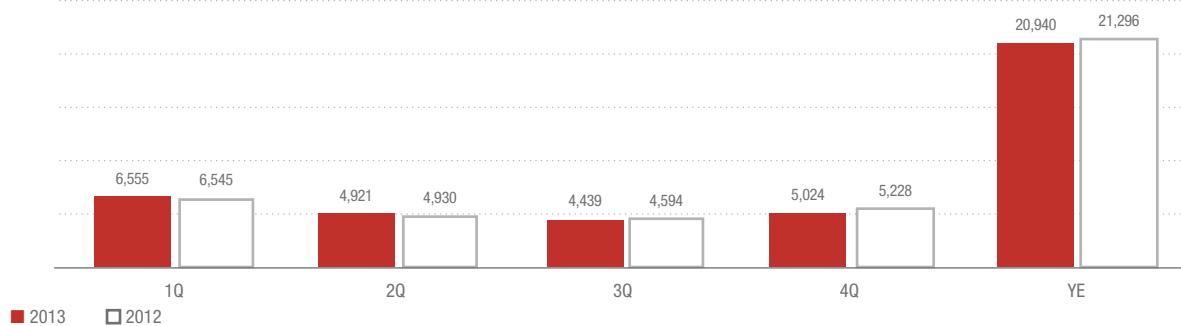
Operating return on investments



- Slight decrease in premiums (-0.6% on equivalent terms) attributable to the Non-motor line.
- Increasing operating result (+3.5% on equivalent terms) despite the impact of higher catastrophic claims.
- Improving Group Net Cor (-0.2 pps), due to the current loss ratio trend.
- Positive Operating return on investment increased at 4.37%.

Premiums development

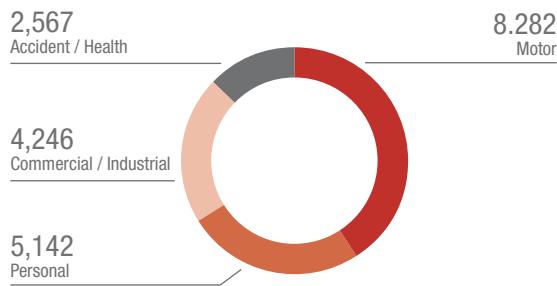
Gross written premiums



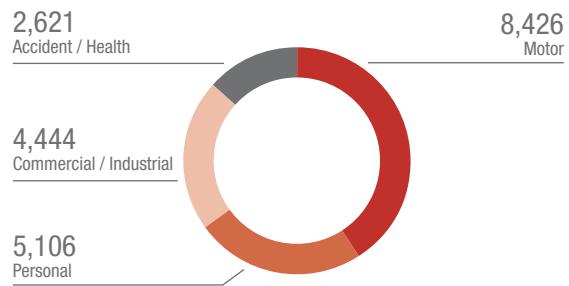
Property&casualty written premiums amounted to € 20,940 million, evidencing a slight decrease (-0.6% on equivalent terms).

This trend reflects the decline in the Non-motor line (-1.2% on equivalent terms); the positive trend in the Personal line (+1.0% on equivalent terms) is in fact completely absorbed by the negative trend in the Commercial/Industrial and Accident/Health lines. With respect to December 31, 2012 the Motor line increased (+0.3% on equivalent terms), although different trends were experienced in the main countries where the Group operates.

Group written premiums by line of business at 31/12/2013

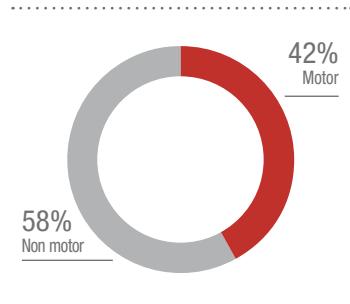


Group written premiums by line of business at 31/12/2012



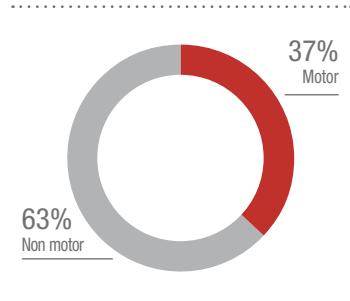
A geographical focus follows regarding the main indicators mentioned above:

Italy



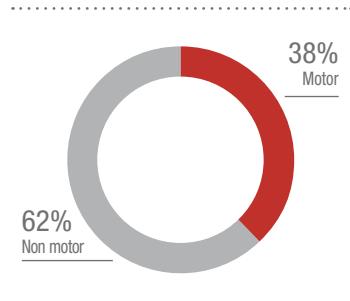
Gross written premiums in Italy amounted to € 6,316 million, decreasing with respect to 31 December 2012 (-7.6%). This performance is evident in both by the Motor line (-11.0%), which reflected the significant contraction in tariffs and resulting increased competition and also in the Non-motor line (-5.8%). The latter evidences a negative trend in the Commercial/Industrial line (-8.3%), which reflects the persistence of the economic situation of the country, and the Accident/Health line (-6.6%); the lines of business mentioned were also affected by the portfolio reform undertaken by the Group to improve its profitability. The Personal line instead, witnessed a positive contribution (+1.0%).

France



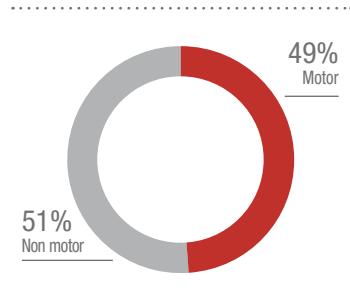
Gross written premiums in France decreased (-4.9% on equivalent terms) to € 2,722 million. The decrease was attributable to both the Motor line (-8.1%), owing to a very competitive market which suffers from portfolio contraction absorbing the effects of the increase in the average premium, and the negative trend in the Non-Auto line (-2.7%). The latter highlights the decrease in premiums in both the Commercial/Industrial line (-5.1%), affected by the difficult economic environment leading to a stagnant market, and although less marked, in the Personal lines (-0.9%).

Germany



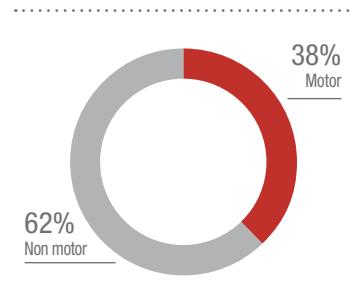
The excellent performance of the gross written premiums in Germany amounted to € 3,436 million (€ 3,278 million at 31 December 2012), an increase of 4.8% is due to both the Motor lines (+10.0%) and the Non-Motor lines (+1.9%). The Motor sector, due to the favourable market environment, benefited from the increase in tariffs in both new business and renewals. With reference to the Non-motor lines, there was an increase in the Commercial/Industrial lines (+2.9%), driven by the launch of a new product on the market, and Personal lines (+2.4%), as a result of tariff adjustments. A stable trend line was evidenced by the Accident/Health line.

Central and Eastern Europe



Gross premiums written in Central and Eastern Europe amounted to € 1,924 million, essentially unchanged compared to 31 December 2012 (-0.3% on equivalent terms). The trend is due entirely to the Motor line (-1.5% on equivalent terms) which absorbs the positive trend of Non-motor (+1.2% on equivalent terms). In detail, the Motor line is characterized by strong competition due to the profitability of this segment, particular negative trends in the Czech Republic and in Slovakia were only partially offset by growth in Poland. Growth in Non-motor lines is mainly attributable to the increase observed in Poland, which is observed in all lines of business, in addition to the positive impact of the Czech Republic and in Slovenia.

EMEA



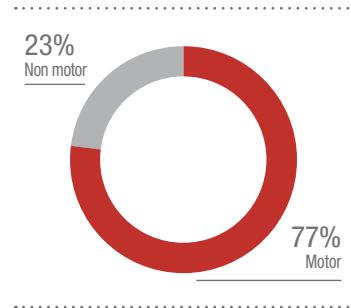
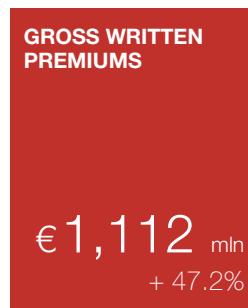
Gross premiums written for the EMEA regional structure showed a slight decrease compared to 31 December 2012 (-0.6% on equivalent terms) to € 4,218 million (€ 4,262 million at 31 December 2012).

Austria experienced a positive trend, gross premiums written increased from € 1,373 million at 31 December 2012 to € 1,408 million (+2.5%), due to the increase in the Non-motor lines (+2.8%) and to the growth of all business lines benefiting from tariff adjustments. Positive developments were also experienced in the Motor line (+1.4%) in which the tariff renewals offset the decline caused by the auto industry crisis.

Gross written premiums in **Switzerland** increased (+1.3% on equivalent terms), reaching € 684 million (€ 689 million at 31 December 2012). The positive performance can be attributed solely to the Non-motor lines (+5.0% on equivalent terms) which benefitted from the growth in the Accident/Health lines (+6.9% on equivalent terms) due in particular to new contracts entered into with small and medium-sized companies. Personal lines recorded a positive performance (+3.8% on equivalent terms) as a result of the intensification of commercial activities and the renewed focus on this line of business. The Motor line decreased compared to 31 December 2012 (-2.2% on equivalent terms), mirroring the reduction in new contracts and renewals.

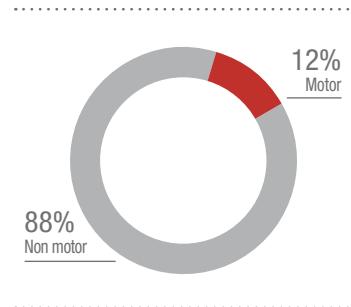
Gross written premiums in **Spain** decreased (-6.7%) to € 1,284 million (€ 1,376 million at 31 December 2012), due both to the negative performance of the Motor line (-7.6%), which operates in a market environment penalized by the economic crisis that generates high competitive pressure on tariffs and the decrease in the Non-motor lines. In detail, the growth in Personal lines (+2.3%), resulting from the higher number of contracts underwritten both through the traditional and bancassurance channels, was more than offset by the negative trend of the Commercial/Industrial line (-17.1%), which continued to be impacted by the country's severe economic crisis, and the fall in the Accident / Health line (-0.9%).

LATAM



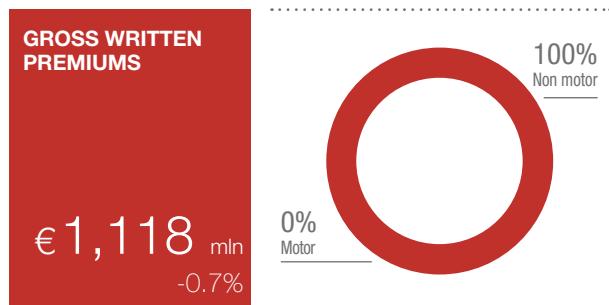
A positive contribution of gross written premiums from Latin America (+47.2% on equivalent terms), whose gross premiums rose from € 898 million at December 31, 2012 to € 1,112 million. The Motor line (+47.6%) benefited most from the growth in Argentina, due to both the continuing tariff increases and inflationary adjustments, and also in Brazil. Positive results in the Non-motor lines (+44.4%) due mainly to the growth of the Commercial/Industrial lines in Argentina and Brazil.

Asia



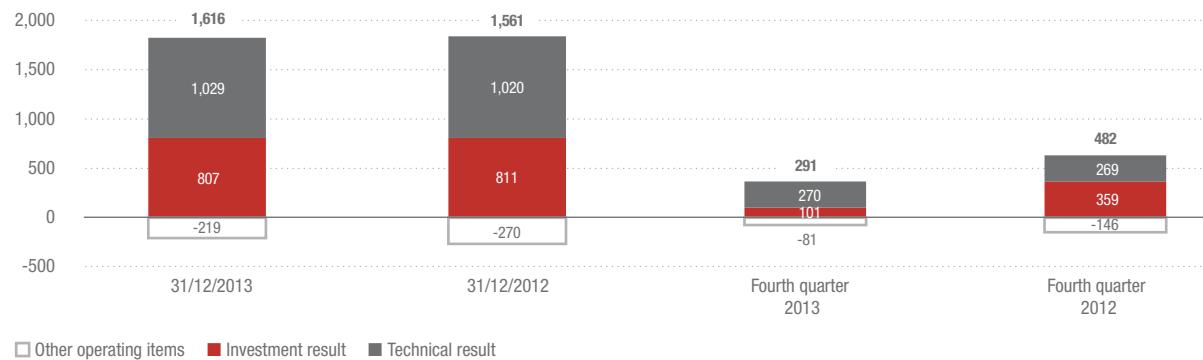
Gross written premiums in Asia amounted to € 92 million, an increase of +0.8% (on equivalent terms). The increase is due only to the Non-motor lines (+9.6% on equivalent terms) that absorbs in part the decrease observed in the Motor lines.

International operations



Gross written premiums for the International Operations showed an increase compared to 31 December 2012 (-0.7% on equivalent terms), amounting to € 1,118 million. Specifically, the positive trend is attributable to the operations of the Parent Company, which offset a decrease in premiums related to support services.

Operating result



The operating result for the property&casualty segment evidenced an increase to € 1,616 million (€ 1,561 million at 31 December 2012). The increase (+3.5%) was attributable to the growth of the Investment result (+0.8%) and a positive contribution from other operating components. The technical result, despite the improvement of 0.2 pps in the combined ratio, evidenced a slight decrease (-1.1%), caused by the deterioration of other net technical income, particularly in Italy and from countries of Central and Eastern Europe due to the impacts of specific legislation relating to the Hungarian insurance sector.

With reference to the fourth quarter of 2013 compared to the same period last year, the operating result decreased sharply (-39.7%) due to the lower technical result, where catastrophic claims weigh approximately € 170 million and to the impact of the strengthening of reserves for outstanding claims relating to French civil responsibility aimed at aligning the level of prudence observed on the market.

The operating return on investments of the property&casualty segment rose to 4.37% (4.43% at 31 December 2012).

Operating result: Technical result

(\$ million)	31/12/2013	31/12/2012	FOURTH QUARTER	FOURTH QUARTER
			2013	2012
Technical result	807	811	101	359
Net earned premiums	19,825	19,785	4,921	4,680
Net insurance benefits and claims	-13,577	-13,586	-3,420	-3,009
Net acquisition and administration costs	-5,371	-5,363	-1,375	-1,326
Other net technical income	-71	-25	-25	14

The **technical result** amounted to € 807 million, stable compared to 31 December 2012 (-0.5%). Despite the positive trend of the *combined ratio*, which further decreased by 0.2 pps, the technical result is affected by the worsening of Other net technical income, affected by the previously-mentioned effects of the regulations on the insurance industry in Hungary.

The technical result includes the impact of catastrophic losses of approximately € 460 million. These events relate primarily to the floods that hit central Europe in June, the storms in July / August in Germany and France and the storms that hit Central Europe again in late October. Similar events had an impact on 31 December 2012 of approximately € 290 million.

	31/12/2013	31/12/2012	Variazione
Combined ratio	95.6%	95.8%	-0.2
Loss ratio	68.5%	68.7%	-0.2
current year loss ratio excluding natural catastrophes	69.5%	70.8%	-1.2
natural catastrophes impact	2.3%	1.5%	0.9
prior years loss ratio	-3.4%	-3.5%	0.2
Expense ratio	27.1%	27.1%	-0.0
Acquisition cost ratio	21.2%	21.1%	0.2
Administration cost ratio	5.9%	6.0%	-0.2

The combined ratio was 95.6% down by -0.2 pps compared to 31 December 2012 due to the improvement in the loss ratio (-0.2 pps); stable expense ratio that is positioned at 27.1%.

In detail, there was an overall improvement in the loss ratio, confirming the trend observed in the first part of the year reaching 68.5%. The decline of -0.2 pps, was achieved despite the impact of catastrophic events for 2.3 pps, (at 31 December 2012, the impact was 1.5 pps). Without considering such events in both periods, the loss ratio would have further improved to -1.2 pps, due to the current trends in the loss ratio observed in the Non-motor lines, and in particular in Italy, France and Central and Eastern Europe. A slight decrease (-0.2 pps) owing to previous generations can be observed mainly in France, as a result of the strengthening of reserves for outstanding claims aimed at aligning the level of prudence observed in the market and, to a lesser extent, in Italy, mainly in the Non-motor lines.

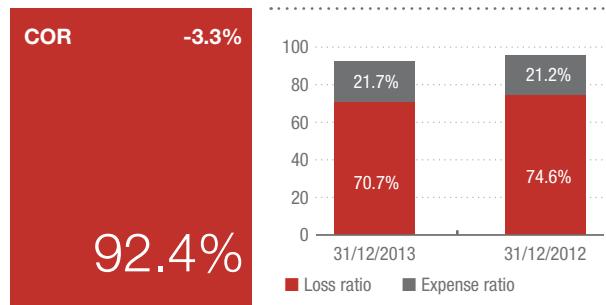
Net acquisition and administration costs amounted to € 5,371 million, stable with respect to 31 December 2012. In detail, acquisition costs amounted to € 4,210 million, increasing slightly (+1.0%) essentially reflecting the observed increases written premiums in Germany, Austria and LatAm. The incidence of acquisition costs on net earned premiums increased slightly, reaching 21.2%.

Administrative costs amounted to € 1,161 million, evidencing a decrease of -2.7% , due mainly to the effects observed in Italy and France. The ratio of expenses to net earned premiums remained stable at 5.9%.

The *expense ratio* remained stable at 27.1%.

A review of the combined ratio for the business areas of the Group will follow.

Italy



The ratio in **Italy** improved considerably (-3.3 pps), reaching 92.4%. This trend mainly reflected the decrease in the loss ratio (-3.9% pps) which benefitted from the lower impact of catastrophic events (-1.7 pps); last year, the loss ratio was affected by events such as the earthquake that struck Northern Italy and the considerable snowfall. The non-catastrophic current loss ratio, however, showed a positive performance in Non-motor lines. The expense ratio increased with respect to the previous year, reaching 21.7%, due to the increase in the acquisition cost ratio mainly in the Non-motor line.

France



The combined ratio of **France** equal to 105.5%, evidenced an increase of 4.1 pps due to the increase in the loss ratio, reaching 77.9% (+3.9 pps). This trend was affected by catastrophic events mainly caused by the floods that occurred in June, storms in July and August, and cyclone Dirk in December for an impact of 2.9 pps compared to 1.3 pps for the events that occurred in 2012.

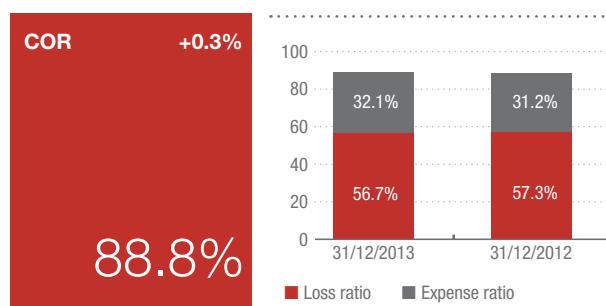
The run-off result worsened due to the aforementioned strengthening of reserves associated with civil liability, carried out in the usual context of policy reservation of the Group, in line with the practices observed in the market. The expense ratio increased slightly (+0.2 pps)

Germany



The combined ratio of **Germany**, which amounted to 95.7%, increased compared to 31 December 2012 (+1.2% pps) driven by the impact of catastrophic claims such as the floods in June and the storms that struck the country in July and August, October and December with an impact of 4.1 pps. At 31 December 2012, catastrophic losses had an impact of 0.8 pps. The expense ratio decreased by 0.4%, at 28.5%.

Central and Eastern Europe



The combined ratio in **Central and Eastern Europe** was 88.8%, increasing slightly over 2012 (+0.3% pps). The loss ratio of 56.7% includes the impact of catastrophic events such as the June floods and storms in August, with an overall impact of 4.1 pps. The expense ratio, at 32.1% increased by 0.9 pps due to the trends observed in both components.

EMEA



With respect to 31 December 2012 the combined ratio of **EMEA** improved at 95.8%, due to the trends observed in the main countries included in this area.

The combined ratio of **Spain** was 94.3%, improving by -0.2 pps, due to the contraction of the loss ratio (-0.4 pps) partially offset by a slight increase in the expense ratio (+0.2 pps).

The *combined ratio* for **Austria**, improved by -0.2 pps reaching 94.6%. The loss ratio remained stable at 67.7%; catastrophic events related to flooding in June weighed 1.5 pps compared to 2.5 pps for the events in the previous year.

Finally, the *combined ratio* in **Switzerland**, representing 94.4% improved by -0.7 pps due to the positive cost ratio at 25.1% (-0.4 pps). The claims rate decreased slightly (-0.2 pps).

LatAm



The *combined ratio* improved by -1.7 pps for Latin America, at 100.9% (pps) due to the contraction effects observed in Brazil, due to the positive contraction of the cost ratio while the *loss ratio* increased (+ 2.1 pps).

International Operation

The *combined ratio* for the International Operations *cluster* is equal to 90.6%, stable with respect to the prior year; The improvement in the *expense ratio* of (-2.0 pps), was offset by a deterioration in the *loss ratio* component (+1.9 pps) from the increase in catastrophe claims (+3.8 pps).

Operating result: Investment result

€ million)	31/12/2013	31/12/2012	FOURTH QUARTER	FOURTH QUARTER
			2013	2012
Investment result	1,029	1,020	270	269
Current income from investments	1,453	1,462	370	367
Other operating net financial expenses	-425	-442	-99	-98

The financial result of the non-life segment amounted to € 1,029 million, stable compared to 31 December 2012 (+0.8%). Even the fourth quarter of 2013 evidenced a slight increase compared to the corresponding period in the previous year (+0.9%). In particular, actions taken by the Group to maintain an appropriate portfolio liquidity while ensuring, at the same time, adequate coupon returns, enabled the Group to achieve current income from investments € 1,457 million (€ 1,465 million al 31 December 2012) equal to a current return of 3.8%, despite the difficult context of low reinvestment rates.

In detail, the change in current income is primarily attributable to the decline in income from real estate investments - net of amortization - decreasing from € 398 million at 31 December 2012 to € 358 million. Moreover, in light of lower reinvestment rates, income derived from investments in fixed income securities recorded a decrease from € 904 million at 31 December 2012 to € 885 million. The current income from equity instruments,

instead, recorded an increase at € 106 million (€ 74 million at 31 December 2012).

Other operating net financial expenses, which include interest expense related to operating debt and investment management expenses amounted to € -425 million (€ -442 million at 31 December 2012), the lower investment management expenses more than offset the slight increase in interest expenses on operating debt.

Operating result: Other operating items

Other operating items of the property&casualty segment, which primarily include non-insurance operating expenses, depreciation and amortization of tangible assets and multi-annual costs, provisions for recurring risks and other taxes, decreased to € -220 million (€ -270 million at December 31, 2012) mainly due to lower provisions for risks.

Non-operating result

The **non-operating result** of the property&casualty segment improved to € -266 million (€ -873 million at 31 December 2012).

In particular, the **non-operating investment result** increased, benefitting both from the growth in net realized gains, at € 758 million (€ 170 million at 31 December 2012), and the reduction in impairment losses, mainly on equity portfolios, which amounted to € -292 million (€ -736 million al 31 December 2012). In particular, it should be noted that the updated regulation¹⁰ containing among other, the value of the shares of Banca d'Italia has determined, in accordance with international accounting standards, the de-recognition of the Banca d'Italia securities held by the Group and the recognition of new securities. This operation resulted in realized gains of € 290 million, equal to the difference between the carrying value of the old shares and the current value of the new shares.

This positive trend was only partially offset by the decrease in net income from financial instruments at fair value through profit or loss, which amounted to € -206 million (€ 28 million at 31 December 2012).

Net other non-operating expenses decreased to € -527 million (€ -335 million at 31 December 2012), of which € -70 million related to the amortization of the value of acquired portfolios (€ -75 million at 31 December 2012). This trend is mainly due to the special provision recorded in France, following the new regulations of the market on the bodily injury insurance for an amount of € 193 million.

10. The law decree - dl 133/2013, converted into law 29 January 2014 (Law no. 5 of 29 January 2014).

Property&Casualty operating result

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Property&Casualty operating result	1,616	1,561	291	482
Net earned premiums	19,825	19,785	4,921	4,680
Net insurance benefits and claims	-13,598	-13,603	-3,420	-3,013
Acquisition and administration costs	-5,391	-5,378	-1,383	-1,332
Acquisition and administration costs related to insurance business	-5,371	-5,363	-1,375	-1,326
Other acquisition and administration costs	-20	-15	-8	-6
Fee and commission income and income from financial service activities	0	0	0	0
Net operating income from financial instruments at fair value through profit or loss	50	50	24	16
Net operating income from other financial instruments	1,000	988	247	258
Interest income and other income	1,403	1,413	345	351
Interest expense on liabilities linked to operating activities	-156	-152	-34	-42
Other expenses from other financial instruments and land and buildings (investment properties)	-248	-273	-65	-51
Net other operating expenses	-270	-280	-98	-126
Property&Casualty non-operating result	-266	-872	-192	-705
Net non-operating income from financial instruments at fair value through profit or loss	-206	28	-132	8
Net non-operating income from other financial instruments	466	-566	321	-480
Net realized gains on other financial instruments and land and buildings (investment properties)	758	170	455	49
Net impairment losses on other financial instruments and land and buildings (investment properties)	-292	-736	-134	-530
Net other non-operating expenses	-527	-335	-381	-233
Property&Casualty earnings before taxes	1,350	688	99	-223

Property and Casualty indicators by country

(€ million)	Gross written premiums		Operating result	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	6,316	6,836	591	431
France	2,722	2,864	-1	141
Germany	3,436	3,278	264	247
Central and Eastern Europe	1,924	1,940	242	278
EMEA	4,218	4,262	316	316
Spain	1,284	1,376	149	144
Austria	1,408	1,373	113	110
Switzerland	684	689	57	56
Other EMEA	843	824	-3	6
Latin America	1,112	898	63	19
Asia	92	92	-16	-5
International Operations	1,118	1,126	157	134
Total	20,940	21,296	1,616	1,561

Direct written premiums by line of business

(€ million)	Motor		Non motor		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	2,612	2,936	3,606	3,828	6,218	6,764
France	990	1,077	1,664	1,711	2,654	2,788
Germany	1,304	1,185	2,127	2,087	3,430	3,272
Central and Eastern Europe	931	936	953	959	1,884	1,895
EMEA	1,581	1,583	2,550	2,583	4,130	4,166
Spain	356	385	906	961	1,262	1,347
Austria	541	534	841	819	1,383	1,353
Switzerland	317	331	364	354	682	686
Other EMEA	366	333	438	449	804	781
Latin America	853	696	254	201	1,107	897
Asia	10	12	69	63	78	74
International Operations	1	1	734	739	735	740
Total direct written premiums	8,282	8,426	11,955	12,171	20,237	20,597

(€ million)	Combined ratio(*)		Loss ratio		Expense ratio	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	92.4%	95.7%	70.7%	74.6%	21.7%	21.2%
France	105.5%	101.4%	77.9%	74.0%	27.7%	27.4%
Germany	95.7%	94.5%	67.2%	65.6%	28.5%	28.9%
Central and Eastern Europe	88.8%	88.5%	56.7%	57.3%	32.1%	31.2%
EMEA	95.8%	96.0%	67.8%	68.0%	28.0%	28.1%
Spain	94.3%	94.5%	65.9%	66.3%	28.4%	28.2%
Austria	94.6%	94.8%	67.7%	67.7%	26.9%	27.1%
Switzerland	94.4%	95.1%	69.3%	69.5%	25.1%	25.6%
Other	102.6%	102.7%	70.0%	70.1%	32.6%	32.7%
America Latina	100.9%	102.7%	62.7%	58.1%	38.2%	44.6%
Asia	120.0%	106.7%	79.0%	69.8%	41.0%	36.9%
International Operations	90.6%	90.7%	66.0%	64.1%	24.7%	26.6%
Total	95.6%	95.8%	68.5%	68.7%	27.1%	27.1%

(*) CAT claims impacted on the Group combined ratio for 2.3 pps, of which 0.5 pps in Italy, 2.8 pps in France, 4.1 pps in Germany and 4.1 pps in the European Eastern Countries (At 31 December 2012 CAT claims impacted on the Group combined ratio for 1.4 pps, of which 2.8 pps in Italy, 1.0 pps in France and 0.8 in Germany).

(€ million)	Personal		Commercial/Industrial		Accident/Health(*)	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Italy	803	795	1,610	1,755	1,193	1,278
France	953	962	711	749	0	0
Germany	1,320	1,289	278	270	529	529
Central and Eastern Europe	348	347	498	506	107	106
EMEA	1,060	1,042	821	879	669	661
Spain	426	417	308	372	171	173
Austria	326	320	363	351	152	147
Switzerland	191	188	3	3	170	163
Other EMEA	116	118	147	153	175	178
Latin America	30	26	203	173	21	2
Asia	5	5	34	29	30	29
International Operations	623	640	92	83	19	16
Total direct written premiums	5,142	5,106	4,246	4,444	2,567	2,621

(*) The Accident/Health business premiums, managed according to the criteria of the life business, are taken into account in the life segment.

Property and Casualty segment financial position

Investments

(\$ million)	31/12/2013		30/09/2013		31/12/2012	
	Total book value	% of total	Total book value	% of total	Total book value	% of total
Equity instruments	3,748	9.9	3,295	9.0	2,558	6.9
Fixed income instruments	24,803	65.8	25,077	68.2	25,630	69.3
Bonds	22,356	59.3	22,576	61.4	21,665	58.6
Other fixed income instruments	2,447	6.5	2,501	6.8	3,965	10.7
Land and buildings (investment properties)	4,949	13.1	5,108	13.9	5,226	14.1
Other investments	417	1.1	497	1.4	601	1.6
Investments in subsidiaries, associated companies and joint ventures	527	1.4	511	1.4	548	1.5
Derivatives	-137	-0.4	-39	-0.1	29	0.1
Other investments	26	0.1	25	0.1	24	0.1
Cash and cash equivalents	3,772	10.0	2,771	7.5	2,979	8.1
Total investments	37,689	100.0	36,747	100.0	36,993	100.0

Total investments in the property&casualty segment went from € 36,993 million at 31 December 2012 to € 37,689 million (+1.9%).

With reference to the exposure to the various asset classes, the weight of equity instruments increased from 6.9% at 31 December 2012 to 9.9% a due to both net purchases during the year and the increase in the market value of share prices. The weight of the fixed income portfolio decreased to 65.8% (69.3% at 31 December 2012). The exposure to real estate investments decreased slightly at 13.1% (14.1% at 31 December 2012) whereas cash and cash equivalents passed from 8.1% at 31 December 2012 to 10.0%.

Government bonds remained relatively stable at € 10,970 million (€ 10,833 million at 31 December 2012), equal to 49.1% (50.0% at 31 December 2012).

The exposure to corporate bonds increased at € 11,386 million (€ 10,832 million at 31 December 2012), with the relevant weight of 50.9% (50.0% at 31 December 2012).

Lastly, the average duration of the bond portfolio was 4 years (3.7 years at 31 December 2012).

	31/12/2013	31/12/2012
Net current return(*)	3.7%	3.9%
Harvesting rate	1.3%	-1.0%
P&L return	4.4%	2.2%

(*) Net of depreciation of the period.

The current return of total investments in the property&casualty segment decreased to 3.7% (3.9% at 31 December 2012).

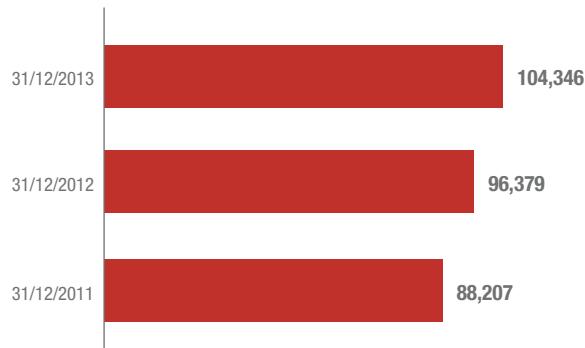
Instead, the *harvesting* rate increased to 1.3% (-1.0% at 31 December 2012) benefitting from both the increase in net realized gains and the decline in impairment losses, which were only partially offset by the deterioration of the value of investments recognized through profit and loss.

Property and Casualty insurance provisions

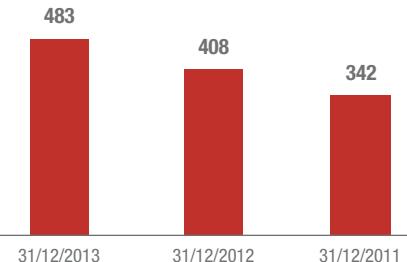
(€ million)	31/12/2013	30/09/2013	31/12/2012
Net provisions for unearned premiums	5,027	5,241	5,213
Net provisions for outstanding claims	24,076	24,239	23,751
Other net provisions	430	414	394
Property&Casualty insurance provisions	29,533	29,894	29,358
of which Motor	13,503	13,376	12,937
of which Non Motor	16,030	16,518	16,420

FINANCIAL SEGMENT

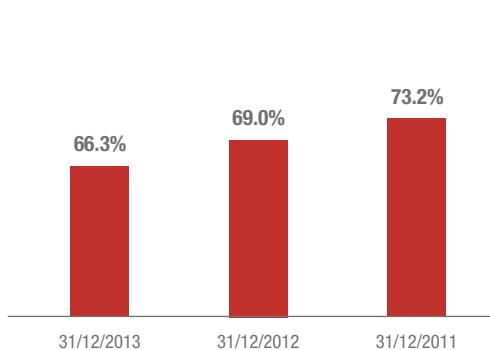
Assets under management by third parties



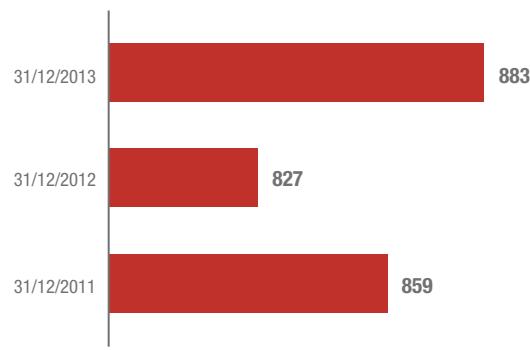
Operating result



Cost income ratio



Net Commissions

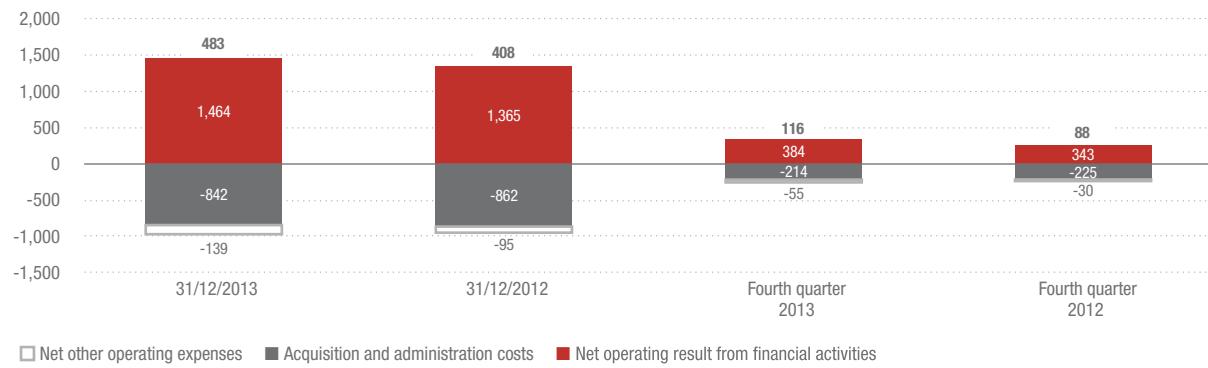


- Third parties AuM increased by 3.8% on a comparable equivalent basis with respect to 31 December 2012.
- Significant development in the operating result (18.4%).
- The cost *income ratio* amounted to 66.3% due to the development of net operating result from financial activities.

Asset management is the principal activity of the financial segment and is primarily focused on managing the financial instruments of the Group companies.

At 31 December 2013, third party assets managed by banks and asset management Group companies amounted to € 104,346 million (€ 96,379 million at 31 December 2012), increasing by 3.8% on equivalent terms.

Operating result



The **operating result** of the financial segment increased sharply to € 483 million (€ 408 million at 31 December 2012).

The net investment result increased, driven both by higher net fee and commission income and increased net realized gains, particularly on equities. Finally, impairment losses through profit and loss decreased.

Acquisition and administration costs slightly decreased, whereas the rise in net other operating expenses was due mainly to higher allocations to risk provisions.

Lastly, the *cost income ratio* went from 69.0% at 31 December 2012 to 66.3% mainly due to the development of the net investment result.

Non-operating result

The **non-operating result** in the financial segment decreased from € 9 million at 31 December 2012 to € -188 million. This deterioration is due to the amortization of the residual value of the customer portfolio of the asset management sector referable to the Banca Svizzera Italiana group determined after the review of the useful life of the customer portfolio.

Financial segment operating result

(€ million)	31/12/2013	31/12/2012	FOURTH QUARTER 2013	FOURTH QUARTER 2012
Financial segment operating result	483	408	116	88
Net operating result from financial activities	1,464	1,365	384	343
Intermediation margin	1,480	1,387	401	352
Net interest income	379	399	96	94
Dividends and other income	26	29	2	5
Fee and commission income and income from financial service activities	883	827	242	206
Other net income from financial instruments at fair value through profit or loss	127	133	37	42
Net operating gains on other financial instruments	65	0	24	5
Net operating impairment losses on other financial instruments	-17	-22	-16	-9
Acquisition and administration costs	-842	-862	-214	-225
Net other operating expenses	-139	-95	-55	-30
Financial segment non-operating result	-188	9	-243	35
Non-operating income from investments	50	-61	-41	-56
Net non-operating realized gains on other financial instruments and land and buildings (investment properties)	45	-2	-41	0
Net non-operating impairment losses on other financial instruments and land and buildings (investment properties)	5	-59	0	-57
Net other non-operating expenses	-238	71	-202	91
Financial segment earnings before taxes	294	417	-128	123

Financial segment financial position

Investments

(\$ million)	31/12/2013		30/09/2013		31/12/2012	
	Total book value	% of total	Total book value	% of total	Total book value	% of total
Equity instruments	748	2.4	687	2.2	564	1.8
Fixed income instruments	15,464	49.4	14,909	48.5	15,585	50.4
Bonds	8,089	25.8	7,714	25.1	8,724	28.2
Other fixed income instruments	7,375	23.5	7,194	23.4	6,861	22.2
Land and buildings (investment properties)	18	0.1	21	0.1	24	0.1
Other investments	8,637	27.6	9,148	29.8	9,644	31.2
Investments in subsidiaries, associated companies and joint ventures	89	0.3	84	0.3	91	0.3
Derivatives	-26	-0.1	-50	-0.2	-48	-0.2
Receivables from banks or customers	8,113	25.9	8,592	28.0	9,046	29.2
Other investments	462	1.5	522	1.7	555	1.8
Cash and cash equivalents	6,452	20.6	5,976	19.4	5,125	16.6
Total investments	31,320	100.0	30,740	100.0	30,941	100.0

Outlook



Bucharest - Romania



The outlook for the Euro Area in 2014 calls for a recovery of GDP (+1% variation expected by the International Monetary Fund), with a labor market that is still characterized by a high level of unemployment (12.2% unemployment rate expected by the IMF). Economic activity will benefit from the expansionary monetary policy of the ECB. With regards to Italy, the IMF expects an economic recovery in 2014 (+0.6% GDP growth expected).

In the United States the economic growth experienced in 2013 will continue (+2.8% change in GDP in 2014 expected by the IMF compared to 1.6% in 2013); these estimates are, however, related to the confirmation of an expansionary monetary policy. China will witness a slightly lower growth rate than in the past (+7.2% change in GDP in 2014 per the IMF compared to 7.6% in 2013).

In emerging markets, the IMF predicts a growth rate in GDP of 5.1% (+4.7% in 2013).

The financial markets have demonstrated their dependence on the liquidity provided by central banks and on the maintenance of expansionary policies by the ECB. The Federal Reserve has postponed the announced gradual reduction of its purchases of securities on the market. The temporary measures adopted by the US government on 17 October, which enabled it to avoid default, were also crucial in the United States. A decision regarding the raising of the debt ceiling is expected for early 2014.

Within this framework, markets will likely continue to remain somewhat volatile.

With regard to the reinsurance business in particular, the various catastrophic events that occurred at the level of the entire insurance marketplace had marginal effects on the reinsurance industry, despite the floods that struck Central Eastern Europe in June and Germany in July and August. Accordingly, the reinsurance business yielded a positive trend on average and has led to a reduction in costs of renewals of reinsurance contracts for 2014.

Given the scenarios described above, the Group expects written premiums in the **life segment** to remain stable, also based on an accurate underwriting approach that reflects the focus on product value. Initiatives to enhance the value of the in-force portfolio will progress through dedicated actions and the selective development of defined business lines, such as Protection and Unit linked products.

Coherently with the strategic objective of increasing the contribution to Group results of the **property&casualty segment**, an improvement in technical profitability is expected for this business, due to the conservation of the actual levels of operating efficiency and to measures that have been put in place. Underwriting initiatives including the up scaling and the optimization of technical tariffs will be extended in order to improve client retention. The product offering will be broadened with a telematics approach. With reference to claims management, efforts will be concentrated on the optimization of damage evaluation, on the prevention and management of frauds and leakage reduction. A peril based approach (by risk type) will strengthen the integration between product development functions, underwriting and claims management.

Development of clients and generation of value will be achieved through cross sell, upsell and retention. The Distribution focus will be on Tied Agents Excellence and on the creation of an Effective Multi-channel distribution system.

The Group's **investment policy** in 2014 will be based on an asset allocation aimed at consolidating the current return and reducing the level of cash. With respect to fixed income investments, the Group's investment strategy, consistent with the structure of insurance liabilities in an integrated asset and liability management strategy aims at the diversification of the portfolio, both in non-Italian government bonds and corporate bonds, ensuring both adequate profitability for policyholders and a satisfactory return on capital. The equity investment exposure will be rationalized by reinvesting in the both public and private companies, pursuing a strategy aimed at long-term capital appreciation. Investments in real estate will continue in both core markets (Italy, France, Germany) and in new areas (Asia, U.S. and UK), where selective investments will be made. With regards to liquidity, efforts to reinvest in a wider scope of asset classes will continue.

In light of the actions taken, despite the uncertainty of the macroeconomic scenario, and, in line with its strategic objectives, the Group expects an overall improvement in operating income in 2014.

Milan, 12 March 2014
THE BOARD OF DIRECTORS

Appendix to Management Report

Note on Management Report

The Generali Group's consolidated financial statements at 31 December 2013 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, Legislative Decree No. 58/1998 and Legislative Decree No. 209/2005, as amended by Legislative Decree No. 32/2007.

In this yearly report the Generali Group prepared its consolidated financial statements and Notes in accordance with the ISVAP Regulation (now IVASS) No. 7 of 13 July 2007 and subsequent modifications and the information of the CONSOB Communication No. 6064293 of 28 July 2006. As allowed by the aforementioned Regulation, the Generali Group believed it appropriate to supplement its consolidated financial statements with detailed items and to provide further details in the Notes in order to meet also the IAS/IFRS requirements.

The Group takes advantage of the option provided for by Regolamento Emittenti, art. 70, paragraph 8, and art. 71, paragraph 1-bis, to waive the obligation to publish the information documents prescribed in relation to significant operations of merger, split, capital increase by contribution in assets, acquisitions and disposals.

The Group at 31 December 2013 consists of 480 consolidated line by line subsidiaries and valued at equity entities (498 at 31 December 2012). In particular, entities consolidated line by line went from 451 to 432, and those valued at equity remained 47.

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

With effect from 1 November, the Generali Group completed a territorial simplification into seven geographic areas based on the areas of responsibility of the Group's country managers, which will allow for greater coordination among the regional markets and the Head Office. The new structure consists of the business units of the three main markets - Italy, France and Germany - and four regional structures:

- CEE: Central and Eastern European countries inside the EU;
- EMEA: Austria, Belgium, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai;
- LatAm: Argentina, Brazil, Colombia, Ecuador, Guatemala and Panama;
- Asia: China, Indonesia, India, Hong Kong, Vietnam, Thailand, the Philippines and Japan.

In addition to these areas, the *cluster* International Operations was introduced, which includes the activities of Holding, the

reinsurance of the Group, the business relating to Europ Assistance and BSI, the international activities of the Parent Company not allocated in the previous geographical areas and investment management activities and real estate management activities for Group companies.

The reporting by geographical area presented in this report has been adapted to the new territorial structure of the Group.

In June the Group reached an agreement - finalized on 1st October 2013 - for the sale of the reinsurance business of the life segment in U.S.A. The agreement foresees the sale of 100% of Generali U.S. Holdings and its subsidiaries and the withdrawal of the business currently retroceded to Assicurazioni Generali. Always in June, Generali Group has reached an agreement with the Group Financiero Banorte for the sale of minority interests of 49% in Mexican companies Seguros Banorte Generali and Pensiones Banorte Generali. The operation was completed on 4th October 2013.

On 20 November 2013, the Generali Group has entered into an agreement for the sale of 100% of Fata Assicurazioni Danni S.p.A. Pending the release of the necessary regulatory approvals in accordance with IFRS 5, as of 31 December, 2013 Fata Assicurazioni Danni S.p.A was classified in the balance sheet as a discontinued operations held for sale. Consequently, the participation have not been excluded from consolidation but both total assets and liabilities have been recorded as non-current assets and liabilities of disposal group classified as held for sale and the profit or loss, net of tax effects, was recognized as a separate line in the consolidated income statement in the item profit or loss from discontinued operations.

A description of the **alternative performance indicators** presented in this report can be found in the Methodological note on alternative performance indicators.

With reference to the concept of materiality expressed in the International <IR> Framework, the process for determining materiality employed by Generali takes into account the primary purpose of the **integrated report**, which is to explain to providers of financial capital how the organization creates value over time. Generali believes that value is created by focusing on the following primary stakeholders: the financial community, clients, human resources and distribution channels. Therefore, the issues which could substantively affect the organization's ability to create value over time are linked to these four stakeholder groups.

In order to define material issues, the company relied on strategic management control tools, such as the strategic plan and the QBR (quarterly business review). In the future, Generali will continue to strengthen its actions related to stakeholders engagement; thereby a greater alignment to the materiality determination process proposed by the IIRC will be implemented.

The Annual Integrated Report is supported by a structured information system, which processes both financial and non-financial information. This allows the company to increase the homogeneity and reliability of both kinds of information.

With regard to the scope of reporting of the Annual Integrated Report, the performance indicators related to human resources refer to the entire Group.

CHANGES IN THE PRESENTATION OF THE PERFORMANCE INDICATORS OF THE GROUP

All the economic indicators and comparative performance included in this management report have been restated in line with the current scope of consolidation.

It should be noted, therefore, that the changes indicated in the management report are on a comparable basis, excluding from the comparison period, discontinued operations with reference to 31.12.2013.

As mentioned above, the comparative KPIs contained in this report have been restated as follows:

	31/12/2012 as previously published	change in scope	31/12/2012 as published
Gross written premiums	69,613	-3,119	66,494
Life gross written premiums	46,810	-1,612	45,198
Property and Casualty gross written premiums	22,803	-1,507	21,296
Net cash inflows	3,542	-444	3,097
Combined ratio	95,7%	0,1%	95,8%
Operating result	4,219	-225	3,994
Life	2,658	-123	2,535
Property and Casualty	1,664	-103	1,561
Financial	408	0	408
Holdings and consolidation adj	-510	0	-510
Non operating result	-2,496	55	-2,441
Investments	338,817	-4,784	334,033

As of this report, the data relating to the Group's combined ratio indicated above and the technical result of the property&casualty segment, have also been restated by reclassifying the interest component of the financial reserves for annuities from claims expenses to the financial result. The comparative figures have been restated as follows.

	Figures before the change in presentation 31/12/2012	Effect of change in presentation 31/12/2012	Figures published 31/12/2012
Technical result	802	9	811
of which net insurance claims	-13,595	9	-13,586
Financial result	1,029	-9	1,020
Combined ratio	95.9%	-0.05%	95.8%
Loss ratio	68.8%	-0.05%	68.7%
Expense ratio	27.1%	0.00%	27.1%

Methodological note on alternative performance measures

In order to support the assessment of the quality and the sustainability of the Groups earnings in each segment and country, in the management report the performance indicators have been included.

OPERATING RESULT

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

Operating result was drawn up reclassifying items of earnings before taxes of each segment on the basis of the management characteristics of each segment and taking into consideration the recurring holding expenses.

Specifically, operating result represents earnings before taxes, gross of interest expense on liabilities linked to financing activities, specific net income from investments and non-recurring income and expenses.

In the **life segment**, all profit and loss accounts are considered as operating items, except those representing the non-operating result, i.e.:

- realized gains and losses and net impairment losses on investments which both did not affect the statutory reserves to the extent they were not included in the deferred policyholders liability and those on shareholders' fund;
- net other non-operating expenses, principally including results activities in run-off, Company restructuring charges, amortization of value of business acquired directly or through acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

In particular, with respect to the calculation method of the policyholders' profit sharing based on the net result of the period, the life non-operating result in Germany and Austria was calculated net of the estimated amount attributable to the policyholders.

Furthermore, where a new fiscal law materially affects the operating result of the countries for which the policyholders'

profit sharing is based on the net result of the period, the estimated non-recurring effect on the income taxes attributable to the policyholders has been accounted for in the operating result.

In the **property&casualty segment**, all profit and loss accounts are considered as operating items, except the following which are represented in the non-operating result, i.e.:

- realized gains and losses, unrealized gains and losses, net impairment losses on investments, including gains and losses on foreign currencies,
- net other non-operating expenses, principally including returns from real estate development activities, activities in run-off, the impairment losses of property held for own use, Company restructuring charges and the amortization of the value of the portfolios acquired directly or through the acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

In the **financial segment**, all profit and loss accounts are considered as operating items, except the following which are represented in the non-operating result, i.e.:

- non-recurring realized gains and losses and net impairment losses,
- other net non-operating expenses, principally including results activities in run-off, Company restructuring charges, amortization of value of business acquired directly or through acquisition of control of insurance companies (value of business acquired or VOBA) and other net non-recurring expenses.

The operating holding expenses include the expenses sustained by the Parent Company and territorial sub holdings for management and coordination activities.

The non-operating holding expenses refer to:

- interest expenses on liabilities linked to the Group's financing activities¹¹,
- restructuring charges and other non-recurring expenses incurred in the management and coordination activities,
- costs arising from the assignment of stock options and stock grants by the Group.

The operating result and non-operating result of the Generali Group are equivalent to the sum of the operating result and non-operating result of the above mentioned segments, the

11. Per ulteriori dettagli sulla definizione di debito finanziario si rimanda al paragrafo *Indebitamento* del capitolo *La situazione patrimoniale e finanziaria* della relazione sulla gestione.

holding expenses classified as previously mentioned, and related consolidation adjustments.

In accordance with the approach described above, the Generali Group has also presented the life, property&casualty and Group operating result of the main countries where it operates. This performance indicator measures the contribution of each country to the operating result of each segment and of the Group.

Within the context of the life and property&casualty operating result of each country, reinsurance operations between Group

companies in different countries have been considered as transactions concluded with external reinsurers. This representation of the life and non-life operating result by country makes this performance indicator more consistent with both the risk management policies implemented by each company and with the other indicators measuring the technical profitability of the Group's companies.

The following table reconciles the statement of operating and non-operating result to the corresponding income statement items:

Operating and non operating result	Profit and loss account
Net earned premiums	1,1
Net insurance benefits and claims	2,1
Acquisition and administration costs	2,5,1 - 2,5,3
Net fee and commission income and net income from financial service activities	1,2 - 2,2
Net operating income from financial instruments at fair value through profit or loss	1,3 - 1,4 - 1,5 - 2,3 - 2,4 - 2,5,2
Net operating income from other financial instruments	1,3 - 1,4 - 1,5 - 2,3 - 2,4 - 2,5,2
Net non-operating income from financial instruments at fair value through profit or loss	1,3 - 1,4 - 1,5 - 2,3 - 2,4 - 2,5,2
Net non-operating income from investments	1,3 - 1,4 - 1,5 - 2,3 - 2,4 - 2,5,2
Net other operating expenses	1,6 - 2,6
Net other non-operating expenses	1,6 - 2,6

Please note the following reclassifications implemented in the calculation of the operating result compared to the corresponding items of the income statement:

- within the operating result, investment management and investment property management expenses have been reclassified from acquisition and administration costs to net operating income from financial instruments, into other expenses from financial instruments and land and buildings (investment properties);
- within the operating result, income and expenses related to real estate development activities have been classified as other non-operating income and expenses, coherently with the management model adopted that foresees the sale at completion;
- within operating income, gains and losses on foreign currencies are reclassified in the life and financial segment from net operating income to net operating income from financial instruments at fair value through profit or loss. In the property&casualty segment, within operating income, gains and losses on foreign currencies have been reclassified from net operating income to net non-operating income from financial instruments at fair value through profit or loss. The classification for each segment is consistent with the related classification of the derivative transaction drawn up in order to hedge the Group's equity exposure to the changes in the main currencies of operations. The net operating and non-operating income from other financial instruments are therefore not subject to financial market volatility;
- within net operating income from financial instruments, interest expenses on deposits and current accounts under reinsurance business are not included among interest expenses related to liabilities linked to operating activities but are deducted from the related interest income. Moreover, the interest expenses related to the abovementioned real estate development activities are not included in interest expenses related to liabilities linked to operating activities but are classified among

other non-operating income and expenses coherently with the management model adopted that foresees the sale at completion;

- within operating income, net other operating expenses are adjusted for operating taxes and for non-recurring taxes that affect in a relevant manner the operating income of the countries where policyholders sharing is determined taking into account the taxes for the period. These adjustments are included in the calculation of operating income and are excluded from the income taxes item.

OPERATING RESULT BY DRIVERS

The operating results of the life and property&casualty segments are also presented in the format of **result drivers**, which better describe the management trends of the changes that occurred in each segment performance.

The operating result of the **life segment** is made up of a technical margin gross of underwriting expenses, a net investment result and acquisition and administration costs related to insurance business and other net operating expenses. In detail, the technical margin includes loadings, risk and surrenders results. Net investment result consists of operating income from investments, net of the related policyholders' interests. Finally, other net operating expenses are indicated separately.

The operating result of the **property&casualty segment** consists of a technical result, an investment result and other operating items. The technical result is equivalent to the insurance activity result, i.e. the difference between premiums and claims, acquisition and administration costs and other net technical income. The investment result is made up of current income from investments and other operating net financial expenses, like expenses on investment management and interest expenses on operating debt. Finally, other operating items mainly include acquisition and administration costs not related to the insurance business, depreciation of tangible assets and amortization of multi-annual costs, provisions for recurring risks and other taxes.

The operating result of the **financial segment** is split between net operating result from financial activities, acquisition and administration costs and other net operating expenses. Specifically, the net operating result from financial activities is defined as the intermediation margin, net of net operating impairment losses on other financial instruments. The intermediation margin is equal to all net operating income arising from financial activity and, in particular, comprises the sum of net fee and commission income, net interest income and other financial items. Lastly, the interest margin is equal to interest income, net of interest expenses.

OPERATING RETURN ON EQUITY

Operating return on equity indicates the return in terms of operating result on Group shareholders' equity. It is calculated according to the following ratio:

- total operating result adjusted to include:
 - interest expenses on financial debt;
 - income taxes based on a mid-term expected tax rate as assumed in 2015 Target (please refer to the chapter "The Generali Group's strategy");
 - minority interests;
- average Group shareholders' equity at the beginning and at the end of each period of valuation, excluding gains and losses included in Other Comprehensive Income OCI (e.g. net unrealized gains and losses on AFS investments, foreign currency translation differences, net unrealized gains and losses on hedging derivatives).

RETURN ON INVESTMENTS

A performance indicator of **return on investments** has been presented, that is calculated as the ratio:

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

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

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

These investment returns have been presented in the life and property&casualty segments and for the Group consolidated figures.

CONSOLIDATED INVESTMENTS

With regards to the presentation of **consolidated investments**, the following variations, with respect to the corresponding balance sheet items have been implemented, in order to provide a consistent representation to that used for the calculation of the relative profitability:

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

Segment investments are presented net of investments in subsidiaries consolidated line by line and loans and bonds between Group companies, except for, in the life segment, in the cases where the returns determine the policyholders' share.

INTEREST COVERAGE RATIO

EBIT/interest expenses on financial debt.

LEVERAGE RATIO

Financial leverage: Financial debt / financial debt + adjusted shareholders' equity.

NET FREE SURPLUS

The **Net Free Surplus** is the sum of the following components:

LIFE FCF:

The Life FCF is calculated from the EV source and it represents the "Expected" Cash Flow generation in a given year from existing and new business, i.e. it is the movement of the Free Surplus excluding operating and economic variances. More in detail, it is the sum of:

1. The net Required Capital variation
 - a. Release of Capital from existing business
 - b. Additional required capital from New Business
2. The ANAV variation:
 - a. Run off profit from existing business, i.e. transfers from VIF to ANAV
 - b. New business profits (commissions)

In a different way:

1a (capital) + 2a (profits) is the Expected Cash Flow generation from the Existing business and 1b + 2b is the New business strain.

NON LIFE FCF:

IFRS Non Life Operating Result Net of Taxes (normalized tax rate) and Minorities, and net of Change in Solvency 1 required capital

FINANCIAL FCF:

IFRS Financial Operating Result Net of Taxes (normalized tax rate) and Minorities, and net of Change in regulatory required capital (typically Basel 2 or Basel 3 for banks)

Holding expenses

IFRS holding expenses, including interest expenses on financial debt, net of taxes and minorities.

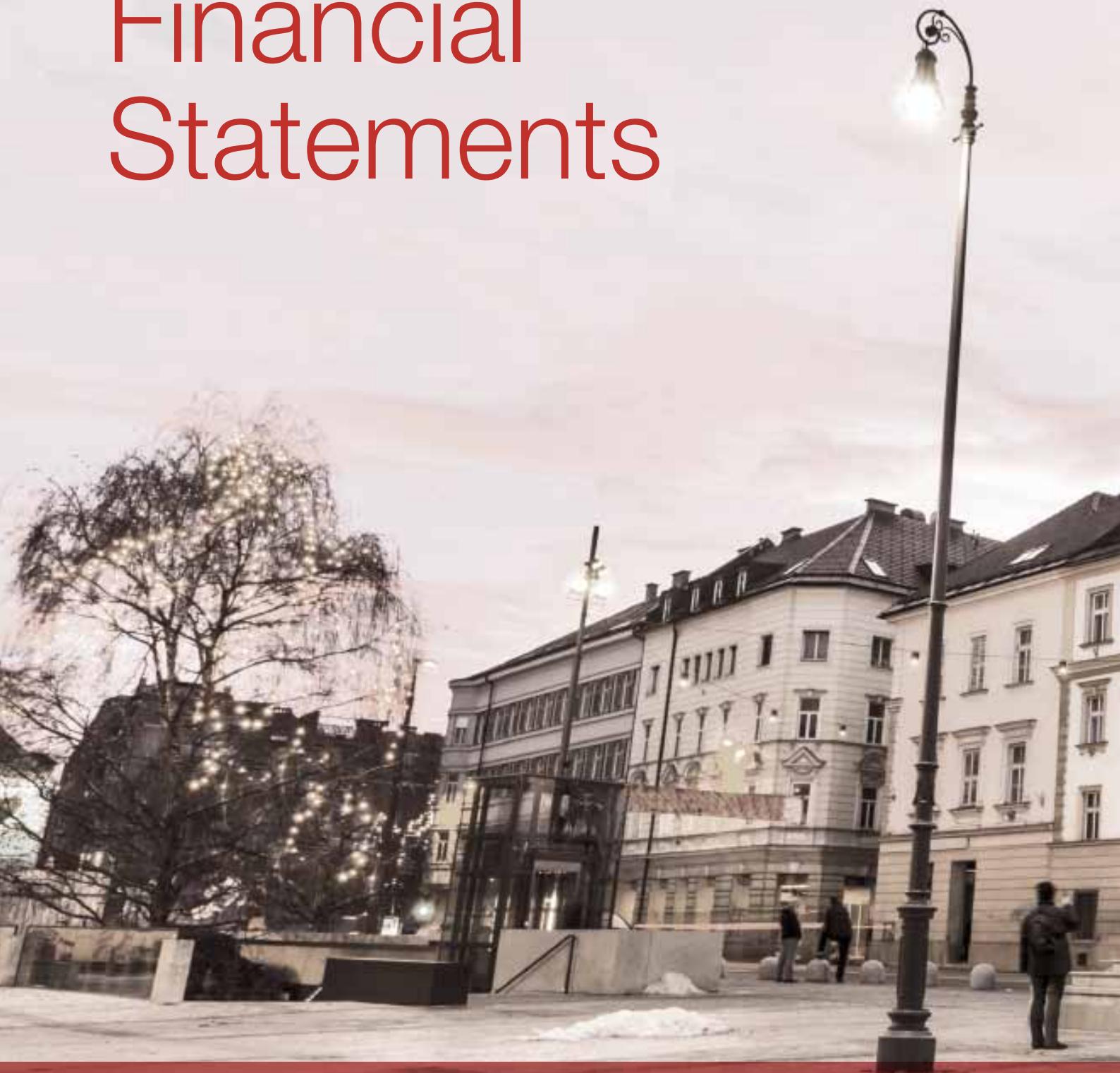
NET FREE CASH FLOW BEFORE DIVIDEND

The **Net Free Cash Flow before Dividend** represents the percentage of theoretically distributable earnings, i.e. Gross Free Surplus, made by our subsidiaries (including reinsurance cash flows) that is actually remitted or passed up to the parent company net of the above mentioned Holding expenses.

Glossary

- **Gross written premiums:** equal to gross written premiums of direct business and accepted by third parties.
- **Gross direct premiums:** equal to gross premiums written of direct business.
- **Net cash inflows:** equal to the amount of premiums collected net of benefits paid.
- **APE, new business annual premium equivalent:** net of minority interests, is equivalent to the sum of new annual premium policies, plus a tenth of premiums in single premium policies.
- **NBV, value of new business:** net of the portion attributable to minority interests, is obtained by discounting at the date of new contracts the corresponding expected profits net of the cost of capital.
- **New Business Margin:** the ratio NBV / APE.
- **Operating return of investments:** equal to the ratio between the operating result and the average investments calculated based on the financial statement figures, as described in the methodological notes.
- **Current accident year loss:** is the ratio between:
 - current year incurred claims + related claims management costs net of recoveries and reinsurance to
 - earned premiums net of reinsurance.
- **Previous accident year loss:** is the ratio between:
 - previous year incurred claims + related claims management costs net of recoveries and reinsurance to
 - earned premiums net of reinsurance.
- **Solvency I ratio:** equal to the ratio of the available margin and the required margin.
- **Equivalent terms:** refer to equivalent exchange rates and equivalent consolidation scope.
- **Equivalent consolidation area:** refers to equivalent consolidation scope.
- **Earning per share:** equals to the ratio of Group net result and the weighted average number of ordinary shares outstanding.
- **Operating earnings per share:** is the ratio between:
 - total operating result net of interest on financial liabilities, taxes and third party interests (as defined in the section 3 of the methodological note), and
 - the weighted average number of ordinary shares outstanding.
- **Operating return on equity:** an indicator of return on capital in terms of the Group operating result adjusted as described in the previous methodological note.
- **Integrated report:** concise communication that illustrates how the strategy, governance and future prospects of an organization, in the external environment in which it operates, are used to create value in the short, medium and long term.

Consolidated Financial Statements





Index

99.	Consolidated Financial Statements	
102.	Balance sheet - assets	
104.	Income statement	
1.	Statement of comprehensive income	
2.	Statement of changes in equity	
4.	Statement of cash flow (indirect method)	
1.	Notes to the consolidated financial statements	
1.	Basis of presentation	
27.	Risk Report	
28.	1 The Risk Management System	
29.	2 The Risk Management Policy"	
30.	3 Risk Profile	
30.	4 Financial Risks	
35.	5 Credit Risk	
39.	6 Insurance Risk	
46.	7 Operational risk	
47.	8 Other risks	
51.	9 Risk monitoring by third parties	
51.	10 Capital management	
53.	Notes to the balance sheet	
53.	Balance sheet - Assets	
53.	1 Intangible assets	
57.	2 Tangible assets	
58.	3 Amounts ceded to reinsurers from insurance provisions	
59.	4 Investments	
65.	5 Receivables	
66.	6 Other assets	
66.	7 Cash and cash equivalents	
67.	Balance sheet - Liabilities and equity	
67.	1 Shareholders' equity	
68.	2 Other provisions	
69.	3 Insurance provisions	
72.	4 Financial liabilities	
74.	5 Payables	
74.	6 Other liabilities	
79.	Notes to the income statement	
79.	1 Income	
81.	2 Expenses	
83.	3 Income taxes	
87.	Other information	
87.	1 Exposure to Greece, Ireland, Italy, Portugal and Spain	
88.	2 Other Comprehensive Income	
89.	3 Fair value measurement	
98.	4 Information on employees	
98.	5 Share-based compensation plans	
102.	6 Earnings per share	
102.	7 Related parties disclosure	
103.	8 Reinsurance policy of the Group	
103.	9 Significant non-recurring events and transactions	
105.	10 Atypical and/or unusual transactions	
105.	11 Non-current assets or disposal group classified as held for sale	
108.	12 Audit and other service fees for the fiscal year	
109.	Appendices to the notes	
1.	Appendices	
1.	Change in the consolidation area	
3.	Subsidiaries consolidated line by line	
22.	Non consolidated subsidiaries and associated company	

Consolidated Financial Statements

Company

ASSICURAZIONI GENERALI S.p.A.

CONSOLIDATED STATEMENTS

Consolidated financial statements

at 31 December 2013

(Amounts in € million)

BALANCE SHEET - ASSETS

(€ million)	31/12/2013	31/12/2012 ^R	01/01/2012 ^R
1 INTANGIBLE ASSETS	9,352	9,902	10,434
1.1 Goodwill	7,163	7,222	7,394
1.2 Other intangible assets	2,189	2,681	3,039
2 TANGIBLE ASSETS	4,786	5,018	4,906
2.1 Land and buildings (self used)	2,879	3,002	3,072
2.2 Other tangible assets	1,907	2,016	1,835
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	4,875	5,624	5,678
4 INVESTMENTS	384,645	374,074	346,655
4.1 Land and buildings (investment properties)	12,828	12,899	13,082
4.2 Investments in subsidiaries, associated companies and joint ventures	1,407	1,692	1,905
4.3 Held to maturity investments	4,115	7,538	5,293
4.4 Loans and receivables	63,371	71,063	77,090
4.5 Available for sale financial assets	230,031	212,459	175,615
4.6 Financial assets at fair value through profit or loss of which financial assets where the investment risk is borne by the policyholders and related to pension funds	72,893	68,423	73,670
5 RECEIVABLES	10,915	11,143	11,255
5.1 Receivables arising out of direct insurance operations	7,584	8,230	8,196
5.2 Receivables arising out of reinsurance operations	1,082	976	1,011
5.3 Other receivables	2,249	1,938	2,048
6 OTHER ASSETS	15,651	14,603	18,659
6.1 Non-current assets or disposal groups classified as held for sale	653	15	148
6.2 Deferred acquisition costs	1,957	2,323	2,013
6.3 Deferred tax assets	2,807	2,624	6,936
6.4 Tax receivables	2,866	2,686	2,737
6.5 Other assets	7,368	6,956	6,825
7 CASH AND CASH EQUIVALENTS	19,431	21,647	25,560
TOTAL ASSETS	449,656	442,011	423,148

^(R) Some data shown in the comparative columns of the financial statements do not correspond to those published in 2012 in the Consolidated Financial Statements as restated as described in the section *Changes in accounting policies and changes in the presentation of the financial statements*.

BALANCE SHEET – SHAREHOLDERS' EQUITY AND LIABILITIES

(€ million)	31/12/2013	31/12/2012 ^R	01/01/2012 ^R
1 SHAREHOLDERS' EQUITY	21,405	21,726	17,808
1.1 Shareholders' equity attributable to the Group	19,778	19,013	15,173
1.1.1 Share capital	1,557	1,557	1,557
1.1.2 Other equity instruments	0	0	0
1.1.3 Capital reserves	7,098	7,098	7,098
1.1.4 Revenue reserves and other reserves	7,275	8,591	8,154
1.1.5 (Own shares)	-11	-403	-403
1.1.6 Reserve for currency translation differences	298	596	542
1.1.7 Reserve for unrealized gains and losses on available for sale financial assets	2,513	2,482	-2,220
1.1.8 Reserve for other unrealized gains and losses through equity	-867	-1,002	-409
1.1.9 Result of the period	1,915	94	856
1.2 Shareholders' equity attributable to minority interests	1,627	2,713	2,635
1.2.1 Share capital and reserves	1,434	2,308	2,437
1.2.2 Reserve for unrealized gains and losses through equity	-34	128	-99
1.2.3 Result of the period	227	278	297
2 OTHER PROVISIONS	1,768	1,471	1,386
3 INSURANCE PROVISIONS	345,752	336,369	324,981
of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	45,809	41,068	46,850
4 FINANCIAL LIABILITIES	62,016	63,907	59,133
4.1 Financial liabilities at fair value through profit or loss	16,084	15,553	15,502
of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	13,227	12,602	11,340
4.2 Other financial liabilities	45,932	48,354	43,631
of which subordinated liabilities	7,612	7,833	6,611
5 PAYABLES	8,129	8,033	7,607
5.1 Payables arising out of direct insurance operations	3,190	3,314	3,578
5.2 Payables arising out of reinsurance operations	572	646	725
5.3 Other payables	4,367	4,073	3,303
6 OTHER LIABILITIES	10,586	10,504	12,232
6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale	648	0	0
6.2 Deferred tax liabilities	2,338	2,996	5,949
6.3 Tax payables	1,607	1,639	1,339
6.4 Other liabilities	5,993	5,869	4,944
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	449,656	442,011	423,148

INCOME STATEMENT

(€ million)	31/12/2013	31/12/2012 ^R
1.1 Net earned premiums	60,796	60,734
1.1.1 Gross earned premiums	62,726	62,848
1.1.2 Earned premiums ceded	-1,930	-2,114
1.2 Fee and commission income and income from financial service activities	1,359	1,299
1.3 Net income from financial instruments at fair value through profit or loss of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	4,763	6,143
1.4 Income from subsidiaries, associated companies and joint ventures	4,103	4,565
1.5 Income from other financial instruments and land and buildings (investment properties)	180	126
1.5.1 Interest income	15,613	15,604
1.5.2 Other income	10,024	9,971
1.5.3 Realized gains	1,891	1,899
1.5.4 Unrealized gains and reversal of impairment losses	3,486	3,511
1.6 Other income	212	223
1 TOTAL INCOME	2,332	2,113
2.1 Net insurance benefits and claims	85,043	86,018
2.1.1 Claims paid and change in insurance provisions	-63,295	-61,567
2.1.2 Reinsurers' share	-64,433	-62,919
2.2 Fee and commission expenses and expenses from financial service activities	1,137	1,352
2.3 Expenses from subsidiaries, associated companies and joint ventures	-544	-534
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-296	-423
2.4.1 Interest expense	-3,299	-7,486
2.4.2 Other expenses	-1,377	-1,318
2.4.3 Realized losses	-445	-438
2.4.4 Unrealized losses and impairment losses	-514	-2,529
2.5 Acquisition and administration costs	-964	-3,200
2.5.1 Commissions and other acquisition costs	-11,036	-11,218
2.5.2 Investment management expenses	-7,976	-8,034
2.5.3 Other administration costs	-74	-114
2.6 Other expenses	-2,986	-3,070
	-4,249	-3,322
2 TOTAL EXPENSES	-82,720	-84,550
EARNINGS BEFORE TAXES	2,323	1,468
3 Income taxes	-742	-1,154
EARNINGS AFTER TAXES	1,582	314
4 RESULT OF DISCONTINUED OPERATIONS	560	58
CONSOLIDATED RESULT OF THE PERIOD	2,142	371
Result of the period attributable to the Group	1,915	94
Result of the period attributable to minority interests	227	278
EARNINGS PER SHARE:		
Earnings per share (in €)	1.24	0.06
from continuing operation	0.89	0.04
Diluted earnings per share (in €)	1.24	0.06
from continuing operation	0.89	0.04

STATEMENT OF COMPREHENSIVE INCOME

(€ million)	31/12/2013	31/12/2012 ^R
1 CONSOLIDATED RESULT OF THE PERIOD	2,142	371
Items that may be reclassified to profit and loss in future periods		
2.1 Foreign currency translation differences	−373	101
2.2 Net unrealized gains and losses on investments available for sale	−86	4,923
2.3 Net unrealized gains and losses on cash flows hedging derivatives	104	−100
2.4 Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
2.5 Share of other comprehensive income of associates	−17	2
2.8 Result of discontinued operations	−47	−54
2.10 Other	0	0
Subtotal	−419	4,873
Items that may not be reclassified to profit and loss in future periods		
2.5 Share of other comprehensive income of associates	0	0
2.8 Result of discontinued operations	0	0
2.6 Reserve for revaluation model on intangible assets	0	0
2.7 Reserve for revaluation model on tangible assets	0	0
2.9 Actuarial gains or losses arising from defined benefit plans	125	−482
Subtotal	125	−482
2 OTHER COMPREHENSIVE INCOME	−294	4,391
3 TOTAL COMPREHENSIVE INCOME	1,847	4,762
attributable to the Group	1,782	4,258
attributable to minority interests	65	504
TOTAL COMPREHENSIVE INCOME PER SHARE:		
Total comprehensive income per share (in €)	1.15	2.75
Diluted total comprehensive income per share (in €)	1.15	2.76

STATEMENT OF CHANGES IN EQUITY

		Amounts at 31/12/2011	Changes in amounts at 31/12/2011	Allocation	Transfer to profit and loss account	Other transfer
Shareholders' equity attributable to the Group	Share capital	1,557		0		0
	Other equity instruments	0		0		0
	Capital reserves	7,098		0		0
	Revenue reserves and other reserves	8,154	0	748		-311
	(Own shares)	-403		0		0
	Result of the period	856		-762		
	Other comprehensive income	-1,775	-312	3,441	723	
	Total shareholders' equity attributable to the group	15,486	-312	3,428	723	-311
Shareholders' equity attributable to minority interests	Share capital and reserves	2,432	5	259		-388
	Result of the period	297		-19		
	Other comprehensive income	-93	-5	284	-58	
	Total shareholders' equity attributable to minority interests	2,635	0	524	-58	-388
Total		18,120	-312	3,952	665	-699

Amounts at 31/12/2012	Changes in amounts at 31/12/2012	Allocation	Transfer to profit and loss account	Other transfer	Amounts at 31/12/2013
1,557					1,557
0					0
7,098					7,098
8,591		-1,006		-310	7,275
-403				392	-11
94		1,821			1,915
2,076		740	-872		1,944
19,013	0	1,555	-872	82	19,778
2,308		229		-1,103	1,434
278		-51			227
128		-83	-79		-34
2,713	0	95	-79	-1,103	1,627
21,726	0	1,650	-951	-1,021	21,405

STATEMENT OF CASH FLOW (indirect method)

	31/12/2013	31/12/2012 ^R
Earnings before taxes	2,323	1,468
Changes in non-cash items	11,809	6,561
Change in the provisions for unearned premiums and for unexpired risks for non-life segment	-66	-29
Change in the provisions for outstanding claims and other insurance provisions for non-life segment	755	557
Change in the mathematical provisions and other insurance provisions for life segment	16,289	8,144
Change in deferred acquisition costs	-31	-15
Change in other provisions	339	308
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	-2,924	-1,494
Other changes	-2,554	-911
Change in receivables and payables from operating activities	396	178
Change in receivables and payables arising out of direct insurance and reinsurance operations	-32	-265
Change in other receivables and payables	428	443
Income taxes paid	-1,751	-942
Net cash flows from cash items related to investing or financing activities	539	2,777
Financial liabilities related to investment contracts	-5	480
Payables to banks and customers	-291	2,160
Loans and receivables from banks and customers	686	-387
Other financial instruments at fair value through profit or loss	149	525
CASH FLOW FROM OPERATING ACTIVITIES	13,317	10,042
Net cash flows from investment properties	37	514
Net cash flows from investments in subsidiaries, associated companies and joint ventures(***)	181	-562
Net cash flows from loans and receivables	2,780	2,795
Net cash flows from held to maturity investments	637	-1,645
Net cash flows from available for sale financial assets	-15,933	-16,515
Net cash flows from tangible and intangible assets	-320	-265
Net cash flows from other investing activities	-468	694
CASH FLOW FROM INVESTING ACTIVITIES	-13,086	-14,984
Net cash flows from shareholders' equity attributable to the Group		0
Net cash flows from own shares	217	0
Dividends payment	-311	-311
Net cash flows from shareholders' equity attributable to minority interests(****)	-216	-158
Net cash flows from subordinated liabilities and other similar liabilities	-200	1,242
Net cash flows from other financial liabilities	-1,199	168
CASH FLOW FROM FINANCING ACTIVITIES	-1,709	941
Effect of exchange rate changes on cash and cash equivalents	-168	1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD(*)	20,710	24,710
CHANGES IN CASH AND CASH EQUIVALENTS	-1,647	-4,000
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(**)	19,063	20,709

(*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (€ 21,647 million), liabilities to banks payables on demand (€ 802 million) and bank overdrafts (€ 12 million) without cash and cash equivalents of non current assets or disposal groups classified as held for sale (€ 124 million).

(**) Cash and cash equivalents at the end of the period include cash and cash equivalents (€ 19,431 million), liabilities to banks payables on demand (€ 346 million), bank overdrafts (€ 22 million).

(***) Includes mainly proceeds arising from the operations with PPF Group (€ -1,089 million) and Generali Deutschland Holding (€ -171 mln) and from the sale of Banca Generali stakes (€ +185 milioni) and of subsidiaries in Mexico (€ +631 mln) and USA (€ +575 mln).

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

Notes to the Consolidated Financial Statements

BASIS OF PRESENTATION AND ACCOUNTING PRINCIPLES

Basis of presentation

The Generali Group's consolidated financial statements at 31 December 2013 were drawn up taking into account the IAS/IFRS issued by the IASB and endorsed by the European Union, in accordance with the Regulation (EC) No. 1606 of 19 July 2002 and the Legislative Decree No. 58/1998, as amended by Legislative Decree No 259/2010, as well with the Legislative Decree No 209/2005.

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

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

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

On 20 November 2013 the Generali Group concluded an agreement for the sale of 100% of Fata Assicurazioni Danni S.p.A. The finalization of the sale is subject to the necessary regulatory approvals and in accordance with IFRS 5, as of 31 December 2013 Fata Assicurazioni Danni S.p.A. was classified in the financial statements as Non-current assets or disposal groups classified as held for sale. Consequently such participation is not excluded from consolidation but both the total assets and liabilities and the result of the period has been separately recognised in specific items in the financial statements.

The consolidated financial statements at 31 December 2013 were approved by the Board of Directors on 12 March 2014.

The consolidated financial statements at 31 December 2013 were audited by Reconta Ernst&Young S.p.A., the appointed audit firm from 2012 to 2020.

1 Consolidated financial statements

The set of the consolidated financial statements is made up of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow, as required by the ISVAP (now

IVASS) Regulation No. 7 of 13 July 2007, as subsequently amended. The financial statements also include special items that are considered significant for the Group.

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

In accordance with IFRS 5 the comparative figures of the income statement and cash flow statement have been restated, excluding from the scope non-current assets or disposal groups classified as held for sale as Fata Assicurazioni Danni S.p.A. and discontinued operations during the period. Consequently the tables of comprehensive income in the notes have been restated.

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

2 Consolidation area

Based on the IAS 27, the Consolidated financial statements include the figures for both the Parent company and the subsidiaries directly or indirectly controlled.

At 31 December 2013, the consolidation area decreased from 498 to 480 companies, of which 433 are subsidiaries consolidated line by line and 47 associated companies valued at equity.

Changes in the consolidation area compared to the previous year and the table listing companies included in the new consolidation area are attached to these Notes.

3 Consolidation methods

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

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

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

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

Exchange rates of the balance sheet

Currency	Exchange rate at the end of the period (€)	
	31/12/2013	31/12/2012
US dollar	1.378	1.318
Swiss franc	1.226	1.207
British pound	0.8320	0.811
Argentine peso	8.982	6.481
Czech koruna	27.373	25.096

Exchange rates of the income statement

Currency	Average exchange rate (€)	
	31/12/2013	31/12/2012
US dollar	1.328	1.286
Swiss franc	1.231	1.205
British pound	0.849	0.811
Argentine peso	7.281	5.849
Czech koruna	25.979	25.136

3.1 Line-by-line consolidation method

The subsidiaries as well as the special purpose entities where the requisites of effective control are applicable are consolidated line by line.

Control is presumed to exist when the Parent Company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity or, in any event, when it has the power to govern the financial and operating policies of an investee. In the assessment of the control potential voting rights are also considered, where present.

The consolidation of a subsidiary ceases commencing from the date when the Parent Company loses control.

In preparing the consolidated financial statements:

- the financial statements of the Parent Company and its subsidiaries are consolidated line by line. For consolidation purposes, if the financial year-end date of a company

differs from that of the Parent Company, the former prepares interim financial statements at December 31st of each financial year;

- intra-group balances are eliminated in full;
- the carrying amount of the Parent Company's investment in each subsidiary and the Parent Company's portion of equity of each subsidiary are eliminated at the date of acquisition;
- minority shareholders' interests, together with their share of profit are shown as separate items.

Subsidiaries consolidated line by line are acquired using the acquisition method. The acquisition cost is represented by the sum of the consideration transferred, including contingent consideration, liabilities assumed towards the previous owners, the fair value of non-controlling interests as well as, in a business combination achieved in stages, the fair value of the acquirer's previously held equity interests in the acquiree. Any contingent consideration to be transferred or received by the acquirer will be recognised at fair value at the acquisition date. Contingent

consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

The assets acquired and liabilities assumed in a business combination are initially recognized at acquisition current value. The excess of the acquisition cost over the net value of the identifiable assets acquired and liabilities assumed is accounted for as goodwill. In the case of the acquisition is lower than the net value of assets acquired and liabilities, the difference is recognised in the profit and loss account.

Based on the IAS 27, the acquisitions of further minority interests of subsidiaries already consolidated line by line do not imply the booking of additional goodwill and the difference between the purchase price of the abovementioned minorities and the related minority shareholders' interest shall be booked as reduction of the Group equity.

Similarly, in line with what it has been stated above concerning the purchase of further minority shares difference between the transaction value and the book value of the ceded share doesn't affect the profit and loss account, but it is recognised in equity since such transactions are managed in the same way of transactions among shareholders.

3.2 Consolidation using the equity method

Investments in associates and joint ventures are consolidated using the equity method.

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

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Under the equity method, the investment in an associate is initially recognized at cost (including goodwill) and the carrying amount is increased or reduced to recognize the change in the investor's share of the equity of the investee after the date

of acquisition, as well as the investor's share of the profit or loss of the investee the latter is recognised in its profit and loss account.

Dividends received reduce the carrying amount of the investment. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of losses of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.3 Foreign currency transactions and balances

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

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

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

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

or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Accounting principles

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

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

New accounting principles

Following the endorsement of the European Union, as from the 1st January 2013 new principles and amendments shall be applied. The most relevant changes regarding the Group's consolidated financial statements at 31 December 2013 are described in the following notes. In addition, the main documents issued by the International Accounting Standard Board, that could be relevant for the Group, but not yet effective, are described. The new rules are presented by subject.

Amendments to IFRS 7 and IAS 32 – Offsetting financial assets and financial liabilities

From 1 January 2013 amendments to IFRS 7 published in December 2011 become effective. They concern the new accounting disclosure requirements for the offsetting of financial assets and financial liabilities. In particular gross and net amounts of assets and liabilities subject to offsetting shall be disclosed.

Furthermore the IASB also clarified offsetting requirements publishing the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities.

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- currently has a legally enforceable right to offset the recognised amounts, or, in other words, it has a contractual right or otherwise agreed to settle or however eliminate fully or partially an amount due to a creditor compensating this amount with another one due by a creditor; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

If both conditions are met net positions are presented in balance sheet.

The effective date is 1 January 2014 and subsequent periods.

Amendments to IFRS 7 and IAS 32 has been endorsed by European Regulation (UE) n. 1256 of 13 December 2012.

IFRS 10, 11, 12, Amendments to IAS 27 and IAS 28

Concerning the Consolidation project, on May 12 2011, the IASB issued IFRS 10 Consolidated Financial Statements, which replaced IAS 27 and the interpretation of SIC12 Consolidation - Special Purpose Entities, IFRS 11 Joint Arrangements, which replaced IAS 31 and IFRS 12 Disclosure of Interests in Other Entities which contains the disclosure requirement for IFRS 10, 11, 12. IFRS 10 unified and specified the consolidation principles in IAS 27 and SIC 12. According to IAS 27 control is defined as the power to govern the financial operating policies of an entity to obtain benefits from its activities and for special purpose vehicles SIC 12 indicates the majority of the risk and rewards that can be obtained from the investment as a criterion for their consolidation. According to IFRS 10 an investor has control over another company when it jointly has:

- power to direct the "significant activities" (which influence the economic returns)
- exposure to returns of the investee
- ability to affect those returns through its power over the investee

IFRS 11 defined a joint arrangement as an arrangement of which two or more parties have joint control. Distinguishes between joint operations and joint ventures: a joint operation is an agreement whereby the parties have rights to the assets, and obligations for the liabilities relating to the arrangement. For accounting purposes, the assets and liabilities that are part of the arrangement are reflected in the financial statements using the applicable IFRS. A joint venture is an agreement whereby the parties have rights to the net assets of the arrangement. For accounting purposes, the joint venture is consolidated using the equity method (proportional method no longer available as optional IFRS 11).

IFRS 12 established the minimum information designed to understand the nature and risk of the interest held by an entity in one or other entities and the effects that these interest bearing financial position, performance and cash flows of 'entity'.

On 31 October 2012, the IASB published amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities. The standard defines investment entities and requires that they measure investments in subsidiaries at fair value through profit or loss excluding line by line consolidation. However, the parent company of an investment company shall consolidate the subsidiaries of the investment entity.

An investment company is a company that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and;
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

On 28 June 2012, the IASB published the amendment "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance". The guidance introduces limits to the application of the new standards on the consolidated IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interest in Other Entities, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures, which will become effective for annual periods beginning on 1 January 2014, following the postponement ordered by the European Financial Reporting Advisory Group in the endorsement. IFRS 10, 11, 12, IAS 27 and IAS 28 revised has been endorsed by European Regulation (UE) n. 1254 of 11 December 2012. These IFRSs are effective from 1 January 2014.

In particular, a company must not make entries for the restatement of the company for which the consolidation conclusion on the date of initial application is the same as that obtained in accordance with IAS 27 and SIC-12 Consolidation - Special Purpose Entities and opposite case the retrospective application is limited to the period preceding the date of initial application.

The application of IFRS 10 does not have significant impacts on the Group scope.

IFRS 13 – Fair value measurement

From 1 January 2013 IFRS 13 is effective. The principle offers a unique guide for the measurement and disclosure of fair value, defined as the price that would be received in the case of sale of the asset or paid to transfer the liability in an ordinary transaction market.

The fair value is the price of the assets and liabilities in its principal or most advantageous market between market participants at the measurement date in the current market conditions (i.e., an exit price from the perspective of a market participant that holds the asset or obligation). Assets and liabilities measured at fair value are classified for accounting purposes in accordance with a fair value hierarchy into three levels:

1. quoted prices in active markets for identical financial instruments

2. inputs other than those included in Level 1 that are observable for the asset or liability, either directly (such as quoted prices for similar instruments in active markets), or indirectly (i.e. derived from prices)
3. inputs for the asset or liability that are not based on observable market data.

IFRS 13 has been endorsed by European Regulation (UE) n. 1254 of 11 December 2012. Related disclosure and a detailed illustration of the fair value measurement criteria in the specific sections in the basis of presentation and in the notes.

IAS 19 revised – Employee benefits

From 1 January 2013 IAS 19 Employee Benefits revised in June 2011 become effective, and introduced the following changes:

1. Elimination of the option not to recognize part of the actuarial gains/losses arising from changes in estimates of obligations related to the defined benefit plan or changes in the fair value of the assets of the plans, that is the amendment removed the option to use the corridor method to recognize off-balance-sheet profits or losses.
2. New disclosure in the profit or loss account of interest expenses arising from defined benefit plans.

More specifically, the current service cost is recorded as personnel expenses, interest expense related to the component of the "time value" in the actuarial calculations shall be accounted for in financial expenses. Finally, the gains / losses arising from the re-measurement of defined benefit plans and of the assets of the plan, as a result of subsequent changes of assumptions used for valuations, shall be accounted for in the other comprehensive income (without recycling).

3- Increased disclosure in relation to the characteristics of defined benefit plans and the risks deriving from them, the amounts recognized in the financial statements and participation in plans for more than one employer.

The amended IAS 19 is effective for annual periods beginning 1 January 2013 or later and has been endorsed by European Union with Regulation (EU) n. 475 of 5 June 2012.

The estimated impacts on the Group are described in the relevant section of the note.

IAS 1 Presentation of financial statements

From 1 January 2013 amended IAS 1 Presentation of Financial Statements became effective, requiring the grouping of items presented within the statement of other comprehensive income. All items for which recycling of previously accounted

unrealized gains and losses to profit or loss is permitted (ie. unrealized gains and losses on available for sale assets) should be grouped together and presented separately from items for which recycling is not permitted (ie revaluation of land and buildings, actuarial gains on defined benefit plans).

This amendment has been endorsed by European Union with Regulation (UE) n. 475 of 5 June 2012.

IFRS 9 – Financial instruments

On 12 November 2009, the IASB published IFRS 9 - Financial Instruments, the same principle has been subsequently amended. The principle which shall be applied from 1 January 2015 retrospectively, it is the first part of a phased process that aims to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, with regards to financial assets, the new standard uses a single approach based on a business model and the contractual cash flow characteristics of the financial asset in order to determine the criteria, replacing the many different rules in IAS 39. For financial liabilities, however, the main change concerns the accounting treatment of changes in fair value of a financial liability designated as at fair value through profit or loss, in the event that the change is due to changes in the credit risk of the liability. Under the new standard, such changes shall be recognized in other comprehensive income / (loss) and no longer in the income statement.

The other phases of the project address the accounting for hedges (hedge accounting) and impairment losses (impairment) on financial instruments.

IFRS 9 – Limited Amendments (Exposure draft)

On 28 November 2012, the IASB published the Exposure draft "IFRS 9 – Limited Amendments". The document's purpose is to consider the interaction between the classification and measurement of financial assets with the insurance contracts project and to clarify classification and measurement requirements. The exposure draft reaffirms the basic principles of IFRS 9 Financial Instruments and introduces an amendment to the contractual cash flow characteristics assessment to allow financial instruments to be classified at amortised cost. The contractual cash flows shall represent solely payments of principal and interests on the principal amount outstanding. In making such an assessment an entity considers benchmark cash flows and if the modification of the contractual characteristics are "more than insignificantly different" than the benchmark cash flows, the contractual cash flows are not solely payments of principal and interests.

Furthermore the exposure draft introduces a third measurement category to be measured at fair value through

Other comprehensive income for financial instruments held within a business model in which assets are managed both in order to collect contractual cash flows and for sale. These proposed amendments will be applicable starting on or after 1st January 2018.

IFRS 9 – Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39

On 19 November 2013 , the IASB issued IFRS 9 *Financial Instruments - Hedge Accounting and Amendments to IFRS 9 , IFRS 7 and IAS 39*. The new standard has completed the section relating to hedge accounting of the project to replace IAS 39 Financial Instruments: Classification and Measurement and introduced important changes to the effective date of IFRS 9 . The most important new features relate to the effectiveness test of the hedging relationships, the extension of possible hedging instruments and hedged items and the discontinuation or modification of the hedging relationship. The new principle broadened the scope of eligible hedged items and hedging instruments and replaced the threshold of hedge effectiveness established by IAS 39 Financial Instruments: Recognition and Measurement (80% -125%) with an approach that is based on the economic relationship between the hedged item and the hedging instrument defined by the risk management of the company. With regard to the effective date the amendment to IFRS 9 has determined that :

- The principle is available for application (including classification and measurement) ;
- Until the project on macro hedges (hedges of open portfolios of financial instruments) is completed the entity will be able to choose to continue to apply IAS 39 to all hedging relationships ;
- The effective date of January 1, 2015 has been removed and the entire IFRS 9 will be effective on January 2018.

IFRS 9 – Financial Instruments – Expected Credit Losses (Exposure Draft)

On 7 March 2013 the IASB published the *exposure draft "Expected Credit Losses"*, that introduced an expected credit losses approach for financial assets measured at amortised cost. If, at the reporting date, effective credit losses exceed those expected at initial recognition an impairment loss shall be recognized in the profit or loss. The *exposure draft* indicates three stages that reflect the deterioration of credit quality:

stage 1 – financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (i.e. investment grade). For these items, 12-month expected credit losses are recognized and interest revenue is calculated on the gross carrying amount of the asset;

stage 2 – financial instruments that have deteriorated significantly in credit quality since initial recognition but do not have objective

evidence of a credit loss event. For these items, lifetime expected credit losses are recognized but interest revenue is still calculated on the gross carrying amount of the asset;

stage 3 – financial assets that have objective evidence of impairment at the reporting date. For these items, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount (i.e. reduced for expected credit losses).

IFRS 4 – Insurance Contracts (*Exposure draft*)

18On 20 June 2013, the IASB published the exposure draft “Insurance Contracts”. The E.D. proposes a new model for

the measurement of insurance contracts that will replace the current IFRS 4 - Insurance Contracts. The valuation method is structured on a Building Block Approach based on the expected value of future cash flows, weighted by the probability of occurrence, on a risk adjustment and on a margin for the services provided within the contract (“contractual service margin”). The contractual service margin is a component of the compensation that the insurer requires for its activity, that is characterized by uncertainty and various types of risk. A simplified approach (“Premium Allocation Approach”) is permitted if the coverage period of the contract is less than one year, or if the model used for the assessment provides a reasonable approximation compared to the building block approach. The effective date is three years after the publication of the final standard. Early application is permitted.

Other changes not significant for the Group

Change	Effective Date	Date of publication
Annual improvements to IFRSs 2009-2011 cycle	1 January 2013	May 2012
Narrow scope amendments to IAS 39 Financial Instruments - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	June 2013
Narrow scope amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014	May 2013
Annual improvements to IFRSs 2010-2012 cycle	1 July 2014	December 2013
Annual improvements to IFRSs 2011-2013 cycle	1 July 2014	December 2013
Narrow scope amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions	1 July 2014	November 2013

Changes in accounting policies and changes in presentation of financial statements IAS 19 revised

Starting from 1st January 2013 the IAS 19 revised is effective, introducing several changes compared to previous standard, among which:

- actuarial gains and losses on defined benefit plan are now recognised in the other comprehensive income (OCI), without possibility of recycling into profit or loss;
- new requirement to recognise interest on the net defined benefit liability (assets), calculated using the discount rate to measure the defined benefit obligation; as a consequence the expected return on plan assets are no longer recognised in profit or loss;

- unvested past service costs are now immediately recognised in profit or loss;
- additional disclosures.

The main impact for the Group is the elimination of the corridor option previously applied to report off-balance sheet the actuarial gains and losses relating to defined benefit obligations and related plan assets. These components are recognised in OCI according to the new standard.

IAS19 has been applied retrospectively from 1st January 2012. As a consequence, the comparative periods included in the financial statements and notes of this report were restated according to the new standard. The impact on the financial position from the revised IAS 19 is presented below.

(€ million)	31/12/2012	01/01/2012
Impact of defined benefit plan obligation	-1,151	-415
Impact on deferred taxes and deferred policyholders liabilities	310	103
Net impact on equity	-841	-312
Equity attributable to the Group	-815	-312
Equity attributable to minority interests	-26	0

The impact of IAS 19 on the income statement at 31.12.2012 is a reduction of costs equal to € 7 million (€ 4 million on the net result).

Changes in the accounting rules and in the financial statements

According to IFRS 5 – Non-current assets held for sale and discontinuing operations, commencing with this report, the comparative periods of income and expenses of the income statement and the cash flow statement have been restated by excluding the contribution of the non-current assets held for sale and discontinuing operations, namely Fata Assicurazioni Danni S.p.A, and the operations disposed of during the period - Generali U.S. Holdings and its subsidiaries, Seguros Banorte

Generali and Pensiones Banorte Generali. According to this change in presentation, all the related tables included in the notes were restated accordingly.

Moreover, the comparative amounts of the items of shareholders equity related to the other comprehensive income were restated by reclassifying the other comprehensive income from discontinuing operations into the specific items in the Other Comprehensive Income from non-current assets or disposal groups classified as held for sale.

Starting from 31.12.2013 and with retrospective application, hedging derivatives have been presented as financial instruments at fair value through profit or loss and no longer among the related accounting categories of the hedged item. The comparative figures were restated accordingly.

Accounting treatment of shares of Banca d'Italia classified as equity investment available for sale

Generali holds at 31 December 2013, indirectly through Generali Italia, 19,000 shares of Banca d'Italia, corresponding to 6.33% of its share capital.

Law Decree 133/2013 introduced many innovations in the discipline regarding the capital of Banca d'Italia, among which the capital increase to € 7.5 billion, the change of ownership rights (the annual dividend, payable out of the net profits, is set up to a maximum of 6% of the capital) and administrative rights (the shareholding limit, both direct and indirect, to the extent of 3%) as well as the changes of the regime of transfers of new shares.

These amendments have been incorporated in the new statute of Banca d'Italia, approved during the extraordinary meeting on 23 December 2013, approved by decree of the *Presidente della Repubblica* OF 27 December 2013. Therefore, the new regulations are already effective for the 2013 financial statements of insurance companies that hold shares in the capital of Banca d'Italia. In addition, article. 6, section 6-ter of the law Decree 133/2013, as amended by the law of conversion, provides that the new statute "enters into force on 31 December 2013 and that the financial statements of Banca d'Italia for the year ended 2013 are prepared in accordance with the relevant provisions."

The unique nature and atypical characteristics of the transaction, also in relation to the fact that it is a public entity whose participatory governance is also drawn by the legislator, required the use of a high degree of professional judgment by management in defining the most appropriate method for the accounting representation of the case.

In order to apply the proper accounting treatment for the transaction described above, it was necessary to define whether the cancellation and the new issuance of Banca d'Italia shares determined the derecognition of the former shares in Banca

d'Italia and the recognition of new shares. The international accounting standards do not specifically regulate this type of transaction, therefore, it was necessary to refer to the accounting treatment for transactions that have similar characteristics.

Given that the amendments to the statute of Banca d'Italia fundamentally affect the characteristics of its shares, this operation was treated as cancellation of existing and reissuance of new shares of Banca d'Italia, triggering the recognition of previously accounted unrealised gains in the income account, according to the requirements IAS 39. Therefore, the difference between the carrying value of the old shares and the current value of the new shares has been recognized in the income statement.

In this sense the motivations and the basis of the recent position taken by IVASS on the accounting treatment in the individual financial statements of insurance companies confirming the need for representing the operation as a realization event, also for solvency purposes, were considered important and significant in the interpretation process by analogy. It is also noted that the competent authorities have jointly announced that an in-depth analysis is currently ongoing at international competent bodies on the accounting treatment to be adopted in relation to the transaction in question with reference to the financial statements in accordance with International Accounting Standards (IAS / IFRS) and suggested the broader disclosure. Such analysis might bring out a different interpretation of accounting principles about the effects of the current approach, determining the inclusion of the aforementioned revaluation in other comprehensive income and not in profit or loss, without affecting the total comprehensive income.

The transaction led to the recognition of a gross capital gain of € 290 million and the recognition of new shares for € 475 million, corresponding to a valuation of € 25,000 per share. It should be noted that at the same time it was decided the recognition of a tax impact of € 35 million for the related substitute tax.

Balance Sheet - Assets

1 Intangible assets

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

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

1.1 Goodwill

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

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

The purpose of the impairment test on goodwill is to identify the existence of any impairment losses on the carrying amount recognised as intangible asset. In this context, cash-generating units to which the goodwill is allocated are identified and tested for impairment. Cash-generating units (CGU) units usually represent the consolidated units within the same primary segment in each country. Any impairment is equal to the difference, if negative, between the carrying amount and the recoverable amount, which is the higher between the fair value of the cash-generating unit and its value in use, i.e. the present value of the future cash flows expected to be derived from the cash-generating units. The fair value of the CGU is determined on the basis of current market quotation or usually adopted valuation techniques (mainly DDM or alternatively embedded value or appraisal value based on EBS). The Dividend Discount Model is a variant of the Cash flow method. In particular the Dividend Discount Model, in the excess capital methodology, states that the economic value of an entity is equal to the discounted dividends flow calculated considering the minimum capital requirements. Such models are based on projections on

budgets/forecasts approved by management or conservative or prudential assumptions covering a maximum period of five years. Cash flow projections for a period longer than five years are extrapolated using estimated among others growth rates. The discount rates reflect the free risk rate, adjusted to take into account specific risks.

Should any previous impairment losses no longer exist, they cannot be reversed.

For further details see paragraph 1.1 – Goodwill in the section Notes to the balance sheet.

1.2 Other intangible assets

Intangible assets with finite useful life are measured at acquisition or production cost less any accumulated amortisation and impairment losses. The amortisation is based on the useful life and begins when the asset is available for use. Specifically, the purchased software expenses are capitalised on the basis of the cost for purchase and usage. The costs related to their development and maintenance are charged to the profit and loss account of the period in which they are incurred.

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

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

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

In case of acquisition of life and non-life insurance contract portfolios in a business combination or portfolio transfer, the Group recognises an intangible asset, i.e. the value of the acquired contractual relationships (Value Of Business Acquired).

The VOBA is the present value of the pre-tax future profit arising from the contracts in force at the purchase date, taking into account the probability of renewals of the one year contracts in the non-life segment. The related deferred taxes are accounted for as liabilities in the consolidated balance sheet.

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

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

The Generali Group applies this accounting treatment to the insurance liabilities assumed in the acquisition of life and non-life insurance portfolios, which therefore continue to be presented in the liabilities using the criteria ordinarily adopted by the buyer with respect to its insurance contracts.

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

As for as the life and non-life portfolios, the recoverable amount of the value of the in force business acquired is carried out through the liability adequacy test (LAT) of the insurance provisions — mentioned in the paragraph 3.2 and 3.3 of insurance provisions— taking into account, if any, the deferred acquisition costs recognised in the balance sheet. If any, the impairment losses are recognised in the profit or loss account and cannot be reversed in a subsequent period.

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

2 Tangible assets

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

2.1 Land and buildings (self-used)

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

Land and buildings (self-used) are measured applying the cost model set out by IAS 16.

The cost of the self-used property comprises purchase price and any directly attributable expenditure. The depreciation is systematically calculated applying specific economic/technical rates which are determined locally in accordance with the residual value over the useful economic life of each individual component of the property.

Land and buildings (self-used) are measured at cost less any accumulated depreciation and impairment losses. Land and

agricultural properties are not depreciated but periodically tested for impairment losses. Costs, which determine an increase in value, in the functionality or in the expected useful life of the asset, are directly charged to the assets to which they refer and depreciated in accordance with the residual value over the assets' useful economic life. Cost of the day-to-day servicing are charged to the profit and loss account.

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

2.2 Other tangible assets

Property, plant, equipment, furniture and property inventories are classified in this item as property inventory. They are initially measured at cost and subsequently recognised net of any accumulated depreciation and impairment losses. They are systematically depreciated on the basis of economic/technical rates determined in accordance with their residual value over their useful economic life.

In particular the inventories are measured at the lower of cost (including cost of purchase, cost of conversion and cost incurred to convert the inventories to their present location and condition) and net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated cost of completion and costs to sell.

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

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

3 Amounts ceded to reinsurers from insurance provisions

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

4 Investments

4.1 Land and buildings (investment properties)

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

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

4.2 Investments in subsidiaries, associated companies and joint ventures

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

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

4.3 Financial investments – classification and measurement

Financial Instruments included in scope of IAS 39 are classified as follows:

- Held to maturity
- Loans and receivables
- Available for sale financial assets
- Financial assets at fair value through profit or loss

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

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

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

4.3.1 Held to maturity investments

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

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

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

4.3.2 Loans and receivables

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

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

The company's trade receivables are instead classified as other receivables in the balance sheet.

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

4.3.3 Available for sale financial assets

Available for sale financial assets are accounted for at the settlement date at the fair value at the related transaction

dates, plus the transaction costs directly attributable to the acquisition.

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

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

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

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

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

4.3.4 Financial assets at fair value through profit or loss

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

In particular both bonds and equities, mainly quoted, and all derivative assets, held for both trading and hedging purposes, are included in this category.

Financial assets at fair value through profit or loss also take into account investments back to policies where the investment risk is borne by the policyholders and back to pension funds in order to significantly reduce the valuation mismatch between assets and related liabilities.

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

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

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

4.4 Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised

to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

5 Receivables

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

5.1 Receivables arising out of direct insurance and reinsurance operations

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

5.2 Other receivables

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

6 Other assets

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

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

This item comprises non-current assets or disposal groups classified as held for sale under IFRS 5.

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be

expected to qualify for recognition as a completed sale within one year from the date of classification

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

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

6.2 Deferred acquisition costs

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

6.3 Deferred tax assets

Deferred tax assets are recognised – except for the cases provided in paragraph 24 of IAS 12, that is:

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

In the presence of tax loss carryforward or unused tax credits, deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which they can be used in the above tax losses or tax credits unused.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets

against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

6.4 Tax receivables

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

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

6.5 Other assets

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

It also comprises deferred commissions for investment management services related to investment contracts.

Deferred fee and commission expenses include acquisition commissions related to investment contracts without DPF fair

valued as provided for by IAS 39 as financial liabilities at fair value through profit or loss. Acquisition commissions related to these products are accounted for in accordance with the IAS 18 treatment of the investment management service component. They are recognised along the product life by reference to the stage of completion of the service rendered.

Therefore, acquisition commissions are incremental costs recognised as assets, which are amortised throughout the whole policy term on a straight line approach, reasonably assuming that the management service is constantly rendered.

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

7 Cash and cash equivalents

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

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value are included in this item. Investments are qualified as cash equivalents only when they have a short maturity of 3 months or less from the date of the acquisition.

Balance sheet - Liabilities and equity

1 Shareholders' equity

1.1 Shareholders' equity attributable to the Group

1.1.1 Share capital

Ordinary shares are recognized as share capital and their value equals the nominal value.

1.1.2 Other equity instruments

The item includes preference shares and equity components of compound financial instruments.

1.1.3 Capital reserve

The item includes the share premium account of the Parent Company.

1.1.4 Revenue reserve and other reserves

The item comprises retained earnings or losses adjusted for the effect of changes arising from the first-time application of IAS/IFRS, reserves for share-based payments, equalisation and catastrophe provisions not recognised as insurance provisions according to IFRS 4, legal reserves envisaged by the Italian Civil Code and special laws before the adoption of IAS, as well as reserves from the consolidation process.

1.1.5 Own shares

As provided for by IAS 32, the item includes equity instruments of the Parent company held by the same company or by its consolidated subsidiaries.

1.1.6 Reserve for currency translation differences

The item comprises the exchange differences to be recognised in equity in accordance with IAS 21, which derive from accounting for transactions in foreign currencies and from the translation of subsidiaries' financial statements denominated in foreign currencies.

1.1.7 Reserve for unrealised gains and losses on available for sale financial assets

The item includes gains or losses arising from changes in the fair value of available for sale financial assets, as previously described in the corresponding item of financial investments.

The amounts are accounted for net of the related deferred taxes and deferred policyholder liabilities.

1.1.8 Reserve for other unrealised gains and losses through equity

The item includes the cash flow hedging derivatives reserve, the reserve for hedges of net investments in foreign operations. This item includes gains or losses on cash flow hedging instruments and gains or losses on hedging instruments of a net investment in a foreign operation. In addition, this item also includes the profits and losses relating to defined benefit plans and the part of the balance sheet reserves whose the variation is part of the comprehensive income of participations and those relating to non-current assets or disposal groups classified as held for sale

1.1.9 Result of the period

The item refers to the Group consolidated result of the period. Dividend payments are accounted for after the approval of the shareholders' general meeting.

1.2 Shareholders' equity attributable to minority interests

The item comprises equity instruments attributable to minority interests.

It also includes the reserve for unrealized gains and losses on available for sale investments and any other gains or losses recognized directly in equity attributable to minority interests.

2 Provisions

Provisions for risks and charges are provided only when it is deemed necessary to respond to an obligation (legal or implicit) arising from a past event and it is probable that an outflow of resources whose amount can be reliably estimated, as required by IAS 37.

3 Insurance provisions

This item comprises amounts, gross of ceded reinsurance, of liabilities related to insurance contracts and investment contracts with discretionary participation features.

3.1 Life insurance policies

In accordance with IFRS 4, policies of the life segment are classified as insurance contracts or investment contracts based on the significance of the underlying insurance risk.

Classification requires the following steps:

- identification of the characteristics of products (option, discretionary participation feature, etc.) and services rendered;
- determination of the level of insurance risk in the contract; and
- application of the international principle.

3.1.1 Insurance contracts and investment contracts with DPF

Premiums, payments and change in the insurance provision related to products whose insurance risk is considered significant (e.g. term insurance, whole life and endowment with annual premiums, life contingent annuities and contracts containing an option to elect at maturity a life contingent annuity at rates granted at inception, long-term health insurance and unit-linked with sum assured in case of death significantly higher than the value of the fund) or investment contracts with discretionary participation feature –DPF – (e.g. policies linked to segregated funds, contracts with additional benefits that are contractually based on the economic result of the company) are accounted for in accordance with previous local GAAP. Gross premiums are recognised as a revenue, net of cancellations of the period, and ceded premiums are recognised as expenses of the period.

3.1.2 Shadow accounting

In order to mitigate the valuation mismatch between financial investments carried at fair value according to IAS 39 and insurance provisions which are accounted for in accordance with previous local GAAP, shadow accounting is applied to insurance contracts and investments contracts with DPF. This accounting practice attributes to the policyholders part of the difference between IAS/IFRS valuation of the basis on which the profit sharing is determined and valuation which is used to determine the profit sharing actually paid.

The policyholders' share is calculated on the average contractual percentage for the policyholder participation, as the local regulation already foresees the protection of guaranteed obligations through the recognition of additional provisions for interest rate risk if future financial returns based on a proper time horizon are not sufficient to cover the financial guarantees included in the contract.

The accounting item arising from the shadow accounting application is included in the carrying amount of insurance liabilities whose adequacy is tested by the liability adequacy test (LAT) according to IFRS 4 (refer to paragraph 3.2 Life

insurance provisions), to rectify the IAS/IFRS carrying amount of insurance provisions.

The main accounting effect of the shadow accounting is double fold: on the one hand, the recognition of the policyholders' share of unrealized gains and losses on available for sale financial assets in the deferred policyholders' liabilities; on the other, the insurer's share is recognised in equity. If financial instruments are fair valued through profit or loss or financial investments are impaired, the policyholders' share on the difference between the market value and valuation used to determine the return which the profit sharing is based on (e.g. the carrying amount in segregated fund) is recognised in the profit and loss account.

3.1.3 Investment contracts

Investment contracts without DPF and that do not have a significant investment risk, mainly include unit/index-linked policies and pure capitalization contracts. These products are accounted for in accordance with IAS 39 as follows:

the products are recognised as financial liabilities at fair value or at amortised cost. In detail, linked products classified as investment contracts are fair valued through profit or loss, while pure capitalization policies are generally valued at amortised cost;

fee and commission income and expenses are recognised in the profit and loss account. Specifically, IAS 39 and IAS 18 require that they are separately identified and classified in the different components of: (i) origination, to be charged in the profit and loss account at the date of the issue of the product; and (ii) investment management service, to be recognised throughout the whole policy term by reference to the stage of completion of the service rendered;

fee and commission income and incremental costs of pure capitalization contracts without DPF (other than administration costs and other non-incremental costs) are included in the amortised cost measurement;

the risk component of linked products is unbundled, if possible, and accounted for as insurance contracts.

3.2 Life insurance provisions

Life insurance provisions are related to insurance contracts and investment contracts with discretionary participation features. These provisions are accounted for based on local GAAP, in compliance with IFRS 4.

Liabilities related to insurance contracts and investment contracts with discretionary participation features are determined analytically for each kind of contract on the basis of appropriate actuarial assumptions. They meet all the existing commitments based on best estimates.

These actuarial assumptions take into consideration the most recent demographic tables of each country where the risk is underwritten, aspects of mortality, morbidity, determination of risk-free rates, expenses and inflation. The tax charge is based on laws in force.

Among life insurance provisions, provisions in addition to mathematical provisions, already envisaged by the local regulations in case of adverse changes in the interest rates or mortality, are classified as provisions for the liability adequacy test.

As previously mentioned, insurance provisions include deferred policyholder liabilities related to contracts with DPF. The recognition of the deferred policyholder liabilities is made in accordance to shadow accounting (as mentioned in paragraph 3.1.2 of insurance provisions).

3.2.1 Liability adequacy test (LAT)

In accordance with IFRS 4, in order to verify the adequacy of the reserves a Liability Adequacy Test (LAT) is performed. The aim of the test is to verify if the technical provisions - inclusive of deferred policyholders liabilities - are adequate to cover the current value of future cash flows related to insurance contracts.

The liability adequacy test is performed through the comparison of the IFRS reserves (which include the impact of "shadow accounting" and financial liabilities related to investment contracts), net of any deferred acquisition costs or intangible assets related to these contracts, with the current value of future cash flows related to insurance contracts (Best Estimate Liabilities). In order to be consistent with the Solvency 2 project a risk margin is added to the Best Estimate; this margin is measured according to the cost of capital approach. The Best Estimate reserve also includes the costs of embedded financial options and guarantees, which are measured with a market-consistent methodology.

The insurance contracts modelling and best estimates assumptions used are consistent with Group Embedded Value methodology and are reviewed by an international actuarial consulting society.

Each inadequacy is charged to the profit and loss account, initially reducing deferred acquisition costs and value of business acquired, and subsequently accounting for a provision.

3.3 Non-life insurance provisions

The local GAAP for each country is applied to non-life insurance provisions, since all the existing policies fall under IFRS 4 scope. In conformity with the international standard, no provisions for future claims are recognised, in line with the derecognition of the equalisation and catastrophe provisions

and some additional components of the unearned premiums provisions, carried out on the date of the first-time application.

The provisions for unearned premiums includes the pro-rata temporis provision, which is the amount of gross premiums written allocated to the following financial periods, and the provision for unexpired risks, which provides for claims and expenses in excess of the related unearned premiums.

The provisions for outstanding claims are determined by a prudent assessment of damages, based on objective and prospective considerations of all predictable charges. Provisions are deemed adequate to cover payments of damages and the cost of settlement of claims related to accident occurred during the year but not yet reported.

The non-life insurance provisions meets the requirements of the liability adequacy test according to IFRS 4.

Amounts ceded to reinsurers from insurance provisions are determined in accordance with the criteria applied for the direct insurance and accepted reinsurance.

4 Financial liabilities

Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost are included in this item.

4.1 Financial liabilities at fair value through profit or loss

The item refers to financial liabilities at fair value through profit or loss, as defined and regulated by IAS 39. In detail, it includes the financial liabilities related to investment contracts where the investment risk is borne by the policyholders as well as derivative liabilities.

4.2 Other financial liabilities

The item includes financial liabilities within the scope of IAS 39 that are not classified as at fair value through profit or loss and are instead measured at amortised cost.

This item comprises both subordinated liabilities, which, in the case of bankruptcy, are to be repaid only after the claims of all other creditors have been met, and hybrid instruments.

Bond instruments issued are measured at issue price, net of costs directly attributed to the transaction. The difference between the aforesaid price and the reimbursement price is recognised along the duration of the issuance in the profit and loss account using the effective interest rate method.

Furthermore, it includes liabilities to banks or customers, deposits received from reinsurers, bonds issued, other loans and financial liabilities at amortised cost related to investment contracts that do not fall under IFRS 4 scope.

4.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

5 Payables

5.1 Payables arising out of insurance and reinsurance operations

The item includes payables arising out of insurance and reinsurance operations.

5.2 Other payables

This item mainly includes provisions for the Italian "trattamento di fine rapporto" (employee severance pay). These provisions are accounted for in accordance with IAS 19 (see paragraph 6.4 below).

6 Other liabilities

The item comprises liabilities not elsewhere accounted for. In detail, it includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, tax payables and deferred tax liabilities and deferred fee and commission income.

6.1 Liabilities directly associated with non-current assets and disposal groups classified as held for sale

The item includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, as defined by IFRS 5.

6.2 Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of assets and liabilities and their tax base, except the cases provided for in paragraph 15 of IAS 12, that is:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax liabilities are measured at the tax rates that are expected to be applied in the period when the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

6.3 Tax payables

The item includes payables due to tax authorities for current taxes.

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

6.4 Other liabilities

This item includes provisions for defined benefit plans, such as termination benefit liabilities and other long-term employee benefits (the Italian provision for "trattamento di fine rapporto" is excluded and classified as other payables). In compliance with IAS 19, these provisions are measured according to the project unit credit method. This method implies that the defined benefit liability is influenced by many variables, such as mortality, employee turnover, salary trends, expected inflation, expected rate of return on investments, etc. The liability recognised in the balance sheet represents the net present value of the defined benefit obligation less the fair value of plan assets (if any), adjusted for any actuarial gains and losses and any past service costs not amortised. The rate used to discount future cash flows is

determined by reference to market yields on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency. The actuarial gains and losses arising from subsequent changes in variables used to make estimates are recognised shall be accounted for in other comprehensive income without any possibility of recycling to profit and loss.

Deferred fee and commission income includes acquisition loadings related to investment contracts without DPF, which are classified as financial liabilities at fair value through profit or loss, according to IAS 39.

Acquisition loadings related to these products are accounted for in accordance with IAS 18 treatment of the investment management service component during the product life. They are recognised by reference to the stage of completion of the service rendered.

Therefore, the acquisition commissions have been reclassified in the balance sheet, as liabilities to be released to the profit and loss account during the life of the product.

Profit and loss account

1 Income

1.1 Earned premiums

The item includes gross earned premiums on insurance contracts and investment contracts with discretionary participation features, net of earned premiums ceded.

1.2 Fee and commission income and income from financial service activities

The item includes fee and commission income for financial services rendered by companies belonging to the financial segment and fee and commission income related to investment contracts.

1.3 Net income from financial instruments at fair value through profit or loss

The item comprises realized gains and losses, interests, dividends and unrealized gains and losses on financial assets and liabilities at fair value through profit or loss.

1.4 Income from subsidiaries, associated companies and joint ventures

The item comprises income from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset items of the balance sheet.

1.5 Income from financial instruments and other investments

The item includes income from financial instruments not at fair value through profit or loss and from land and buildings (investment properties). In detail, it includes mainly interests from financial instruments measured using the effective interest method, other income from investments, including dividends recognised when the right arises, income from properties used by third parties, realized gains from financial assets, financial liabilities and investment properties and reversals of impairment.

1.6 Other income

The item includes: revenue arising from sale of goods and rendering of services other than financial services; other insurance income; gains on foreign currency accounted for under IAS 21; realized gains and reversals of impairment on tangible assets and other assets; and any gains recognised on the re-measurement of non-current assets or disposal groups classified as held for sale.

2 Expenses

2.1 Net insurance benefits and claims

The item includes the amounts paid in respect of claims occurring during the period, maturities and surrenders, as well as the amounts of changes in insurance provisions that fall under IFRS 4 scope, net of recoveries and reinsurance. It also comprises changes in the provision for deferred policyholders liabilities with impact on the profit and loss account.

2.2 Fee and commission expenses and expenses from financial service activities

The item includes fee and commission expenses for financial services received by companies belonging to the financial segment and fee and commission expenses related to investment contracts.

2.3 Expenses from subsidiaries, associated companies and joint ventures

The item includes expenses from investments in subsidiaries, associated companies and joint ventures, which are accounted for in the corresponding asset items of the balance sheet.

2.4 Expenses from financial instruments and other investments

The item comprises expenses from land and buildings (investment properties) and from financial instruments not at fair value through profit or loss. It includes: interest expense; expenses on land and buildings (investment properties), such as general property expenses and maintenance and repair expenses not recognised in the carrying amount of investment properties; realized losses from financial assets, financial liabilities and land and buildings (investment properties); depreciations and impairment of such investments.

2.5 Acquisition and administration costs

The item comprises acquisition commissions, other acquisition costs and administration costs related to contracts that fall under IFRS 4 scope. Other acquisition costs and administration costs related to investment contracts without discretionary participation features are also included, as well as overheads and personnel expenses for investment management, and administration expenses of non-insurance companies.

2.6 Other expenses

The item includes: other insurance expenses; allocation to provisions; losses on foreign currency accounted for under IAS 21; realized losses, impairment and depreciation of tangible assets not elsewhere allocated; and amortization of intangible assets. It also comprises any loss on the re-measurement of non-current assets or disposal groups classified as held for sale, other than discontinued operations.

2.7 Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3 Income taxes

The item includes income taxes for the period and for previous years, deferred taxes and tax losses carried back.

Comprehensive income

The statement of comprehensive income was introduced by the revised IAS 1 issued in September 2007 by the IASB, approved by the EC Regulation No 1274/2008. The statement comprises items of income and expenses different from those included in profit or loss, recognised directly in equity other than those changes resulting from transactions with shareholders.

In accordance with the ISVAP (now IVASS) Regulation n.7/2007 as subsequently amended, items of income and expenses are net of taxes as well as net of gains and losses on available for sale assets attributable to the policyholders according to the deferred policyholders liabilities calculation.

The transactions with owners and the result of comprehensive income are presented in the statement of changes in equity

Statement of changes in equity

The statement was prepared in accordance with the requirements of the ISVAP (now IVASS). 7 of 13 July 2007 as subsequently amended, and explains all the variations of equity.

1 Change of the closing balance

This section comprises changes of the closing balance of the previous financial year determined by the correction of errors or changes in accounting policies (IAS 8) and the recognition of gains or losses arising from the first time application of accounting standards (IFRS 1).

2 Allocation

This section comprises the allocation of the profit or loss of the year, the allocation of the previous year profit or loss into the capital reserves, increases in capital and other reserves (for the issuance of new shares, equity instruments, stock options or derivatives on own shares, for the sale of shares pursuant to IAS 32.33, for the reclassification to equity instruments previously recognized in liabilities and, in the consolidated financial statements, for changes in scope of consolidation), changes within equity reserves (es. allocation of surplus capital, stock option exercise, transfer of revaluation reserves related to tangible and intangible assets to retained earnings in accordance with IAS 38.87 and IAS 16.41 etc.), the changes in gains and losses recognized directly in equity.

3 Reclassification adjustments to profit or loss

This section comprises gains or losses previously recognized in equity, that are reclassified to the profit or loss according to IFRSs (e.g. following the transfer of a financial asset available for sale).

4 Transfer

This section comprises the distribution of ordinary or extraordinary dividends, decreases in capital and other reserves (for redemption of shares, equity instruments and distributable reserves, the purchase of own shares, for the reclassification of liabilities previously recognized in equity instruments and, in the consolidated financial statements, for changes in scope of consolidation) and the attribution of profit or loss recognized directly in equity and in other balance sheet items (i.e. gains or losses on cash flow hedging instruments allocated to the carrying amount of hedged instruments).

5 Existence

This section comprises the equity components and gains or losses directly recognized in equity at the end of the reporting period.

The statement illustrates all changes net of taxes and gains and losses arising from the valuation of financial assets available for sale, attributable to policyholders and accounted for in the insurance liabilities.

Cash Flows Statement

The report, prepared using the indirect method, is drawn up in accordance with the ISVAP (now IVASS) requirements n. 7 of 13 July 2007, as amended by Measure ISVAP (now IVASS) No. 2784 of 8 March 2010, and distinguishing its component items among operating, investing and financing activities.

Other information

1 Fair value

With effect from 1st January 2013, the Generali Group has implemented IFRS 13 - Fair Value Measurement. This standard provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in fair value hierarchy levels.

With reference to the investments, Generali Group measures financial assets and liabilities at fair value in the financial statements, or discloses the contrary in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value is equal to market price if market information are available (i.e. relative trading levels of identical or similar instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

If there isn't an active market, a valuation technique should be used which shall maximise the observable inputs.

If the fair value cannot be measured reliably, amortised cost is used as the best estimate in determining the fair value.

As for measurement and disclosure, the fair value depends on the unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS. However when determining fair value, the valuation should reflect its use if in combination with other assets.

With reference to non-financial assets, fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible. However, an entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

For the liabilities, the fair value is represented by the price that would be paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (ie an exit price). The measurement should always consider the creditworthiness of the issuer.

When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date.

FAIR VALUE HIERARCHY

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance

with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value with the use of adequate valuation techniques, which shall maximize the market observable inputs and limit the use of unobservable inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3: inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3.

VALUATION TECHNIQUE

Valuation techniques are used when a quoted price is not available and shall be appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Single or multiple valuation techniques valuation technique will be appropriate. If multiple valuation techniques are

used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

Three widely used valuation techniques are:

- market approach: uses prices and other relevant information generated by market transactions involving identical or comparable (i.e similar) assets, liabilities or a group of assets and liabilities;
- cost approach: reflects the amount that would be required currently to replace the service capacity of an asset; end
- income approach: converts future amounts to a single current (i.e. discounted) amount.

2 Accounting of derivatives

Derivatives are financial instruments or other contracts with the following characteristics:

- their value changes in response to the change in interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or other pre-defined underlying variables;
- they require no initial net investment or, if necessary, an initial net investment that is smaller than one which would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- they are settled at a future date.

Derivatives are classified as at fair value through profit or loss.

In relation to the issue of some subordinated liabilities, the Group hedged the interest expense rates and GBP/EUR exchange rate, recognised as cash flow hedges and accounted for as hedging instruments.

According to this accounting model the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income while the ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss. The amount accumulated in the other components of comprehensive income is reversed to profit and loss account in line with the economic changes of the hedged item.

When the hedging instrument expires or is sold, or the hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instruments, that remains recognized directly in the other components of other comprehensive income from the period when the hedge was effective, remains separately recognized in comprehensive income until the forecast transaction occurs. However, if the forecasted transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that remains recognized directly in the other components of

comprehensive income from the period when the hedge was effective is immediately recognized in profit or loss.

Further the Group set cash flow hedges on forecast refinancing operations of subordinated liabilities that are accounted for as hedge of a forecast operations, that are highly probable and could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in an appropriate item of comprehensive income. The ineffective portion of the gains or loss on the hedging instrument is recognized in profit or loss. If a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment.

Hedges of a net investment in a foreign operation are accounted for similarly to cash flow hedges: the effective portion of gain or loss on the hedging instrument is recognized among the components of profit or loss, while the part is not effective be recognized in the separate income statement.

3 Impairment losses on financial assets

As for financial assets, except investments at fair value through profit or loss, IAS 39 is applied whether there is any objective evidence that they are impaired.

Evidence of impairment includes, for example, significant financial difficulties of the issuer, its default or delinquency in interest or principal payments, the probability that the borrower will enter bankruptcy or other financial reorganisation and the disappearance of an active market for that financial asset.

The recognition of impairment follows a complex analysis in order to conclude whether there are conditions to effectively recognize the loss. The level of detail and the detail with which testing is being undertaken varies depending on the relevance of the latent losses of each investment.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its Group cost is considered as an objective evidence of impairment.

The threshold of significance is defined at 30%, while the prolonged decline in fair value is defined as a continuous decline in market value below Group cost for 12 months.

If an investment has been impaired in previous periods, further fair value declines are automatically considered prolonged.

If there is objective evidence of impairment the loss is measured as follows:

- on financial assets at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate;

- on available for sale financial assets, as the difference between the cost and the fair value at the measurement date.

Reversals of impairment are recognized respectively: in the profit or loss in the case of debt instruments, in the equity reserve in the case of equity securities including shares of mutual funds (IFU).

4 Use of estimates

The preparation of financial statements compliant to IFRS requires the Group to make estimates and assumptions that affect items reported in the consolidations financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The use of estimates mainly refers to as follows:

- insurance provisions for the life and non-life segment;
- financial instruments measured at fair value classified in level 3 of the fair value hierarchy;
- the analysis in order to identify durable impairments on intangible assets (e.g. goodwill) booked in in the balance sheet (impairment test);
- deferred acquisition costs and value of business acquired;
- deferred and anticipated taxes;
- defined benefit plan obligation;
- share-base payments.

Estimates are periodically reviewed and are based on key management's best knowledge of current facts and circumstances. However, due to the complexity and uncertainty affecting the above mentioned items, future events and actions, actual results ultimately may differ from those estimates, possibly significantly.

Further information on the process used to determine assumptions affecting the above mentioned items and the main risk factors are included in the paragraphs on accounting principles and in the risk report.

5 Share based payments

The stock option plans granted by the Board in past periods configure as share based payments to compensate officers and employees. The fair value of the share options granted is estimated at the grant date and is based on the option pricing model that takes into account, at the grant date, factors such as the exercise price and the life of the options, the current price of the underlying shares, the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate as well as the specific characteristics of the plan itself. The possibility of early exercise of share options is another common factor. The binomial pricing model takes into account the possibility of early exercise of the options. If present, the pricing model estimates separately the option value and the probability that the market conditions are satisfied. The combination of the two valuesis the fair value of the equity instruments granted.

Long term incentive plans, aimed at strengthening the bond between the remuneration of management and expected performance in accordance with the Group strategic plan, as well as the generation of value in comparison with peers, are also treated as an equity-settled share-based payment falling under IFRS 2 scope.

The fair value of the right to obtain free shares in relation to market condition is assessed at grant date and is based on a model that takes into account factors such as historical volatility of the Generali share price and of the peer group, the correlation between these shares, the dividends expected on the shares, the risk-free interest rate as well as the specific characteristics of the plan itself. The pricing model is based on a n-nomial simulation in order to count for the possible outcomes for Generali share performance respect to peer group. Other conditions different than market condition are considered external to this valuation. The probability that these conditions are satisfied, combined with the estimated fair value of the right to obtain free shares, defines the overall plan cost.

The cost is charged to the profit and loss account and, as a double-entry, to equity during the vesting period, taking into account, where possible, the probability of satisfaction of the vesting condition related to the rights granted.

The charge or credit to the profit or loss for a period represents the change in cumulative expense recognised as at the beginning and end of that period and is recognised as employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or a non-vesting condition. These are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense to be recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

6 Segment reporting

According to IFRS 8, the disclosure regarding operating segments of the Group is consistent with the evidence reviewed periodically at the highest managerial level for the purpose of making operational decisions about resources to be allocated to the sector and assessment of results.

The Generali Group identifies three main business segments worldwide:

- non-life segment, which includes non-life insurance activities;
- life segment, which includes life insurance activities;
- financial segment, which includes banking and asset management activities.

In order to improve the understanding of the operating performance of activity segments, the three primary business segments do not include the so called holding expenses. The holding expenses mainly include the holding and territorial subholding direction expenses regarding coordination activities, the expenses relating to the parent company of stock option and stock grant plans as well interest expenses on the Group financial debt.

Assets, liabilities, income and expenses of each segment are presented in the appendix to the notes, prepared under the ISVAP (now IVASS) Regulation No. 7 of 13 July 2007 as subsequently amended.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of the transactions between companies belonging to the same segment and, the carrying amount of the investments in subsidiaries and the related portion of equity. The reporting and control process implemented by the Generali Group implies that assets, liabilities, income and expenses of companies operating in different business segments are allocated to each segment through specific segment reporting. Intra-group balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile segment information with consolidated information.

In this context, the Generali Group adopts a business approach on segment reporting, characterized by the fact that some transactions between companies belonging to different segments are eliminated within each segment.

The main impacts are explained below:

- the elimination in the non-life segment and financial segment of participations and loans to companies of

- other segments, as well as related income (dividends and interests)
- the elimination in the non-life segment and financial segment of realized gains and losses arising from intra-segment operations
- the elimination in the life segment of participations and loans to companies of other segments, as well the related income (dividends and interests) if not backing technical reserves
- the elimination in the life segment of realized gains and losses arising from intra-segment operations if not backing technical reserves

In detail, this approach presents the following main changes: both investments and dividends received by non-life and financial companies and paid by companies of other segments, and realized gains and losses on intra-segment transactions are eliminated within the non-life and financial segments; both investments and dividends received by life holding and paid by companies of other segments, and realized gains and losses on intra-segment transactions are eliminated within the life segment.

Furthermore, loans and interest income and expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

The abovementioned approach reduces consolidation adjustments, that currently include dividends received by life companies and paid by Group companies belonging to other segments, and net commissions for financial services rendered and received by Group companies.

7 Geographical segment information

With effect from 1 November, Generali has concluded the re-definition of its geographical structure based on seven

markets, in line with the strategy to simplify the Group and its governance. The new setup aims to optimise the Group's international operations and will enable greater coordination between local businesses and the Head Office.

This new structure is composed of the business units of the three core markets – Italy, France and Germany – and four regional units: CEE (Central and Eastern European countries members of the EU) and Asia, and the newly formed EMEA (Austria, Belgium, Dubai, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia and Turkey) and LatAm (Argentina, Brazil, Colombia, Ecuador, Guatemala and Panama).

The reporting by geographical area presented in this report has been adapted to the new territorial structure of the Group.

8 Information of financial and insurance risk

In accordance with IFRS 7 and IFRS 4, the information which enables the users to evaluate the significance of financial instruments on the Group's financial position and performance and the nature and extent of risks arising from financial instruments and insurance contracts to which the entity is exposed and how the entity manages those risks are disclosed in the Risk Report.

In this section the Group provides qualitative and quantitative information about exposure to credit, liquidity and market risks, arising from financial instruments and insurance contracts, and sensitivity analysis to assess the impact of the variation of principal financial and insurance variables on equity, profit and loss or other relevant key indicators.

RISK REPORT

This section aims at providing a disclosure of the risks the Group is exposed to and, more generally, of the system of management and supervision of these risks.

In particular, the nature and extent of risks arising from financial instruments and insurance contracts, which the Group has been exposed to during the period, are indicated, along with related risk management processes. This aims at compliance with the IFRS 7 requirements, introduced by the Regulation (EC) n. 108 of 11 January 2006 and following amendments.

In the context of the Risk Management System, this Report is part of the reporting processes, aimed at a continuous monitoring of risks at various levels of the operational structure.

Generali Group has developed an Internal Control and Risk Management System, approved by the Board of Directors of the Parent Company. These principles apply to all Group companies. It defines the purposes, principles, structure, roles, responsibilities and key devices of the system, in line with laws and regulations applicable in terms of internal controls and risk management of the Group.

The ultimate objective of the Internal Control and Risk Management System of the Generali Group is the maintenance of acceptable levels of identified risks in order to optimize the available financial resources required for these risks and to improve the Group profitability in relation to its exposure to risks (risk-adjusted performance). The Group aims at maintaining a high degree of integration of its risk management processes in all business areas. The Risk Management processes apply to the Group as a whole in the countries where it operates, and also individual companies, with a varying depth and level of integration depending on the complexity of the underlying risks. This objective is pursued with the coordination and direction activity, with the adoption of policies and Group Guidelines, monitoring tools as well as common methodological frameworks. The coordination and direction is ensured also by the reporting of the local risk management functions to Group risk management function. The integration of processes within the Group is fundamental to ensure an efficient Risk Management System and capital allocation to business units on the basis of their specific risk profile.

In order to continuously enhance the assessment methodologies for the company's risk profile, the Group is committed in the pre-application process, aiming at receiving the approval for the use of the internally developed methodology for the solvency capital requirements calculation under Solvency II. This task has required a significant development and model improvements, deriving both from the pre-application as well as from the model use in the business decision making.

During the period the Group has significantly enhanced its commitment in the Solvency II project due to the introduction of *Interim measures* within local regulations, in order to properly

address the transition to the forthcoming regime. These refers in particular to the risk governance, ORSA process including forward looking assessment of risks as well as some planning related to Pillar III reporting requirements. Additional activities have been performed in terms of assessment of insurance liabilities with long term guarantees. During the year, the methodology, internally developed, aimed at monitoring and management of operational risk at Group level, has been further enhanced.

In July, the Generali Group has been included in the list of the nine international insurance groups with global systemically relevance as defined by the Financial Stability Board (FSB). The Generali Group has been included in the above list, taking into consideration its size, its international presence and its role in the broader global financial system. This designation, which is part of an international framework in which various qualitative and quantitative criteria were considered, implies the need to adapt the internal processes of the Group to the specific requirements defined by 'International Association of Insurance Supervisors (IAIS) aimed at mitigating and managing global systemic risks. Although the international framework is undergoing further developments, some specific requirements and deadlines for adaptation have already been outlined. This refers in particular to:

- satisfy an enhanced level of supervision (Enhanced Supervision) which means further strengthening of its protections of systemic risk (Systemic Risk Management Plan) and liquidity (Liquidity Risk Management Plan),
- define the recovery plans (Recovery Plan) in order to demonstrate the Group's ability to face and overcome extreme scenarios of systemic crisis that could undermine the economic and financial stability of the Group,
- define plans of resolution (Resolution Plan) in order to demonstrate how can handle and overcome extreme scenarios of systemic crisis,
- be subject to additional capital requirements on the basis of rules being defined at the international level, making it possible to ensure a greater level of stability of the Group if international systemic crisis scenarios would appear. The capital requirements, being defined by the IAIS under FSB mandate, are based on the following principles: comparability between international groups that operate on different market and that are subject to different accounting and solvency rules, simplicity in order to ensure that these rules are applicable to all international groups, the sensitivity to the risks intrinsic in international insurance groups.

The Generali Group has therefore undertook the definition of the various plans mentioned above, and the study of additional capital requirements being defined.

The following paragraphs detail aspects related to the implementation of the Risk Management System at Group level, with particular reference to governance and related processes. Hereafter the definition of the main risks and sub-risks which the Group is exposed to, is given, according to the structure of

the Group Risk Map, which has been approved in the context of Risk Management Policy. For each category of risk, a brief description of the methodology applied for the management is given. Thereafter, in compliance with the requirements of IFRS 7, the main quantitative evidence is presented.

1 The Risk Management System

With the purpose of having a system that ensures an effective management of risks arising from the Company own activity and in particular of the most significant risks, whose consequences could undermine the solvency position or which could undermine the achievement of the Company objectives, the Board of Directors¹ adopted the “Internal Control and Risk Management System” and the “Risk Management Policy”. In order to guarantee a consistent approach to the risk management, the adoption of these documents is required to all Group insurance entities.

The “Internal Control and Risk Management System” defines the roles and the responsibilities of the governance bodies and the organizational structures in charge of risk management and control, with particular reference to those designated as “key functions” in the context of Solvency II regulation.

The “Risk Management Policy”, enclosed to the “Internal Control and Risk Management System”, defines the principles, the strategies and the processes in place to identify, evaluate, monitor and mitigate all risks in integration with controls.

The risk management relies on the following building blocks:

- *risk governance*: to establish an effective organizational structure based on clear definition of risk roles and responsibilities, and on a set of Policies and Guidelines;
- *risk management process*, to allow the ongoing management of all risks through the following phases: identification, strategy definition, taking, assessment, monitoring, mitigation and reporting.
- *business support*: to increase the effectiveness of the risk management system, guaranteeing at the same time value creation for all stakeholders through the spread of a risk management culture based on shared values. All risk factors affecting the ordinary business are taken into consideration in the decision making process: a risk based approach is applied in particular to the processes related to capital management, reinsurance, asset allocation and new products development.

1.1 Roles and responsibilities

The risk management is put in place through a specific ongoing process which involves, with different roles and responsibilities, the Board², the Top Management and the operating and control structures both at Group and Company level, as illustrated in

the “Internal Control and Risk Management System”, annually approved by the Board of Directors of the Parent Company and subsequently, taking into consideration specificities and local regulations, by the Board of each entity.

The Board of Directors approves the risk management policies and strategies, as well as the risk tolerance levels. The performance targets are defined in coherence with the capital adequacy level.

The Board of Directors is informed by the Top management of the Parent Company and by the Risk Management function of the Group about the group risks exposures, on ongoing basis through periodical reports concerning the results and the underlying risk profile and on extraordinary basis whenever the adoption of mitigation actions is immediately needed. The Board is also informed by the Manager in charge of preparing the company’s financial reports, through the Risk and Control Committee, as regards the risk management and internal control over the process of financial reporting.

At Group level, the Board of all group companies maintain the ultimate responsibility to approve risk management policies and strategies and risk tolerance levels as well as to periodically define risk adjusted targets, in alignment with Group directives and capital position of each company.

The Parent Company Top Management is in charge, at different levels, of implementing, maintaining and monitoring the risk management policies both at Assicurazioni Generali SpA and at Group level, in accordance with the Board of Directors’ directives. To this purpose, the Top Management assigns the targets and defines the appropriate capital allocation to all Italian and Foreign Companies. It also ensures the definition of operational limits through guidelines which implementation is under the responsibility of each single Group Company. Moreover the Top Management controls and monitors the risk exposures, including the level of compliance with the assigned tolerance limits, on ongoing basis.

The Group CEO is also the director in charge of the internal control and risk management system which, among other tasks, have aim to identify the main company’s risks to be submitted periodically to the Board of Directors. Within the Group Management Committee (which is the main committee supporting the Top Management) in particular, the level of risk appetite is defined and proposals for updating the internal controls and risk management system at Group level, are developed.

The Top Management of the Parent Company is supported also by the Balance Sheet Committee, Finance Committee and Product & Underwriting Committee. The Balance Sheet Committee prepares proposals for the definition of the risk tolerance levels and develops contingency strategies and risk mitigation strategies. Finally, the Finance Committee monitors

1 Board of Directors is meant to be the Board of Directors of Assicurazioni Generali S.p.A. (Parent Company).

2 Board is meant to be the administrative, supervisory or management body according to the local governance.

the management policies and the total exposure to financial risks, while Product and Underwriting Committee is appointed to monitor the assumption of extraordinary non-life insurance risks taking into consideration the industrial, financial and risk impacts and takes care of the formulation of proposals for the definition of the levels of risk tolerance and operating limits in the competence matters.

Unlike the committees structure in force in the Parent Company, Group companies have risk committees in support of the top management in terms of risk management.

The functions involved in the risk management process operate according to the Three Line of Defense approach as outlined in the Internal Control and Risk Management System:

- the operational structures (Risk Owner) are responsible for risk taking and management as well as to implement adequate control management tools. To this aim, they provide the Top Management with the information needed in order to define policies, methodologies and tools for the management and control of risks, both at Group and Company level, and follow their implementation while ensuring adequacy over time. They also grant the compliance with the target goals and policies through operating units under their responsibility, by performing actions as part of their autonomy, and by producing specific recommendations or suggestions to the Top Management;
- the Group Risk Management and the Group Compliance are the second Line of Defence. The Group Risk Management, whose responsible is the Group Chief Risk Officer, acts as guarantor of the proper implementation and the overall tightness of the Risk Management System, as prescribed by the regulation and as stated by the Board of Directors, guaranteeing an holistic view of the risks. It also supports the Board of Directors and the Top Management in the definition of the risk strategy and in the development of the methodologies to identify, evaluate, control, mitigate and report risks. With the purpose of fully comply with independence requirement from the business functions, the Group CRO reports directly to the Board of Directors. The Group Compliance function, whose responsible is the Group Compliance Office, has the task to evaluate if the organization and the internal procedures are adequate to prevent the compliance risk. Also the Group Compliance Officer reports directly to the Board of Directors;
- the Group Internal Audit is the Third Line of Defence. It is in charge of performing the independent evaluation of the effectiveness both of the Internal Control and Risk Management System and of all the controls in place to guarantee the adequate execution of the processes. The Internal Audit function reports directly to the Board of Directors.

Within the first line of defence, the Manager charged with the preparation of the company's financial reports, as provided for by Art. 154 bis of the Consolidated Law on Finance, is responsible to set up adequate administrative and accounting procedures for preparing the annual accounts report and, where provided for, the consolidated accounts and every other disclosure of a financial nature.

The Parent Company risk governance structure has been adopted, at least concerning its essential aspects, in all the Group Companies taking into account the local specificities and regulations. Therefore, the Chief Risk Officers of local companies report directly to the Group CRO.

2 The Risk Management Policy

The "Risk Management Policy" is the main reference point for all policies and guidelines related to risks.

It is integrated by a set of policies, submitted as well to the Board of Directors' approval, that guide the management of each single risk.

In this context particular attention has to be paid to the "Life Underwriting Policy", the "Non-Life Underwriting Policy", the "Investment Policy" and the "Operational Risk Management Policy".

These policies have been sent to all the Group Insurance Companies and, keeping into account the local specificities and regulations, have been approved by the Board of each entity.

In order to strengthen the risk taking procedure and the definition of the operational limits, the Parent Company technical structures have prepared a set of Guidelines in order to guide the management of the insurance and investment risks.

These Guidelines require each Group Company to prepare and update on ongoing basis an Operational Limits Handbook (OLH) related to the risk taking activity. The OLH is submitted to the Risk Committee and has to be approved by the Top Management. Moreover each Group Company is required to prepare in accordance with a standard template and send to the Parent Company a reporting, to monitor the level of compliance with the limits and principles.

2.1 The Risk Management process

The Risk Management process allows the ongoing identification, evaluation and management of all risks, taking into account the changes in the nature and size of the business and in the market environment.

This process is structured into the following phases:

- Risk identification and evaluation methodology definition: to define suitable principles and quantitatively or qualitatively methodologies to identify, classify and evaluate risks;
- Risk Strategy: to define the Company risk attitude and assign, on consistent and integrated basis risk targets and operating limits;
- Risk management performed with the aim of maintaining an integrated approach in terms of risk taking, risk assessment, risk monitoring and risk mitigation according to risk policies and guidelines defining principles and/or operating limits for the undertaking of risks;
- Risk Reporting: to develop effective reporting on the Company risk profile and risk exposures, both for internal and external stakeholders and to supervisory authorities.

3 Risk Profile

In terms of risks identification the main risks are indicated in the Group Risk Map, approved by the Company's Board of Directors within the Risk Management Policy, identifying the following main risks faced by the company: financial risks, credit risks, insurance risks, operational risks, and other risks.

Financial risk	Credit risk	Insurance risk	Operational risk	Other risks
Interest rate movement risk	Credit default risk	Non life underwriting risk	Compliance risk	Liquidity risk
Interest rate volatility risk	Credit migration risk	— <i>Pricing risk</i>	Financial reporting risk	Strategic risk
Equity price risk	Credit spread risk	— <i>Reserving risk</i>	Internal fraud	Reputational risk
Equity volatility risk		— <i>Catastrophe risk</i>	External fraud	Contagion risk
Property risk		Life underwriting risk	Employment practices	Emerging risk
Currency risk		— <i>Mortality CAT risk</i>	Clients&Products	
Concentration risk		— <i>Mortality trend/ Uncertainty risk</i>	Damage to physical assets	
		— <i>Longevity</i>	Business disruption & System failure	
		— <i>Morbidity/ Disability risk</i>	Execution&Process management	
		— <i>Lapse risk</i>		
		— <i>Expense risk</i>		

4 Financial Risks

The analysis of market risks indicated within the IFRS 7 framework, in relation to price changes of financial instruments, is included in the broader context of financial risks defined in the Group Risk Map.

Financial risks include equity risk, interest rate risk, foreign exchange risk, real estate and concentration risk. Equity risk arises from unexpected movements in stock prices and also includes changes in equity volatility. Interest rate risk derives from unexpected changes in interest rates and also takes in account interest rate volatility. In addition, risks related

to changes in property values, exchange rates and finally, concentration risk are considered.

Unexpected movements of interest rates, equities, real estate and exchange rates can negatively impact the economic, financial and capital position of the Group, both in terms of value and solvency.

Assets subject to market movements are invested to profitably employ the capital subscribed by shareholders and to meet contractual obligations to policyholders; consequently, financial market movements imply a change both in the value of investment and insurance liabilities. Therefore, oversight

through analysis of the impact of adverse market movements implies an adequate consideration of volatility, correlations among risks and the effects on the economic value of the related insurance liabilities.

Within the processes of investment management, Group companies are required to apply the Group Risk Guidelines.

At year-end 2013 the investments whose market risk affects the Group were of € 325 billion at market value³.

(€ million)	31/12/2013		31/12/2012	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Equity instruments	17,740	5.5	15,652	4.9
Direct Equity exposure	11,111		9,123	
IFU and alternative investments	6,629		6,528	
Fixed income instruments	284,346	87.4	280,542	87.7
Government bonds	140,339		138,760	
Corporate bonds	113,541		110,108	
Loans (oth. fixed income investments)	17,102		22,506	
IFU bonds	13,364		9,167	
Land and buildings	23,409	7.2	23,850	7.5
RE Investment properties	17,910		18,209	
Self-used real estates	3,370		3,477	
IFU real estates	2,128		2,165	
Total	325,495	100.0	320,043	100.0

The exposure to fixed income instruments, expressed as percentage of investments bearing market risks, as defined above, was quite stable at 87.4% (87.7% as at 31 December 2012) while the exposure to equity instruments increased to 5.5% (4.9% as at 31 December 2012). A slight decrease was observed for real estate investments whose weight moved from 7.5% at 31 December 2012 to 7.2%.

As mentioned above, the economic impact of changes in interest rate, equity values and the related volatilities for the shareholders will depend not only on the sensitivity of the assets to these shifts but also on how the same movements affect the present values of its insurance liabilities, which may absorb a portion of risk.

In life business this absorption is generally based on the level and structure of minimum return guarantees and profit sharing arrangements. The impact of the minimum guaranteed rates of return on solvency, both on the short and long terms, is assessed through deterministic and stochastic analysis. These analyses are performed at company and, if necessary, at single portfolio level and take into account the interaction between assets and

liabilities helping to develop product strategies and strategic asset allocations aiming at optimising the risk/return profile.

In order to control the Group exposure towards the financial markets, while maintaining a perspective of risk/return, the management adopts procedures and actions on the single portfolios including:

- credit and tactical asset allocation guidelines are being updated to the changing market conditions and to the ability of the Group to assume financial risks;
- matching strategies, at net cash flow level or duration matching strategies, for the management of the interest rate risk;
- dynamic hedging strategies through the use of derivatives instruments as options, swaps, forwards and futures;
- portfolio and pricing management rules, coherent with sustainable guarantee level.

The Group uses a data warehouse to collect and consolidate the financial investments, which guarantees a homogeneous, time effective and high quality analysis of the financial risks.

³ Investments whose market risk affects the Group are total investments excluded investments back to policies where the investment risk is borne by the policyholders, investments in subsidiaries, associated companies and joint ventures, derivatives, mortgage loans, receivables from banks or customers and other residual financial investments different than equities and or loans as well as land and buildings used by third parties and cash and cash equivalents. Instead, self used properties are included.

The currency risk arising from the recent issuance of subordinated debts in British pound sterling has been mitigated with a specific hedging strategy.

Group's exposures to investments in equities - detailed by sector and country of risk of investees - as well as to direct real estate investments - detailed by country of location - are reported at fair values in the following tables:

Breakdown of equity investments by sector of location

(€ million)	31/12/2013	
	Total fair value	Impact (%)
Equity instruments	17,740	
Financial	3,877	21.9
Consumer	1,730	9.8
Utilities	859	4.8
Industrial	1,365	7.7
Other	3,280	18.5
Alternative funds	1,898	10.7
Asset allocation funds	4,732	26.7

The total exposure to equity instruments at the end of the period amounted to € 17,740 million. With reference to the composition of direct equity investments the main sectors the Group is exposed are financial (21.9%), consumer (9.8%) and industrial (7.7%).

Breakdown of direct equity investments by country of risk

(€ million)	31/12/2013	
	Total fair value	Impact (%)
Direct equity investments	11,111	
Italy	3,429	30.9
France	2,626	23.6
Germany	1,220	11.0
Central and Eastern Europe	124	1.1
Rest of Europe	3,035	27.3
Spain	405	3.6
Austria	190	1.7
Switzerland	426	3.8
The Netherlands	733	6.6
United Kingdom	408	3.7
Others	873	7.9
Rest of world	677	6.1

The direct equity exposure totalled € 11.111 million, principally invested in Italy (30.9%), France (23.6%) and Germany (11.0%)

Breakdown of direct real estate investments by country of location

(€ million)	31/12/2013		31/12/2013	
	Investment properties		Self-used real estates	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Direct Real-estate investments	17,910		3,370	
Italy	6,361	35.5	1,411	41.9
France	5,096	28.5	423	12.6
Germany	2,551	14.2	687	20.4
Central and Eastern Europe	246	1.4	88	2.6
Rest of Europe	3,452	19.3	672	19.9
Spain	703	3.9	109	3.2
Austria	1,258	7.0	130	3.9
Switzerland	901	5.0	401	11.9
Others	590	3.3	32	0.9
Rest of world	206	1.1	90	2.7

The direct exposure to Real estate investments was of € 21,281 of which € 17,910 million of investment properties and € 3,370 of properties with self-used destination. Real estate investments were mainly focused in western European countries, mainly in Italy (36.5%), France (25.9%) and Germany (15.2%).

4.1 Life Segment

Taking into consideration the specific characteristics of the Life business, the impact of negative changes in the financial market conditions has to be assessed both on assets and liabilities. As allowed by IFRS 4, this impact is here represented as percentage change of Group's Embedded Value⁴.

Embedded Value is an actuarially determined estimate of the Group value, net of any value attributable to future new business.

With reference to the covered business at the date of valuation, and to the relevant consolidation perimeter (i.e. the operating life, health and pension companies of the group), the EV is equal to the sum of the Adjusted Net Asset Value (ANAV), and the Value In-Force (VIF):

- the Adjusted Net Asset Value corresponds to the market value of the consolidated shareholders' funds, net of goodwill and DAC, and before the payment of dividends from profits in the year;
- the Value In-Force corresponds to the present value of the projected stream of after-tax industrial profits generated by the business in force at the valuation date. This value takes into account the cost of financial guarantees related to the options, embedded in insurance contracts, and less the frictional costs of holding the capital and the cost of non-financial risks.

Regarding the market risk the Group performs the following sensitivities on its Embedded Value, according to the parameters indicated by the CFO Forum:

- Yield curve +1%: sensitivity to an upward parallel shift of 100 basis points in the underlying market risk free rates, accompanied by an upward shift in all economic assumptions;
- Yield curve -1%: sensitivity to a downward parallel shift of 100 basis points in the underlying market risk free rates, accompanied by a downward shift in all economic assumptions;

⁴ Generali Group publishes annually also a separate Embedded Value report for life segment.

- Equity value -10%: sensitivity to a 10% market value simultaneous reduction at valuation date for equity investments;
- Property value -10%: sensitivity to a 10% market value simultaneous reduction at valuation date for property investments.

The changes in embedded value (%) at 31 December 2013 and 31 December 2012 are reported in the table below.

Life embedded value sensitivities: Market Risks

(%)	31/12/2013	31/12/2012
Interest rate +1%	2.9	8.4
Interest rate -1%	-6.4	-15.3
Equity price -10%	-3.1	-4.1
Property price -10%	-3.0	-2.8

When analyzing the data from a general point of view, if it is evident that the decrease in equity and real estate prices has a negative impact on the shareholders' value, must be noted that a shift in risk free rates might have both positive and negative effects, driven by the insurance portfolio structure and by the assets and liabilities mismatch in terms of cash flow.

Similarly to the previous year, data at 31 December 2013 showed that the Company suffered from the effects of the decreasing interest rates. The impact is also higher than the increase corresponding to the opposite risk free variation. This asymmetry, even if lesser than last year due to the improved market environment at year end, is explained by the presence of financial guarantees and options granted to policyholders, whose costs, taking into consideration the current level of interest rates, increase significantly in respect of a further reduction.

4.2 Non-life and financial segment

According to the requirements of IFRS 7, the impact on the non-life and financial segment of possible changes in interest rates and values of the equity instruments is represented by the impact on the result of the period and on the shareholder's equity of the Group, net of the corresponding tax effects.

Market risk evaluation has been performed, for both non-life and financial segments, following a bottom up approach and using a full evaluation model which calculates the change in value of each financial instrument caused by applied stress tests (+/- 100bp yield curve change, +/- 10% change for equity).

The market risk evaluation was done on all the financial instruments in the portfolios at the end of the year, both from direct and indirect investments held by funds, and derivatives instruments.

Valuation of impact on Group's financial statements deriving from possible changes in interest rate was assessed both considering instrument with fixed interest rate (exposing Group to "fair value" risk with impact on equity or result depending on their accounting classification) and with floating interest rate (exposing Group to "cash flow" risk with impact on profit or loss). This impact was assessed considering the 12 month period ending at the reporting date.

The stress test of +/- 100bp on the yield curve and of +/-10% of equity value changes shows:

- a potential impact on the Group shareholders' equity attributable to the consequent change in the fair value of bonds and equities classified as available for sale⁵,
- a potential impact on the Group's result of the period attributable to the consequent change in the fair value of debt securities and equities classified as financial assets at fair value through profit or loss,
- a potential impact on the Group's result of the period related to the re-computation on coupon and accrued interest of floating rate securities.

Changes in interest rates and equity prices, net of the related deferred taxes, may have a potential impact on shareholders' equity. The impact is detailed in the table here below. With regard to the sensitivity on the result of the period, it is not material and therefore considered within the impact on shareholders' equity.

⁵ In the sensitivity analysis is assumed not to reach the defined impairment triggers.

Sensitivity on non-life and financial Shareholders'equity

(€ million)	31/12/2013	31/12/2012
Interest rate +1%	–651	–546
Interest rate -1%	684	528
Equity price +10%	308	209
Equity price -10%	–312	–211

5 Credit Risk

5.1 Financial Instruments Credit Risk

Credit risk refers to possible losses arising from a counterparty failing to meet its obligations (*default*) or from a deterioration in its creditworthiness (*downgrade or migration*), respectively, in relation to debt instruments the Group invests in or to a counterparty of a derivative contract. Furthermore, the risk resulting from a generalized increase in the level of spreads in the market is considered, due to events such as a credit crunch or a liquidity crisis, having an impact on the economic solvency of the Group.

Within the Group Risk Guidelines, investment in adequate credit quality securities (investment grade) is preferred and the diversification (or dispersion) of risk is encouraged.

The Group uses a data warehouse to collect and consolidate the financial investments, which guarantees a homogeneous, time effective and high quality analysis of the financial risks.

For the internal rating assessment of an issue or issuer, ratings of the main agencies ratings are used. In the case of different rating judgments, the second best value available is used.

Securities without a rating are given an internal one based on exhaustive economic and financial analysis.

The portfolio of fixed income investments of the Group is prudently built.

The distribution by rating class shows that the absolute majority of the investments is of high rating standing.

In order to mitigate the counterparty risk, related to market risk hedging strategies, the following measures have been put in place: the counterparty selection, the use of quoted instruments and the integration of ISDA Master Agreements with the Credit Support Annex (CSA). CSA requires the counterparty to post collateral when the derivative position is beyond an agreed threshold.

Note that the same considerations on market risk regard also the financial instruments backing life insurance policies, therefore, default, downgrades or changes in spread could affect the financial liabilities values with a consequent mitigation effect.

⁵ Nell'analisi di *sensitivity* non si ipotizza il raggiungimento dei *trigger* definiti ai fini dell'*impairment*.

Group's exposures to investments in government bonds - detailed by country of risk and rating - are reported at fair value in the following tables:

Breakdown of investments in government bonds by country of risk

(€ million)	31/12/2013			
	Total fair value	Impact (%)	of which home-country	Impact (%)
Government bonds	140,339		105,866	
Italy	57,719	41.1	53,337	92.4
France	28,594	20.4	21,711	75.9
Germany	10,032	7.1	7,554	75.3
Central and Eastern Europe	8,174	5.8	4,050	49.5
Rest of Europe	23,862	17.0	9,357	39.2
Spain	7,306	5.2	4,339	59.4
Austria	4,727	3.4	2,127	45.0
Belgium	7,678	5.5	2,093	27.3
Others	4,151	3.0	798	19.2
Rest of world	2,622	1.9	501	19.1
Supranational	9,335	6.7	na	na

Breakdown of investments in government bonds by rating

(€ million)	31/12/2013		31/12/2012	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Government bonds	140,339		138,760	
AAA	18,844	13.4	18,863	13.6
AA	48,196	34.3	43,505	31.4
A	3,756	2.7	3,760	2.7
BBB	66,398	47.3	69,592	50.2
Non investment grade	2,726	1.9	2,884	2.1
Not Rated	419	0.3	156	0.1

The government bonds portfolio amounted to € 140,339 million at the end of the period, with the 68.7% of the portfolio represented by Italian, French and German debt instruments. The exposure to individual sovereign bonds is mainly allocated to their respective countries of operation.

With reference to ratings, the AA class included the French debt instruments following their downgrade by both S&P's (AA+, 13 January 2012) and Moody's (Aa1, 19 November 2012). The BBB rating class included mainly the Italian debt instruments following their downgrade by both S&P's (13 January 2012) and Moody's (Baa2, 13 July 2012).

Group's exposures to investments in corporate bonds - detailed by sector and rating- are reported at fair value in the following tables:

Breakdown of direct investments in corporate bonds by sector

€ million)	31/12/2013	
	Total fair value	Impact (%)
Corporate bonds	113,541	
Financial	34,989	30.8
Covered Bonds	34,644	30.5
Asset-backed	1,869	1.6
Utilities	12,288	10.8
Industrial	10,067	8.9
Consumer	5,485	4.8
Telecommunication services	5,739	5.1
Energy	3,993	3.5
Other	4,468	3.9

Breakdown of direct investments in corporate bonds by rating

€ million)	31/12/2013		31/12/2012	
	Total fair value	Impact (%)	Total fair value	Impact (%)
Corporate bonds	113,541		110,108	
AAA	29,627	26.1	32,179	29.2
AA	9,205	8.1	8,672	7.9
A	33,728	29.7	33,933	30.8
BBB	32,309	28.5	28,474	25.9
Non investment grade	6,425	5.7	4,878	4.4
Not Rated	2,246	2.0	1,972	1.8

The investments in corporate bonds totalled € 113,541 million at the end of the period. The portfolio was composed for 38% by non-financial corporate bonds, for 31% by financial corporate bonds and for 31% by covered bonds.

5.2 Reinsurance credit risk

In addition to debt and derivative financial instruments, the Group is exposed to credit risk through the exposure to reinsurance counterparties to which part of the business is ceded. In particular, the ability by reinsurers to fulfill contractual obligations towards the Group is monitored.

The Group centrally sets the main reliability and solvency criteria, which take into account the risk exposure and the probability of default of each reinsurance counterparty.

The main criterion consists in the definition of a maximum exposure transferable to each reinsurer. In principle, the maximum liability transferable to an individual reinsurer for each reinsurance program should not exceed a given percentage of its shareholder's equity. Generally, such exposure is further reduced according to the rating provided by the rating agencies and to the line of business being considered. Based on the features of risk being transferred, a maximum amount threshold has been established. For long-tail business more restrictive criteria are adopted.

Rating of insurance provisions ceded to reinsurers

(€ million)	31/12/2013	31/12/2012
AAA	6	6
AA	2,622	2,947
A	1,214	1,539
BBB	169	325
Non investment grade	0	5
Not Rated	864	802
Total	4,875	5,624

The table demonstrates that the careful criteria for the selection of reinsurers adopted by the Group over the past allowed Generali to have a significant presence of counterparties in rating classes of higher quality. The small percentage of AAA counterparties reflects the almost total absence of market players that have kept these characteristics. Our policy in selection of counterparties is stable over time, as well as prudent, and changes from year to year normally depend on rating variations occurred during the year relating to certain reinsurers.

In particular, the effects of the changed business model of the Group impacted the 2013 figures which, considering the transfer of 100% of reinsurance treaties to Assicurazioni Generali, showed a significant reduction in ceded reinsurance outside the Group and, consequently, the total reserves of reinsurers.

“Not rated” counterparties remained. As in the past, they also include captive insurance companies of large industrial companies that do not qualify for any rating while showing a good financial strength, companies that are no longer active in the reinsurance market and not valued by the rating agencies, but not necessarily less solid, companies that are part of major insurance groups which benefit from high rating but who have abandoned their reinsurance activities, or, finally, of mutual and reinsurance pool.

Under some circumstances, local regulations, market practice or specific types of business allow the Group to benefit from mitigation of the related reinsurance credit risk through deposits from reinsurers and/or letters of credit as a guarantee on ceded reserves.

6 Insurance Risk

Insurance risk is analyzed separately for life and non-life businesses. It should be noted that health risks are classified as life or non-life depending on their technical features.

6.1 Life underwriting risk

Life underwriting risks include biometric risks arising from events related to mortality and mortality trends, to morbidity, disability and longevity, as well as risks related to trends in lapses and expenses from contracts in place.

The Group companies life portfolios have a prevailing component of saving contracts, but there are also pure risk covers (death plus riders, such as accident, disability, dread disease, etc.) and some annuity portfolios, with the presence of the longevity risk.

The risks related to policies with a prevailing saving component and with minimum interest rate guarantee are adequately measured in a prudent way in the pricing process in accordance with the particular situation of the local financial markets, and taking also into account any relevant regulatory constraint.

In order to better manage risks and costs associated with embedded options included in the above products, the Group is continuing to pursue the policy, already undertaken in previous years, of redefining the structure of related financial guarantees.

In this perspective the structure of the product has been redefined, connecting in many cases the level and the recognition of guarantees with the length of staying inside the contract.

The table below shows the distribution of insurance provisions of life gross direct business by level of financial guarantee.

Life insurance provisions and financial liabilities: financial guarantee

(€ million)	Gross direct insurance	
	31/12/2013	31/12/2012
Liabilities with guaranteed interest (*)	244,770	237,274
between 0% and 1%	56,503	49,440
between 1% and 3%	105,317	98,823
between 3% and 4%	51,500	53,909
between 4% and 5%	30,173	31,366
more than 5 %	1,277	3,737
Provisions without guaranteed interest	60,907	55,113
Provisions matched by specific assets	6,930	7,556
Total	312,606	299,944

(*) The upper bound of each range is excluded

The total insurance provisions include the gross direct amount of mathematical provisions, which amount to € 238,629 million (€ 231,673 million at 31 December 2012), the provisions for policies where the investment risk is borne by the policyholders and for pension fund, which amount to € 45,795 million (€ 41,048 million at 31 December 2012), the ageing provision for life segment, which amount to € 10,249 million (€ 9,627 million at 31 December 2012), and financial liabilities related to investment contacts, which amount to € 17,933 million (€ 17,597 million at 31 December 2012).

Year end 2012 figures included technical provisions belonging to the Mexican group Generali Banorte, which were mainly recorded in the category with guaranteed interest higher than 5%.

The insurance provisions above are grouped in three macro classes:

- contracts with a minimum guarantee level: this group considers both yearly cliquet and at event (death and maturity) guarantees;
- contracts without interest guarantee: in this category, together with standard unit linked policies are also included contract whose benefits and premiums can be adjusted by Companies in order to mitigate interest rate risk;
- contracts matched by specific assets: this category includes contracts where the liabilities are totally matched by specific assets.

The table above shows a progressive shift of the exposures towards 'less than 3%' guarantee classes, also due to the new business. It also shows a strong increase of 'in addition to 5%' thanks to the abovementioned disposal of Mexican activities where the nominal rates are higher than those in the Eurozone. Lastly, the amount of provisions without guaranteed interest showed an increase amounting to € 60,907 million (€ 55,113 million as at 31 December 2012).

From a quantitative point of view regarding the life underwriting risk and according to the parameters indicated by the CFO Forum, the Group performs the following Embedded Value sensitivities:

- maintenance expenses -10%: sensitivity to a 10% decrease of maintenance expenses;
- lapse rate -10%: sensitivity to a 10% decrease of lapse rates;
- mortality/morbidity for risk business -5%: sensitivity to a 5% decrease of mortality/morbidity for all product lines except annuities (e.g. term assurance, whole life, annuity during the accumulation period);
- mortality for annuity business -5%: sensitivity to a 5% decrease of mortality for annuity business only (e.g. annuities in payment).

Life embedded value sensitivities: Underwriting Risks

(%)	31/12/2013	31/12/2012
Expenses -10%	3.6	2.9
Lapse rate -10%	3.5	2.4
Mortality -5%	2.0	3.2
Annuity Mortality -5%	-0.8	-1.2

The table above shows that the reduction of expenses and mortality rates (except for annuities) has a positive effect in the value; on the contrary, as expected, for the annuities, a reduction in mortality rates leads to a corresponding decrease in value.

Regarding lapse, a decrease in surrender assumptions could produce both positive and negative effect in the Embedded Value, depending on the portfolio structure and on the economic contingencies. In particular the magnitude of variances depends on the alignment of some variables such as return of the fund, level of guarantee and structure of surrender penalties. Like the previous year, the offsetting effects of these factors result at Group level in an increase in the Embedded Value when the lapse rates decrease.

In addition to the quantitative analyses above presented, the qualitative aspects relating to underwriting process and operative risk management are carefully assessed.

As far as the demographic risk related to pure risk portfolios is concerned, the mortality tables used in the pricing include prudential margins. The standard approach is to use population or experience tables with adequate safety loadings. For the most important risk portfolios ad hoc reviews of mortality experience is performed every year in comparison with the expected mortality of the portfolio, determined according to the most up-to-date mortality tables available in each market. This analysis takes into consideration the mortality by sex, age, policy year, sum assured and other underwriting criteria.

There is a particular emphasis, both at local and central level, in the underwriting of new contracts, that considers both the medical and the financial and moral aspects. A Group standard for manuals, forms and medical and financial underwriting requirements has been established, both for death covers and for riders. Underwriting autonomy levels for companies are determined depending on their structure and their portfolio, while above the autonomy each risk is examined also by either the Underwriting Department of Parent Company (which is the main reinsurer for many Group companies) or by a local professional reinsurer.

As far as riders are concerned, which are mostly exposed to moral risks, maximum insurability levels by country and company are set, lower than those applied for death covers; at the same time, in order to mitigate these risks, consistent policy conditions are established, especially for what refers to policy exclusions.

The Companies must apply the underwriting guidelines and operating limits defined by the Corporate Centre which also defines the standard process to request dispensations in order to maintain the risk exposure between the set up limits and to ensure a coherent use of the capital.

In order to mitigate mortality and morbidity risk, another feature is reinsurance. As far as the surplus (proportional) reinsurance is concerned, Parent Company acts very often as the main reinsurer for its subsidiaries, then ceding to the reinsurance market the portions of individual risks exceeding its own retention. Sometimes reinsurance is made directly by the company to the local reinsurance market, with Parent Company's support and agreement. As far as the catastrophe risk is concerned, it is related to geographical concentrations, which are typical of group insurance, and it is covered acquiring, at a central or local level, ad hoc non proportional covers, and sometimes diversifying the risk, for instance adopting adequate underwriting policies.

The longevity risk, notwithstanding its minor weight in the life business of the Group, is constantly monitored. For the most important portfolios of annuities in course of payment, there is an annual evaluation for the adequacy of the technical basis, that considers the demographic component but also the financial component related to the minimum interest rate guarantee and any mismatch between the liabilities and the corresponding assets.

As far as new business is concerned, in each country demographic assumptions reflecting future mortality trends are used, while for group contracts, if possible, mortality adjustments clauses are considered. For policies which foresee an accumulation phase and at maturity an annuity

conversion option for the lump sum, no guarantee is normally allowed on the technical basis for the determination of the annuity to be paid in the future; if, however, this is guaranteed, particularly in cases of collective agreements, contractual mechanisms for adjusting the basis of mortality compared with some variations in mortality effective population are often introduced.

As far as lapse risk (risks related to voluntary withdrawal from the contract) and expense risk (risks related to inadequacy of charges and loadings in the premiums in order to cover future expenses) are concerned, they are evaluated in a prudential manner in the pricing of new products, considering in the construction and the profit testing of a new tariff assumptions derived from the experience of the company. Should this not be sufficiently reliable or suitable, the experience of the other Group entities of the same country or the general experiences of the local market are applied. In order to mitigate lapse risk,

surrender penalties are generally considered in the tariff and are determined in such a way to compensate, at least partially, the loss of future profits.

For all risk categories, in the annual Embedded Value analysis, locally and centrally, there are two levels of control, both ex-ante and ex-post.

Aggregate analysis has been made on the best estimate of the risk factors in order to assess the congruence of the assumptions and to update them; at the same time it has been assessed the coherence of the assumptions made and the actual experience of the year valuating, risk by risk, the changes in the portfolio values.

The tables below show the concentration of gross direct premiums of life segment, including investment contracts, by line of business and by geographical area.

Gross direct premiums by line of business and by geographical area

(€ million)	31/12/2013	Savings and Pension	Protection	Unit/index linked	Total
Italy		12,543	200	569	13,312
France		4,458	1,582	1,225	7,266
Germany		7,488	4,144	3,357	14,989
Central and Eastern Europe		851	245	471	1,568
EMEA		2,057	833	2,789	5,679
Spain		807	186	12	1,005
Austria		639	259	239	1,137
Switzerland		169	134	760	1,062
Other EMEA		442	254	1,778	2,474
Latin America		203	230	0	433
Asia		616	203	83	902
International Operations		69	19	0	88
Total direct written premiums	28,285	7,457	8,495	44,237	

(€ million)	31/12/2012	Savings and Pension	Protection	Unit/index linked	Total
Italy	11,590	220	515	12,324	
France	6,564	1,745	912	9,221	
Germany	6,909	4,103	3,298	14,309	
Central and Eastern Europe	981	233	428	1,642	
EMEA	2,280	806	2,639	5,725	
Spain	988	185	9	1,183	
Austria	627	248	252	1,127	
Switzerland	189	134	834	1,157	
Other EMEA	476	239	1,544	2,259	
Latin America	190	250	0	440	
Asia	521	174	50	744	
International Operations	92	20	0	112	
Total direct written premiums	29,127	7,550	7,841	44,518	

The table above shows the major importance of savings and protection contracts (63.9% of the total), while the unit/index linked portfolio accounts for 19.2% of the total gross direct written premiums. Concerning the health business, the Group has a strong presence in markets such as Germany and Austria where operate companies dedicated to this segment; while in all the other geographical areas health premiums refers to life insurance rider covers.

With reference to the distribution by geographical area, the Group, in the life and health market, is present in various countries with a relative stability in terms of written premiums. However it is worth noting that around 96% of the total written life and health premiums refers to the European market.

6.2 Non-Life underwriting risk

Risks arising from non-life underwriting are classified as pricing risk (or subscription) and reserve risk. The Group is also exposed to catastrophe risks.

Pricing risk

The pricing risk derives from the possibility that premiums are not sufficient to cover future claims, contracts expenses and extreme volatility events.

In order to quantify this risk, the Group assesses its exposure to attritional claims, large claims and catastrophes, gross and net of reinsurance, for the most relevant part of its portfolio.

Regarding this risk, the Group:

- has developed stochastic or deterministic bottom-up simulation models, which are validated by sensitivity analyses and stress tests;
- determines for frequency risks, large risks and catastrophe risks (such as earthquake, flood, windstorm, etc.) possible loss scenarios and risk capital requirements, also in consideration of reinsurance structures (proportional, excess of loss, etc.), net retention and cover;
- adopts, also for evaluating reinsurance cessions, models that are consistent with Value Based Management principles, which consider value creation estimated from risk capital as the metric to be used to evaluate the efficiency and adequacy of the solutions to be chosen.

Reinsurance structures are based on a detailed risk analysis that allows identifying, for each class of business, the structure type, the retention level and the total amount of cover needed to mitigate exposures from single risks and, for some classes, events that derive from the accumulation of risks existing within a portfolio.

Treaty reinsurance provides a risk transfer mechanism for the greatest portion of each portfolio, while facultative reinsurance is used to cover individual additional exposure peaks.

Regarding treaty reinsurance, the most important lines of business are best covered by excess of loss contracts, which allow setting precise retentions for each class. This makes it possible to retain those risks that are marked by a lower volatility and higher expected returns.

In this field, the Group has significantly changed its strategy and business model for the purchase of the contractual reinsurance: coordination and governance of the Parent Company has been further strengthened, entrusting to it the role of the single reinsurer of other Italian and foreign companies.

As a result, the new model expects that the Parent Company subscribes – at market conditions – all the major treaties of the subsidiaries with less exemptions justified by particular regulatory or market conditions. This approach allows it to manage the reinsurance cycle more efficiently than in the past because it gives the possibility to adjust the levels of the Parent Company risk retention through its retrocession treaties, retaining more risk in the hard market phases and less risk in the soft market phases.

The placement of facultative reinsurance is instead managed by the individual companies, as it is a type of protection strongly related to individual risk assessment carried out by the underwriting unit.

Reinsurance counterparties are chosen in accordance to the criteria defined by the Corporate Centre (as described in paragraph 4.2).

With specific reference to the Parent Company, these principles have been confirmed by the Board of Directors on 19 February 2013 and the structures in place during the year in course reflect the new business model for the purchase of the contractual reinsurance described above both in the structures and levels of retention.

Reserving risk

Reserving risk relates to the uncertainty in reserves run-off and considers the possibility that insurance provisions are not sufficient to meet the final obligations towards policyholders and injured parties.

The assessment is closely related to the valuation of technical provisions, in particular to the uncertainty of the claims provisions in respect to their expected value. Consequently, the risk assessment properly considers the reserving processes, by using claim triangles and all other relevant information collected and analyzed according to specific guidelines.

The following table shows the cumulative claim payments and the ultimate cost of claims by accident year and their development from 2004 to 2013. The ultimate cost includes paid losses, outstanding reserves on reported losses, estimated reserves for IBNR claims and ULAЕ. The amounts refer to direct business gross of reinsurance and recoveries (the latter amounting to € 550.4 million in 2013).

The difference between the ultimate cost of claims and the cumulative paid losses for calendar year 2013 constitutes the claim reserve for accident years 2004 to 2013. The reserve reported in the balance sheet also includes a residual claim reserve that is composed almost exclusively by the accident years not reported in the development triangle.

The observed trend in the ultimate cost for generations 2004-2013 indicates the adequate level of prudence adopted by the Generali Group in its reserving policy.

Claims development

The differences with the amounts published in previous reporting periods are mainly due to changes in exchange rates and the transfer of the claims provisions of Fata Assicurazioni Danni into liabilities directly associated with non-current assets and disposal groups classified as held for sale.

The underwriting policy

In the non-life branches, the Group underwriting embraces all lines of business, while targeting the development of retail and small/medium enterprise business, both in Property and Casualty.

The focus is mainly on products characterized by low or medium volatility, with only a minor and selective presence in

market segments such as energy and accepted reinsurance, for example.

The underwriting guidelines are particularly prudent with reference to emerging risks (electromagnetic fields, genetically modified organisms, nanotechnologies, etc.), while asbestos related covers are generally excluded.

The underwriting activity is geographically diversified, although mainly concentrated in continental Europe, which accounts for 94.1% of direct gross written premiums.

The following table shows the concentration of non-life direct gross written premiums split by line of business and geographical area.

Gross written premiums (direct insurance) by line of business and by geographical area

(€ million)	31/12/2013	Motor	Non motor Personal	Non motor Commercial/ Industrial	Non motor Accident/ Health (*)	Total
Italy	2,612	803	1,610	1,193	6,218	
France	990	953	711	0	2,654	
Germany	1,304	1,320	278	529	3,430	
Central and Eastern Europe	931	348	498	107	1,884	
EMEA	1,581	1,060	821	669	4,130	
Spain	356	426	308	171	1,262	
Austria	541	326	363	152	1,383	
Switzerland	317	191	3	170	682	
Other EMEA	366	116	147	175	804	
Latin America	853	30	203	21	1,107	
Asia	10	5	34	30	79	
International Operations	1	623	92	19	735	
Total direct written premiums	8,282	5,142	4,246	2,567	20,237	

(*) Life segment includes health insurance with life features

(€ million)	31/12/2012	Motor	Non motor Personal	Non motor Commercial/ Industrial	Non motor Accident/ Health (*)	Total
Italy	2,936	795	1,755	1,278	6,764	
France	1,077	962	749	0	2,788	
Germany	1,185	1,289	270	529	3,272	
Central and Eastern Europe	936	347	506	106	1,895	
EMEA	1,583	1,042	879	661	4,166	
Spain	385	417	372	173	1,347	
Austria	534	320	351	147	1,353	
Switzerland	331	188	3	163	686	
Other EMEA	333	118	153	178	781	
Latin America	696	26	173	2	897	
Asia	12	5	29	29	74	
International Operations	1	640	83	16	740	
Total direct written premiums	8,426	5,106	4,444	2,621	20,597	

(*) Life segment includes health insurance with life features

7 Operational risk

In order to grant a complete analysis of company risks, the Generali Group has defined and monitored the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

The management of operational risks is essentially the responsibility of each business unit. These units are asked to draw up operational plans aligned with the targets set by the Parent Company and to identify and implement all actions to mitigate any risk which could potentially jeopardize it. The overall assessment of these risks and the consistency of the various mitigating actions are guaranteed by the Group Risk Management department.

The Parent Company has set some common principles for this kind of risks:

- policies and basic requirements to handle specific risk-sources;
- a detailed operational risk classification and standard criteria to be applied to the whole Group in order to identify and evaluate operational risks within business processes;
- criteria to evaluate operational risks and to collect major loss events;
- common methodologies and principles guiding the internal audit activities, set by the Group Internal Audit department, in order to identify the most relevant processes to audit.

Operational risk also includes the following risks:

- financial reporting risk, defined as the risk of a transaction error which could entail an untrue and incorrect

representation of the situation of the assets, liabilities, profit or loss in the Company's financial statements, in the yearly and half-yearly consolidated financial statements and in any other financial release;

- A model coherent with international frameworks (COSO, COBIT) has been defined to manage the financial reporting risk; the Manager charged with the preparation of the company's financial reports of the Parent Company defines, with the support of the Group Financial Reporting Risk unit, its operational and organizational aspects in application of the powers and means provided for by Law 262 of 28 December 2005;
- compliance risk, defined as the risk of legal or regulatory sanctions, material financial loss or loss to reputation the Company may suffer as a result of not complying with laws, regulations and administrative provisions applicable to its activities.

The Group has introduced a "Group Compliance Policy" which sets out principles and provides guidelines for carrying out the compliance activities and provides, as part of the management and coordination activities of the Parent Company, that the compliance functions of the Group companies establish an information flow between them and the Parent Company.

For further information please see the Corporate Governance Report.

8 Other risks

Amongst the main risks faced by the Group, additional risks, for which dedicated monitoring, management and mitigation actions are in place within the organization, are also identified. With reference to risks described so far, no specific capital requirement is allocated to face them in the context of the economic solvency.

8.1 Liquidity Risk

The Group manages liquidity risk with the aim of efficiently dealing with expected and unexpected cash outflows, taking into account potential difficulties in liquidating assets due to assets illiquidity.

The Group aims at maintaining a sound financial structure over a short and long time frame through a constant cash flows' monitoring activity.

At Group level, liquidity risk is defined as the risk of not being able to efficiently meet expected and unexpected cash commitments, or rather being able to meet these risks only through a worse credit market access or through the sale of financial assets at heavy discount.

The liquidity risk is primarily monitored and managed at local level by the single business units, within a common Group framework approved by the Parent Company.

Such framework, currently under implementation, has the aim of providing a common approach to manage the liquidity risk in order to guarantee the main Group companies financial sustainability in terms of expected and unexpected cash outflows over a short/medium time frame. The Liquidity Risk framework includes: 1. an ad hoc liquidity risk policy, which will provide a common definition of the key risk factors and a detailed list of actions and strategies to be undertaken in order to prevent and mitigate possible risk situations, 2. operating liquidity risk guidelines which define the main monitoring activities, their frequency and the thresholds related to the main key risk factors and, finally, 3. a specific Contingency Funding Plan with the aim of identifying and formalizing the governance process and the financial plans to be activated in case of relevant liquidity stress situations.

In addition, with regard to entities operating in the P&C segment, reinsurance treaties towards the Parent Company allow each business unit to reduce the exposure to the main

risks assumed at local level, in order to mitigate the possible negative consequences of catastrophes events or large claims which could impact the company's financial stability.

Liquidity Risk Model

With the aim of implementing a consistent liquidity risk monitoring approach at Group level, the main business units provide periodically a specific tool to Head Office, the Liquidity Risk Model, that highlights possible future liquidity constraints both over an ordinary scenario and in several stressed scenarios over a one year horizon.

The model basically reflects the company's cash flows projections over a one year time frame together with the portfolio investments liquidability, with a particular focus on the eligible assets covering technical reserves. The final output of the model is summarized through three main ratios indicating possible liquidity stress situations in each scenario. The key ratios are:

- Technical Reserves Coverage
- Investments' Liquidability Ratio
- Liquidity Gap Ratio

Parent Company

The Parent Company's liquidity level is periodically monitored in order to satisfy all the commitments that could arise in the short and medium term. The monitoring activities include: a strict control over the ongoing operating business, detailed forecasts on dividends to be paid by the subsidiaries, evaluations on possible capital needs for the subsidiaries and a refinancing strategy analysis performed on a regular basis.

These evaluations, supported by the outcomes of the Liquidity Risk Model previously described, are also performed over unfavorable macroeconomic and financial scenarios, in order to be able to satisfy every possible liquidity needs.

The main Parent Company funding sources are the subsidiaries' dividends, the intragroup loans, the available credit lines with the main banking institutions, an integrated cash pooling system, the sale of assets and the quick and efficient access to the debt market, continuously monitored by the appropriate structures.

Due to the regular cash flows monitoring the Group has the aim of maintaining a sound financial structure over a short and medium term time horizon.

Financial liabilities

In order to achieve such results the Group set up a careful analysis of its cash flows. Financial liabilities are mainly fixed-rate exposures denominated in Euro. With reference to exposures denominated in currencies other than Euro, hedging has been put in place in order to pursue goals of cash flows predictability and stability, as well to reduce the currency risks.

Liquidity risk is also managed through the placement of different kinds of financial instruments into the market; this strategy allows the Group to diversify its sources of funds, drawing from different classes of investors.

Financial liabilities at amortized cost

(€ million)	31/12/2013	31/12/2012
Subordinated liabilities	7,612	7,833
Loans and bonds	14,312	15,641
Deposits received from reinsurers	997	1,077
Bonds	4,915	4,975
Other loans	3,738	4,643
Financial liabilities related to investment contracts issued by insurance companies	4,663	4,947
Liabilities to banks or customers	24,008	24,880
Liabilities to banks	1,616	2,147
Liabilities to customers	22,392	22,733
Total	45,932	48,354

* Including senior bond issued in May 2010 to fund the tax recognition of goodwill related to the extraordinary operation Alleanza Toro for a nominal amount of € 560 million (at 31.12.2013 the related book value amounted to € 447 million). This issue was classified as operating debt because the debt structure provides a perfect correlation between cash flows arising from the recognition of taxes and loan repayments in terms of interest than capital.

The main Group's financial liabilities at amortized cost are represented by senior bonds and subordinated liabilities. The following tables sort Senior and Subordinated liabilities into categories based on maturity, or first call date, when applicable. For each category of maturity, the undiscounted cash flows (including the related hedging derivatives), the book value and the fair value of financial liabilities are reported.

Subordinated liabilities

(€ million)	31/12/2013			31/12/2012		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	543	0	0	752	200	200
between 1 and 5 years	6,263	3,867	3,891	5,698	3,116	2,791
between 5 and 10 years	4,559	3,327	3,778	5,646	4,089	4,112
more than 10 years	602	418	384	633	428	340
Total subordinated liabilities	11,967	7,612	8,053	12,729	7,833	7,443

Senior bonds

(€ million)	31/12/2013			31/12/2012		
	Undiscounted cash flow	Book value	Fair value	Undiscounted cash flow	Book value	Fair value
Up to 1 year	2,554	2,234	2,280	312	0	0
between 1 and 5 years	1,208	514	536	3,616	2,745	2,947
between 5 and 10 years	584	447	448	663	511	513
more than 10 years	1,840	1,721	1,900	1,929	1,719	1,896
Total bond issued	6,186	4,915	5,164	6,520	4,975	5,357

During 2013, the Group has not issued new debt but has repaid, using internal resources, a subordinated bank loan of Generali France for the amount of € 200 million.

Debts to banks or bank customers primarily relate to the ordinary activities of Banca Generali and BSI and are mainly on demand or short-term.

Insurance liabilities

The Group's Companies take into account the impact on their expected profits of all the exit and entry sources and in particular those related to any rational/irrational surrenders, as reported also in the previous paragraph 5.1 'Life underwriting risk'. In addition, in all the valuations, including sensitivities reported in the paragraph related to the market risk, a dynamic surrender approach is implemented, taking into account the interaction between the return of policyholder funds and the financial market developments.

The liquidity risk arises from a mismatch between liabilities and assets cash flows. The Group manages this risk by means of mitigation strategies, either embedded in the products or funds structure.

In particular, in the phase of product design, penalties for surrenders are allowed, calculated in order to partially compensate the eventual decrease of expected future profits. At the same time, for a relevant part of the portfolio, financial guarantees are not provided in case of surrender; this has a disincentive effect for policyholders and reduces the cost of this embedded option for the Company. The surrender assumptions used both for pricing and valuation, in terms of value and risk, are periodically reviewed and updated.

The table below shows the amount of the life gross direct insurance provisions broken down by expected contractual residual duration. For contracts without maturity (annuity or whole life contracts) the expected residual duration is calculated considering an expected date of conclusion of the contract, according to the embedded value valuation.

Life insurance provisions and financial liabilities related to investment contracts: contractual term to maturity

(€ million)	Gross direct insurance	
	31/12/2013	31/12/2012
Up to 1 year	25,108	27,089
Between 1 and 5 years	79,487	77,276
Between 6 and 10 years	64,786	66,573
Between 11 and 20 years	80,262	74,593
More than 20 years	62,963	54,412
Total	312,606	299,944

The total amount of insurance provisions and financial liabilities related to investment contracts is the same as the total shown in chapter 5.1 – *Life underwriting risk*.

Note that the provision for outstanding claims (not included in the table), which at 31 December 2013 amounted to € 4,548 million (€4,822 million at 31 December 2012), by definition, matures in the first year.

With reference to non-life segment, the table below shows the amount of gross direct claims and unearned premiums reserves split by remaining maturity. The total liability is broken down by remaining duration in proportion to the cash flows expected to arise during each duration band.

Non-life insurance provisions: maturity

(€ million)	Gross direct amount	
	31/12/2013	31/12/2012
Up to 1 year	11,801	12,320
Between 1 and 5 years	11,370	12,268
Between 6 and 10 years	4,277	4,377
Between 11 and 20 years	3,630	3,600
More than 20 years	0	0
Total	31,079	32,565

8.2 Strategic, reputational, contagion and emerging risk

Strategic risk consists in a decline in earnings or capital arising from incorrect business decisions, inadequate implementation of business plans or strategies, incorrect allocation of resources and lack of responsiveness to changes in the business environment that could lead to a fundamental change in the Group's risk profile. In the Management report, the main objectives of the Group have been indicated. Strategic risk

management is embedded in the strategic planning process and, consistently with that, it is arranged in terms of a three-year horizon and reviewed annually. In this context the hypothesis made are subject to periodical evaluation and may be adapted to new market conditions.

Reputational risk derives from a deterioration of reputation or from a negative perception of the Group image among its customers, counterparties, shareholders or Supervisory Authorities.

Contagion risk follows from being part of the Group and derives from the possibility that problems arising within one of the Group's companies negatively affect the solvency, economic or financial situation of other companies within the Group.

Finally, emerging risks derive from internal or external environment changes, that may bring to increased exposures to risks already included in the Group Risk Map described above or risks that may require the introduction of new categories.

9 Risk monitoring by third parties

The Generali Group risk profile, considered as a set of assessments regarding the level of overall exposure to various risks, is monitored by the Supervisory Authorities of the countries where the Group operates.

The main rating agencies perform periodic assessments of the Group's financial stability by expressing their opinion on its ability to fulfill its obligations towards policyholders and bondholders.

The evaluation is performed on the basis of several factors including financial and economic data, the Group's competitive position in markets where it operates and the strategies developed and implemented by the management.

Following the actions undertaken on some European sovereigns, including Italy's, the main rating agencies have revised the rating assigned to the Group, while confirming its financial stability, which benefits from its competitive position, geographical and distribution diversification as well as flexible life product characteristics, which serve to partially insulate the Group somewhat from stress related to the sovereign debt.

It should be noted in particular that the rating of Assicurazioni Generali continues to be two notches above the rating of Italian sovereign debt.

The current rating and outlook assigned to Assicurazioni Generali by the major agencies are the following:

Rating agency	Rating	Outlook
A.M.Best	A	Negative
Standard & Poor's	A-	Watch Negative
Fitch	A-	Negative
Moody's	Baa1	Stable

Updated as of February 2014

On 26 November 2013, the rating agency Standard & Poor's placed Assicurazioni Generali on credit watch with negative implications following the adoption of a new methodology focusing on the relationship between the rating of the company and the country in which they are primarily based. The expiry of the credit watch was 20 February 2014 but it has been extended by Standard & Poor's to the 31 March.

On 6 February 2014, the rating agency Fitch affirmed the Insurer Financial Strength rating of Assicurazioni Generali at A- (with negative outlook), reflecting the strong operating performance in 2013 and the enhanced focus of the new management to preserve capital and reduce debt. The negative outlook is related to market uncertainty in Italy, also negative. Fitch has also affirmed Generali's senior and subordinated notes at BBB+ and BBB-, respectively.

On 18 February 2014, the rating agency Moody's, improved the outlook of Generali from negative to stable, and benefited from the same improvement in Italian outlook: and also confirmed the Insurance Strength Rating to Baa1 and the Baa2 rating on the Generali senior bond placement.

The rating of Assicurazioni Generali continues to be two

notches above the rating of its main country of operation due to the fact that its activities extend into the European Union and it is a leader in terms of market share in countries with high credit ratings such as Germany, France, Austria and the Czech Republic. This geographic diversification reduces the direct link to Generali's sovereign domestic risk.

10 Capital management

Generali Group aims at maintaining both a level of capital adequacy consistent to the current requirements of the prudential supervision, and to the forthcoming Solvency II framework.

Compared to Solvency I, the framework currently being developed at European level, is characterized by a market consistent valuation of all balance sheet items and by the consideration of all risks the Group is exposed to. Risk calibration is performed according to the Value at Risk approach with a confidence level of 99.5% over a one year period. The risk appetite defined at Group level gives due consideration to that calibration level, even increasing it for internal and ratings purposes.

The use of the Group Internal Model, along with Embedded Value metrics, supports the capital management processes within the strategic planning activities.

The main Group's objectives in capital management are the following:

- to grant that solvency requirements defined by the regulatory frameworks of each operating segment where the Parent Company and participated companies operate (non-life segment, life segment and financial segment) are fulfilled;
- to ensure business continuity and the capacity to develop its activity;
- to continue guaranteeing an adequate remuneration of shareholders' capital;
- to pursue the optimal ratio between equity and debt, by ensuring adequate remuneration of all capital and debt sources; and
- to determine adequate pricing policies which are consistent with risk levels of each activity sector.

In this context, the main evidences related to current capital requirements are described.

In each country that the Group operates, local laws and/or local supervisor authorities require a minimum capital. This

minimum capital should be maintained by each subsidiary to face its insurance obligations and/or operational risks. This minimum level of capital has been continuatively maintained during the financial year.

The Group is a financial conglomerate and it is subject to supplementary supervision regarding capital adequacy requirements, risk concentration, intra-group transactions and internal control. In particular, in 2013 the Group available margin amounted to € 25.3 billion (€ 26 billion at 31 December 2012) and the Groups required margin to € 18 billion (€ 17.9 billion at 31 December 2012). Therefore, the Groups Solvency I cover ratio (i.e. the ratio of available margin to required margin) was 141% (145% at 31 December 2012).

With reference to the Solvency I cover ratio the following sensitivity analysis to market risks which do not consider the possible application of "Anticrisi" rules (i.e. ISVAP - now IVASS - Regulation n. 43 of 12 July 2012 have been performed:

- equity -30%: a 30% reduction of the value of all the equity investments in the portfolio at the balance date affects the ratio by around 11 percentage points;
- yield curve +1%: an upward parallel shift of 100 basis points in the underlying market risk free rates at balance sheet date affects the ratio by around 15 percentage points;
- yield curve -1%: a downward parallel shift of 100 basis points in the underlying market risk free rates at balance sheet date affects the ratio by around 15 percentage points.

NOTES TO THE BALANCE SHEET

Balance sheet - Assets

1 Intangible assets

(€ million)	31/12/2013	31/12/2012
Goodwill	7,163	7,222
Other intangible assets	2,189	2,681
Software	385	426
Value of in-force business arising from insurance business combination	1,238	1,479
Other intangible assets	566	776
Total	9,352	9,902

1.1 Goodwill

(€ million)	31/12/2013	31/12/2012
Carrying amount as at 31 December previous year	7,222	7,394
Changes in consolidation scope	0	-137
Other variations	-59	-36
Carrying amount as at the end of the period	7,163	7,222

At 31 December 2013 Group's goodwill amounted to € 7,163 million (-0.8% respect to 31 December 2012).

The table below details the goodwill by relevant companies:

(€ million)	31/12/2013	31/12/2012(*)
Generali Deutschland Holding	2,179	2,179
Alleanza Assicurazioni	1,461	1,461
Generali Italia	1,332	1,332
Generali PPF Holding Group	569	616
BSI - Banca del Gottardo Group	545	553
Generali France Group	415	415
Generali Schweiz Holding AG	286	289
Generali Holding Vienna AG	153	153
Other	222	222
Total goodwill	7,163	7,222

(*) Year-end 2012 data have been restated on a comparable basis taking into account the reorganization transactions that have affected the Italian perimeter.

The decrease was mainly attributable to foreign exchange adjustments on the goodwill share calculated on entities that have reporting currencies other than Euro.

The goodwill booked was subject to impairment tests as stated by IAS 36.

Cash generating units were established in accordance with the Group's participation structure and considering the IFRS 8 requirements relating to operating segments, which Assicurazioni Generali identified as Life, Non-Life and Financial.

The table below shows the details of the Group's goodwill by cash generating unit:

(€ million)	Life	Non Life	Financial	Total
Generali Deutschland Holding	562	1,617		2,179
Alleanza Assicurazioni	1,461			1,461
Generali Italia	640	692		1,332
Generali PPF Holding Group	365	204		569
BSI - Banca del Gottardo Group			545	545
Generali France Group	319	97		416
Generali Schweiz Holding AG	81	205		286
Generali Holding Vienna AG	76	77		153
Europ Assistance Group AG		82		82
Other				140
Total	3,504	2,974	545	7,163

The cash generating units have been defined consistently with IAS 36; with regard to the measurement based on the new Group reorganization program, the CGU - Alleanza Toro has been split into Generali Italia and Alleanza Assicurazioni. This change was performed due to the following: from 1st July 2013 the company branch called "Direzione Per l'Italia" of Assicurazioni Generali S.p.A. including the Italian insurance business and the main Italian participations, among which Alleanza Assicurazioni, Genertel, Genertellife, Banca Generali, Generali Properties and Genagricola, were transferred into Ina Assitalia, as of 31.12.2013 Alleanza Toro S.p.A transferred business related to a company branch into Alleanza Assicurazioni and was then merged into Generali Italia.

The cash generating units have been defined consistently with IAS 36; with regard to the measurement of the recovery value, as described in the basis of presentation and accounting principles, the Dividend Discount Model (DDM) and the Embedded Value or Appraisal Value have been used.

Specifically, the Dividend Discount Model (DDM) was used for the determination of the recovery value for the following cash generating unit (CGU): Alleanza Assicurazioni, Generali Deutschland Holding, Ceska Group, BSI Group, Generali Schweiz Holding AG, Europ Assistance, Generali Holding Vienna and Generali France

This method represents a variant of the method of cash flows. In particular, the Excess Capital variant, defines the entity's economic value as the discounted dividend maintaining an appropriate capital structure taking into consideration the capital constraints imposed by the Supervisor as the solvency margin. This method results in the sum of discounted value of future dividends and the cash generating unit terminal value.

The application of this criterion entailed in general the following phases:

- explicit forecast of the future cash flows to be distributed to the shareholders in the planned time frame, taking into account the limit due to the necessity of maintaining an adequate capital level;
- calculation of the cash generating unit's terminal value, that was the foreseen value of the cash generating unit at the end of the latest year planned.

The expected cash flows used in the analysis for each CGU, were those detailed in the Strategic Plan 2014-2016, presented to the Board of Directors on 6 December 2013 and subsequent amendments. In order to extend the analysis horizon to a 5 years period, the main economic and financial data were calculated for a further two years (2017 and 2018). In detail, the required and available solvency margins for 2017 and 2018 were determined on the basis of the growth of the last year of the plan (2016), whereas the net result for 2017 and 2018 were calculated using a sustainable growth rate for each CGU.

A) Nominal growth rate (g)

	g
Generali Deutschland Holding	2.0%
Alleanza Assicurazioni	2.5%
Generali Italia	2.5%
Generali PPF Holding Group	3.0%
BSI - Banca del Gottardo Group	0.0%
Generali France Group	2.0%
Generali Schweiz Holding AG	1.0%
Generali Holding Vienna AG	2.0%
Europ Assistance Group AG	2.0%

B) Cost of equity (K_e) of the company net of taxes:

	Ke
Generali Deutschland Holding	
Life	7.3%
Property&Casualty	6.9%
Alleanza Assicurazioni	
Life	9.6%
Generali Italia	
Life	9.6%
Property&Casualty	9.3%
Generali PPF Holding Group	
Life	8.0%
Property&Casualty	8.8%
BSI - Banca del Gottardo Group	6.8%
Generali France Group	
Life	7.8%
Property&Casualty	7.4%
Generali Schweiz Holding AG	
Life	6.5%
Property&Casualty	6.1%
Generali Holding Vienna AG	
Vita	7.6%
Property&Casualty	7.3%
Europ Assistance Group AG	
Property&Casualty	7.9%

The cost of equity (K_e) for each entity is extrapolated based on the Capital Asset Pricing Model (CAPM) formula. In detail:

- the risk free rate was defined as the average value - observed during the last three months of 2013 - of the 10-years government bond of the reference country of operation of the CGU, on which the goodwill has been allocated;
- the Beta coefficient was determined based on a homogeneous basket of securities of the non-life insurance, life insurance and banking sectors, which was compared to market indexes. The observation period was 5 years with weekly frequency;
- the market risk premium amounts to 5% for all Group's CGUs.

All CGUs passed the impairment test, being that their recoverable amounts higher than their carrying amounts. Furthermore a sensitivity analysis was performed on the results changing the cost of own capital of the company (K_e) (+/-1%) and the perpetual growth rate of distributable future cash flows (g) (+/-1%). This sensitivity highlighted that some negative changes included in the chosen sensitivity's bucket could lead the recoverable value of some Group CGUs under the corresponding carrying amounts.

1.2 Other intangible assets

(€ million)	31/12/2013	31/12/2012
Carrying amount as at 31st December previous year	2,681	3,039
Foreign currency translation effects	-108	28
Increases	238	250
Changes in consolidation scope	-8	-163
Decreases	-121	-69
Amortization of the period	-566	-416
Impairment losses of the period	0	-13
Other variations	73	25
Carrying amount as at the end of the period	2,189	2,681

Other intangible assets, which According to the IFRS 3 included the value of the insurance portfolio (or "The value in force") acquired in business combinations, amounted to € 1,238 million. This amount was attributable to:

- the acquisitions, which took place in 2006, related to Toro Group portfolio, subsequently transferred to Generali Italia, for € 225 million net of accumulated amortisation, and in the CEE countries for € 23 million, net of accumulated amortisation,

For other minor CGUs the Embedded Value Method and, if necessary, the Appraisal value were adopted. These methodologies are linked to the definition logics of fair value net of costs of sale.

The Embedded value method consists in the restatement at current values of all the assets and liabilities of the company as well as the valuation of the value of in force business according to actuarial methodology.

Appraisal value represents the company's economic value determined by the adjusted net asset value and the present value of future profit arising from both the in force business and a fixed generation of new business.

Appraisal value is therefore defined as the sum of the embedded value and the fixed generations of new business, corresponding to the goodwill.

These CGUs also passed the impairment test being their recoverable amount, calculated on the basis of the Embedded value, greater than the carrying amount.

- the acquisition of Bawag PSK Versicherung in 2007, which brought a further activation of € 39 million, net of accumulated amortisation,
- the acquisition of the Ceška group, whose allocation of purchased price was concluded in the second half of 2008, which brought a further activation of € 951 million, net of accumulated amortisation.

At year-end 2013, due to the revision of the useful life of the customer portfolio, the remaining value of the portfolio of customers related to asset management of BSI Group has been fully depreciated.

Deferred tax liabilities were accounted for with reference to the above mentioned intangible assets.

Further information on calculation method are detailed in the paragraph 1.2 of the section Basis for presentation and accounting principles in 2013 Consolidated Financial Statements.

2 Tangible assets

2.1 Land and buildings (self-used)

The main changes that occurred in the period and the fair value of the properties used for own activity by the Parent Company and its subsidiaries to run the activity are shown in the table below.

(€ million)	31/12/2013	31/12/2012
Gross bookvalue as at 31 December previous year	3,979	4,025
Accumulated depreciation and impairment as at 31 December previous year	-977	-954
Carrying amount as at 31 December previous year	3,002	3,072
Foreign currency translation effects	-19	2
Increases	15	29
Capitalized expenses	31	51
Changes in consolidation scope	-7	-91
Reclassifications	-35	0
Decreases	-51	-9
Depreciation of the period	-49	-52
Net impairment loss of the period	-7	0
Carrying amount as at the end of the period	2,879	3,002
Accumulated depreciation and impairment as at the end of the period	986	977
Gross bookvalue as at the end of the period	3,865	3,979
Fair value	3,370	3,477

The fair value of land and buildings (self-used) at the end of the reporting period was mainly based on external appraisals.

2.2 Other tangible assets

(€ million)	31/12/2013	31/12/2012
Carrying amount as at 31st December previous year	2,016	1,835
Foreign currency translation effects	-4	1
Increases	264	296
Changes in consolidation scope	-8	29
Decreases	-73	-67
Amortization of the period	-130	-140
Impairment losses of the period	-131	0
Other variations	-26	63
Carrying amount as at the end of the period	1,907	2,016

Other tangible assets amounted to € 1,907 million (€ 2,016 million at 31 December 2012). This category mainly includes property inventories (€ 1,451 million mainly allocated in Citylife) and furniture, fittings and office equipment (€ 416 million).

The impairment losses of the period were entirely attributable to the remeasurement of the carrying value of the inventories of Citylife due to a revision of the company's business plan.

3 Amounts ceded to reinsurers from insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life amounts ceded to reinsurers from insurance provisions(*)	2,454	2,865	985	1,030	3,439	3,895
Life amounts ceded to reinsurers from insurance provisions(*)	632	872	805	858	1,437	1,729
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	156	161	0	0	156	161
Mathematical provisions and other insurance provisions	476	711	805	858	1,281	1,569
Total	3,085	3,736	1,790	1,888	4,875	5,624

(*) After the elimination of intra-group transactions between segments.

4 Investments

The division of investments by nature is summarized in the table below.

Comments regarding specific categories are reported in the following paragraphs.

(€ million)	31/12/2013		31/12/2012	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
Equity instruments	17,740	5.2	15,652	4.6
Available for sale financial assets	15,058	4.4	12,980	3.8
Financial assets at fair value through profit or loss	2,682	0.8	2,672	0.8
Fixed income instruments	280,374	82.0	274,916	81.1
Bonds	250,284	73.2	243,771	71.9
Other fixed income instruments	30,090	8.8	31,145	9.2
Held to maturity investments	4,115	1.2	7,538	2.2
Loans	54,888	16.0	61,347	18.1
Available for sale financial assets	212,679	62.2	197,066	58.2
Financial assets at fair value through profit or loss	8,691	2.5	8,965	2.6
Land and buildings (investment properties)	14,956	4.4	15,064	4.4
Other investments	10,728	3.1	12,598	3.7
Investments in subsidiaries, associated companies and joint ventures	1,407	0.4	1,692	0.5
Derivatives	251	0.1	707	0.2
Receivables from banks or customers	8,090	2.4	9,034	2.7
Other investments	980	0.3	1,165	0.3
Cash and cash equivalents	18,239	5.3	20,589	6.1
Total	342,036	100.0	338,817	100.0
Investments back to unit and index-linked policies	59,116		53,842	
Total investments	401,152		392,659	

Investments fund units (IFU) are allocated to respective asset classes based on prevailing underlying assets. IFU allocated within equity instruments amounted to € 4,732 million (€ 4,120 million as at 31 December 2012), those allocated within fixed income instruments amounted to € 13,364 (€ 9,167 million as at 31 December 2012) whereas IFU allocated within land and buildings (investment properties) amounted to € 2,128 million (€ 2,165 million as at 31 December 2012).

Given their short term investments nature, Reverse REPO, that amounted to € 393 million (€ -596 million as at 31 December 2012), are reclassified within "cash and cash equivalents". For

the same reason REPO, that amounted to € -1,586 million (€ -1,655 million as at 31 December 2012), are reclassified in the same item, as well.

Derivatives investments are presented net of derivatives held as financial liabilities, that amounted to € -1,131 million (€ -1,079 million as at 31 December 2011). Hedging derivatives are excluded, as they are presented within hedged item asset classes.

The table below shows the book value of fixed income instruments split by rating and maturity:

Detail by rating

(€ million)	31/12/2013	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
AAA	28,112	438	1,035	16,968	46,553	
AA	52,700	479	232	3,675	57,086	
A	28,485	1,606	24	6,685	36,800	
BBB	84,265	2,682	2,606	8,556	98,109	
Non investment grade	6,998	447	159	1,468	9,072	
Not Rated	1,430	361	32	841	2,664	
Total	201,989	6,014	4,088	38,193	250,284	

Detail by maturity

(€ million)	31/12/2013	Available for sale financial assets	Financial assets at fair value through profit or loss	Held to maturity investments	Loans	Total
Up to 1 year	6,462	1,292	1,669	744	10,167	
Between 1 and 5 years	37,306	1,489	1,563	11,306	51,663	
Between 5 and 10 years	70,003	894	537	10,018	81,452	
More than 10 years	88,123	2,319	319	16,016	106,776	
Perpetual	96	20	0	110	225	
Total	201,989	6,014	4,088	38,193	250,284	

4.1 Land and buildings (investment properties)

The table below shows the main changes in land and buildings (investment properties) in the reporting period, i.e. those held to earn rentals or capital appreciation or both, and their fair value.

(€ million)	31/12/2013	31/12/2012
Gross bookvalue as at 31 December previous year	14,802	14,879
Accumulated depreciation and impairment as at 31 December previous year	-1,903	-1,797
Carrying amount as at 31 December previous year	12,899	13,082
Foreign currency translation effects	-39	3
Increases	700	327
Capitalized expenses	108	90
Changes in consolidation scope	70	-50
Reclassification	-98	148
Decreases	-526	-442
Depreciation of the period	-181	-177
Net impairment loss of the period	-106	-81
Carrying amount as at the end of the period	12,828	12,899
Accumulated amortization and impairment as at the end of the period	2,046	1,903
Gross bookvalue as at the end of the period	14,873	14,802
Fair value	17,910	18,209

The fair value of land and buildings (investment properties) at the end of the reporting period is mainly based on external appraisals.

4.2 Investments in subsidiaries, associated companies and joint ventures

(€ million)	31/12/2013	31/12/2012
Investments in non-consolidated subsidiaries	214	230
Investments in associated companies valued at equity	758	969
Investments in joint ventures	214	230
Investments in other associated companies	221	262
Total	1,407	1,692

The decrease in investments in associates companies valued at equity, amounted to € 211 million, was mainly due to the impairment of the value of the investment in Telco. In fact, following the agreement with Telefonica and the change in the regulatory framework, the value of the investment in Telco has been impaired to reflect the remeasurement to market value at 31 December 2013 of the indirect investment in Telecom Italia.

In particular, Generali has amended its intention to consider Talco as long term strategic investment. An eventual sale should most probably be realized at current market values, without taking into account the agreements with Telefonica. Given this scenario of reference, in accordance with IAS 36.21, the fair value has been used as the recoverable value of this investment

4.3 Held to maturity investments

(€ million)	31/12/2013	31/12/2012
Quoted bonds	4,088	7,512
Other held to maturity investments	28	27
Total	4,115	7,538

The Group limits the use of this category only to high quality quoted bonds that Group companies are able to hold till maturity. The decrease compared to 31 December 2012 was mainly attributable to the application of IFRS5 to Mexican companies, which amounted at € 2,762 million at 31 December 2012.

Debt securities in this category are almost entirely investment grade.

The fair value of the held to maturity investments amounted to € 4,095 million, of which € 4,067 million represented by bonds.

4.4 Loans and receivables

(€ million)	31/12/2013	31/12/2012
Loans	55,281	62,029
Unquoted bonds	38,193	39,400
Deposits under reinsurance business accepted	702	710
Other loans and receivables	16,387	21,919
Mortgage loans	9,098	8,774
Policy loans	2,987	3,117
Term deposits with credit institutions	2,512	7,925
Other loans	1,790	2,103
Receivables from banks or customers	8,090	9,034
Receivables from banks	1,644	1,949
Receivables from customers	6,446	7,085
Total	63,371	71,063

This category accounts for 15.8% of total investments. It mainly consisted of unquoted bonds and mortgage loans, which represent 69.1% and 16.5% of total loans, respectively. More than 90% of the bonds category is represented by fixed income medium-to-long term bond instruments.

The decrease of term deposits was mainly due to the transfer of these funds to more profitable asset classes.

The debt securities of this category are almost entirely investment grade and more than 70% of the class boasts a rating greater or equal to A.

The fair value of total loans amounted to € 67,366 million, of which € 41,559 million related to bonds. Receivables from banks or customers are mainly short-term.

4.5 Available for sale financial assets

(€ million)	31/12/2013	31/12/2012
Unquoted equities at cost	288	308
Equities at fair value	10,540	8,599
Quoted	9,097	7,513
Unquoted	1,443	1,086
Bonds	201,989	190,349
Quoted	197,353	185,173
Unquoted	4,637	5,176
Investment fund units	15,833	11,458
Other available for sale financial assets	1,380	1,745
Total	230,031	212,459

As already mentioned, available for sale financial assets are measured at fair value and unrealized gains and losses on these assets are accounted for in shareholders' equity in an appropriate reserve. The amortized cost of the available for sale financial assets amounted to € 219,166 million.

The increase compared 31 December 2012 was attributable to net acquisition in the period particularly of debt securities. In addition, companies held for sale or sold during 2013 contributed for € 1,659 million to total available for sale investments at 31 December 2012.

(€ million)	31/12/2013	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	288	0	288	
Equities at fair value	10,540	1,842	8,698	
Bonds	201,989	8,379	193,610	
Investment fund units	15,833	699	15,134	
Other available for sale financial assets	1,380	-56	1,436	
Total	230,031	10,864	219,166	

(€ million)	31/12/2012	Fair value	Unrealized gains / losses	Amortized cost
Unquoted equities at cost	308	0	308	
Equities at fair value	8,599	969	7,630	
Bonds	190,349	10,721	179,628	
Investment fund units	11,458	412	11,046	
Other available for sale financial assets	1,745	57	1,688	
Total	212,459	12,158	200,301	

This category accounted for 56.8% of the total investments.

In particular, available for sale bonds represented 85.0% of total bonds with a rating higher or equal to BBB, class assigned to the Italian government bonds. 70% of the rest of the portfolio belongs to classes higher or equal to A.

The realized gains and losses and impairment losses on available for sale financial assets are shown in the table below.

(€ million)	31/12/2013	Realized gains	Realized losses	Impairment losses
Equities		1,236	-161	-286
Bonds		1,584	-173	0
Investment fund units		249	-32	-149
Other available for sale financial assets		40	-44	-14
Total		3,109	-410	-449

(€ million)	31/12/2012	Realized gains	Realized losses	Impairment losses
Equities		564	-553	-2,029
Bonds		2,103	-1,649	-175
Investment fund units		102	-107	-288
Other available for sale financial assets		47	-15	-97
Total		2,817	-2,323	-2,589

4.6 Financial assets at fair value through profit or loss

(€ million)	Financial assets held for trading		Financial assets designated as at fair value through profit or loss		Total financial assets at fair value through profit or loss	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Equities	136	61	147	155	283	216
Quoted	135	61	5	10	140	71
Unquoted	1	0	142	145	143	145
Bonds	789	1,023	5,225	5,486	6,014	6,509
Quoted	769	960	4,541	4,780	5,309	5,741
Unquoted	21	63	684	706	704	769
Investment fund units	18	29	4,373	3,966	4,391	3,995
Derivatives	520	385	862	1,402	1,382	1,786
Hedging derivatives	0	0	78	86	78	86
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0	0	59,116	53,842	59,116	53,842
Other financial investments	563	660	1,066	1,328	1,629	1,988
Total	2,026	2,158	70,868	66,265	72,893	68,423

This category accounted for 17.6% of total investments. In detail, these investments were mainly allocated in the life segment (€ 70,341 million, which accounted for 96.5% of this category) whereas the residual part referred to the non-life segment (€ 681 million which accounted for 0.9% of this category) and in the financial segment (€ 1,871 million, which accounted for 2.6% of this category).

Bond securities in this category belong to classes of rating greater than or equal to BBB.

Furthermore, this category includes investments back to policies where the risk is borne by policyholders, which amounted to € 59,116 million.

(€ million)	Policies where the investment risk is borne by the policyholders			Pension funds		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2012
Assets	56,898	51,713	2,218	2,129	59,116	53,842	
Total assets	56,898	51,713	2,218	2,129	59,116	53,842	
Financial liabilities	11,743	11,188	1,484	1,414	13,227	12,602	
Insurance provisions (*)	45,567	40,830	86	77	45,653	40,907	
Total liabilities	57,311	52,017	1,570	1,492	58,880	53,509	

(*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

Further information on reclassified financial instruments

As of 1st January 2009 the Group transferred to the loans and receivables category € 14,658 million of corporate bonds, according to the IAS 39 reclassification option. At 31 December 2013, after sales and pay backs during the years, the stock of these reclassified financial instruments amounted to € 5,278 million.

€ million	Book Value reclassified as at 01/01/2009	Book Value reclassified as at 01/01/2010	Book Value reclassified at 01/01/2011	Book Value reclassified at 01/01/2012	Book Value at 01/01/2013	Change of the period 2013	Book Value at 31/12/2013	Fair Value as at 31/12/2013
Available for sale financial assets	14,028	12,561	9,693	8,204	6,377	-1,267	5,111	6,006
Financial assets at fair value through profit or loss	630	625	573	501	363	-195	168	186
Total reclassified investments	14,658	13,186	10,266	8,705	6,740	-1,462	5,278	6,192

As a consequence of the recovery in the value of corporate bonds, the reclassification in loans category of investments previously classified as available for sale financial assets, implied a missing recognition of the revaluation of the related equity reserve of € 896 million (considering both the group share and minorities), € 181 million net of policyholders share and deferred taxes for the 2013 year.

Furthermore, the reclassification into loans category of investments previously classified as financial assets at fair value through profit or loss implied a missing recognition

of an unrealized gain in the profit or loss for € 19 million, € 2 million net of policyholders share and deferred taxes for the 2013 year.

5 Receivables

This category included receivables arising out of direct insurance and reinsurance operations, and other receivables. Among other receivables, € 622 million are related to the real estate activity.

6 Other assets

(€ million)	31/12/2013	31/12/2012
Non-current assets or disposal groups classified as held for sale	653	15
Deferred acquisition costs	1,957	2,323
Tax receivables	2,866	2,686
Deferred tax assets	2,807	2,624
Other assets	7,368	6,956
Total	15,651	14,603

The variation of Non-current assets or disposal groups classified as held for sale was attributable to the reclassification into this category of the assets of Fata Assicurazione Danni, a company held for sale.

The reduction of deferred acquisition costs was attributable to the exit of the investments from the consolidation scope in light of the Generali PPF Holding operation.

Deferred acquisition costs

(€ million)	Segment Life		Segment Non Life		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Carrying amount as at 31 December previous year	1,628	1,568	694	445	2,323	2,013
Acquisition costs deferred	421	466	193	466	614	932
Changes in consolidation scope	-29	0	-351	0	-381	0
Amortization of the period	-370	-409	-219	-258	-590	-667
Other movements	0	3	-9	41	-9	44
Carrying amount as at 31 December current year	1,650	1,628	307	694	1,957	2,323

The deferred acquisition costs decreased from € 2,323 million as at 31 December 2012 to € 1,957 million as at 31 December 2013. The decrease of the period was due to the exit of some companies from the consolidation scope.

7 Cash and cash equivalents

(€ million)	31/12/2013	31/12/2012
Cash and cash equivalents	2,519	7,490
Cash and balances with central banks	4,689	3,156
Cash at bank and short-term securities	12,224	11,000
Total	19,431	21,647

The decrease compared to 31 December 2012 was substantially attributable to the gradual reinvestment of excess of liquidity.

Balance sheet – Liabilities and equity

1 Shareholders' equity

(€ million)	31/12/2013	31/12/2012
Shareholders' equity attributable to the Group	19,778	19,013
Share capital	1,557	1,557
Capital reserves	7,098	7,098
Revenue reserves and other reserves	7,275	8,591
(Own shares)	-11	-403
Reserve for currency translation differences	298	596
Reserve for unrealized gains and losses on available for sale financial assets	2,513	2,482
Reserve for other unrealized gains and losses through equity	-867	-1,002
Result of the period	1,915	94
Shareholders' equity attributable to minority interests	1,627	2,713
Total	21,405	21,726

The share capital is made up of 1,556,873,283 ordinary shares with a par value of € 1 each.

The Group's own shares decreased to € -11 million, amounting to 460,969 shares (€ -403 million, 15,996,870 shares at 31 December 2012). The variation was due to the placement of € 15.5 million of own shares in order to complete the acquisition of 7% of Generali Deutschland Holding.

During the year the Parent Company distributed dividends amounting to € 311 million.

The reserve for currency translation differences arising from the translation of the subsidiaries' financial statements denominated in foreign currencies amounted to € 298 million (€ 596 million as at 31 December 2012). The decrease was mainly due to the appreciation of Euro with respect to the Group's main foreign currencies of operation.

The reserve for unrealized gains and losses on available for sale financial assets, i.e. the balance between unrealized gains and losses on financial assets, net of life deferred policyholder

liabilities and deferred taxes, amounted to € 2,513 million (€ 2,482 million on 31 December 2012). The variation was due to the recovery in value recognized on equity portfolios, only partially offset by the decrease in value of government and corporate bonds, both due to financial markets movements and due to the transfer of gains to the profit and loss account.

The reserve for other unrealised gains and losses through equity comprised gains or losses on re-measurement of the net defined benefit liability in accordance with IAS 19 revised, and gains or losses on hedging instruments accounted for as hedging derivatives (cash flow hedge), put in place in order to hedge interest rate change and British pound/Euro rate change on various subordinated bonds issued. The improvement was attributable to unrealized gains arising from the re-measurement of liabilities related to defined employee benefit plans amounting to € 112 million due to benchmark interest rate curve increases used to discount future obligations as well as to the increase in the reserve for hedging instruments due to the termination of the hedging relationship of various derivative contracts related to the debts issue and the consequent recognition of unrealised losses to profit and loss account.

1.1 Reconciliation statement of the result of the period and shareholders' equity of the Group and the Parent Company

In accordance with the CONSOB Communication No. 6064293 of 28 July 2006, the table below summarizes the reconciliation of the result of the period and shareholders' equity of the Group and the Parent Company.

(€ million)	31/12/2013		31/12/2012	
	Shareholders' equity before the result of the period	Result of the period	Shareholders' equity before the result of the period	Result of the period
Parent Company amounts in conformity with the Italian accounting principles	14,095	569	14,275	131
Adjustments to Parent Company for IAS/IFRS application	1,165	208	-1,983	5
Parent Company amounts in conformity with IAS/IFRS principles	15,260	777	12,292	136
Result of the period of entities included in the consolidation area		5,343		4,712
Dividends	3,504	-3,504	3,422	-3,422
Elimination of participations, equity valuation impacts and other consolidation adjustments	-3,512	-701	1,112	-1,332
Reserve for currency translation differences	298		590	
Reserve for unrealized gains and losses on available for sale financial assets	2,379		2,371	
Reserve for other unrealized gains and losses through equity	-67		-866	
Shareholders' equity attributable to the Group	17,864	1,915	18,919	94

2 Other provisions

(€ million)	31/12/2013		31/12/2012	
Provisions for taxation		174		67
Provisions for commitments		598		702
Other provisions		996		701
Total	1,768		1,471	

Provisions for commitments and other provisions include provisions for corporate restructuring, litigation or similar events as well as other commitments for which, at balance sheet date, an outflow of resources to settling the related obligation is considered probable.

In the normal course of business, the Group may enter into arrangements that do not lead to the recognition of assets and liabilities in the consolidated financial statements under IFRS (potential assets and liabilities). However, as these arrangements don't represent a significant source of investment or financing of Group resources, at 31 December 2013 there were no significant positions of assets and liabilities off-balance sheet.

The table below summarized the main changes occurred during the period::

(€ million)	31/12/2013	31/12/2012
Carrying amount as at 31 December previous year	1,471	1,386
Foreign currency translation effects	–6	2
Changes in consolidation scope	–48	4
Variations	352	79
Carrying amount as at the end of the period	1,768	1,471

3 Insurance provisions

(€ million)	Direct insurance		Accepted reinsurance		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life insurance provisions (*)	31,511	32,970	1,461	1,506	32,972	34,475
Provisions for unearned premiums	5,350	6,417	180	168	5,530	6,586
Provisions for outstanding claims	25,729	26,148	1,276	1,331	27,005	27,480
Other insurance provisions	432	405	5	6	437	410
of which provisions for liability adequacy test	14	11	0	0	14	11
Life insurance provisions (*)	311,113	299,602	1,668	2,292	312,780	301,894
Provisions for outstanding claims	4,548	4,822	972	862	5,520	5,684
Mathematical provisions	238,629	231,673	559	1,225	239,189	232,898
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	45,795	41,048	14	20	45,809	41,068
Other insurance provisions	22,140	22,060	123	185	22,263	22,245
of which provisions for liability adequacy test	826	731	0	71	826	802
of which deferred policyholder liabilities	3,999	4,000	0	0	3,999	4,000
Total	342,624	332,572	3,129	3,798	345,752	336,369

(*) After the elimination of intra-group transactions between segments.

The slight decrease in non-life insurance provisions (-0.5% on equivalent scope compared to 2012) was attributable to the trend of the provisions for unearned premiums which was affected to the lower production observed during the period.

In the life segment insurance provisions increased by 4.9% (on equivalent scope compared to 2012), mainly attributable to the development of net inflow and the financial revaluation of technical reserves.

The overall total of the other life insurance provisions included both the provision for profit sharing and premium refunds, which amounts to € 6,702 million compared to € 7,365 million in 2012, and the ageing provisions for life segment, which amount to € 10,252 million compared to € 9,630 million in 2012.

Provisions for outstanding claims

(€ million)	Gross direct insurance	
	31/12/2013	31/12/2012
Motor	11,341	11,315
Non motor	14,388	14,833
Personal and commercial lines	11,990	12,391
Accident/Health (*)	2,398	2,443
Total	25,729	26,148

(*) Life segment includes health insurance with life features

For year end 2013, 44.1% of the gross direct claims provisions were referred to the motor business in line with the prior year (43.3%). In the non-motor business, the personal and commercial lines weighted 83.3%.

Insurance provisions and financial liabilities related to policies of the life segment

(€ million)	Net	
	31/12/2013	31/12/2012
Insurance contracts	210,140	194,721
Investment contracts with discretionary participation feature	84,174	87,744
Total insurance provisions	294,314	282,464
Investments contracts fair valued	13,270	12,650
Investments contracts at amortised cost	4,663	4,947
Total financial liabilities	17,933	17,597
Total	312,247	300,061

Total insurance provisions include the following items: mathematical provisions and provisions for policies where the investment risk is borne by policyholders and for pension funds net of reinsurance, which amounted to € 238,412 million and € 45,653 million, respectively; net ageing provisions for life segment, which amounted to € 10,249 million and were accounted for in other insurance provisions of the life segment. The policies with significant insurance risk accounted for 67.3%

of the total life portfolio (64.9% in 2012), while investment contracts with discretionary participation feature account for 27.0% (29.2% in 2012).

The investment contracts within the scope of IAS 39 accounted for 5.5% compared to 5.9% in 2012. They are mainly unit/index linked policies without significant insurance risk.

Mathematical provisions and ageing for life segment

(€ million)	Gross direct amount	
	31/12/2013	31/12/2012
Carrying amount as at 31 December previous year	241,299	240,661
Foreign currency translation effects	-657	99
Premiums and payments	1,858	-2,272
Interests and bonuses credited to policyholders	10,079	8,820
Transfer to Non-current assets or disposal groups classified as held for sale	0	0
Acquisitions, disinvestments and other movements	-3,701	-6,008
Carrying amount as at the end of the period	248,878	241,299

The impact of disinvestments and other movements include the disposal of the activities in the US and in Mexico. Not considering this impact, the increase in mathematical provisions and ageing for life segment showed both the development of net inflow and the financial revaluation of the period.

Provisions for policies where the investment risk is borne by policyholders and for pension funds

(€ million)	Gross direct amount	
	31/12/2013	31/12/2012
Carrying amount as at 31st December previous year	41,048	46,804
Foreign currency translation effects	-157	303
Premiums and claims	669	-199
Interests and bonuses credited to policyholders	4,001	4,402
Acquisitions, disinvestments and other	234	-10,262
Transfer to Non-current assets or disposal groups classified as held for sale	0	0
Carrying amount as at the end of the period	45,795	41,048

The development of provisions for policies where the investment risk is borne by policyholders and for pension funds highlighted the increase in the value of assets backing unit/index linked policies, due to financial market movements, and the development of net inflow.

Deferred policyholders liabilities

(€ million)	31/12/2013	31/12/2012
Carrying amount as at 31 December previous year	4,000	-12,185
Foreign currency translation effects	-18	3
Change of the period	27	16,185
Acquisitions and disinvestments	-10	-2
Carrying amount as at 31 December current year	3,999	4,000

Deferred policyholders liabilities resulted stable with respect to 2012.

4 Financial liabilities

4.1 Financial liabilities at fair value through profit or loss

(€ million)	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		Total	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Financial liabilities related to investment contracts issued by insurance companies	0	0	13,270	12,650	13,270	12,650
where the investment risk is borne by the policyholders	0	0	11,743	11,188	11,743	11,188
pension funds	0	0	1,484	1,414	1,484	1,414
other financial liabilities related to investment contracts	0	0	42	48	42	48
Derivatives	561	358	571	721	1,131	1,079
Hedging derivatives	0	0	894	1,028	894	1,028
Other financial liabilities	0	0	789	796	789	796
Total	561	358	15,523	15,194	16,084	15,553

4.2 Other financial liabilities

(€ million)	31/12/2013	31/12/2012
Subordinated liabilities	7,612	7,833
Loans and bonds	14,312	15,641
Deposits received from reinsurers	997	1,077
Bonds*	4,915	4,975
Other loans	3,738	4,643
Financial liabilities related to investment contracts issued by insurance companies	4,663	4,947
Liabilities to banks or customers	24,008	24,880
Liabilities to banks	1,616	2,147
Liabilities to customers	22,392	22,733
Total	45,932	48,354

* Including senior bond issued in May 2010 to fund the tax recognition of goodwill related to the extraordinary operation Alleanza Toro for a nominal amount of € 560 million (at 31.12.2013 the related book value amounted to € 447 million). This issue was classified as operating debt because the debt structure provides a perfect correlation between cash flows arising from the recognition of taxes and loan repayments in terms of interest than capital.

The table below summarizes the main subordinated issuances in the market and their features:

	Coupon	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Call date	Maturity
Generali Finance B.V.	5.32%	1,275	EUR	1,252	16.06.2006	16.06.2016	Perp
Generali Finance B.V.	6.21%	700	GBP	839	16.06.2006	16.06.2016	Perp
Assicurazioni Generali	6.27%	350	GBP	418	16.06.2006	16.06.2026	Perp
Generali Finance B.V.	5.48%	1,250	EUR	938	08.02.2007	08.02.2017	Perp
Assicurazioni Generali	6.42%	495	GBP	590	08.02.2007	08.02.2022	Perp
Assicurazioni Generali	10.13%	750	EUR	747	10.07.2012	10.07.2022	10.07.2042
Assicurazioni Generali	7.75%	1,250	EUR	1,245	12.12.2012	12.12.2022	12.12.2042

(*) in currency million.

(**) in € million.

Subordinated liabilities issued by Assicurazioni Generali S.p.A. and other subsidiaries in the form of private placements are also classified in this category. The unquoted private placements issued by Assicurazioni Generali S.p.A. for a nominal amount of € 1,500 million, are accounted for at a corresponding amortized cost of € 1,485 million, including bank financing of € 500 million. The remaining subordinated liabilities are mainly issued by BSI, for a nominal amount USD 100 million, and other other debt issued by Austian companies. The total corresponding amortised cost amounted to € 98 million.

The fair value of subordinated liabilities amounts to € 8,053 million.

The category of bonds includes various senior issues shown below:

	Taux nominal	Outstanding (*)	Currency	Amortised cost(**)	Issue date	Maturity
Generali Finance B.V.	4.75%	1,500	EUR	1,492	12.05.1999	12.05.2014
Generali Finance B.V.	3.88%	500	EUR	499	06.05.2005	06.05.2015
Assicurazioni Generali	4.88%	750	EUR	742	11.03.2009	11.11.2014
Assicurazioni Generali	5.13%	1,750	EUR	1,721	16.09.2009	16.09.2024

(*) in currency million.

(**) in € million.

Other senior bonds issued by Ceska Pojistovna for a nominal amount of CZK 500 million corresponding to an amortized cost of € 14 million are also classified in this category.

The fair value of bonds issued (mainly fixed interest rate bonds) amounted to € 5,165 million.

Liabilities to banks and customers are mainly payable on demand or short term liabilities.

5 Payables

(€ million)	31/12/2013	31/12/2012
Payables arising out of direct insurance operations	3,190	3,314
Payables arising out of reinsurance operations	572	646
Other payables	4,367	4,073
Payables to employees	1,037	982
Provision for defined benefit plans (employee severance pay)	102	103
Payables to clients and suppliers	1,155	1,023
Social security	186	149
Other payables	1,887	1,817
Total	8,129	8,033

6 Other liabilities

(€ million)	31/12/2013	31/12/2012
Liabilities directly associated to non-current assets and disposal groups classified as held for sale	648	0
Deferred tax liabilities	2,338	2,996
Tax payables	1,607	1,639
Other liabilities	5,993	5,869
Total	10,586	10,504

The variation from 31 December 2012 to 31 December 2013 of Liabilities directly associated to non-current assets or disposal groups classified as held for sale was attributable to the reclassification into this category of liabilities relating to Fata Assicurazioni Danni.

Other liabilities also include liabilities related to defined employee benefit plans amounting to € 3,416 million. In accordance with IAS 19 revised applied retrospectively from 1 January 2012, the comparative period amount was restated in accordance with the new accounting principle. The new amount of liability related to defined employee benefit plans at 31 December 2012 is of € 3,613 million.

Provisions for defined benefit plans

The pension benefits of Generali Group's employees are mainly in the form of defined benefit plans and defined contribution plans.

As for defined benefit plans, participants are granted a defined pension benefits by the employers or via external entities.

The main defined benefits plans are concentrated in Germany, Austria and Switzerland, while in Italy the provision for *Trattamento di fine rapporto* (employee severance pay) matured until 1st January 2007 is included in the provisions for defined benefit plan for € 102 million.

Starting from 1 January 2013 the amended IAS 19 is effective. This standard, in comparison with the version adopted for the 2012 consolidated financial statements, includes amendments deeper described in the Basis of presentation and accounting principles included in the section "Notes to the Consolidated Financial Statements". Also impacts on Balance Sheet and Profit and Loss account are described in the above mentioned paragraph.

The main amendment is the elimination of the "corridor" option for the off-balance sheet recognition of gains or losses arising from the re-measurement of obligations related with defined benefit plans and with assets servicing these plans. The application of the aforementioned amendment results in the recognition in Other Comprehensive Income of unrecognised actuarial losses; the application of IAS 19 revised has been implemented retrospectively starting from 1 January 2012.

The table below shows the movements in the defined benefit plans liability which occurred during the financial year, net of assets legally separate and held solely to pay or fund employee benefits:

(€ million)	31/12/2013	31/12/2012
Net liability as at 31 December previous year	3,714	3,122
Foreign currency translation effects	–8	2
Net expense recognised in the income statement	227	61
Re-measurements recognised in Other Comprehensive Income	–176	755
Contributions and benefits payed	–218	–205
Changes in consolidation scope	–22	–19
Net liability as at 31 December current year	3,518	3,714

Many of the Group's defined benefit plans have assets that are designated, but not legally segregated, to meet the pension defined benefit obligations. These are investments related to insurance policies issued by Generali Group insurers, or other investments owned by the Group entities. Consequently, in accordance with IAS 19 these are not recognised as plan assets and so cannot be deducted from the defined benefit obligations. However, to obtain the economic net liability for defined benefit plans these assets would have to be netted against the present value of the related pension obligations.

This is predominantly for Germany and Austria, where the Group retains approximately the 60% of the present value of defined benefit obligations. Moreover, in these countries, the pension guarantee associations, to the extent of the yearly contributions paid by the companies, are liable for the fulfilment of the pension commitments granted in case of company insolvency.

The net defined benefit plans expense of the year recognised in the profit or loss account is represented as follows:

(€ million)	31/12/2013	31/12/2012
Current Service cost	110	97
Net interest	111	160
Past service cost	5	-175
Losses (gains) on settlements	0	-21
Net expense recognised in the income statement	227	61

Gains classified in "past service cost" refer to plan amendments occurring during the previous period that reduced vested benefits related to past services and therefore were immediately recognized as negative past service costs in the profit or loss.

The re-measurement of liabilities related to defined benefit plans and plan assets, recognised in Other comprehensive income of Comprehensive income, are detailed as follows:

(€ million)	31/12/2013	31/12/2012
Actuarial gains (losses) from change in financial assumptions	232	-832
Actuarial gains (losses) from change in demographical assumptions	6	2
Actuarial gains (losses) from experience	-116	-11
Return on plan assets (other than interest)	53	86
Re-measurements recognised in Other Comprehensive Income	176	-755

The table below shows the movements in the defined benefit obligation and plan assets during the financial year:

(€ million)	31/12/2013	31/12/2012
Defined benefit obligation as at 31 December previous year	5,429	4,743
Foreign currency translation effects	-28	9
Current Service cost	110	97
Past service cost	5	-175
Interest expense	146	208
Actuarial losses (gains)	-123	841
Losses (gains) on settlements	0	-36
Contribution by plan participants	18	19
Benefits paid	-247	-237
Changes in consolidation scope	-38	-41
Defined benefit obligation as at 31 December current year	5,273	5,429

(€ million)	31/12/2013	31/12/2012
Fair value of plan assets as at 31 December previous year	1,715	1,621
Foreign currency translation effects	-20	7
Interest income	34	49
Return on plan assets (other than interest)	53	86
Gains (losses) on settlements	0	-14
Employer contribution	57	41
Contribution by plan participants	18	19
Benefits paid	-86	-72
Changes in consolidation scope	-16	-21
Fair value of plan assets as at 31 December	1,755	1,715

The defined benefit plans' weighted-average asset allocation by asset category is as follows:

(%)	31/12/2013	31/12/2012
Bonds	46.8	49.8
Equities	22.8	20.3
Real estates	16.2	15.7
Investment fund units	5.7	2.8
Insurance policies issued by non Group insurers	0.9	0.9
Other investments	7.6	10.4
Total	100.0	100.0

The assumptions used in the actuarial calculation of the defined benefit obligations and the related periodic pension cost are based on the best estimates of each companies granting defined benefit plans. The main weighted-average hypotheses considered for the value definition of defined benefits plans obligations are summarized in the following table, for the main operating areas:

%	Eurozone		Switzerland	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Discount rate	3.6	3.3	2.1	1.8
Rate of salary increase	2.8	2.9	1.6	1.7
Rate of pension increase	2.1	2.1	0	0

The average duration of the obligation for defined benefit plans is 13.7 years at 31 December 2013 (13.8 years at 31 December 2012).

A *sensitivity analysis* was carried out showing how the defined benefit obligation would have been affected by changes in the discount rate and the most relevant actuarial assumptions:

(€ million)					
Assumptions	Discount rate		Rate of salary increase		Rate of pension increase
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase
Impact on defined benefit obligation	–314	347	54	–55	117

To provide an indication of the effect of the defined benefit plans on the future cash flows of the Group, the future expected payments divided for bands of maturity are presented below:

(€ million)		2013
Within the next 12 months		218
Between 2 and 5 years		899
Between 5 and 10 years		1,149
Beyond 10 years		3,932
Total		6,198

NOTES TO THE INCOME STATEMENT

1 Income

1.1 Net earned premiums

€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life earned premiums	21,340	21,559	-1,514	-1,774	19,825	19,785
Premiums written	21,148	21,537	-1,388	-1,780	19,760	19,757
Change in the provision for unearned premiums	191	22	-126	5	66	28
Life premiums	41,387	41,289	-416	-340	40,971	40,949
Total	62,726	62,848	-1,930	-2,114	60,796	60,734

1.2 Fee and commissions income and income from financial service activities

€ million)	31/12/2013		31/12/2012	
Fee and commission income from banking activity		144		132
Fee and commission income from asset management activity		1,005		959
Fee and commission income related to investment contracts		193		193
Fee and commission income related to pension funds management		17		15
Total		1,359		1,299

1.3 Net income from financial assets at fair value through profit or loss

€ million)	Financial investments held for trading		Financial investments back to policies where the investment risk is borne by the policyholders and related to pension funds		Financial investments designated as at fair value through profit or loss		Total financial investments at fair value through profit or loss	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Interest and other income	29	24	353	377	484	528	866	928
Realized gains	108	224	335	460	414	440	857	1,124
Realized losses	-37	-211	-271	-213	-425	-287	-732	-711
Unrealized gains	89	216	5,780	8,864	1,588	2,252	7,457	11,332
Unrealized losses	-67	-97	-2,094	-4,923	-1,524	-1,511	-3,685	-6,531
Total	121	156	4,103	4,565	539	1,422	4,763	6,143

The net income from financial assets at fair value through profit or loss mainly referred to the life segment (€ 4,808 million). This item is not material for the other segments (€ -132 million in the non-life segment and € 87 million in the financial segment).

1.4 Income and expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2013	31/12/2012
Dividends and other income	138	110
Realized gains	39	16
Reversal of impairment	3	1
Total	180	126

1.5 Income from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2013	31/12/2012
Interest income	10,024	9,971
Interest income from held to maturity investments	156	194
Interest income from loans and receivables	2,420	2,669
Interest income from available for sale financial assets	7,328	7,016
Interest income from other receivables	9	10
Interest income from cash and cash equivalents	111	81
Other income	1,891	1,899
Income from land and buildings (investment properties)	960	993
Other income from available for sale financial assets	930	905
Realized gains	3,486	3,511
Realized gains on land and buildings (investment properties)	269	319
Realized gains on held to maturity investments	0	67
Realized gains on loans and receivables	108	286
Realized gains on available for sale financial assets	3,109	2,817
Realized gains on other receivable	0	0
Realized gains on financial liabilities at amortised cost	0	23
Reversal of impairment	212	223
Reversal of impairment of land and buildings (investment properties)	26	57
Reversal of impairment of held to maturity investments	0	0
Reversal of impairment of loans and receivables	55	44
Reversal of impairment of available for sale financial assets	21	1
Reversal of impairment of other receivables	110	122
Total	15,613	15,604

1.6 Other income

(€ million)	31/12/2013	31/12/2012
Gains on foreign currencies	539	345
Income from tangible assets	297	250
Reversal of other provisions	261	170
Leasing fees	0	1
Income from service and assistance activities and recovery of charges	515	556
Income from non-current assets or disposal group classified as held for sale	0	0
Other technical income	482	510
Other income	238	282
Total	2,332	2,113

2 Expenses

2.1 Net insurance benefits and claims

(€ million)	Gross amount		Reinsurers' share		Net amount	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Non-life net insurance benefits and claims	14,440	14,694	-842	-1,090	13,598	13,603
Claims paid	14,125	14,114	-1,148	-1,055	12,977	13,059
Change in the provisions for outstanding claims	230	462	293	-36	523	426
Change in claims paid to be recovered	29	49	12	1	41	50
Change in other insurance provisions	57	68	0	1	57	69
Life net insurance benefits and claims	49,992	48,220	-295	-261	49,697	47,959
Claims payments	33,703	40,160	-411	-325	33,291	39,835
Change in the provisions for outstanding claims	113	154	124	-21	237	133
Change in the mathematical provisions	10,311	3,965	-20	85	10,291	4,050
Change in the provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	4,790	4,145	-2	5	4,788	4,150
Change in other insurance provisions	1,076	-204	14	-5	1,090	-209
Total (*)	64,433	62,913	-1,137	-1,352	63,295	61,562

(*) Before the elimination of intra-group transactions between segments

2.2 Fee and commissions expenses and expenses from financial service activities

(€ million)	31/12/2013	31/12/2012
Fee and commission expenses from banking activity	230	200
Fee and commission expenses from asset management activity	196	182
Fee and commission expenses related to investment contracts	107	143
Fee and commission expenses related to pension funds management	10	9
Total	544	534

2.3 Expenses from subsidiaries, associated companies and joint ventures

(€ million)	31/12/2013	31/12/2012
Realized losses	15	11
Impairment losses	282	412
Total	296	423

2.4 Expenses from other financial instruments and land and buildings (investment properties)

(€ million)	31/12/2013	31/12/2012
Interest expense	1,377	1,318
Interest expense on subordinated liabilities	531	443
Interest expense on loans, bonds and other payables	596	641
Interest expense on deposits received from reinsurers	36	27
Other interest expense	214	207
Other expenses	445	438
Depreciation of land and buildings (investment properties)	181	177
Expenses from land and buildings (investment properties)	264	261
Realized losses	514	2,529
Realized losses on land and buildings (investment properties)	31	16
Realized losses on held to maturity investments	0	0
Realized losses on loans and receivables	68	185
Realized losses on available for sale financial assets	410	2,323
Realized losses on other receivables	4	4
Realized losses on financial liabilities at amortized cost	0	0
Impairment losses	964	3,200
Impairment of land and buildings (investment properties)	132	150
Impairment on held to maturity investments	0	0
Impairment of loans and receivables	285	339
Impairment of available for sale financial assets	449	2,589
Impairment of other receivables	97	122
Total	3,299	7,486

2.5 Acquisition and administration costs

€ million)	Non-life segment		Life segment		Financial segment	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net acquisition costs and other commissions	4,210	4,170	3,766	3,864	0	0
Investment management expenses (*)	55	65	188	177	9	6
Other administration costs	1,210	1,236	935	972	842	862
Total	5,476	5,471	4,889	5,013	850	868

(*) Before the elimination of intra-group transactions between segments

In other administration costs of the life segment, administration expenses related to investment contracts amounted to € 59 million (€ 60 million at 31 December 2012), while administrative expenses of non-insurance companies remained stable at € 10 million compared to the previous year. In the non-life segment, administrative expenses of non-insurance companies amounted to € 49 million (€ 43 million at 31 December 2012), of which € 29 million (€ 28 million at 31 December 2012) referred to the real estate activity.

2.6 Other expenses

€ million)	31/12/2013	31/12/2012
Amortization and impairment of intangible assets	541	414
Amortization of tangible assets	109	114
Expenses from tangible assets	430	205
Losses on foreign currencies	447	338
Restructuring charges, termination employee benefit expenses and allocation to other provisions	529	400
Other taxes	170	162
Expenses from service and assistance activities and charges incurred on behalf of third parties	359	448
Expenses from non-current assets or disposal group classified as held for sale	42	0
Other technical expenses	617	596
Holding costs	410	318
Other expenses	595	328
Total	4,249	3,322

3 Income taxes

This item shows the income taxes due by the Italian and the foreign consolidated companies by applying the income tax rates and rules in force in each country.

The components of the income tax expense for 2013 and 2012 are as follow:

(€ million)	31/12/2013	31/12/2012
Income taxes	1,285	947
Deferred taxes	-544	207
Total taxes of period	742	1,154
Income taxes on discontinued operations (*)	111	184
Total income taxes	853	1,338

In Italy, with respect to the 2012 fiscal year, income taxes are calculated by using the ordinary corporate income tax rate of 27.50%. For the 2013 fiscal year, income taxes of the Group's parent company, Assicurazioni Generali S.p.A., and its Italian subsidiaries carrying on banking or insurance business are computed at the ordinary corporate income tax rate of 27.50% plus a surcharge equal to 8.50%, whereas income taxes for the remaining companies are calculated at the ordinary corporate income tax rate of 27.50%. Furthermore, income taxes of Italian companies include the regional tax on productive activities (IRAP), which was computed – in respect of insurance companies – at the ordinary tax rate generally equal to 6.82%.

Income realised in Germany is subject to the corporate income tax - which is calculated on a rate of 15% plus a solidarity surcharge of 5.50% - and the trade tax (Gewerbesteuer). The trade tax rate varies depending on the municipality in which the company is situated. In 2013 the

weighted average tax rate remained substantially unchanged at approximately 16.20%.

In France, income taxes are calculated by using an overall corporate income tax rate of 38% for the fiscal year 2013 and of 36.10% for the fiscal year 2012. The French corporate tax rate in effect amounts to 33.33%, plus a surcharge of 3.30% (contribution sociale) and other additional temporary surcharges calculated on the ordinary tax rate of 33.33%.

All other foreign subsidiaries apply their national tax rates, including: Austria (25%), Belgium (34%), Bulgaria (10%), China (25%), Czech Republic (19%), Netherlands (25%), Romania (16%), Spain (30%), Switzerland (22%) and United States (35%).

The following table shows a reconciliation from the theoretical income tax expense, by using the Italian corporate income tax rate of 27.50%, to the effective tax rate.

(€ million)	31/12/2013	31/12/2012
Expected income tax rate	27.5%	27.5%
Earnings before taxes	2,323	1,468
Expected income tax expense	639	403
Effect of foreign tax rate differential	-324	519
Effect of permanent differences	71	0
Effect of fiscal losses	48	-1
IRAP, trade tax and other local income taxes	140	152
Substitute taxes	159	113
Foreign withholding taxes not recoverable	18	22
Income taxes for prior years	-15	-92
Exit tax su Réserve de Capitalisation	0	54
Other	6	-16
Tax expenses	742	1,154
Effective tax rate	31.9%	78.6%

For the 2012 fiscal year, the effective tax rate was substantially influenced by the recognition – at year-end – of non-deductible impairments, and by the *una tantum* taxation on the *Réserve de Capitalisation* in France.

For the 2013 fiscal year, the effective tax rate is slightly higher than the theoretical tax rate. In particular, as for Italy, the effective tax rate was influenced by the 8.50% temporary surcharge on IRES on banks and insurance companies, as

well as by the substitute tax on Controlled Foreign Companies whereas, in respect of Germany, the effective tax rate was substantially influenced by the recognition of deferred tax assets on tax losses and interest expenses carried forward by Generali Beteiligungs.

Fiscal losses carried forward are recognised to the extent that future taxable income will be sufficient to offset the amount of the losses before their expiration.

Fiscal losses carried forward as of 31 December 2013 and 2012 are scheduled according to their expiry periods as follows.

(€ million)	31/12/2013	31/12/2012
2012	0	0
2013	0	64
2014	19	6
2015	19	13
2016	20	20
2017	42	24
2018	27	0
2019	55	0
2020	0	0
2021 and over	0	0
Unlimited	941	251
Fiscal losses carried forward	1,123	378

With regards to fiscal losses, it is worth noting that Italian Law Decree 98/2011 introduced that fiscal losses can be carried forward with no time limits (as opposed to the previous five year limitation). Losses from a given year may, however, only be used to offset up to 80% of the taxable income of any following fiscal year.

Deferred income taxes are calculated on the temporary differences between the carrying amounts of assets and liabilities reported in the financial statements and their tax base, by using the tax rates applicable at the expected time of realisation according to each country's current legislation.

The ultimate realisation of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. Furthermore, in making this assessment, management considers the scheduled reversal of deferred tax liabilities and tax planning strategies.

Assessments show that deferred tax assets will be recovered in the future through either (i) expected taxable income of each consolidated company or (ii) expected taxable income of other companies included in the same tax group (e.g. “*Consolidato fiscale*” in Italy, “*Steuerliche Organschaft*” in Germany and “*Régime d'intégration fiscale*” in France).

Deferred taxes as of 31 December 2013 and 2012 are related to the following assets and liabilities.

(€ million)	31/12/2013	31/12/2012
Intangible assets	151	160
Tangible assets	64	59
Land and buildings (investment properties)	725	755
Available for sale financial assets	2,423	2,298
Other investments	283	292
Deferred acquisition costs	23	18
Other assets	337	341
Fiscal losses carried forward	280	134
Allocation to other provisions and payables	625	657
Insurance provisions	394	447
Financial liabilities and other liabilities	726	648
Other	100	119
Total deferred tax assets	6,132	5,927
Netting	-3,325	-3,303.3
Total net deferred tax assets	2,807	2,624

(€ million)	31/12/2013	31/12/2012
Intangible assets	302	387
Tangible assets	141	175
Land and buildings (investment properties)	372	332
Available for sale financial assets	3,278	4,111
Other investments	257	282
Deferred acquisition costs	426	516
Other assets	61	80
Allocation to other provisions and payables	179	119
Insurance provisions	439	38
Financial liabilities and other liabilities	186	202
Other	23	58
Total deferred tax liabilities	5,663	6,300
Netting	-3,325	-3,303
Total net deferred tax liabilities	2,338	2,996

OTHER INFORMATION

1 Exposure to Greece, Ireland, Italy, Portugal and Spain

(€ million)	Governement bonds		Corporate bonds		Covered bonds	Financial sector - other
	Amortised cost	Fair value	Amortised cost	Fair value	Book value	Book value
	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013	31/12/2013
Greece	9	15	2	2	0	0
Ireland	787	858	731	706	119	505
Italy	55,949	57,719	13,316	13,705	1,621	4,929
Portugal	1,226	1,099	382	385	10	88
Spain	7,002	7,306	5,382	5,672	2,898	673
Total exposure to government bonds issued by Greece, Ireland, Italy, Portugal and Spain	64,972	66,998	19,812	20,469	4,648	6,194

Government bonds issued by Euro Area countries with high public debt (peripheral countries) were mainly classified as investments available for sale and therefore recorded at market value.

The exposure towards peripheral countries government bonds in nominal terms was mainly held by Italian (81%), German (6%) and French (5%) companies.

The fair value of corporate bonds issued by entities located in peripheral countries held by the Group amounted to € 20,469 million. In terms of book value the exposure to covered bonds (corporate bonds issued under specific legislations that grant to the investor a dual recourse over the issuing entity assets as well as over a specific pool of high quality assets) amounted to € 4,648 million and the exposure to other bonds issued by entities operating in the financial sector amounted to € 6,194 million.

2 Other Comprehensive Income

(€ million)	31/12/2013	31/12/2012
Consolidated result of the period	2,142	371
Items that may be reclassified to profit and loss in future periods		
Foreign currency translation differences	−373	101
Allocation	−423	94
Transfer to profit and loss account	50	8
Unrealized gains and losses on available for sale financial assets	−86	4,923
Allocation	1,019	4,108
Transfer to profit and loss account	−1,105	816
Net unrealized gains and losses on cash flows hedging derivatives	104	−100
Allocation	−11	−77
Transfer to profit and loss account	115	−23
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Share of other comprehensive income of associates	−17	2
Allocation	−17	2
Transfer to profit and loss account	0	0
Result of discontinued operations	−47	−54
Allocation	−36	81
Transfer to profit and loss account	−11	−135
Subtotal	−419	4,873
Allocation	532	4,208
Transfer to profit and loss account	−951	665
Items that may not be reclassified to profit and loss in future periods		
Actuarial gains or losses arising from defined benefit plans	125	−482
Total other comprehensive income	−295	4,391
Total comprehensive income	1,847	4,762
attributable to the group	1,782	4,258
attributable to minority interests	65	504

The following table shows the change of deferred tax assets and liabilities related to gains or losses recognized in shareholders' equity or transferred from shareholders' equity.

(€ million)	31/12/2013	31/12/2012
Income taxes related to other comprehensive income	98	-1,627
Foreign currency translation differences	-9	-1
Unrealized gains and losses on available for sale financial assets	197	-1,417
Net unrealized gains and losses on cash flows hedging derivatives	-44	24
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	0
Reserve on associates	0	0
Result of discontinued operations	0	-36
Actuarial gains or losses arising from defined benefit plans	-45	-198

3 Fair value measurement

With effect from 1st January 2013, the Generali Group has implemented IFRS 13 - Fair Value Measurement. This standard provides guidance on fair value measurement and requires disclosures about fair value measurements, including the classification of financial assets and liabilities in the levels of fair value hierarchy.

With reference to the investment, Generali Group measures financial assets and liability at fair value of in the financial statements, or discloses it in the notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In particular, an orderly transaction takes place in the principal or most advantageous market at the measurement date under current market conditions.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) in the principal market for the asset or liability; or
- (b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value is equal to market price if market information are available (i.e. relative trading levels of identical or similar

instruments) into an active market, which is defined as a market where the items traded within the market are homogeneous, willing buyers and sellers can normally be found at any time and prices are available to the public.

If there isn't an active market, it should be used a valuation technique which however shall maximise the observable inputs.

If the fair value cannot be measured reliably, amortized cost is used as the best estimate in determining the fair value.

As for measurement and disclosure, the fair value depends on its unit of account, depending on whether the asset or liability is a stand-alone asset or liability, a group of assets, a group of liabilities or a group of assets and liabilities in accordance with the related IFRS. However when determining fair value, the valuation should reflect its use if in combination with other assets.

Following the introduction of IFRS 13, the Group has reviewed the valuation technique and levelling in terms of the fair value hierarchy of some specific asset classes in terms of valuation of the fair value hierarchy. This process led to an higher harmonization of the criteria for pricing and levelling in the different territories and companies belonging to the Group. This has led to the transfers between levels as reported in the specific paragraph.

The table below illustrates both the carrying amount and the fair value of financial assets and liabilities recognised in the balance sheet at 31 December 2013⁶.

(€ million)	31/12/2013	
	Total book value	Total fair value
Available for sale financial assets	230,031	230,031
Financial assets at fair value through profit or loss	13,777	13,777
Held to maturity investments	4,115	4,095
Loans	63,371	67,366
Land and buildings (investment properties)	14,873	17,910
Own used land and buildings	3,865	3,370
Investments in subsidiaries, associated companies and joint ventures	1,407	1,407
Cash and cash equivalents	19,431	19,431
Investments back to unit and index-linked policies	59,116	59,116
Total investments	409,987	416,504
Financial liabilities at fair value through profit or loss	16,084	16,084
Other liabilities	16,264	17,648
Liabilities to banks or customers	24,008	24,008

3.1 Fair value hierarchy

Assets and liabilities measured at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

The fair value hierarchy levels are based on the type of inputs used to determine the fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, which reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk (of the model used and of inputs used).

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised.

If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorised within the level attributable to the input with the lowest level utilized.

Adequate controls have been set up to monitor all measurements including those provided by third parties. If these checks show that the measurement is not considered as market corroborated the instrument must be classified in level 3.

⁶ With reference to investments in subsidiaries, associates and joint ventures, the book value, based on the fraction of equity for associates and interests in joint ventures or on cost adjusted for any impairment losses for non-consolidated subsidiaries, was used as a reasonable proxy of their fair value.

The table shows the classification of financial assets and liabilities measured at fair value among the levels of fair value hierarchy as defined by IFRS13.

(€ million)	31/12/2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets	201,390	22,871	5,769	230,030	
Equities	9,095	213	1,520	10,828	
Bonds	179,934	20,086	1,970	201,989	
Investment fund units	12,323	1,826	1,685	15,833	
Other assets available for sale	38	747	595	1,380	
Financial assets at fair value through profit or loss	42,839	28,292	1,763	72,893	
Equities	140	142	1	283	
Bonds	4,222	1,484	308	6,014	
Investment fund units	4,229	109	53	4,391	
Derivatives	275	1,105	1	1,382	
Hedging derivatives	0	78	0	78	
Investments back to policies where the investment risk is borne by the policyholders	33,410	24,698	1,009	59,116	
Other assets at fair value through profit or loss	563	676	391	1,629	
Total assets at fair value	244,229	51,163	7,532	302,924	
Financial liabilities at fair value through profit or loss	13,239	2,767	78	16,084	
Financial liabilities related to investment contracts issued by insurance companies	12,174	1,095	0	13,270	
Derivatives	307	824	0	1,131	
Hedging derivatives	1	815	78	894	
Other financial liabilities	756	33	0	789	
Total liabilities at fair value	13,239	2,767	78	16,084	

(€ million)	31/12/2012	Level 1	Level 2	Level 3	Total
Available for sale financial assets	191,814	18,206	2,439	212,459	
Equities	7,540	451	916	8,907	
Bonds	176,554	13,762	34	190,350	
Investment fund units	7,413	3,115	929	11,458	
Other assets available for sale	307	879	559	1,745	
Financial assets at fair value through profit or loss	42,187	25,392	843	68,423	
Equities	70	145	1	216	
Bonds	4,567	1,928	15	6,510	
Investment fund units	3,838	43	115	3,995	
Derivatives	261	1,526	0	1,786	
Hedging derivatives	0	86	0	86	
Investments back to policies where the investment risks is borne by the policyholders	32,792	20,790	259	53,842	
Other assets at fair value through profit or loss	660	875	453	1,988	
Totale assets at fair value	234,001	43,599	3,282	280,882	
Financial liabilities at fair value through profit or loss	12,564	2,964	25	15,553	
Financial liabilities related to investment contracts issued by insurance companies	11,488	1,162	0	12,650	
Derivatives	310	770	0	1,079	
Hedging derivatives	0	1,003	25	1,028	
Other financial liabilities	767	29	0	796	
Totale liabilities at fair value	12,564	2,964	25	15,553	

3.2 Valuation technique

Valuation techniques are used when a quoted price is not available and shall be appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Single or multiple valuation techniques valuation technique will be appropriate. If multiple valuation techniques are used to measure fair value, the results shall be evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is the point within that range that is most representative of fair value in the circumstances.

Three widely used valuation techniques are:

- market approach: uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities;
- cost approach: reflects the amount that would be required

— currently to replace the service capacity of an asset; end income approach: converts future amounts to a single current (i.e. discounted) amount.

3.3 Application to assets and liabilities

- Debt securities

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk, using interest rates and yield curves commonly observable at frequent intervals. Depending on the

observability of these parameters, the security is classified in level 2 or level 3.

— **Equity securities**

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value is determined using the market and income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method estimating the present value of future dividends. Depending on the observability of these parameters, the security is classified in level 2 or level 3.

— **Investment fund units**

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of IFU is mainly determined using net asset values (NAV) provided by the fund's managers provided by the subjects responsible for the NAV calculation. This value is based on the valuation of the underlying assets carried out through the use of the most appropriate approach and inputs and is eventually adjusted for illiquidity of the underlying asset. Moreover, depending on how the share value is collected, directly from public providers or through counterparts, the appropriate hierarchy level is assigned. If this NAV equals the price at which the quote can be effectively traded on the market in any moment, the Group considers this value equiparable to the market price.

— **Private equity funds ed Hedge funds**

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of private equity funds and hedge funds is generally expressed as the net asset value at the balance sheet date, determined using periodical net asset value and audited financial statements provided by fund administrators eventually adjusted for illiquidity of the underlying asset. If at the balance sheet date, such information is not available, the latest official net asset value is used. The fair value of these investments is also closely monitored by a team of professionals within the Group.

— **Derivatives**

Generally, if available and if the market is defined as active, fair value is equal to the market price.

In the opposite case, the fair value of derivatives is determined using internal valuation models or provided by third parties. In

particular, the fair value is determined primarily on the basis of income approach using deterministic or stochastic models of discounted cash flows commonly shared and used by the market.

The main input used in the valuation include volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates observed at frequent intervals.

With reference to the fair value adjustment for credit and debt risk of derivatives (credit and debt valuation adjustment CVA / DVA), this adjustment is not material for the Group for the valuation of its positive and negative derivatives, as almost entirely of them is collateralized. Their evaluation does not take into account for these adjustments.

— **Financial assets where the investment risk is borne by the policyholders and related to pension funds**

Generally, if available and if the market is defined as active, fair value is equal to the market price. On the contrary, valuation methodologies listed above for the different asset classes shall be used.

— **Financial liabilities**

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques.

In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of funding of the Group for similar types of loans, with maturities consistent with the maturity of the debt instruments subject to valuation.

The fair value of other liabilities relating to investment contracts is determined using discounted cash flow models that incorporate several factors, including the credit risk embedded derivatives, volatility, servicing costs and redemptions. In general, however, are subject to the same valuation techniques used for financial assets linked policies.

3.4 Transfers of financial instruments measured at fair value between Level 1 and Level 2

Generally transfers between levels are attributable to changes in market activities and observability of the inputs used in valuation techniques to determine the fair value of certain instruments.

Financial assets and financial liabilities are mainly transferred from level 1 to level 2 when the liquidity and the frequency of transactions are no longer indicative of an active market. Conversely, for transfers from level 2 to level 1.

In addition, as described above, during 2013 analyses were carried out in order to better harmonize the criteria for pricing and levelling in the different territories and companies belonging to the Group as a result of which there are transfers between levels of the hierarchy. In particular, the transfers from level 1 to level 2 was substantially attributable to the change of certain valuations due to the lack of liquidity required by the principle for the classification in level 1.

The transfers were as follows:

- from level 2 to level 1: € 788 million of government securities, € 1,283 million of corporate bonds, € 514 million of IFU and € 611 million of financial assets where the investment risk is borne by the policyholders and related to pension funds;
- from level 1 to level 2: € 2,142 million of government bonds and € 1,969 million of corporate bonds;
- from level 3 to level 2 of € 390 million of corporate bonds and € 281 million of financial assets where the investment risk is borne by the policyholders and related to pension funds.

3.5 Additional information on level 3

The amount of financial instruments classified in Level 3 represents 2.4% of total financial assets and liabilities at fair value, increasing as described above compared to 31 December 2012.

Generally, the main inputs used in valuation techniques are volatility, interest rates, yield curves, credit spreads, dividend estimates and exchange rates.

The more significant assets classified within Level 3 are the following:

- Unquoted equities

It includes unquoted equity securities, mainly classified into available for sale. Their fair value is determined using the valuation methods described above or based on the net asset value of the company. These contracts are valued individually using appropriate input depending on the security and therefore neither a sensitivity analysis nor an aggregate of unobservable inputs used would be indicative of the valuation.

In addition, for certain securities the amortized cost is considered to be a reasonable proxy for fair value, and does not therefore apply a sensitivity analysis.

— IFU funds, private equity and hedge funds

It includes unquoted IFU funds, private equity and hedge funds, which are classified into available for sale and fair value through profit or loss. Their fair value is substantially provided by the fund administrators on the basis of the net asset value of the company. With reference to the inputs on which the assessment is based, Generali Group might have, in some circumstances, limited details and therefore it is not possible to provide a sensitivity analysis.

Also, for some IFU funds the cost is considered to be a reasonable proxy of fair value, and is therefore not applicable, a sensitivity analysis.

— Financial assets where the investment risk is borne by the policyholders and related to pension funds

Their fair value is determined using the valuation methods and observations on sensitivity analysis and input described above.

— Bonds

Are corporate bonds, classified into available for sale and fair value through profit or loss. Their fair value is mainly determined based on the market or income approach. In terms of sensitivity analysis any changes in the inputs used in the valuation do not cause a significant impact on the fair value at the Group level considering the lack of materiality of these securities classified in level 3.

In addition to the analyses described above, the Group has decided to classify all asset-backed securities in Level 3 since their evaluation is not generally supported by market inputs. Regarding prices from providers or counterparties have been classified in Level 3 all those titles for which you cannot replicate the price through market inputs.

The following table shows a reconciliation of financial instruments measured at fair value and classified as level 3. In particular, as mentioned above, the transfers highlighted with reference to Level 3 are attributable to a more precise allocation among levels due to a better analysis of the inputs used in the valuation primarily of unquoted equities.

(€ million)	31/12/2013	Carrying amount at the beginning of the period	Purchases and issues	Net transfers in (out of) Level 3	Disposals through sales and settlements
Available for sale financial assets	2,439	1,549	2,586	-806	
Equities	916	568	233	-211	
Bonds	34	724	1,349	-193	
Investment fund units	929	242	888	-297	
Other assets available for sale	559	15	116	-105	
Financial assets at fair value through profit or loss	844	105	884	-103	
Equities	1	1	0	-1	
Bonds	15	13	293	-13	
Investment fund units	115	9	-61	-9	
Derivatives	0	1	0	0	
Hedging derivatives	0	0	0	0	
Investments back to policies where the investment risks is borne by the policyholders	259	81	656	-22	
Other assets at fair value through profit or loss	453	0	-5	-57	
Totale assets at fair value	3,282	1,654	3,470	-909	
Financial liabilities at fair value through profit or loss	25	0	0	41	
Financial liabilities related to investment contracts issued by insurance companies	0	0	0	0	
Derivatives	0	0	0	0	
Hedging derivatives	25	0	0	41	
Other financial liabilities	0	0	0	0	
Totale liabilities at fair value	25	0	0	41	

Net unrealised gains and losses recognized in P&L	Net unrealised gains and losses recognized in OCI	Other changes	Carrying amount at the end of the period	Net impairment loss of the period recognised in P&L	Net realised gains of the period recognised in P&L
21	-19	0	5,770	-7	41
0	16	-2	1,520	6	30
21	36	1	1,971	-21	0
0	-81	3	1,685	6	4
0	11	-2	595	2	7
31	0	2	1,763	0	-6
0	0	0	1	0	0
-1	0	1	308	0	-2
-2	0	1	53	0	0
0	0	0	1	0	0
0	0	0	0	0	0
35	0	0	1,009	0	-3
0	0	0	391	0	-1
52	-19	2	7,533	-7	34
-12	0	25	78	0	0
0	0	0	0	0	0
0	0	0	0	0	0
-12	0	25	78	0	0
0	0	0	0	0	0
-12	0	25	78	0	0

3.6 Information on fair value hierarchy of assets and liabilities not measured at fair value

(€ million)	31/12/2013	Level 1	Level 2	Level 3	Total
Held to maturity investments	3,297	746	53	4,095	
Loans	7,377	40,187	8,496	56,060	
Debt securities	7,352	33,690	517	41,559	
Other loans	25	6,496	7,979	14,501	
Receivables from banks and customers	0	829	7,264	8,093	
Investments in subsidiaries, associated companies and joint ventures	0	0	1,407	1,407	
Land and buildings (investment properties)	0	0	17,910	17,910	
Own used land and buildings	0	0	3,370	3,370	
Totale assets	10,674	41,762	38,500	90,935	
Other liabilities	12,329	1,513	3,806	17,648	
Subordinated liabilities	6,407	0	1,646	8,053	
Senior debt	4,701	0	464	5,165	
Other debt	1,221	1,513	1,697	4,431	
Liabilities to banks or customers	0	3,447	20,561	24,008	
Totale liabilities	12,328	4,960	24,367	41,655	

— Held to maturity investments

The category includes primarily bonds, which valuation is above described. If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

— Loans

The category includes bonds, which valuation is above described, mortgages, term deposits and other loans .

In particular, mortgages and other loans are valued on the basis of future payments of principal and interest discounted at the interest rates for similar investments by incorporating the expected future losses or alternatively discounting (with risk-free rate) to the probable future cash flows considering market or entity- specific data (ie probability of default). These assets are classified as level 2 or 3 depending on whether or not the inputs are corroborated by market data.

For term deposits, generally, the amortized cost is considered as a good approximation of fair value and therefore classified within level 3 . If appropriate, they are valued at market value, considering observable inputs, and therefore classified within level 2.

If the fair value cannot be reliably determined, the amortized cost is used as the best estimate for the determination of fair value.

— Receivables from banks or customers

Considering their nature, the amortized cost is generally considered a good approximation of fair value and therefore classified within level 3. If appropriate, they are valued at market value, considering observable inputs, and therefore classified within level 2.

— Land and buildings (investment and self-used properties)

These assets are mainly valued on the basis of inputs of similar assets in active markets or of discounted cash flows of future income and expenses of the rental considered as part of the higher and best use by a market participant.

Based on the analysis of inputs used for valuation, considering the limited cases where the inputs would be observable in active markets, the Group proceeded to classify the whole category at level 3.

— Investments in subsidiaries, associated companies and joint ventures

The carrying amount, based on the share of equity for associates and interests in joint ventures or on cost adjusted for eventual impairment losses for non-consolidated subsidiaries, is used as a reasonable estimate of the related fair value and, therefore, these investments are classified in level 3.

- Subordinated debts, loans and bonds and liabilities to banks and customers

Generally, if available and if the market is defined as active, fair value is equal to the market price.

The fair value is determined primarily on the basis of the income approach using discounting techniques. In particular, the fair value of debt instruments issued by the Group are valued using discounted cash flow models based on the current marginal rates of the Group financing for similar types of instruments, with maturities consistent with the residual maturity of the debt instruments subject to valuation.

If measured at amortized cost as an approximation of fair value, they are classified in Level 3.

4 Information on employees

Number of employees

	31/12/2013	31/12/2012
Managers	1,987	2,111
Employees	56,267	57,582
Sales attendants	18,743	19,517
Others	188	244
Total	77,185	79,454

The decrease observed in the number of employees was mainly attributable to the change in scope of consolidation, in particular with reference to the sale of reinsurance activities in the life segment in US, interests in Mexican companies and the insurance activities in Russia and other countries of Community of Independent States, for a total of 2,398 employees.

5 Share-based compensation plans

At 31 December 2013 incentive plans based on equity instruments granted by the Parent Company and other Group companies are outstanding.

5.1 Share-based compensation plans granted by the Parent Company

The Assicurazioni Generali Shareholders' Meeting held on 30 April 2013 approved a new long term incentive plan (LTI) which interrupts the precedent plans approved by Shareholders' Meeting in dates 28 April 2012, 30 April 2011 e 24 April 2010 respectively. These plans stay in force until their original maturity.

In order to improve the correlation between company performance and the contribution to the generation of value for shareholders, the new incentive plan is aimed at strengthening the bond between the remuneration of management and expected performance in accordance with the Group strategic

plan (so-called absolute performance), as well as the bond between remuneration and the generation of value in comparison with a peer group (so-called relative performance).

The Plan is also aimed at inducing loyalty in management at Group level.

The Plan is based on the following fundamental aspects:

- the plan is a rolling plan, with each year triggering a new cycle with three years duration and vesting period;
- the incentive for reaching the targets is provided through the allocation of Assicurazioni Generali S.p.A. ordinary shares;
- the targets to which the provision of the incentive are subject are defined at the beginning of the three-year period of each cycle;
- the number of shares to be granted is also determined at the start of each three-year period;
- malus and claw back clauses and a minimum access threshold for every tranche are in place with

The objectives that drive the incentive payment for the cycle 2013-2015 are Return on Equity (RoE) and relative Total Shareholders' Return (rTSR) compared to a group of peers. As far as the heads of the control functions are concerned, also qualitative objectives are defined.

In detail, the maximum number of target shares that can be assigned at the end of each cycle is calculated based on the

ratio between the maximum bonus (calculated as a percentage of gross annual recurring remuneration) and the value of the share, calculated as its average value over the 3 months prior to the Board of Directors meeting which approves the draft balance sheet and the consolidated balance sheet referred to the exercise prior to the one in which the cycle starts.

The number of shares can go down to a minimum level (also calculated as a percentage of the gross annual recurring remuneration), below which no shares are granted.

The maximum number of shares to be granted will be divided into three tranches, each relating to one of the three years of the cycle, and considered to represent 30%, 30% and 40% respectively. Each year the level of achievement of the targets set for the three-year period will be monitored to determine the number of shares to be set aside for each tranche. The actual provision of the shares set aside is also subject to the annual verification of whether the individual in question has exceeded the minimum access threshold, which, for the cycle which starts in the current financial year, has been identified in the Group Solvency Ratio calculated using Solvency I criteria. In order to allow the actual provision of the first tranche, the Solvency Ratio level should not be lower than 140%. For the second tranche, in 2014, this level should not be lower than the higher value between 140% and the level reached in the previous year. Finally, for the provision of the third tranche, in 2015, this level should not be lower than 160%. The total of the shares set aside in each of the three years will only be definitively granted at the end of the three-year period, after verifying that the targets for the third year have been reached.

The targets to which the provision of the shares should be related are the relative Total Shareholders' Return (rTSR, compared with a peer group identified in the STOXX Euro Insurance Index) and the Return on Equity (RoE). The expected levels of achievement for these targets will be identified at the start of each cycle and will remain as such for the entire duration of the three-year period. The performance level and the corresponding incentive level are determined by the evaluation of the simultaneous achievement of the two targets described above. The level of performance is represented in a matrix which identifies the RoE ranges and the relative rTSR quadrants and, according to the intersection of the respective results, defines the percentage of shares in relation to the maximum value. According to the reference matrix, no incentive is provided if at least one of the targets is reached at a level below the minimum (threshold). If the RoE result is between

the maximum band and the minimum band, the value of the incentive follows a progressive trend equal to $\pm 25\%$. If the rTSR result is between the maximum quadrant and the threshold, the incentive follows a progressive trend equal to $\pm 25\%$. The effective incentive levels are determined by the corresponding percentage with reference to the RoE achievement bands and simultaneous achievement of the related TSR quadrant. For levels above the RoE target, an over-performance cap of 175% of gross annual recurring remuneration is imposed.

After the end of the third year, the shares set aside are definitively granted to the recipients in a single instalment, as long as the employment relationship with the Company or with another Group company has not ceased as at the assignment date. 50% of the total shares granted will be available immediately, 25% will be subject to a lock-up period of one year, and the remaining 25% to a lock-up period of two years, without prejudice to the fact that directors who participate in the Plan shall keep an appropriate number of shares granted until the end of their term of office.

For additional information related to incentive plans refer to remuneration report.

The new plan, granting the right to receive a free allocation of a certain number of Assicurazioni Generali shares subject to the abovementioned conditioning has been treated as an equity-settled share-based payment falling under IFRS 2 scope.

The condition related to rTSR configures as a market condition, other conditions mentioned above are considered whether as performance or as service condition.

The fair value of the right to receive free shares related to the market condition is estimated at grant date using statistic model which estimates the statistically probable positioning of Group TSR respect to peer group identified in the STOXX Euro Insurance Index.

For each tranche was calculated a fair value for each of the possible RoE intervals according to the reference matrix described above. The table below shows fair values for each RoE interval and for each tranche:

(in euro)	Tranche 2013	Tranche 2014	Tranche 2015
Return on Equity			
< 10%	0	0	0
10% <= x <= 11%	1.42	1.43	1.91
11% < x <= 12%	1.97	1.99	2.65
12% < x <= 13%	2.52	2.54	3.40
> 13 %	3.08	3.10	4.14

In order to assess the cumulative cost of the entire plan, for each tranche, the fair value related to the most probable RoE outcome was multiplied by the number of shares that can be assigned based on satisfaction of the vesting conditions. This cost is allocated over a period of maturity of 3 years (vesting period), with a corresponding increase in equity.

The cost of the above mentioned plan recognized within this year's result was € 7 million.

Precedent plans 2010-2012, interrupted by the new one, were based on fundamental aspects listed below:

- the plans were rolling, in other words each year triggers a new cycle lasting six years, with the power of the Board of Directors to terminate the renewal cycles of the Plan;
- there was a direct link for each cycle with the objectives of the Generali Group three-year strategic plan;
- they involved the concept of joint investments, in other words the obligation of the recipients of the LTIP to invest part of the gross monetary incentive at the end of the first three-year period in Assicurazioni Generali shares.

For additional information related to former incentive plans refer to remuneration report.

The cost of the above mentioned plans recognized within this year's result was of € 11 million. This amount includes both the cost related to cash bonus linked to performance objectives

of the first three-year periods of these plans (considered as benefit under the IAS 19 scope) and the cost related to share bonus linked to Generali share performance objectives of the second three-year periods of these plans (considered as equity settled share-based payments falling under IFRS 2 scope).

Facing a period of change in terms of strategy and governance, to attract and persuade the best talents in the market and to build an international management team, the Group has put in place an *entry bonus* plan in order to convince these people leave their current job and to compensate the loss upon resignation of retention packages with their former employers. The bonus was structured in form of share grant, with minimum holding clauses on the granted shares in order to better align the managers to the interest of shareholders. The same situation applies to the Group CEO, whose entry bonus has been defined and quantified in order to neutralise the loss of shares due to his resignation from his previous employer

The number of shares granted subject to this plan was of 763,237 shares, equal to a monetary cost of € 10.7 million, entirely recognised within this year's result.

The following table shows the development of the options given by the Parent company to personnel, chairman, managing directors and general managers and their weighted average exercise price.

	Personnel		Chairman, managing directors and general managers	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding as at 31 December previous year	1,806,075	29.6	0	0
granted	0	0	0	0
forfeited	0	0	0	0
exercised	0	0	0	0
expired	1,130,750	30.1	0	0
Options outstanding as at 31 December current year	675,325	28.9	0	0
of which exercisable	675,325	28.9	0	0

The weighted average expiry date of the stock options granted to managers and employees and outstanding at the balance sheet date is on 13 May 2015. The stock options granted to the Parent Company Chairman and Managing Directors have expired.

5.2 Share-based compensation plans granted by the other Group companies

The main share-based payments granted by the other Group companies are detailed here below.

Share-based compensation plans granted by Banca Generali

At 31 December 2013, the share-based compensation plans granted by Banca Generali are as follows:

- two stock option plans, respectively reserved to the financial advisors and some managers of the group approved in the Shareholders' Meeting of Banca Generali of 18th July 2006;
- two stock option plan reserved for networks distribution - financial advisors and private bankers - and relationship managers approved in the Shareholders' Meeting of Banca Generali of 21st April 2010.

At 31 December 2013, the options related to the stock option plan granted and exercisable referring to the plans approved in 2006 amounted to 461 thousand, of which 119 thousand granted to employees and 642 thousand million granted to financial advisor. The reduction in respect of the previous year is mainly due to the exercise carried out by financial advisor and employees in the first half of the year and, to a lesser extent, to the termination of the relationships with some beneficiaries. For these plans, the exercise period of the assigned options, following the three-year extension approved in 2010, ends between 31 March 2014 and 31 December 2015.

Moreover, with reference to the plans approved in 2010, at 31 December 2013 the options granted amounted to 1.6 million, of which 139 thousand reserved to relationship managers, while the options effectively exercisable amounted to 376 thousand, of which about 39 thousand reserved to relationship managers. The reduction of option granted, in comparison with the previous year, is mainly attributable to exercises actuated by relationship managers and, to a lower extent, to the cessation of relationships with some financial advisors.

	Number of options	exercise price
Options outstanding as at 31 December previous year	3,960,268	10.0
granted	19,999	9.0
forfeited	38,817	10.0
exercised	1,901,229	9.7
expired	-	-
Options outstanding as at 31 December current year	2,040,221	10.3
of which exercisable	837,494	-

As for the stock option plans approved in 2006, with reference to the plan granted to the employees, following the three-year extension of the exercise period approved in 2011, the fair value at measurement date is € 2.5, while the fair value of stock options granted to the financial advisors is between € 2.4 and € 2.5 depending on the exercise date foreseen. At 31 December 2012 these plans completed the vesting period, resulting as a consequence in only exercisable stage.

As for the stock option plans approved in 2010, reserved for networks distribution - financial advisors and private bankers - and relationship managers of Banca Generali, the economic effects started since 7th June 2011 – option granting date – and the fair value is between € 1.01 and € 0.65 depending on the exercise date foreseen.

The costs charged in the profit or loss account of the period from stock option plans 2010, reserved for networks distribution

- financial advisors and private bankers - and relationship managers of Banca Generali amount to € 0.5 million.

Share-based compensation plans granted by Generali France

At the balance sheet date there are the following share-based compensation plans granted by Generali France to the employees of Generali France group: seven stock grant plans approved on 21st December 2006, 20th December 2007, 4th December 2008, 10th December 2009, 9th December 2010, 14th March 2012 and 25th June 2013 by the board and a stock granting plan as part of the celebrations for the 175th anniversary of the Parent Company foundation, reserved to the employees of the Generali France group, present in France.

At 31 December 2013, the number of shares granted amounted to 7,343,923 ordinary shares, of which 419,079 related to the plan granted for 175th anniversary of foundation of Parent Company.

With reference to the stock granting plans assigned by Generali France within the scope of IFRS 2, the charge recognised effect in profit or loss amounted to € 15.8 million. The plans are considered as cash-settled and so a € 79.3 million liability was accounted for them.

6 Earnings per share

	31/12/2013	31/12/2012
Result of the period (€ million)	1,915	94
- from continuing operations	1,379	59
- from discontinued operations	536	35
Weighted average number of ordinary shares outstanding	1,548,056,710	1,540,876,249
Basic earnings per share (€)	1.24	0.06
- from continuing operations	0.89	0.04
- from discontinued operations	0.35	0.02

Basic earnings per share are calculated by dividing the result of the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the Parent Company's average number of shares owned by itself or by other Group companies during the period.

Diluted earnings per share reflect the eventual dilution effect of potential ordinary shares.

	31/12/2013	31/12/2012
Result of the period (€ million)	1,915	94
- from continuing operations	1,379	59
- from discontinued operations	536	35
Weighted average number of ordinary shares outstanding	1,548,056,710	1,540,790,961
Adjustments for stock option	0	0
Weighted average number of ordinary shares outstanding for diluted earnings per share	1,548,056,710	1,540,790,961
Diluted earnings per share (€)	1.24	0.06
- from continuing operations	0.89	0.04
- from discontinued operations	0.35	0.02

7 Related parties disclosure

With regard to transactions with related parties, the main intra-group activities, conducted at market prices or at cost, were undertaken through relations of insurance, reinsurance and co-insurance, administration and management of securities and real estate assets, leasing, loans and guarantees, IT and administrative services, personnel secondment and claim settlement.

These services substantially aim at guaranteeing the streamlining of operational functions, greater economies in overall management, appropriate levels of service and an exploitation of Group-wide synergies.

For further information regarding related parties transactions - and in particular regarding the procedures adopted by the Group to ensure that these transactions are performed in accordance with the principles of transparency and substantive and procedural correctness - please refer to the paragraph 'Related Party Transaction Procedures' included in Part III – Corporate Governance structure of 'Corporate governance and share ownership report' available on Group website.

The most significant economic and financial transactions with Group companies that are not included in the consolidation area and other related parties are listed below.

As shown in the table below, the impact of such transactions, if compared to the Group extent, is not material.

(€ million)	Subsidiaries with significant control not consolidated	Associated companies	Other related parties (*)	Total	% on balance - sheet item
Loans	6	462	608	1,076	0.3
Loans issued	-9	-20	-684	-713	1.1
Interest income	3	28	24	55	0.5
Interest expense	0	0	-31	-31	2.3

In further detail, the loans towards **associated companies** mainly refer to bonds issued by Telco S.p.a. which totally amount to € 249.9 million.

As far as **other related parties** are concerned, the most significant transactions are with Mediobanca Group regarding investment bonds for € 582 million, and financial liabilities amounting to € 684 million, of which € 500 million referring to hybrid instruments. For further information please refer to chapter Significant events after 31 december 2013.

With reference to the PPF Group, following the presentation on 28 March 2013 of his resignation from the company's Board of Directors, Petr Kellner and his related entities are no longer considered as related parties for Generali Group.

Further information on the completion of the first tranche for the acquisition of 25% of GPH are reported in Section 8 Significant non-recurring events and transactions of this Notes.

With reference to the paragraph 18 of Related Party Transactions Procedures adopted by the Board of Directors in November 2010, excluding the aforementioned operation with PPF Group, there were no (i) Operations of major importance concluded during the reporting period (ii) Related Party Transactions, concluded during the reference period, which influenced the Group's financial statements or profit to a significant extent.

8 Reinsurance policy of the Group

Information on the reinsurance policy of the Group is provided in the Risk Report of the consolidated annual financial statements 2013.

9 Significant non-recurring events and transactions

Below a description of non-recurring transactions carried out by the Group during the 2013.

— Generali PPF Holding

As part of its strategy of geographical footprint optimization, on 8 January the Generali Group concluded an agreement to purchase 25% of Generali PPF Holding, representing the first tranche of the acquisition of the entire company from PPF Group. Accordingly, the Group holds 76% of Generali PPF Holding. At the same time, Generali PPF Holding transferred to PPF Group insurance operations in Russia and other countries of the Commonwealth of Independent States. Due to the exercise of options summarized below, the Group in 2014 will have the possibility to acquire the second tranche, equal to the remaining 24% of Generali PPF Holding from PPF Group.

Below a summary of the agreements and an update of the main effects on balance sheet, income statement and financial situation.

Agreement's summary

Generali PPF Holding B.V. transaction

Under the new agreements, the total consideration definitively agreed for the purchase of 49% of Generali PPF Holding is 2,520,560,000 euro (subject to possible changes due to the acquisition of the second tranche as further described). Consequently, the previously agreed right of PPF to the higher price between the fair market value of its interest and the minimum price is no longer applicable.

The transaction has been structured as follows:

- I. As expected, at the end of March 2013, Generali acquired 25% of the shares in GPH from PPF Group, for a price of 1,286,000,000 euro, partially funded by € 1.25 billion subordinated bond issued on 5 December 2012. The transaction was finalized thanks to both own resources and the reimbursement of 48% of the 400 million euro bond underwritten by the Generali Group and issued by PPF Co3 B.V., a subsidiary of PPF Group.
- II. For the remaining part, representing 24% of Generali PPF Holding share capital, a new put option exercisable by PPF and, in turn, its lender banks has been underwritten, or, otherwise, a new call option exercisable by Generali's has been underwritten. It is being understood that, upon exercise of any of said options by PPF, Generali reserves the rights to opt for an alternative exit entailing the sale to a third party selected pursuant to a competitive bidding procedure without prejudice, in any event, to Generali's obligation to ensure payment of a minimum sale price as set out subsequently. It is being understood that, upon exercise of any of said options and Generali will not opt for the alternative exit, the second tranche shall be sold around the end of December 2014 for the price of € 1,234,560,000, further increased by the difference, if any, between: the interests accrued or accruing on the bank loan and the notes starting from 1 January 2013 to the date of the sale of the second tranche to Generali; and the sum of any and all dividends paid by Generali PPF Holding to PPF CO1 starting from the date on which the agreements of the transaction were executed (i.e. 8 January 2013) to the date of the sale of the second tranche to Generali (save for PPF's 49% share of declared dividends amounting to € 352 million on the overall aggregated basis).

It has also been agreed that, at the same time as Generali acquired the first tranche, PPF Group bought from Generali PPF Holding certain of the latter's participating interests in insurance companies operating in Russia, Belarus, Ukraine and Kazakhstan, for the overall price of € 80,000,000.

PPF Partners and PPF Beta transaction

In the context of the transaction it was also defined a participations swap with no involvement of cash: in June 2013 Generali Group acquired from PPF Investments the full ownership and corporate control of the corporation known as PPF Beta, which indirectly holds 38.46% of the share capital of the Russian insurance company Ingosstrakh, while PPF Investments acquired the minority interest of 27.5% held by Generali in the investment fund PPF Partners.

Overview of the transaction's effects on balance sheet, income statement and financial situation

The main economic and financial effects are summarized as follows:

Acquisition of the first tranche for € 1,286 million

- I. As set out above, the purchase price has been paid by use of Generali's own financial resources, without prejudice to the set off, if applicable, of an amount corresponding to about 48% of the overall amount of the bond issued by PPF Co3 B.V. (i.e. up to a maximum amount of about € 196 million);
- II. At the same time, dividends amounting to € 352 million have been distributed to shareholders (of which about 172 million euro to the PPF Group). This dividend pay-out accordingly entailed a reduction in the cash balances and shareholders' equity pertaining to third parties, in the amount of € 172 million.
- III. The acquisition of the PPF Shareholding entailed a reduction in the shareholders' equity pertaining to third parties in the amount of € 808.5 million, and, by reason of the difference payable by way of the purchase price, a reduction in the Generali Group's shareholders' equity of € 477,5 million.

Transaction entailing the exchange of equity shares in PPF Beta, on the one hand, for interests in PPF Partners and PPF Partners Fund, on the other hand

This transaction had no effect for the Generali Group's financial position at six months 2013. The impacts of this transaction have already been accounted for in the 2012 closing.

Sale of Generali PPH Holding's business assets in Russia, Ukraine, Belarus and Kazakhstan, for € 80 million

- I. The sale of the business assets in Russia, Ukraine, Belarus and Kazakhstan entailed a reduction in consolidated assets of about € 730 million, with a related reduction in technical reserves in the amount of € 566 million;
- II. The sale also gave rise to a realized loss for Generali Group of € 71.7 million (of which € 69.1 million already booked in 2012) and a negative result pertaining to third parties in the amount of € 21.1 million (of which € 18.6 million already booked in 2012);
- III. The impact on the Group's liquidity is basically neutral since, against inflows of € 80 million, the assets sold include cash balances of € 47.9 million.

Acquisition of the second tranche

With reference to the second tranche, as described beforehand, given the alternative exit mechanism, as at the date of approval of the transaction, Generali bore no obligation whatsoever to acquire the remaining 24% shareholding, given that such eventuality is linked to the exercise of the options described above. As a result, at present there are no consequences on the balance sheet, income statement or financial situation of the Generali Group to be pointed out in connection with the second tranche.

Furthermore, there is no need for Generali to allocate a risk provision, because at the time being there aren't any possibilities of future losses linked to transaction, given that the predetermined value of the second tranche is not higher than its fair market value of the remaining stake in Generali PPF Holding.

— Generali U.S. Holdings, Seguros Banorte Generali e Pensiones Banorte Generali

In June the Group reached an agreement for the sale of the Life segment reinsurance business in U.S.A. The agreement foresees the sale of 100%, for an equivalent amount of around € 680 million and a realized gain of € 40 million, of Generali U.S. Holdings and its subsidiaries as well as the recapture of the business currently retroceded to Assicurazioni Generali. Always in June, Generali Group has reached an agreement with the Group Financiero Banorte for the sale of minority interests of 49%, for an equivalent amount of around € 633 million and a realized gain of € 450 million, in Mexican companies Seguros Banorte Generali and Pensiones Banorte Generali. As a result, these companies exited from the scope.

— Fata Assicurazioni Danni S.p.A.

At 20 November 2013, Generali Group concluded an agreement for the sale of 100% of Fata Assicurazioni Danni S.p.A. Pending the release of the necessary regulatory authorization, in accordance with IFRS 5, starting from 31 December 2013 Fata Assicurazioni Danni S.p.A. was classified in the balance sheet as a disposal group held for sale. Consequently, this participation has not been excluded from consolidation but the total of the related assets and liabilities have been recorded in two separate lines in the balance sheet and the related profit or loss, net of tax effects, is recognized separately under the appropriate heading of the income statement net in the consolidated profit (loss) from discontinued operations.

Further information is available in the section *10 - Non-current assets or disposal group classified as held for sale*.

— Banca Generali

In accordance with its strategy of optimizing its capital strength, in April 2013 the Group successfully concluded the placement of 12% of Banca Generali. The gain realized as the difference between placement price and book value, amounting to € 136 million, was credited to equity in accordance to international accounting standards.

10 Atypical and/or unusual transactions

During the year, there were no atypical and/or unusual transactions, which — because of materiality, nature of counterparties, subject of the transaction, transfer price determination method and occurrence close to the balance sheet date — might give raise to any doubts about the correctness and exhaustiveness of this report, conflict of interests, preservation of equity and protection of minorities.

11 Non-current assets or disposal group classified as held for sale

With reference to policy of divestment of non-core and not strategic assets, as abovementioned, at 20 November 2013, Generali Group concluded an agreement for the sale of 100% of Fata Assicurazioni Danni S.p.A. Pending the release of the necessary regulatory authorization, in accordance with IFRS 5, starting from 31 December 2013 Fata Assicurazioni Danni S.p.A. was classified in the balance sheet as a disposal group held for sale. Consequently, this participation has not been excluded from consolidation but both the total of the related assets and liabilities and the related profit or loss, net of tax effects, have been recorded separately in the specific lines in the financial statements.

Moreover, with reference to 31 December 2012 the reinsurance business of the life segment in U.S.A. and the sale of interests in Mexican companies resulted as disposal groups held for sale. The sale agreement of these interests has been reached in June 2013.

The following tables show a condensed indication of the balance sheet and the income statement of the discontinued operations at 31 December 2013 and 2012.

Condensed balance sheet and profit and loss for discontinued operations

(€ million)	31/12/2013	31/12/2012
1 INTANGIBLE ASSETS	8	13
2 TANGIBLE ASSETS	16	29
3 AMOUNTS Ceded to Reinsurers from Insurance Provisions	15	337
4 INVESTMENTS	427	4,672
5 RECEIVABLES	87	437
6 OTHER ASSETS	75	541
7 CASH AND CASH EQUIVALENTS	17	114
TOTAL ASSETS	644	6,142

(€ million)	31/12/2013	31/12/2012
2 OTHER PROVISIONS	6	9
3 INSURANCE PROVISIONS	523	5,081
4 FINANCIAL LIABILITIES	2	2
5 PAYABLES	70	244
6 OTHER LIABILITIES	48	350
TOTAL LIABILITIES	649	5,686

(€ million)	31/12/2013	31/12/2012
Revenues	1,751	5,039
Expenses	-1,616	-4,845
Profit before tax of discontinued operations	136	194
Tax	-64	-92
Profit of the year from discontinued operations	72	103

With reference to the statement of cash flows, the above information will not be considered for the purposes of the cash flow for the year. In particular, with reference to 31 December 2013 these activities generated cash for € 29 million (€ 19 million from operating activities, € +14 million euro from investing activities and € -5 from financing activities).

Finally, the following table shows the fair value hierarchy of assets and liabilities at fair value held by discontinued operations at 31 December 2013.

(€ million)	31/12/2013	Level 1	Level 2	Level 3	Total
Available for sale financial assets	286	35	14	335	
Equities	19	-	0	20	
Bonds	251	33	13	298	
Investment fund units	15	2	0	18	
Financial assets at fair value through profit or loss	-	-	1	1	
Bonds	-	-	1	1	
Total assets at fair value	286	35	15	336	

12 Audit and other service fees for the fiscal year

In table below, filled under the article 149-duodecim of Consob Regulation, are reported the 2013 fees for auditing services from auditing company of Parent company and companies within audit company's network.

(€ thousands)	E&Y Italy	E&Y Network
	31/12/2013	31/12/2013
Parent Company	6,114	464
Audit fee	2,476	464
Attestation service fees	847	0
Other service fees	2,790	0
Subsidiaries	4,344	16,522
Audit fee	2,683	15,583
Attest service fees	673	17
Other service fees	988	922
of which Tax service fees	0	227
of which Other services	988	695
Total	10,457	16,986

SEGMENT REPORTING – BALANCE SHEET

	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
(€ million)				
1 INTANGIBLE ASSETS	3,862	3,930	4,722	4,945
2 TANGIBLE ASSETS	3,436	3,542	1,082	1,155
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	3,439	3,895	1,437	1,729
4 INVESTMENTS	34,193	35,153	331,597	318,953
4.1 Land and buildings (investment properties)	4,851	5,188	7,960	7,687
4.2 Investments in subsidiaries, associated companies and joint ventures	527	559	4,333	4,482
4.3 Held to maturity investments	68	207	1,394	4,329
4.4 Loans and receivables	3,581	5,678	46,693	51,539
4.5 Available for sale financial assets	24,484	22,841	200,876	185,159
4.6 Financial assets at fair value through profit or loss	681	679	70,341	65,757
5 RECEIVABLES	5,884	6,328	4,993	4,798
6 OTHER ASSETS	5,343	4,783	9,932	9,388
6.1 Deferred acquisition costs	307	694	1,650	1,628
6.2 Other assets	5,036	4,089	8,282	7,760
7 CASH AND CASH EQUIVALENTS	3,657	2,934	11,095	13,442
TOTAL ASSETS	59,813	60,565	364,857	354,410
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	665	657	796	567
3 INSURANCE PROVISIONS	32,972	34,475	312,780	301,894
4 FINANCIAL LIABILITIES	11,225	11,728	24,965	25,038
4.1 Financial liabilities at fair value through profit or loss	435	471	14,512	13,999
4.2 Other financial liabilities	10,790	11,256	10,453	11,039
5 PAYABLES	3,596	3,558	4,374	4,303
6 OTHER LIABILITIES	5,676	5,007	4,294	4,741
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

Appendix 1

FINANCIAL SEGMENT		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
767	1,027	0	0	9,352	9,902
268	320	0	0	4,786	5,018
0	0	0	0	4,875	5,624
25,384	26,615	-6,529	-6,647	384,645	374,074
17	24	0	0	12,828	12,899
89	91	-3,542	-3,440	1,407	1,692
2,653	3,002	0	0	4,115	7,538
16,083	17,053	-2,987	-3,207	63,371	71,063
4,670	4,459	0	0	230,031	212,459
1,871	1,987	0	0	72,893	68,423
200	161	-162	-144	10,915	11,143
499	483	-123	-50	15,651	14,603
0	0	0	0	1,957	2,323
499	483	-123	-50	13,694	12,280
7,494	5,730	-2,814	-459	19,431	21,647
34,613	34,336	-9,628	-7,300	449,656	442,011
				21,405	21,726
260	201	47	45	1,768	1,471
0	0	0	0	345,752	336,369
29,570	29,749	-3,744	-2,608	62,016	63,907
1,136	1,082	0	0	16,084	15,553
28,433	28,666	-3,744	-2,608	45,932	48,354
284	264	-125	-91	8,129	8,033
714	762	-98	-5	10,586	10,504
				449,656	442,011

SEGMENT REPORTING – INCOME STATEMENT

	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
(€ million)				
1.1 Net earned premiums	19,825	19,785	40,971	40,949
1.1.1 Gross earned premiums	21,340	21,559	41,387	41,289
1.1.2 Earned premiums ceded	-1,514	-1,774	-416	-340
1.2 Fee and commission income and income from financial service activities	0	0	210	208
1.3 Net income from financial instruments at fair value through profit or loss	-132	108	4,808	5,951
1.4 Income from subsidiaries, associated companies and joint ventures	41	28	229	201
1.5 Income from other financial instruments and land and buildings (investment properties)	2,364	1,971	12,648	13,109
1.6 Other income	1,360	1,282	858	765
1 TOTAL INCOME	23,459	23,175	59,724	61,183
2.1 Net insurance benefits and claims	-13,598	-13,603	-49,697	-47,959
2.1.1 Claims paid and change in the insurance provisions	-14,440	-14,694	-49,992	-48,220
2.1.2 Reinsurers' share	842	1,090	295	261
2.2 Fee and commission expenses	0	0	-117	-152
2.3 Expenses from subsidiaries, associated companies and joint ventures	-13	-49	-283	-366
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-915	-1,507	-1,427	-5,049
2.5 Acquisition and administration costs	-5,476	-5,471	-4,888.8	-5,013
2.6 Other expenses	-2,107	-1,856	-1,290	-1,096
2 TOTAL EXPENSES	-22,109	-22,486	-57,703	-59,635
EARNINGS BEFORE TAXES	1,350	688	2,021	1,548

Appendix 2

FINANCIAL SEGMENT		HOLDING EXPENSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
0	0			0	0	60,796	60,734
0	0			0	0	62,726	62,848
0	0			0	0	-1,930	-2,114
1,325	1,221			-176	-131	1,359	1,299
87	83			0	0	4,763	6,143
8	11			-98	-114	180	126
705	614			-105	-90	15,613	15,604
172	153			-58	-88	2,332	2,113
2,297	2,084	0	0	-437	-424	85,043	86,018
0	0			0	-5	-63,295	-61,567
0	0			0	-5	-64,433	-62,919
0	0			0	0	1,137	1,352
-442	-395			15	13	-544	-534
-4	-3			4	-4	-296	-423
-226	-290	-751	-668	20	28	-3,299	-7,486
-850	-868			179	134	-11,036	-11,218
-480	-110	-410	-318	37	58	-4,249	-3,322
-2,003	-1,667	-1,160	-985	255	224	-82,720	-84,550
294	417	-1,160	-985	-182	-200	2,323	1,468

Appendix 3

Tangible and intangible assets	At amortized cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	12,828		12,828
Land and buildings (self used)	2,879		2,879
Other tangible assets	1,907		1,907
Other intangible assets	2,189		2,189

Amounts ceded to reinsurers from insurance provisions

Appendix 4

(€ million)	Direct insurance		Accepted reinsurance		31/12/2012	31/12/2013	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013
	31/12/2013	31/12/2012	31/12/2013	31/12/2012							
Non-life amounts ceded to reinsurers from insurance provisions (*)	2,454	2,865	985	1,030					3,439		3,895
Provisions for unearned premiums	421	527	82	98					503		626
Provisions for outstanding claims	2,028	2,332	900	932					2,929		3,263
Other insurance provisions	4	6	3	0					7		6
Life amounts ceded to reinsurers from insurance provisions (*)	632	872	805	858					1,437		1,729
Provisions for outstanding claims	224	317	239	175					464		493
Mathematical provisions	214	286	562	681					777		967
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	156	161	0	0					156		161
Other insurance provisions	37	108	4	1					41		108
Total	3,085	3,736	1,790	1,888					4,875		5,624

(*) After the elimination of intra-group transactions between segments.

Appendix 5

Financial assets

Financial assets (€ million)	Held to maturity investments	Loans and receivables	Available for sale financial assets	Financial assets at fair value through profit or loss			Total book value	
				Financial assets held for trading		Financial assets designated as at fair value through profit or loss	31/12/2013	31/12/2012
				31/12/2013	31/12/2012			
Equities at cost	0	0	0	288	308	0	0	0
Equities at fair value of which quoted equities	0	0	0	10,540	8,599	136	61	2,200
Bonds of which quoted bonds	4,088	7,512	38,193	39,400	201,989	190,349	789	1,023
Investment fund units	4,088	7,512	0	0	197,353	185,173	769	960
Loans and receivables from customers	0	0	0	15,833	11,458	18	29	50,144
Loans and receivables from banks	0	0	1,644	1,949	0	0	0	44,135
Deposits under reinsurance business accepted	0	0	702	710	0	0	0	0
Deposit components of reinsurance contracts	0	0	0	0	0	0	0	0
Other loans and receivables	0	0	16,387	21,919	0	0	0	0
Derivatives	0	0	0	0	0	520	385	862
Hedging derivatives (*)	0	0	0	0	0	0	78	86
Other financial investments	28	27	0	0	1,380	1,745	563	660
Total	4,115	7,538	63,371	71,063	230,031	212,459	2,026	70,868
							66,265	370,410
								359,483

(*) In accordance with Regolamento n°7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Assets and liabilities related to policies where the investment risk is borne by policyholders and to pension funds

Appendix 6

(€ million)	Policies where the investment risk is borne by the policyholders			Pension funds	Total
	31/12/2013	31/12/2012	31/12/2013		
Assets					
Intra-group assets (*)	56,898	51,713	2,218	2,129	59,116
Total	56,898	51,713	2,218	2,129	59,116
Financial liabilities	11,743	11,188	1,484	1,414	13,227
Insurance provisions (**)	45,567	40,830	86	77	45,653
Intra-group liabilities (*)	0	0	0	0	0
Total	57,311	52,017	1,570	1,492	58,880
					53,509

(*) Intra-group assets and liabilities refer to assets and liabilities which are eliminated in the consolidation process.

(**) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions.

Insurance provisions

Appendix 7

	Direct insurance	Accepted reinsurance	Total book value
(€ million)	31/12/2013	31/12/2012	31/12/2013
Non-life insurance provisions (*)	31,511	32,970	1,506
Provisions for unearned premiums	5,350	6,417	168
Provisions for outstanding claims	25,729	26,148	1,276
Other insurance provisions	432	405	5
of which provisions for liability adequacy test	14	11	0
Life insurance provisions (*)	311,113	299,602	1,668
Provisions for outstanding claims	4,548	4,822	972
Mathematical provisions	238,629	231,673	559
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	45,795	41,048	14
Other insurance provisions	22,140	22,060	123
of which provisions for liability adequacy test	826	731	0
of which deferred policyholder liabilities	3,999	4,000	0
Total	342,624	332,572	3,129
			3,798
			345,752
			336,369

(*) After the elimination of intra-group transactions between segments.

Appendix 8

Financial liabilities

(€ million)	Financial liabilities at fair value through profit or loss			Other financial liabilities	Total book value
	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Preference shares	0	0	0	0	0
Subordinated liabilities	0	0	0	7,612	7,833
Financial liabilities related to investment contracts issued by insurance companies	0	0	13,270	4,663	4,947
where the investment risk is borne by the policyholders	0	0	11,743	11,188	0
pension funds	0	0	1,484	1,414	0
other liabilities related to investment contracts	0	0	42	48	4,663
Deposits received from reinsurers	0	0	0	0	997
Deposit components of insurance contract	0	0	0	0	1,077
Bonds	0	0	0	0	0
Liabilities to customers	0	0	0	22,392	22,733
Liabilities to banks	0	0	0	1,616	2,147
Other loans	0	0	0	3,738	4,643
Derivatives	561	358	571	721	0
Hedging derivatives (*)	0	0	894	1,028	0
Other financial liabilities	0	0	789	796	0
Total	561	358	15,523	15,194	45,932
				48,354	62,016
					63,907

(*) In accordance with Regolamento n°7 of 13 July 2007 hedging derivatives are only derivatives for which hedge accounting is applied.

Technical insurance items

Appendix 9

		31/12/2013		31/12/2012	
	(€ million)	Gross amount	Reinsurers' share	Net amount	Gross amount
NON-LIFE SEGMENT					
NET EARNED PREMIUMS					
a Premiums written	21,340	1,514	19,825	21,559	1,774
b Change in the provisions for unearned premiums	191	126	66	22	-5
NET INSURANCE BENEFITS AND CLAIMS	14,440	842	13,598	14,694	1,090
a Claims paid	14,125	1,148	12,977	14,114	1,055
b Change in the provisions for outstanding claims	230	-293	523	462	36
c Change in claims to be recovered	29	-12	41	49	-1
d Change in other insurance provisions	57	0	57	68	-1
LIFE SEGMENT					
NET PREMIUMS					
NET INSURANCE BENEFITS AND CLAIMS	41,387	416	40,971	41,288	339
a Claims paid	49,992	295	49,697	48,220	261
b Change in the provisions for outstanding claims	33,703	411	33,291	40,160	325
c Change in the mathematical provisions	113	-124	237	154	21
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	10,311	20	10,291	3,965	-85
e Change in other insurance provisions	4,790	2	4,788	4,145	-5
	1,076	-14	1,090	-204	5
					-209

Income and expenses from investments, receivables and payables

Appendix 10

(€ million)	Interests	Other income	Other expenses	Realized gains	Realized losses	Total realized gains and losses	Unrealized gains and reversal of impairment losses		Unrealized gains and impairment losses	Total unrealized gains and losses	Total income and expenses 31/12/2013	Total income and expenses 31/12/2012
							Unrealized gains	Reversal of impairment losses				
Income and expenses from investments	10,451	2,376	-445	4,249	-1,074	15,557	7,120	105	-3,289	-1,148	2,788	18,344
a from land and buildings (investment properties)	0	960	-445	269	-31	754		26		-132	-106	648
b from investments in subsidiaries, associated companies and joint ventures	0	138	0	39	-15	163		3		-282	-279	-116
c from held to maturity investments	156			0	0	156		0		0	0	157
d from loans and receivables	2,420			108	-68	2,460		55		-285	-231	2,229
e from available for sale financial assets	7,328	930		3,109	-410	10,957		21		-449	-428	10,529
f from financial assets held for trading	19	14		46	-15	64		65		-54		11
g from financial assets designated as at fair value through profit or loss	527	333		677	-536	1,002	7,055		-3,235		3,821	4,822
Income and expenses from receivables	9			0	-4	4		110		-97	14	18
Income and expenses from cash and cash equivalents	111					111				0	111	117
Income and expenses from financial liabilities	-1,404	0	0	134	-182	-1,452	337	0	-396	0	-59	-1,512
a from financial liabilities held for trading	-5			62	-22	35	24		-13		11	46
b from financial liabilities designated as at fair value through profit or loss	-23			72	-160	-110	313		-383		-71	-181
c from other financial liabilities	-1,377			0	0	-1,377				0	-1,377	-1,351
Income and expenses from payables						0				0	0	0
Total	9,166	2,376	-445	4,383	-1,261	14,219	7,457	215	-3,685	-1,245	2,742	16,961
												13,963

Acquisition and administration costs of insurance business

Appendix 11

(€ million)	Non-life segment		Life segment	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Commissions and other acquisition costs	4,415	4,450	3,868	3,872
a Acquisition and administration commissions	3,263	3,253	2,766	2,763
b Other acquisition costs	940	964	1,090	1,094
c Change in deferred acquisition costs	20	31	-51	-51
d Collecting commissions	193	203	63	67
Commissions and profit commissions from reinsurers	-204	-280	-102	-8
Investment management expenses (*)	55	65	188	177
Other administration costs	1,210	1,236	935	972
Total	5,476	5,471	4,889	5,013

(*) Before the elimination of intra-group transactions between segments.

Appendix 12

Details on other comprehensive income

		Allocation		Transfer to profit and loss account		Other transfer		Total variation		Taxes		Amounts	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Items that may be reclassified to profit and loss in future periods													
Reserve for currency translation differences	-423	94	50	8				-373	101	-9	-1	234	606
Unrealized gains and losses on unavailable for sale financial assets	1,019	4,108	-1,105	816				-86	4,923	197	-1,417	2,570	2,656
Cash flow hedging derivative reserve	-11	-77	115	-23				104	-100	-44	24	-195	-300
Reserve for hedge of a net investment in a foreign operation	0	0	0	0				0	0	0	0	-46	-46
Revenue reserve from valuation of equity	-17	2	0	0				-17	2	0	0	23	40
Result of discontinued operations	-36	81	-11	-135				-47	-54	0	-36	0	47
Other reserves	0	0	0	0				0	0	0	0	0	0
Items that may not be reclassified to profit and loss in future periods													0
Revenue reserve from valuation of equity	0	0						0	0			0	0
Result of discontinued operations	0	0						0	0			0	0
Reserve for revaluation model on intangible assets	0	0						0	0			0	0
Reserve for revaluation model on tangible assets	0	0						0	0			0	0
Actuarial gains or losses arising from defined benefit plans	125	-482						125	-482	-45	-198	-675	-799
TOTAL OTHER COMPREHENSIVE INCOME	657	3,726	-951	665	0	0	-295	4,391	98	-1,627	1,910	2,204	

Appendix 13

Details on financial assets reclassified and its effects in profit and loss account and comprehensive income (€ million)

Assets and liabilities measured at fair value on recurring and non-recurring basis: fair value hierarchy

Appendix 14

	Level 1 (€ million)	Level 1 31/12/2013	Level 1 31/12/2012	Level 2 31/12/2013	Level 2 31/12/2012	Level 3 31/12/2013	Level 3 31/12/2012	Total 31/12/2013	Total 31/12/2012
Financial assets and liabilities at fair value through profit or loss on recurring basis									
Available for sale financial assets	201,390	191,815	22,871	18,206	5,769	2,439	230,030	212,460	
Financial assets at fair value through profit or loss	42,839	42,187	28,292	25,392	1,763	843	72,893	68,423	
Financial assets held for trading	1,742	1,935	265	204	18	18	2,026	2,158	
Financial assets designated as at fair value through profit or loss	41,096	40,251	28,027	25,189	1,745	825	70,868	66,265	
Investment properties	0	na	0	na	0	na	0	na	
Tangible assets	0	na	0	na	0	na	0	na	
Intangible assets	0	na	0	na	0	na	0	na	
Total financial assets at fair value	244,229	234,002	51,163	43,599	7,532	3,282	302,924	280,882	
Financial liabilities at fair value through profit or loss	13,739	12,564	2,767	2,964	78	25	16,084	15,552	
Financial liabilities held for trading	298	286	263	72	0	0	561	358	
Financial liabilities designated as at fair value through profit or loss	12,941	12,278	2,504	2,892	78	25	15,523	15,194	
Total financial liabilities at fair value on recurring basis	13,239	12,564	2,767	2,964	78	25	16,084	15,552	
Total financial assets and liabilities at fair value on recurring basis	286	na	35	na	15	na	336	na	
Non-current assets or of discontinued operations	286	na	35	na	15	na	336	na	
Non-current liabilities or of discontinued operations	0	na	0	na	0	na	0	na	

Details of the variations of assets and liabilities measured at fair value on a recurring basis classified in Level 3

Appendix 15

	Available for sale financial assets	Financial assets at fair value through profit or loss		Investment properties	Tangible assets	Intangible assets	Financial liabilities at fair value through profit or loss	
		Financial assets held for trading	Financial assets designated as at fair value through profit or loss				Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss
Opening balance	2,439	18	825	na	na	na	0	25
Purchases and issues	1,549	13	92	na	na	na	0	0
Disposals through sales and settlements	-754	-13	-90	na	na	na	0	41
Pay-backs	-52	0	0	na	na	na	0	0
Net gains and losses recognized in P&L	21	0	31	na	na	na	0	-12
of which net unrealised gains and losses	na	0	31	na	na	na	0	-12
Net unrealised gains and losses recognized in OCI	-19	0	0	na	na	na	0	0
Net transfers in Level 3	2,653	1	973	na	na	na	0	0
Net transfers out of Level 3	-67	-1	-89	na	na	na	0	0
Other changes	0	0	2	na	na	na	0	25
Closing balance	5,770	18	1,744	na	na	na	0	78

Assets and liabilities not measured at fair value: fair value hierarchy

Appendix 16

	(€ million) 31/12/2013	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
Assets					
Held to maturity investments	4,115	3,297	746	53	4,095
Loans and receivables	63,371	7,377	41,016	15,760	64,153
Investments in subsidiaries, associated companies and joint ventures	1,407	0	0	1,407	1,407
Land and buildings (investment properties)	14,873	0	0	17,910	17,910
Other assets	na	na	na	na	na
Total assets	83,767	10,674	41,762	35,130	87,565
Liabilities					
Other liabilities	62,016	12,328	4,960	24,367	41,655

Appendices

NEWLY CONSOLIDATED CHANGE IN THE CONSOLIDATION AREA^(*)

Newly consolidated:

1. Alleanza Assicurazioni S.p.A., Milano
2. Apollo Business Center IV, spol. s r.o., Bratislava
3. Buxola (Pty) Ltd, Constantia Kloof
4. Courtage Inter Caraibes, Fort de France
5. Generali China Assets Management Company Co. Ltd, Beijing
6. Generali Diversification USD Corporate Bond Fund AAA - A-, Luxembourg
7. Generali Diversification USD Investment Grade Corporate Bond Fund, Luxembourg
8. Gentum Nr. 2, Hamburg
9. GW Beta Limited, Jersey
10. Parižská 26, s.r.o., Prague
11. Randgo Reward (Pty) Ltd, Constantia Kloof
12. SAS Lonthènes, Paris
13. Transformovaný fond Penzijní společnosti České Pojišťovny, a.s., Prague

^{*} Consolidation area consists of companies consolidated "line by line".

Company disposed of/wound up:

1. 3 Banken Generali Akzent fonds, Vienna
2. Alleanza Toro S.p.A. (fusa in Generali Italia S.p.A.), Milan
3. Assicurazioni Generali (Insurance Managers) Ltd., St. Peter Port
4. Assistencia Banorte Generali S.A. de C.V., Monterrey
5. BSI Investment Advisors HK Ltd, Wanchai
6. BSI Wealth & Family SIM S.p.A., Milan
7. Comercial Banorte Generali S.A. de C.V., Monterrey
8. Dom Zdravlja Jedro, Belgrade
9. Fondo Chopin (fusa in Fondo Immobiliare Mascagni), Trieste
10. Fondo Haydn (fusa in Fondo Immobiliare Mascagni), Trieste
11. G Gestion Privée N.V., Brussels
12. Genass-Invest S.A., Brussels
13. Generali Deutschland Alternative Inv GmbH & Co. KG, Cologne
14. Generali Foreign Insurance Co. Inc., Minsk
15. Generali Life Insurance CJSC IC, Kiev
16. Generali penzijní spolecnost a.s. (fusa in Penzijní spolecnost České Pojišťovny, a.s.), Prague
17. Generali PPF General Insurance LLC, Moscow
18. Generali PPF Life Insurance LLC, Moscow
19. Generali Reassurance (Bermuda) Ltd., Hamilton
20. Generali Thalia Investments Italy SGR S.p.A. (fusa in Generali Investments Europe S.p.A.), Trieste
21. Generali U.S. Holdings Inc., Wilmington
22. Generali USA Life Reassurance Company, Leawood
23. Generali Zakraia Health-Insurance AD (fusa in Generali Insurance AD), Sofia
14. Grundstücksgesellschaft StadtLagerhaus Hamburg GbR, Hamburg
25. JSC Generali Life, Almaty
26. Pensiones Banorte Generali S.A. de C.V., Monterrey
27. Public Stock Company Generali PPF Insurance, Moscow
28. Rocher Pierre SCpl, Paris
29. Seguros Banorte Generali S.A. de C.V., Monterrey
30. Servicios Banorte Generali S.A. de C.V., Monterrey
31. Tartini S.à.r.l., Luxembourg

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
Assicurazioni Generali S.p.A.	086	EUR	1,556,873,283	G	1	0.01	Genertellife S.p.A.	0.03	100.00
						0.01	Generali Italia S.p.A.		
						0.01	GBS S.c.p.A.		
Genertel S.p.A.	086	EUR	23,000,000	G	1	100.00	Genertellife S.p.A.	100.00	100.00
UMS S.p.A.	086	EUR	15,993,180	G	10	99.90	Generali Italia S.p.A.	99.90	99.90
Risparmio Assicurazioni S.p.A.	086	EUR	5,175,152	G	11	100.00	Generali Italia S.p.A.	100.00	100.00
Europ Assistance Italia S.p.A.	086	EUR	12,000,000	G	1	61.03	Europ Assistance Holding S.A.	87.08	86.94
						26.05	Generali Italia S.p.A.		
Genagricola S.p.A.	086	EUR	187,850,000	G	11	100.00	Generali Italia S.p.A.	100.00	100.00
Finagen S.p.A.	086	EUR	6,700,000	G	8	0.10	Generali Italia S.p.A.	100.00	100.00
						99.90	Alleanza Assicurazioni S.p.A.		
Banca Generali S.p.A.	086	EUR	114,895,247	G	7	0.44	Genertel S.p.A.	51.03	51.01
						9.67	Generali Vie S.A.		
						4.90	Genertellife S.p.A.		
						33.82	Generali Italia S.p.A.		
						2.20	Alleanza Assicurazioni S.p.A.		
Europ Assistance Service SpA	086	EUR	4,325,000	G	11	100.00	Europ Assistance Italia S.p.A.	100.00	86.94
Europ Assistance Trade S.p.A.	086	EUR	540,000	G	11	91.50	Europ Assistance Italia S.p.A.	100.00	86.94
						8.50	Europ Assistance Service SpA		
Agricola San Giorgio S.p.A.	086	EUR	22,160,000	G	11	100.00	Genagricola S.p.A.	100.00	100.00
Generali Real Estate S.p.A.	086	EUR	780,000	G	11	100.00		100.00	100.00
Genertel Servizi Assicurativi	086	EUR	80,000	G	11	50.00	Genertel S.p.A.	100.00	100.00
						50.00	Genertellife S.p.A.		
Europ Assistance Vai S.p.A.	086	EUR	468,000	G	11	98.89	Europ Assistance Service SpA	98.89	85.97
Genertellife S.p.A.	086	EUR	168,200,000	G	1	100.00	Generali Italia S.p.A.	100.00	100.00
Generali Investments Europe	086	EUR	39,500,000	G	8	71.82	Gen Inv S.p.A.	100.00	99.14
						28.18	Alleanza Assicurazioni S.p.A.		
Generali Horizon S.p.A.	086	EUR	120,000	G	9	100.00	Generali Italia S.p.A.	100.00	100.00
GenerFid S.p.A.	086	EUR	240,000	G	11	100.00	Generali Italia S.p.A.	100.00	51.01
EOS Servizi Fiduciari SpA	086	EUR	750,000	G	11	100.00	BSI S.A.	100.00	100.00
Assitimm S.r.l.	086	EUR	100,000	G	10	1.00		100.00	100.00
						99.00	Generali Italia S.p.A.		
SIMGENIA S.p.A. SIM	086	EUR	5,200,000	G	8	15.00	Generali Italia S.p.A.	100.00	92.65
						10.00	Fata Assicurazioni Danni SpA		
						40.00	Generali Italia S.p.A.		
						35.00	Alleanza Assicurazioni S.p.A.		
CityLife S.p.A.	086	EUR	351,941	G	10	67.00	Generali Properties S.p.A.	67.00	67.00

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
BG Fiduciaria Sim S.p.A.	086	EUR	5,200,000	G	8	100.00		Banca Generali S.p.A.	100.00	51.01
Gen Inv S.p.A.	086	EUR	41,360,000	G	9	37.72			100.00	98.80
						28.29		Generali Deutschland Holding		
						28.29		Generali France S.A.		
						5.71		Generali France Assurances SA		
Generali Immobiliare Italia GR	086	EUR	5,000,000	G	8	100.00		Generali Real Estate S.p.A.	100.00	100.00
Fata Assicurazioni Danni SpA	086	EUR	5,202,079	G	1	100.00		Generali Italia S.p.A.	100.00	100.00
Generali Innovation Center AR	086	EUR	3,100,000	G	11	0.25		Genertel S.p.A.	100.00	100.00
						0.25		Fata Assicurazioni Danni SpA		
						98.50		Generali Italia S.p.A.		
						1.00		GBS S.c.p.A.		
D.A.S. S.p.A.	086	EUR	2,750,000	G	1	50.01		Generali Italia S.p.A.	50.01	50.01
Generali Properties S.p.A.	086	EUR	268,265,145	G	10	100.00		Generali Italia S.p.A.	100.00	100.00
Fondo Scarlatti	086	EUR	547,456,612	G	10	1.94		Genertel S.p.A.	67.31	67.31
						2.89		Generali Vie S.A.		
						5.87		Genertellife S.p.A.		
						1.65		Fata Assicurazioni Danni SpA		
						51.61		Generali Italia S.p.A.		
						3.35		Alleanza Assicurazioni S.p.A.		
Generali Italia S.p.A.	086	EUR	1,618,628,450	G	1	100.00			100.00	100.00
GBS S.c.p.A.	086	EUR	8,010,000	G	11	1.00			100.00	99.70
						0.25		Genertel S.p.A.		
						0.01		Europ Assistance Italia S.p.A.		
						0.55		Banca Generali S.p.A.		
						0.01		Genertel Servizi Assicurativi		
						0.26		Genertellife S.p.A.		
						0.26		Generali Investments Europe		
						0.25		SIMGENIA S.p.A. SIM		
						0.01		BG Fiduciaria Sim S.p.A.		
						0.01		Generali Immobiliare Italia GR		
						0.25		Fata Assicurazioni Danni SpA		
						0.01		Generali Properties S.p.A.		
						96.05		Generali Italia S.p.A.		
						0.05		G.I.B.S. s.c.a.r.l.		
						1.01		Alleanza Assicurazioni S.p.A.		
						0.01		Alfuturo Servizi Assicurativi		
						0.01		GCS S.c.a.r.l.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
G.I.B.S. s.c.a.r.l.	086	EUR	27,000	G	11	62.96			98.16
							18.52	Generali Vie S.A.	
							3.70	Generali Belgium S.A.	
							3.70	Generali Vida de Seguros S.A.	
							3.70	Generali Pojistovna a.s.	
							3.70	GBS S.c.p.A.	
							3.70	Ceska pojistovna, a.s.	
Fondo Cimarosa	086	EUR	508,445,239	G	10	0.67		100.00	99.99
							3.51	Generali Vie S.A.	
							3.19	Genertellife S.p.A.	
							52.20	Generali Italia S.p.A.	
Fondo Immobiliare Mascagni	086	EUR	1,990,250,095	G	10	1.51		100.00	100.00
							8.53	Genertellife S.p.A.	
							7.09	Generali Properties S.p.A.	
							59.72	Generali Italia S.p.A.	
							23.15	Alleanza Assicurazioni S.p.A.	
Fondo Immobiliare Toscanini	086	EUR	272,920,722	G	10	0.38		100.00	100.00
							1.89	Assitimm S.r.l.	
							79.24	Generali Italia S.p.A.	
Alleanza Toro Servizi Assicur.	086	EUR	20,000	G	11	100.00	Alleanza Assicurazioni S.p.A.	100.00	100.00
D.A.S. Legal Services S.r.l.	086	EUR	100,000	G	11	100.00	D.A.S. S.p.A.	100.00	50.01
GCS S.c.a.r.l.	086	EUR	10,000	G	11	1.00		100.00	99.28
Alleanza Assicurazioni S.p.A.	086	EUR	210,000,000	G	1	100.00	Generali Italia S.p.A.	100.00	100.00
Dialog Lebensversicherungs AG	094	EUR	2,045,200	G	2	100.00	Generali Beteiligungs AG	100.00	96.08

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
Generali Deutschland Holding	094	EUR	137,420,785	G	5	83.23	Generali Beteiligungs-GmbH	96.06	96.04
						0.93	Generali España, S.A.		
						0.93	Generali Belgium S.A.		
						0.93	Generali Levensverz. Maatsch.		
						0.93	Generali Assurances Générales		
						2.14	Vitalicio Torre Cerdà S.I.		
						5.10	Generali Vermögensverwaltung K		
						1.86	Alleanza Assicurazioni S.p.A.		
AachenMünchener Lebensvers.	094	EUR	71,269,998	G	2	100.00	Generali Deutschland Holding	100.00	96.04
AachenMünchener Versicherung	094	EUR	136,463,896	G	2	100.00	Generali Deutschland Holding	100.00	96.04
Generali Lebensversicherung AG	094	EUR	124,053,300	G	2	100.00	Generali Beteiligungs AG	100.00	96.08
Generali Versicherung AG	094	EUR	27,358,000	G	2	100.00	Generali Beteiligungs AG	100.00	96.08
Central Krankenversicherung AG	094	EUR	34,017,984	G	2	100.00	Generali Deutschland Holding	100.00	96.04
Europ Assistance Versicherung	094	EUR	2,800,000	G	2	25.00	Generali Deutschland Holding	100.00	98.84
						75.00	Europ Assistance S.A.		
Cosmos Lebensversicherungs AG	094	EUR	10,739,616	G	2	100.00	Generali Deutschland Holding	100.00	96.04
Cosmos Versicherung AG	094	EUR	9,205,200	G	2	100.00	Generali Deutschland Holding	100.00	96.04
ENVIVAS Krankenversicherung AG	094	EUR	1,022,800	G	2	100.00	Generali Deutschland Holding	100.00	96.04
ADVOCARD Rechtsschutzvers. AG	094	EUR	12,920,265	G	2	29.29	AachenMünchener Versicherung	100.00	96.07
						70.71	Generali Versicherung AG		
Generali Beteiligungs-GmbH	094	EUR	1,005,000	G	4	100.00		100.00	100.00
Generali Beteiligungs AG	094	EUR	66,963,298	G	4	98.78	Generali Deutschland Holding	100.00	96.08
						1.22	Transocean Holding Corporation		
ALLWO GmbH	094	EUR	17,895,500	G	10	46.86	AachenMünchener Versicherung	100.00	96.06
						53.14	Generali Versicherung AG		
Deutsche Bausparkasse Badenia	094	EUR	40,560,000	G	7	100.00	Generali Deutschland Holding	100.00	96.04
Europ Assistance Services GmbH	094	EUR	250,000	G	11	100.00	Europ Assistance Versicherung	100.00	98.84
Generali Deutschland Finanzd.	094	EUR	52,000	G	11	100.00	Generali Deutschland Holding	100.00	96.04
Generali Deutschland Informat.	094	EUR	15,000,000	G	11	100.00	Generali Deutschland Holding	100.00	96.04
ATLAS Dienstleistungen	094	EUR	4,100,000	G	11	74.00	AachenMünchener Lebensvers.	74.00	71.07
AM Ges. betr. Altersversorgung	094	EUR	60,000	G	11	100.00	AachenMünchener Lebensvers.	100.00	96.04
Cosmos Finanzservice GmbH	094	EUR	25,565	G	11	100.00	Cosmos Versicherung AG	100.00	96.04
Schloss Bensberg Management	094	EUR	250,000	G	10	100.00	AachenMünchener Lebensvers.	100.00	96.04
AM Vertriebsservice Ges. Pers.	094	EUR	500,000	G	11	100.00	ATLAS Dienstleistungen	100.00	71.07
Generali Investments Deut. KAG	094	EUR	9,050,000	G	8	100.00	Gen Inv S.p.A.	100.00	98.80
AMCO Beteiligungs-GmbH	094	EUR	500,000	G	9	100.00	Generali Deutschland Holding	100.00	96.04
Thuringia Generali 2Immobilien	094	EUR	84,343,265	G	10	100.00	Generali Lebensversicherung AG	100.00	96.08
Thuringia Generali 1Immobilien	094	EUR	21,388,630	G	10	100.00	Generali Lebensversicherung AG	100.00	96.08

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Volksfürsorge 1Immobilien AGKG	094	EUR	3,583	G	10	100.00		Generali Lebensversicherung AG	100.00	96.08
Central Zweite Immobilien AGKG	094	EUR	12,371,997	G	10	100.00		Central Krankenversicherung AG	100.00	96.04
Central Erste Immobilien AG&KG	094	EUR	4,823,507	G	10	100.00		Central Krankenversicherung AG	100.00	96.04
AM Erste Immobilien AG&Co. KG	094	EUR	71,360,992	G	10	100.00		AachenMünchener Lebensvers.	100.00	96.04
Generali Private Equity Invest	094	EUR	500,000	G	9	100.00		Gen Inv S.p.A.	100.00	98.80
Generali Deutschland Pensionsk	094	EUR	7,500,000	G	2	100.00		Generali Deutschland Holding	100.00	96.04
DBB Vermögensverwaltung GmbHKG	094	EUR	21,214,579	G	10	100.00		Deutsche Bausparkasse Badenia	100.00	96.04
AM Vers Erste Immobilien KG	094	EUR	16,775,749	G	10	100.00		AachenMünchener Versicherung	100.00	96.04
GID-Fonds AAREC	094	EUR	3,309,907,657	G	11			Dialog Lebensversicherungs AG	100.00	96.06
						0.85				
						22.74		AachenMünchener Lebensvers.		
						43.30		Generali Lebensversicherung AG		
						21.05		Central Krankenversicherung AG		
						10.92		Cosmos Lebensversicherungs AG		
						0.47		ADVOCARD Rechtsschutzvers. AG		
						0.67		Generali Deutschland Pensionsk		
GID-Fonds ALAOT	094	EUR	803,034,597	G	11	100.00		AachenMünchener Lebensvers.	100.00	96.04
GID-Fonds GDRET	094	EUR	266,833,324	G	11			Generali Deutschland Holding	100.00	96.06
						42.00				
						31.07		Generali Versicherung AG		
						1.94		Cosmos Versicherung AG		
						24.98		ADVOCARD Rechtsschutzvers. AG		
GID-Fonds AMLRET	094	EUR	574,466,602	G	11	100.00		AachenMünchener Lebensvers.	100.00	96.04
GID-Fonds AVAOT	094	EUR	89,462,713	G	11	100.00		Generali Versicherung AG	100.00	96.08
GID-Fonds CEAOT	094	EUR	472,120,787	G	11	100.00		Central Krankenversicherung AG	100.00	96.04
GID-Fonds CLAOT	094	EUR	330,312,556	G	11	100.00		Cosmos Lebensversicherungs AG	100.00	96.04
GID-Fonds GLRET 4	094	EUR	463,697,568	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds GLMET	094	EUR	801,922,792	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds GVMET	094	EUR	329,182,874	G	11	100.00		Generali Versicherung AG	100.00	96.08
GID-Fonds GLLAE	094	EUR	639,802,405	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
Generali Deutschland Sicherung	094	EUR	25,000	G	11	100.00		Generali Deutschland Holding	100.00	96.04
GID-Fonds VLAOT	094	EUR	1,604,768,317	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds GLRET 3	094	EUR	845,412,069	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds GLRET 2	094	EUR	774,765,272	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
Vofü Fonds I Hamburgische KG	094	EUR	14,800,000	G	10	54.19		Generali Beteiligungs AG	54.19	52.07
Volksfürsorge 5Immobilien AGKG	094	EUR	637,238,457	G	10	100.00		Generali Lebensversicherung AG	100.00	96.08
Generali Deutsch. Pensor Pens.	094	EUR	5,100,000	G	2	100.00		Generali Beteiligungs AG	100.00	96.08
GID-Fonds GPRET	094	EUR	108,191,758	G	11	97.53		Generali Deutsch. Pensor Pens.	97.53	93.71
Generali Deutschland Schadenm.	094	EUR	100,000	G	11	100.00		Generali Deutschland Holding	100.00	96.04

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Generali Deutschland Services	094	EUR	100,000	G	11	100.00		Generali Deutschland Holding	100.00	96.04
AM Sechste Immobilien AG KG	094	EUR	85,025,000	G	10	100.00		AachenMünchener Lebensvers.	100.00	96.04
GLL AMB Generali Prop. Fund I	094	EUR	36,860,630	G	11	100.00		GLL AMB Generali Cross-Border	100.00	96.06
GLL AMB Generali Prop. Fund II	094	EUR	60,918,030	G	11	100.00		GLL AMB Generali Cross-Border	100.00	96.06
Generali 3. Immobilien AG&CoKG	094	EUR	62,667,551	G	10	100.00		Generali Lebensversicherung AG	100.00	96.08
Einkaufszentrum Louise-Center	094	EUR	77,675,829	G	10	100.00		Generali Deutschland Holding	100.00	96.04
Volksfürsorge AG Vertriebsges.	094	EUR	1,100,000	G	11	100.00		Generali Beteiligungs AG	100.00	96.08
Generali Vermögensverwaltung K	094	EUR	272,550,000	G	9	100.00		Generali Beteiligungs-GmbH	100.00	100.00
GLL AMB Generali 200 State	094	EUR	38,209,030	G	11	100.00		GLL AMB Generali Cross-Border	100.00	96.06
AM Vertriebsservice-Ges. Sach.	094	EUR	250,000	G	11	100.00		ATLAS Dienstleistungen	100.00	71.07
GID-Fonds AVAOT II	094	EUR	37,677,828	G	11	100.00		AachenMünchener Versicherung	100.00	96.04
GID-Fonds AVAOT III	094	EUR	22,981,275	G	11	100.00		ADVOCARD Rechtsschutzvers. AG	100.00	96.07
GID-Fonds ALRET	094	EUR	1,546,241,459	G	11	100.00		AachenMünchener Lebensvers.	100.00	96.04
GID-Fonds CERET	094	EUR	1,996,846,378	G	11	100.00		Central Krankenversicherung AG	100.00	96.04
GID-Fonds CLRET	094	EUR	655,124,008	G	11	100.00		Cosmos Lebensversicherungs AG	100.00	96.04
GID-Fonds GLRET	094	EUR	2,621,288,460	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds DLRET	094	EUR	57,914,506	G	11	100.00		Dialog Lebensversicherungs AG	100.00	96.08
GID-Fonds GDPRET	094	EUR	259,753,829	G	11	100.00		Generali Deutschland Pensionsk	100.00	96.04
GID-Fonds GVRET	094	EUR	608,955,333	G	11	100.00		Generali Versicherung AG	100.00	96.08
GEREII GmbH & Co. KG	094	EUR	20,203,178	G	10		5.55	Dialog Lebensversicherungs AG	100.00	96.06
						22.21		AachenMünchener Lebensvers.		
						27.77		Generali Lebensversicherung AG		
						22.21		Central Krankenversicherung AG		
						16.66		Cosmos Lebensversicherungs AG		
						5.55		ADVOCARD Rechtsschutzvers. AG		
						0.04		Generali Real Estate S.p.A.		
GNAREI GmbH & Co. KG	094	EUR	17,560,021	G	10	27.75		AachenMünchener Lebensvers.	100.00	96.06
						38.80		Generali Lebensversicherung AG		
						16.76		Central Krankenversicherung AG		
						16.64		Cosmos Lebensversicherungs AG		
						0.05		Generali Real Estate S.p.A.		
GENTUM Nr. 1	094	EUR	103,201,050	G	11	2.00		Dialog Lebensversicherungs AG	100.00	96.05
						23.00		AachenMünchener Lebensvers.		
						27.00		Generali Lebensversicherung AG		
						25.00		Central Krankenversicherung AG		
						20.00		Cosmos Lebensversicherungs AG		
						3.00		ADVOCARD Rechtsschutzvers. AG		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
GID-Fonds AVRET	094	EUR	210,994,273	G	11	100.00		AachenMünchener Versicherung	100.00	96.04
FT GEN-Fonds	094	EUR	152,358,134	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds GLAKOR	094	EUR	153,482,488	G	11	100.00		Generali Lebensversicherung AG	100.00	96.08
GID-Fonds AARGT USD	094	USD	225,308,064	G	11	100.00		Cosmos Lebensversicherungs AG	100.00	96.04
GENTUM Nr. 2	094	EUR	153,649,882	G	11	39.99		AachenMünchener Lebensvers.	99.99	96.04
						40.00		Generali Lebensversicherung AG		
						20.00		Central Krankenversicherung AG		
Generali IARD S.A.	029	EUR	59,493,775	G	2	100.00		Generali France Assurances SA	100.00	99.77
Generali Vie S.A.	029	EUR	299,197,104	G	2	100.00		Generali France Assurances SA	100.00	99.77
L'Équité IARD S.A.	029	EUR	18,469,320	G	2	99.98		Generali France Assurances SA	99.98	99.75
GFA Caraïbes	213	EUR	5,742,000	G	2	100.00		Generali France Assurances SA	100.00	99.77
Prudence Creole	247	EUR	6,164,000	G	2	0.01		Generali France S.A.	93.57	93.36
						93.56		Generali France Assurances SA		
Europ Assistance Holding S.A.	029	EUR	17,316,016	G	2	37.86		Generali Vie S.A.	99.99	99.77
						57.81		Generali France S.A.		
						4.31		Part. Maat. Graafschap Holland		
Europ Assistance France S.A.	029	EUR	2,464,320	G	11	100.00		Europ Assistance Holding S.A.	100.00	99.77
Generali France S.A.	029	EUR	114,451,053	G	4	67.15			99.77	99.77
						32.62		Part. Maat. Graafschap Holland		
Courtage Inter Caraïbes	213	EUR	50,000	G	11	99.76		GFA Caraïbes	99.76	99.53
Generali 7 S.A.	029	EUR	270,000	G	11	0.06		Generali Vie S.A.	99.92	99.69
						0.03		Generali France S.A.		
						99.83		Generali France Assurances SA		
Expert & Finance S.A.	029	EUR	3,508,520	G	11	91.19		Generali Vie S.A.	91.19	90.99
Generali France Assurances SA	029	EUR	1,038,510,560	G	5	100.00		Generali France S.A.	100.00	99.77
E-Cie Vie S.A.	029	EUR	86,950,710	G	2	100.00		Generali France Assurances SA	100.00	99.77
Suresnes Immobilier S.A.	029	EUR	43,040,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
Europ Assistance S.A.	029	EUR	35,402,785	G	2	100.00		Europ Assistance Holding S.A.	100.00	99.77
Europ Assistance Téléassist.	029	EUR	100,000	G	11	100.00		Europ Assistance France S.A.	100.00	99.77
SCI Generali Carnot	029	EUR	10,525,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
Icare S.A.	029	EUR	7,000,020	G	4	100.00		Europ Assistance Holding S.A.	100.00	99.77
Icare Assurance S.A.	029	EUR	1,276,416	G	2	100.00		Icare S.A.	100.00	99.77
Icare Courtage S.a.r.l.	029	EUR	32,000	G	11	100.00		Icare S.A.	100.00	99.77
SCI Font Romeu Neige et Soleil	029	EUR	15,200	G	10	100.00		Generali IARD S.A.	100.00	99.77
Generali Habitat SCpl	029	EUR	3,456,234	G	10	91.14		Generali Vie S.A.	91.14	90.94
SC Progador (SCI)	029	EUR	405,000	G	10	0.37		Generali IARD S.A.	100.00	99.77
						99.63		Generali Vie S.A.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
SCI Generali Reaumur	029	EUR	10,643,469	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI Cogipar	029	EUR	10,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI Generali Pierre	029	EUR	10,113,505	G	10	1.11		Generali IARD S.A.	99.90	99.68
						38.15		Generali Vie S.A.		
						60.63		SCI Generali Wagram		
SCI Generali Pyramides	029	EUR	30,160,815	G	10	67.88		Generali IARD S.A.	100.00	99.77
						32.12		SCI Generali Wagram		
SCI Generali Wagram	029	EUR	284,147	G	10	100.00		Generali IARD S.A.	100.00	99.77
SCI des 5 et 7 Rue Drouot	029	EUR	30,553,520	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI du Coq	029	EUR	12,877,678	G	10	0.81		Generali IARD S.A.	100.00	99.77
						99.19		Generali Vie S.A.		
SCI Espace Seine-Generali	029	EUR	153,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI GPA Pierre	029	EUR	40,800,000	G	10	1.20		Generali IARD S.A.	100.00	99.77
						98.80		Generali Vie S.A.		
SCI Haussmann 50-Generali	029	EUR	43,450,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI du 54 Avenue Hoche	029	EUR	152,400	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI Landy-Novatis	029	EUR	1,000,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI Landy-Wilo	029	EUR	1,000,000	G	10	0.10		Generali IARD S.A.	100.00	99.77
						99.90		Generali Vie S.A.		
SCI Generali Le Franklin	029	EUR	5,443,549	G	10	99.57		Generali Vie S.A.	99.57	99.34
SCI Viroflay 10-12 Libération	029	EUR	3,000	G	10	100.00		Generali Vie S.A.	100.00	99.77
SCI Generali Commerce 1	029	EUR	100,000	G	10	100.00		Generali IARD S.A.	100.00	99.77
SCI Generali Commerce 2	029	EUR	100,000	G	10	100.00		Generali IARD S.A.	100.00	99.77
SCI Generali le Moncey	029	EUR	919,020	G	10	100.00		Generali Vie S.A.	100.00	99.77
BSI Ifabanque S.A.	029	EUR	15,785,200	G	7	51.00		BSI S.A.	51.00	51.00
Sarl Parcolog Lille Henin B. 2	029	EUR	744,797	G	10	100.00		SC Generali Logistique	100.00	99.77
SCI Beaune Logistique 1	029	EUR	8,001,000	G	10	0.10		Generali Vie S.A.	100.00	99.77
						99.90		SC Generali Logistique		
SC Generali Logistique	029	EUR	134,400,840	G	10	100.00		Generali Vie S.A.	100.00	99.77
Immob.Comm. Indes Orientales	029	EUR	134,543,500	G	10	100.00		Generali Vie S.A.	100.00	99.77
SAS IMMOCIO CBI	029	EUR	68,690,268	G	10	100.00		Immob.Comm. Indes Orientales	100.00	99.77
SCI Iris La Défense	029	EUR	1,350	G	10	44.44		Generali IARD S.A.	100.00	99.77
						55.56		Generali Vie S.A.		
Terra Nova V Montreuil SCI	029	EUR	1,000	G	10	0.10		Torelli S.à.r.l.	100.00	98.91
						99.90		Sammartini S.à.r.l.		
Oudart S.A.	029	EUR	5,500,000	G	11	100.00		BSI S.A.	100.00	100.00
Oudart Gestion S.A.	029	EUR	1,000,000	G	8	100.00		Oudart S.A.	100.00	100.00

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
Oudart Patrimoine Sarl	029	EUR	38,125	G	8	96.00	Oudart S.A.	100.00	100.00
						4.00	Oudart Gestion S.A.		
Solidia Finance et Patrimonie	029	EUR	305,580	G	8	100.00	Oudart S.A.	100.00	100.00
OPCI Parcolog Invest	029	EUR	225,848,750	G	10	68.31	Generali Vie S.A.	100.00	99.77
						31.69	E-Cie Vie S.A.		
SCI Parc Logistique Maisonn. 1	029	EUR	7,051,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parc Logistique Maisonn. 2	029	EUR	5,104,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parc Logistique Maisonn. 3	029	EUR	8,004,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parc Logistique Maisonn. 4	029	EUR	8,004,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Isle D'Abeau 1	029	EUR	11,472,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Isle D'Abeau 2	029	EUR	12,476,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Isle D'Abeau 3	029	EUR	12,476,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Gondr. Fontenoy 2	029	EUR	3,838,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Dagneux	029	EUR	5,501,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Combs La Ville 1	029	EUR	7,001,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Mitry Mory	029	EUR	11,320,950	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Bordeaux Cestas	029	EUR	9,508,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Marly	029	EUR	7,001,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SC Parcolog Messageries	029	EUR	1,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Parcolog Orchies	029	EUR	3,501,000	G	10	100.00	SC Generali Logistique	100.00	99.77
SCI Generali Le Dufy	029	EUR	20,319,682	G	10	100.00	Generali Vie S.A.	100.00	99.77
SCI Commerces Regions	029	EUR	1,000	G	10	1.00	Generali IARD S.A.	100.00	99.77
						99.00	Generali Vie S.A.		
SCI Eureka Nanterre	029	EUR	1,000	G	10	100.00	Generali Vie S.A.	100.00	99.77
SCI Thiers Lyon	029	EUR	1,000	G	10	1.00	Generali IARD S.A.	100.00	99.77
						99.00	Generali Vie S.A.		
SCI Iliade Massy	029	EUR	1,000	G	10	100.00	Generali Vie S.A.	100.00	99.77
SAS Ocealis	029	EUR	300,000	G	11	75.00	Europ Assistance Holding S.A.	75.00	74.83
SAS Parcolog Lille Henin B. 1	029	EUR	302,845	G	10	100.00	OPCI Parcolog Invest	100.00	99.77
OPCI Generali Bureaux	029	EUR	103,996,539	G	10	100.00	Generali Vie S.A.	100.00	99.77
OPCI Generali Residentiel	029	EUR	149,607,800	G	10	100.00	Generali Vie S.A.	100.00	99.77
SCI 3-5 Malesherbes	029	EUR	1,500	G	10	99.93	Generali Vie S.A.	100.00	99.77
						0.07	E-Cie Vie S.A.		
GEII Rivoli Holding SAS	029	EUR	12,000,000	G	10	100.00	Generali Europe Income Holding	100.00	99.10
OPCI GB1	029	EUR	153,698,740	G	10	100.00	Generali Vie S.A.	100.00	99.77
OPCI GR1	029	EUR	200,481,793	G	10	19.16	Generali IARD S.A.	100.00	99.77
						42.51	Generali Vie S.A.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
						7.19		L'Equité IARD S.A.	
						31.14		E-Cie Vie S.A.	
SAS Lonthènes	029	EUR	529,070	G	10	100.00		E-Cie Vie S.A.	100.00
Generali Rückversicherung AG	008	EUR	8,833,000	G	5	100.00			100.00
Generali Holding Vienna AG	008	EUR	63,732,464	G	5	29.67		Generali Rückversicherung AG	100.00
						32.39		Part. Maat. Graafschap Holland	
						0.05		Generali Finance B.V.	
						0.08		Generali Worldwide Insurance	
						37.81		Transocean Holding Corporation	
Europäische Reiseversicherungs	008	EUR	730,000	G	2	74.99		Generali Holding Vienna AG	74.99
Generali Versicherung AG (A)	008	EUR	27,338,520	G	2	7.81		Generali Rückversicherung AG	100.00
						92.19		Generali Holding Vienna AG	
Europ Assistance Gesellschaft	008	EUR	70,000	G	11	75.00		Europ Assistance Holding S.A.	100.00
						25.00		Generali Holding Vienna AG	
Allgemeine Immobilien Verw. KG	008	EUR	17,441,553	G	10	100.00		Generali Versicherung AG (A)	100.00
Generali Capital Management	008	EUR	150,000	G	8	24.99		Generali Deutschland Holding	100.00
						75.01		Generali Holding Vienna AG	
Interunfall/AIV-Leasing Vorar.	008	EUR	18,168	G	11	10.00		Generali Versicherung AG (A)	100.00
						90.00		Allgemeine Immobilien Verw. KG	
Generali Leasing GmbH	008	EUR	730,000	G	11	75.00		Generali Versicherung AG (A)	75.00
Care Consult Versicherungsmak.	008	EUR	138,078	G	11	100.00		Europäische Reiseversicherungs	100.00
Generali/AIV Leasing Vorarlb.	008	EUR	18,168	G	11	10.00		Generali Versicherung AG (A)	100.00
						90.00		Allgemeine Immobilien Verw. KG	
Generali/AIV Leasing Salzburg	008	EUR	18,168	G	11	10.00		Generali Versicherung AG (A)	100.00
						90.00		Allgemeine Immobilien Verw. KG	
Generali/AIV Leasing St.Pölten	008	EUR	18,168	G	11	10.00		Generali Versicherung AG (A)	100.00
						90.00		Allgemeine Immobilien Verw. KG	
Interunfall/AIV-Leasing Salzb.	008	EUR	18,168	G	11	10.00		Generali Versicherung AG (A)	100.00
						90.00		Allgemeine Immobilien Verw. KG	
Generali Sales Promotion GmbH	008	EUR	50,000	G	11	100.00		Generali Versicherung AG (A)	100.00
Generali Bank AG	008	EUR	26,000,000	G	7	78.57		Generali Holding Vienna AG	100.00
						21.43		Generali Versicherung AG (A)	
Generali IT-Solutions GmbH	008	EUR	17,500	G	11	75.03		Generali Holding Vienna AG	100.00
						24.97		Generali Deutschland Informat.	
Generali Pensionskasse AG	008	EUR	350,000	G	8	100.00		Generali Holding Vienna AG	100.00
Generali Immobilien GmbH	008	EUR	4,900,000	G	10	100.00		Generali Versicherung AG (A)	100.00
Generali VIS Informatik GmbH	008	EUR	35,000	G	11	100.00		Generali Holding Vienna AG	100.00

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
3 BK Gli GLBond Spezialfonds	008	EUR	9,330	G	11	100.00		Generali Versicherung AG (A)	100.00	100.00
3 Banken-Generali-GLStock	008	EUR	4,040	G	11	1.06	Generali Holding Vienna AG	100.00	99.96	
						0.18	Europäische Reiseversicherungs			
						98.76	Generali Versicherung AG (A)			
CA Global Property Int. Imm.AG	008	EUR	11,264,315	G	10	67.74	Generali Versicherung AG (A)	67.74	67.74	
BAWAG PSK Versicherung AG	008	EUR	12,000,000	G	2	75.00	Generali Holding Vienna AG	75.00	75.00	
BAWAG Spezial 6	008	EUR	13,730	G	11	100.00	BAWAG PSK Versicherung AG	100.00	75.00	
3 Banken-Generali-GSBond	008	EUR	3,650	G	11	93.86	Generali Versicherung AG (A)	93.86	93.86	
3 Banken - GEN4A Spezialfonds	008	EUR	55,500	G	11	100.00	Generali Versicherung AG (A)	100.00	100.00	
3 Banken - CEE Liquid	008	EUR	43,870	G	11	86.77	Generali Versicherung AG (A)	91.28	90.15	
						4.51	BAWAG PSK Versicherung AG			
GEN4Dividend Spezialfonds	008	EUR	1,248,500	G	11	5.61	Generali Holding Vienna AG	92.63	92.51	
						0.48	Europäische Reiseversicherungs			
						86.54	Generali Versicherung AG (A)			
Generali España, S.A.	067	EUR	60,925,401	G	2	95.24	Generali España Holding S.A.	99.91	99.90	
						4.67	Hermes S.L.			
Europ Assistance España S.A.	067	EUR	3,612,000	G	2	95.00	Europ Assistance Holding S.A.	100.00	99.78	
						5.00	Generali España, S.A.			
Generali España Holding S.A.	067	EUR	563,490,658	G	4	100.00		100.00	100.00	
Hermes S.L.	067	EUR	24,933,093	G	10	100.00	Generali España, S.A.	100.00	99.90	
Gensegur Agencia de Seguros SA	067	EUR	60,101	G	11	100.00	Generali España, S.A.	100.00	99.90	
Vitalicio Torre Cerdà S.I.	067	EUR	1,112,880	G	10	90.66	Generali España, S.A.	100.00	99.90	
						9.34	Generali España AIE			
Cajamar Vida S.A.	067	EUR	9,015,200	G	2	50.00	Generali España Holding S.A.	50.00	50.00	
Europ Assistance SIdG, S.A.	067	EUR	400,000	G	11	100.00	Europ Assistance España S.A.	100.00	99.78	
Generali España AIE	067	EUR	35,597,000	G	11	99.99	Generali España, S.A.	100.00	99.90	
						0.01	Generali España Holding S.A.			
Coris Gestión S.I.	067	EUR	3,008	G	11	100.00	Europ Assistance SIdG, S.A.	100.00	99.78	
Cafel Inversiones 2008, S.L.	067	EUR	3,006	G	10	100.00	Frescobaldi S.à.r.l.	100.00	98.91	
GLL City22 S.L.	067	EUR	10,003,006	G	11	100.00	GLL AMB Generali City22 Sàrl	100.00	96.06	
Cajamar Seguros Generales S.A.	067	EUR	6,761,400	G	2	50.00	Generali España Holding S.A.	50.00	50.00	
Generali Portfolio Mngmt (UK)	031	GBP	250,000	G	8	100.00	Generali Worldwide Insurance	100.00	100.00	
Generali Belgium S.A.	009	EUR	40,000,000	G	2	22.52	Flandria Participations Fin.	99.99	99.71	
						19.99	Generali Levensverz. Maatsch.			
						24.91	Part. Maat. Graafschap Holland			
						0.28	Generali Finance B.V.			
						32.29	Generali Italia S.p.A.			

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Europ Assistance Belgium S.A.	009	EUR	6,012,000	G	2	100.00		Europ Assistance S.A.	100.00	99.77
Flandria Participations Fin.	009	EUR	40,072,900	G	9	26.00			100.00	100.00
							74.00	Generali Italia S.p.A.		
Europ Assistance Services S.A.	009	EUR	186,000	G	11		20.00	Generali Belgium S.A.	100.00	99.76
							80.00	Europ Assistance Belgium S.A.		
MRS Bioul S.A.	009	EUR	850,000	G	10	100.00		Generali Belgium Senior Homes	100.00	99.71
RVT Kortenaken SA	009	EUR	1,200,000	G	10	100.00		Generali Belgium Senior Homes	100.00	99.71
RVT Zottegem SA	009	EUR	2,250,000	G	10	100.00		Generali Belgium Senior Homes	100.00	99.71
RVT Oordegem SA	009	EUR	146,382	G	10	100.00		Generali Belgium Senior Homes	100.00	99.71
Casa-Bouw Sprl	009	EUR	15,719,831	G	10	100.00		Generali Belgium Senior Homes	100.00	99.71
Generali Levensverz. Maatsch.	050	EUR	2,268,901	G	2	100.00		Generali Verzekeringsgroep NV	100.00	98.55
Generali Schadeverz. Maatsch.	050	EUR	1,361,341	G	2	100.00		Generali Verzekeringsgroep NV	100.00	98.55
Part. Maat. Graafschap Holland	050	EUR	1,583,299,220	G	4	69.26			100.00	100.00
							6.25	Genertellife S.p.A.		
							22.22	Generali Italia S.p.A.		
							2.27	Alleanza Assicurazioni S.p.A.		
Generali Verzekeringsgroep NV	050	EUR	5,545,103	G	4		12.77	Flandria Participations Fin.	98.55	98.55
							36.46	Part. Maat. Graafschap Holland		
							18.17	BV Algemene Holding en Financ.		
							31.17	Transocean Holding Corporation		
BV Algemene Holding en Financ.	050	EUR	4,696,625	G	9	100.00		Generali Holding Vienna AG	100.00	100.00
Participatie Maat. Transhol	050	EUR	1,633,609	G	9	100.00		Transocean Holding Corporation	100.00	100.00
Generali Finance B.V.	050	EUR	100,000,000	G	4	26.00			100.00	100.00
							74.00	Generali Italia S.p.A.		
Redoze Holding N.V.	050	EUR	22,689,011	G	9	6.02			100.00	100.00
							50.01	Generali Worldwide Insurance		
							43.97	Transocean Holding Corporation		
NV De Nederlanden van Nu	050	EUR	500,000	G	2	100.00		Generali Schadeverz. Maatsch.	100.00	98.55
Generali Asia N.V.	050	EUR	144,000	G	4	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Generali Turkey Holding B.V.	050	EUR	22,600	G	4	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Generali Real Estate Inv. B.V.	050	EUR	123,955,000	G	10		59.66	Generali Belgium S.A.	100.00	99.24
							40.34	Generali Levensverz. Maatsch.		
Generali Horizon B.V.	050	EUR	90,760	G	9	100.00		Generali Worldwide Insurance	100.00	100.00
Lion River I N.V.	050	EUR	551,996	G	9	31.37			100.00	98.74
							30.10	Generali Deutschland Holding		
							30.37	Generali Vie S.A.		
							8.15	Lion River II N.V.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Saxon Land B.V.	050	EUR	16,308	G	10	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Generali Capital Finance B.V.	050	EUR	10,000,000	G	8	25.00			100.00	100.00
						75.00		Generali Finance B.V.		
Generali PPF Holding B.V.	050	EUR	2,621,820	G	4	76.00			76.00	76.00
Lion River II N.V.	050	EUR	48,500	G	9		2.06	Generali Beteiligungs-GmbH	100.00	100.00
						2.06		Generali Vie S.A.		
						93.81		Part. Maat. Graafschap Holland		
						2.06		Generali Italia S.p.A.		
CZI Holdings N.V.	050	EUR	2,662,000,000	G	4	100.00		Generali PPF Holding B.V.	100.00	76.00
CP Strategic Investments N.V.	050	EUR	225,081	G	9	96.70		Ceska pojistovna, a.s.	96.70	73.49
Iberian Structured Investments	050	EUR	90,000	G	4	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali PanEurope Limited	040	EUR	42,134,869	G	2	55.77			100.00	99.72
						7.12		Generali Deutschland Holding		
						0.77		Generali Finance B.V.		
						36.34		Generali Worldwide Insurance		
Genirland Limited	040	EUR	113,660,000	G	9	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Generali Hellas A.E.A.Z.	032	EUR	12,976,200	G	2	100.00			100.00	100.00
Generali European Retail IH SA	092	EUR	31,050	G	9	25.59			100.00	99.65
						24.42		Generali Vie S.A.		
						9.76		Generali Rückversicherung AG		
						1.17		Generali Vida de Seguros S.A.		
						39.06		Generali Real Estate Inv. B.V.		
Generali European Real Estate	092	EUR	292,884,385	G	8	1.17			100.00	98.91
						7.81		AachenMünchener Lebensvers.		
						16.60		Generali Lebensversicherung AG		
						24.41		Generali Vie S.A.		
						9.77		Generali Rückversicherung AG		
						4.88		Generali España, S.A.		
						1.17		Generali Vida de Seguros S.A.		
						9.77		Generali Real Estate Inv. B.V.		
						24.42		Generali Italia S.p.A.		
Frescobaldi S.à.r.l.	092	EUR	1,000,000	G	9	100.00		Generali European Real Estate	100.00	98.91
GLL AMB Generali Cross-Border	092	EUR	225,000,000	G	9	28.00		AachenMünchener Lebensvers.	100.00	96.06
						48.00		Generali Lebensversicherung AG		
						16.00		Central Krankenversicherung AG		
						8.00		Cosmos Lebensversicherungs AG		
Generali Fund Management S.A.	092	EUR	3,921,900	G	11	51.00		Banca Generali S.p.A.	100.00	74.43
						49.00		Gen Inv S.p.A.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Corelli S.à.r.l.	092	EUR	12,500	G	9	100.00		Generali European Real Estate	100.00	98.91
Torelli S.à.r.l.	092	EUR	12,500	G	9	100.00		Generali European Real Estate	100.00	98.91
Sammartini S.à.r.l.	092	EUR	12,500	G	9	100.00		Generali European Real Estate	100.00	98.91
BSI Europe S.A.	092	EUR	31,465,642	G	7	100.00	BSI S.A.		100.00	100.00
GLL AMB Generali City22 Sàrl	092	EUR	200,000	G	11	100.00	GLL AMB Generali Cross-Border		100.00	96.06
GLL AMB Generali Bankcenter	092	EUR	175,000	G	11	100.00	GLL AMB Generali Cross-Border		100.00	96.06
GLL AMB Generali South Express	092	EUR	212,500	G	11	100.00	GLL AMB Generali Cross-Border		100.00	96.06
Generali Real Estate Luxemb.	092	EUR	250,000	G	8	100.00	Generali Real Estate S.p.A.		100.00	100.00
Generali N. American Holding 1	092	USD	13,246,799	G	11	85.25	Generali Vie S.A.		100.00	99.73
						6.56	E-Cie Vie S.A.			
						8.20	Generali Real Estate Inv. B.V.			
Generali N. American Holding 2	092	USD	7,312,384	G	11	100.00	GNAREI GmbH & Co. KG		100.00	96.06
Generali N. American Holding	092	USD	15,600,800	G	8	10.56	Genertellife S.p.A.		100.00	100.00
						72.36	Generali Italia S.p.A.			
						17.09	Alleanza Assicurazioni S.p.A.			
Generali Europe Income Holding	092	EUR	39,235,001	G	8	18.50	Generali Vie S.A.		100.00	99.10
						4.29	Genertellife S.p.A.			
						4.52	Generali Immobilien GmbH			
						2.26	E-Cie Vie S.A.			
						2.82	Generali Real Estate Inv. B.V.			
						29.44	Generali Italia S.p.A.			
						6.95	Alleanza Assicurazioni S.p.A.			
						20.34	GEREII GmbH & Co. KG			
						10.88	Generali Luxembourg S.A.			
Generali Luxembourg S.A.	092	EUR	75,000,000	G	2	100.00	Generali France S.A.		100.00	99.77
Sellin Bond Sub-Fund II	092	EUR	421,420,630	G	11	100.00	Generali Deutschland Holding		100.00	96.04
Generali Belgium Senior Homes	092	EUR	24,420,000	G	11	100.00	Generali Belgium S.A.		100.00	99.71
Generali Diversification U IGC	092	EUR	302,976,882	G	11	0.85	Dialog Lebensversicherungs AG		100.00	96.04
						66.50	AachenMünchener Lebensvers.			
						32.00	Central Krankenversicherung AG			
						0.65	ENVIVAS Krankenversicherung AG			
Generali Diversification U CBF	092	EUR	853,091,416	G	11	0.30	Dialog Lebensversicherungs AG		100.00	96.07
						69.75	Generali Lebensversicherung AG			
						2.32	Generali Versicherung AG			
						12.64	Central Krankenversicherung AG			
						14.49	Cosmos Lebensversicherungen AG			
						0.51	ADVOCARD Rechtsschutzvers. AG			
Generali Vida de Seguros S.A.	055	EUR	9,000,000	G	2	99.99			99.99	99.99

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Europ Assistance Portugal	055	EUR	7,500,000	G	2	53.00		Europ Assistance Holding S.A.	53.00	52.88
Europ Assistance Serviços S.A.	055	EUR	250,000	G	11	99.90		Europ Assistance Portugal	99.90	52.83
BSI Monaco SAM	091	EUR	15,000,000	G	7	100.00		BSI S.A.	100.00	100.00
BSI Asset Managers SAM	091	EUR	2,000,000	G	8	99.96		BSI Monaco SAM	99.96	99.96
BSI Trust Corp. (Malta)	105	EUR	50,000	G	11	98.00		BSI S.A.	98.00	98.00
Generali-Providencia Biztosító	077	HUF	4,500,000,000	G	2	100.00		Generali PPF Holding B.V.	100.00	76.00
Europai Utazasi Biztosito R.t.	077	HUF	400,000,000	G	2	13.00		Europäische Reiseversicherungs	74.00	56.11
						61.00		Generali-Providencia Biztosító		
Generali-Ingatlan Kft	077	HUF	5,296,788,000	G	10	100.00		Generali-Providencia Biztosító	100.00	76.00
Generali Alapkezelo Zrt.	077	HUF	500,000,000	G	8	74.00		Generali-Providencia Biztosító	100.00	76.00
						26.00		Generali PPF Holding B.V.		
Genertel Biztosító Zrt	077	HUF	1,160,000,000	G	2	100.00		Generali-Providencia Biztosító	100.00	76.00
Váci utca Center Kft	077	HUF	4,497,120	G	10	100.00		Generali Immobilien GmbH	100.00	100.00
Generali Pojistovna a.s.	275	CZK	500,000,000	G	2	100.00		Generali PPF Holding B.V.	100.00	76.00
PCS Praha Center Ssro	275	CZK	396,206,000	G	10	100.00		CA Global Property Int. Imm.AG	100.00	67.74
Generali Velky Spalicek S.r.o.	275	CZK	1,800,000	G	10	100.00		Generali Immobilien GmbH	100.00	100.00
Generali Development spol sro	275	CZK	200,000	G	10	100.00		Generali Pojistovna a.s.	100.00	76.00
Ceska pojistovna, a.s.	275	CZK	4,000,000,000	G	2	100.00		CZI Holdings N.V.	100.00	76.00
Penzijní spolecnost CP, a.s.	275	CZK	300,000,000	G	11	100.00		CP Strategic Investments N.V.	100.00	73.49
Ceska pojistovna Zdravi a.s.	275	CZK	100,000,000	G	2	100.00		Ceska pojistovna, a.s.	100.00	76.00
Generali PPF Asset Management	275	CZK	52,000,000	G	8	100.00		CZI Holdings N.V.	100.00	76.00
CP Invest Invest.spol. a.s.	275	CZK	91,000,000	G	8	100.00		Ceska pojistovna, a.s.	100.00	76.00
Univerzální správa majetku as	275	CZK	1,000,000	G	11	100.00		Ceska pojistovna, a.s.	100.00	76.00
CP Direct, a.s.	275	CZK	20,000,000	G	11	100.00		Ceska pojistovna, a.s.	100.00	76.00
Generali PPF Services a.s.	275	CZK	3,000,000	G	11	20.00		Generali Pojistovna a.s.	100.00	76.00
						80.00		Ceska pojistovna, a.s.		
Pankrac Services, s.r.o.	275	CZK	200,000	G	10	100.00		Ceska pojistovna, a.s.	100.00	76.00
CP INVEST R.U.I. Fond a.s.	275	CZK	74,000,000	G	9	5.41		Generali Pojistovna a.s.	100.00	76.00
						67.57		Ceska pojistovna, a.s.		
						27.03		GP Reinsurance EAD		
City Empiria a.s.	275	CZK	2,004,000	G	10	100.00		CP INVEST R.U.I. Fond a.s.	100.00	76.00
Solitaire Real Estate, a.s.	275	CZK	128,296,000	G	10	100.00		CP INVEST R.U.I. Fond a.s.	100.00	76.00
Transf. Penzijní spolecnost CP	275	CZK	300,000,000	G	11	100.00		Penzijní spolecnost CP, a.s.	100.00	73.49
Fond kvalifikovaných investoru	275	CZK	0	G	11	16.67		Generali Pojistovna a.s.	100.00	76.00
						83.33		Ceska pojistovna, a.s.		
Parížská 26, s.r.o.	275	CZK	200,000	G	10	100.00		Ceska pojistovna, a.s.	100.00	76.00
Generali Slovensko Poistovna	276	EUR	25,000,264	G	2	100.00		Generali PPF Holding B.V.	100.00	76.00

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Apollo Business Center IV ssro	276	EUR	25,000	G	10	100.00		Ceska pojistovna, a.s.	100.00	76.00
Generali Towarzystwo Ubezpiec.	054	PLN	190,310,000	G	2	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali Zycie S.A.	054	PLN	61,000,000	G	2	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali PTE S.A.	054	PLN	145,500,000	G	11	100.00		Generali Towarzystwo Ubezpiec.	100.00	76.00
Generali Finance Sp. z o.o.	054	PLN	15,230,000	G	8	100.00		Generali Towarzystwo Ubezpiec.	100.00	76.00
Generali Zavarovalnica d.d.	260	EUR	39,520,356	G	2	99.84		Generali PPF Holding B.V.	99.84	75.88
S.C. FATA Asigurari S.A.	061	RON	111,662,020	G	2	100.00		Fata Assicurazioni Danni SpA	100.00	100.00
Generali Administrare Pensii	061	RON	89,000,000	G	11	100.00		Ceska pojistovna, a.s.	100.00	76.00
S.C. Generali Romania S.A.	061	RON	179,100,909	G	2	84.49		Generali PPF Holding B.V.	99.91	75.93
						15.42		Iberian Structured Investments		
Generali Zaprila MDC EOOD	012	BGN	100,000	G	11	100.00		Generali Insurance AD	100.00	75.51
Generali Insurance AD	012	BGN	16,571,800	G	2	99.36		Generali Bulgaria Holding EAD	99.36	75.51
Generali Bulgaria Holding EAD	012	BGN	83,106,000	G	4	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali Insurance Life AD	012	BGN	7,000,000	G	2	99.56		Generali Bulgaria Holding EAD	99.56	75.66
Zad Victoria AD	012	BGN	13,826,082	G	2	67.00			67.00	67.00
GP Reinsurance EAD	012	BGN	53,400,000	G	5	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali Osiguranje d.d.	261	HRK	81,000,000	G	3	100.00		Generali PPF Holding B.V.	100.00	76.00
Generali Assurances Générales	071	CHF	27,342,400	G	3	99.92		Generali (Schweiz) Holding AG	99.92	99.92
Generali Personenversicherung	071	CHF	106,886,890	G	3	15.06		Generali Assurances Générales	100.00	99.99
						84.94		Generali (Schweiz) Holding AG		
Fortuna Rechtsschutz-Vers.	071	CHF	3,000,000	G	3	100.00		Generali (Schweiz) Holding AG	100.00	100.00
Generali (Schweiz) Holding AG	071	CHF	4,332,000	G	4	51.05			100.00	100.00
						20.01		Generali Holding Vienna AG		
						28.94		Redoze Holding N.V.		
Fortuna Investment AG	071	CHF	1,000,000	G	8	100.00		Generali (Schweiz) Holding AG	100.00	100.00
BSI S.A.	071	CHF	1,840,000,000	G	7	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Europ Assistance (Suisse) S.A.	071	CHF	200,000	G	11	100.00		Europ Assistance (CH) Holding	100.00	75.83
Europ Assistance (CH) Assur.	071	CHF	3,000,000	G	3	100.00		Europ Assistance (CH) Holding	100.00	75.83
Europ Assistance (CH) Holding	071	CHF	1,400,000	G	4	75.00		Europ Assistance Holding S.A.	76.00	75.83
						1.00		Generali (Schweiz) Holding AG		
Thalia S.A.	071	CHF	4,800,000	G	9	100.00		BSI S.A.	100.00	100.00
Patrimony 1873 SA	071	CHF	5,000,000	G	11	100.00		BSI S.A.	100.00	100.00
Anderfin SA	071	CHF	100,000	G	9	100.00		BSI S.A.	100.00	100.00
Fortuna Lebens-Versicherung AG	090	CHF	10,000,000	G	3	100.00		Generali (Schweiz) Holding AG	100.00	100.00
Fortuna Investment AG, Vaduz	090	CHF	1,000,000	G	11	100.00		Generali (Schweiz) Holding AG	100.00	100.00
Generali Worldwide Insurance	201	EUR	86,733,397	G	3	100.00		Part. Maat. Graafschap Holland	100.00	100.00
Generali International Ltd	201	EUR	13,938,259	G	3	100.00		Generali Worldwide Insurance	100.00	100.00

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
BSI Generali Bank (Cl) Ltd	201	GBP	1,425,422	G	7	100.00		Generali Worldwide Insurance	100.00	100.00
Generali Portfolio Management	201	USD	194,544	G	9	100.00		Generali Worldwide Insurance	100.00	100.00
GW Beta Limited	202	GBP	745,676	G	9	100.00		Generali Worldwide Insurance	100.00	100.00
Generali Sigorta A.S.	076	TRY	26,300,000	G	3	99.67		Generali Turkey Holding B.V.	99.67	99.67
Delta Generali Holding d.o.o.	290	EUR	5,000,000	G	4	33.00		Delta Generali Osiguranje a.d.	51.00	19.39
						18.00		Delta Generali RE a.d.		
Delta Generali Osiguranje ad	290	EUR	4,399,000	G	3	100.00		Delta Generali Holding d.o.o.	100.00	19.39
Delta Generali Osiguranje a.d.	289	RSD	2,131,997,310	G	3	50.02		Generali PPF Holding B.V.	50.02	38.02
Delta Generali RE a.d.	289	RSD	616,704,819	G	6	99.99		Delta Generali Osiguranje a.d.	99.99	38.02
Voluntary Pension Fund M.Delta	289	RSD	135,000,000	G	11	100.00		Delta Generali Osiguranje a.d.	100.00	38.02
Generali Realties Ltd	182	ILS	2	G	10	100.00			100.00	100.00
Transocean Holding Corporation	069	USD	194,980,600	G	9	100.00			100.00	100.00
Europ Assistance USA Inc.	069	USD	5,000,000	G	11	100.00		Europ Assistance North America	100.00	99.77
Genamerica Management Corp.	069	USD	100,000	G	11	100.00			100.00	100.00
Generali Claims Solutions LLC	069	USD	100,000	G	11	100.00		Generali Consulting Solutions	100.00	100.00
Generali Consulting Solutions	069	USD	156,420	G	11	100.00			100.00	100.00
GLL Properties Fund I LP	069	USD	33,010,030	G	10	100.00		GLL AMB Generali Prop. Fund I	100.00	96.06
GLL Properties Fund II LP	069	USD	78,866,056	G	11	100.00		GLL AMB Generali Prop. Fund II	100.00	96.06
GLL Properties 444 NM LP	069	USD	78,866,056	G	10	100.00		GLL Properties Fund II LP	100.00	96.06
Europ Assistance North America	069	USD	34,061,342	G	11	100.00		Europ Assistance Holding S.A.	100.00	99.77
CSA Inc.	069	USD	2,974,774	G	11	100.00		Europ Assistance North America	100.00	99.77
GMMI, Inc.	069	USD	400,610	G	11	100.00		Europ Assistance North America	100.00	99.77
General Securities Corp.	069	USD	364,597	G	9	1.00		Generali N. American Holding 1	100.00	99.05
						1.00		Generali N. American Holding 2		
						1.00		Generali N. American Holding		
						97.00		GNAREH 1 Farragut LLC		
GNAREH 1 Farragut LLC	069	USD	34,421,491	G	10	35.73		Generali N. American Holding 1	100.00	99.06
						21.09		Generali N. American Holding 2		
						42.18		Generali N. American Holding		
						1.00		General Securities Corp.		
GNAREI 1 Farragut LLC	069	USD	34,037,500	G	10	100.00		GNAREH 1 Farragut LLC	100.00	99.06
Europ Assistance Canada	013	CAD	6,738,011	G	9	100.00		Europ Assistance Holding S.A.	100.00	99.77
Canadian Medical Network Inc.	013	CAD	203	G	11	100.00		Europ Assistance Canada	100.00	99.77
Generali Argentina S.A.	006	ARS	64,000,000	G	3	50.00	50.00	Caja de Seguros S.A.	100.00	94.55
Caja de Seguros S.A.	006	ARS	228,327,700	G	3	99.00		Caja de Ahorro y Seguro S.A.	99.00	89.10
La Caja de Seguros de Retiro	006	ARS	5,020,000	G	3	95.00		Caja de Seguros S.A.	100.00	89.14
						5.00		Caja de Ahorro y Seguro S.A.		

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾
						Direct	Indirect	Through	
Caja de Ahorro y Seguro S.A.	006	ARS	269,000,000	G	4	62.50			
							27.50	Genirland Limited	90.00
Ritenere S.A.	006	ARS	512,000	G	11	50.83	Caja de Seguros S.A.	100.00	89.54
								49.17	
La Estrella Seguros de Retiro	006	ARS	90,255,655	G	3	50.00	Caja de Seguros S.A.	50.00	44.55
BSI Overseas (Bahamas) Ltd	160	USD	10,000,000	G	8	100.00	BSI S.A.	100.00	100.00
BSI Trust Corp. (Bahamas) Ltd	160	USD	1,000,000	G	8	100.00	BSI Overseas (Bahamas) Ltd	100.00	100.00
Alpine Services Ltd	160	USD	10,000	G	9	100.00	BSI Trust Corp. (Bahamas) Ltd	100.00	100.00
Generali Brasil Seguros S.A.	011	BRL	408,145,615	G	3	74.69			
							25.31	Transocean Holding Corporation	100.00
Generali Colombia Vida S.A.	017	COP	4,199,989,500	G	3	15.38			
							16.16	Transocean Holding Corporation	99.81
							68.28	Generali Colombia S.A.	90.67
Generali Colombia S.A.	017	COP	22,154,947,500	G	3	81.83			
							4.77	Transocean Holding Corporation	86.61
Generali Ecuador S.A.	024	USD	2,130,000	G	3	51.74			
Aseguradora General S.A.	033	GTQ	100,000,000	G	3	51.00			
BSI Investment Advisors Panama	051	USD	410,000	G	11	100.00	BSI S.A.	100.00	100.00
Generali China Life Insurance	016	CNY	3,300,000,000	G	3	50.00			
Generali China AMC Co. Ltd	016	CNY	200,000,000	G	9	80.00	Generali China Life Insurance	80.00	40.00
BSI Bank Ltd	147	USD	214,000,000	G	7	100.00	BSI S.A.	100.00	100.00
Generali Investments Asia Ltd	103	HKD	10,000,000	G	9	100.00			
Generali Financial Asia Ltd	103	HKD	105,870,000	G	9	100.00			
Generali Pilipinas Life Ass.	027	PHP	1,725,050,515	G	3	100.00	Generali Pilipinas Holding	100.00	60.00
Generali Pilipinas Insurance	027	PHP	1,208,860,137	G	3	99.99	Generali Pilipinas Holding	99.99	60.00
Generali Pilipinas Holding	027	PHP	3,079,155,490	G	4	60.00	Generali Asia N.V.	60.00	60.00
PT Asuransi Jiwa Generali Ind.	129	IDR	303,000,000,000	G	3	96.96	Generali Asia N.V.	96.96	96.96
KAG Holding Co. Ltd	072	THB	858,244,200	G	4	100.00	IWF Holding Co. Ltd	100.00	81.97
Generali Assurance (Thailand)	072	THB	1,000,000,000	G	3	25.00			
							50.00	KAG Holding Co. Ltd	75.00
Generali Insurance (Thailand)	072	THB	860,000,000	G	3	25.00			
							50.00	KAG Holding Co. Ltd	65.99
Generali Holding Co. Ltd	072	THB	2,100,000	G	4	81.97	Generali Asia N.V.	81.97	81.97
Europ Assistance W.Services	078	ZAR	18,264,900	G	11	61.00	Europ Assistance Holding S.A.	61.00	60.86
Kudough Credit Solutions (Pty)	078	ZAR	1,000	G	11	90.00	Europ Assistance W.Services	90.00	54.77
24 Fix (Pty) Ltd	078	ZAR	4,249,769	G	11	100.00	Europ Assistance W.Services	100.00	60.86
MRI Criticare Medical Rescue	078	ZAR	1,000	G	11	100.00	Europ Assistance W.Services	100.00	60.86
Access Health Africa Ltd	078	ZAR	1,000	G	11	100.00	Europ Assistance W.Services	100.00	60.86

SUBSIDIARIES CONSOLIDATED LINE BY LINE

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	
						Direct	Indirect	Through		
Healthichoice (Pty) Limited	078	ZAR	200	G	11	68.00		Europ Assistance W.Services	68.00	41.39
Labour Assist (Pty) Ltd	078	ZAR	100	G	11	90.00		Europ Assistance W.Services	90.00	54.77
Europ Assistance Financial S.	078	ZAR	100	G	11	58.00		Europ Assistance W.Services	58.00	35.30
Randgo Reward (Pty) Ltd	078	ZAR	100	G	11	51.00		Europ Assistance W.Services	51.00	31.04
Buxola (Pty) Ltd	078	ZAR	100	G	11	100.00		Randgo Reward (Pty) Ltd	100.00	31.04
Generali Vietnam Life Ins.	062	VND	800,000,000	G	3	100.00			100.00	100.00

The percentage of consolidation in each subsidiaries consolidated line by line is 100%

(1) Consolidation method: Line-by-line consolidation method = G; Proportionate consolidation method = P; Line-by-line consolidation method arising from joint management = U

(2) 1=ass italiane; 2=ass UE; 3=ass stato terzo; 4=holding assicurative; 5=riass UE; 6=riass stato terzo; 7=banche; 8=SGR; 9=holding diverse; 10=immobiliari 11=altro

(3) 1 = Italian insurance companies; 2 = EU insurance companies; 3 = non EU insurance companies; 4 = insurance holding companies; 5=EU reinsurance companies; 6 = non EU reinsurance companies; 7 = banks; 8 = asset management companies; 9 = other holding companies; 10 = real estate companies; 11 = other

The total percentage of votes exercitable at shareholders' general meeting, which differs from that of direct or indirect shareholding, is as follows

Generali Investments Europe 100.00%

Generali France 99.98%

Generali Verzekeringsgroep NV 98.56%

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
Sementi Dom Dotto S.p.A.	086	EUR	3,500,000	a	11	100.00	Genagricola S.p.A.	100.00	100.00	
Solaris S.r.l. (*)	086	EUR	20,000	b	10	40.00	Generali Properties S.p.A.	40.00	40.00	
Servizi Tecnologici Avanzati	086	EUR	102,000	b	11	25.00		25.00	25.00	
Donatello Intermediazione Srl	086	EUR	59,060	a	11	10.87		100.00	100.00	1,344
						89.13	Generali Italia S.p.A.			
Initium S.r.l. (*)	086	EUR	250,000	b	10	49.00	Generali Properties S.p.A.	49.00	49.00	3,624
Continuum S.r.l. (*)	086	EUR	20,000	b	10	40.00	Generali Properties S.p.A.	40.00	40.00	82
Sementi Ross S.r.l.	086	EUR	102,800	a	11	100.00	Sementi Dom Dotto S.p.A.	100.00	100.00	
AEON Trust Soc. Italiana Trust	086	EUR	90,000	a	11	100.00	BSI S.A.	100.00	100.00	126
A7 S.r.l. (*)	086	EUR	200,000	c	10	40.10	Generali Italia S.p.A.	40.10	40.10	2,219
Tiberina S.r.l.	086	EUR	20,000	a	11	100.00	Generali Italia S.p.A.	100.00	100.00	473
Telco S.p.A. (*)	086	EUR	2,384,619,719	b	8	6.18		19.32	19.26	
						0.28	AachenMünchener Lebensvers.			
						0.05	AachenMünchener Versicherung			
						0.90	Generali Lebensversicherung AG			
						0.07	Generali Versicherung AG			
						0.11	Central Krankenversicherung AG			
						0.08	Cosmos Lebensversicherungs AG			
						1.43	Generali Vie S.A.			
						6.27	Generali Italia S.p.A.			
						3.94	Alleanza Assicurazioni S.p.A.			
Consel S.p.A. (*)	086	EUR	22,666,669	b	9	32.50	Generali Italia S.p.A.	32.50	32.50	31,710
NEIP II S.p.A.	086	EUR	6,500,000	b	9	48.16		48.16	48.16	11,011
Investimenti Marittimi S.p.A.	086	EUR	103,000,000	b	9	30.00	Generali Italia S.p.A.	30.00	30.00	7,978
Cross Factor S.p.A. (*)	086	EUR	1,032,000	b	11	20.00	BSI S.A.	20.00	20.00	536
Imprebanca S.p.A.	086	EUR	50,000,000	b	9	20.00	Generali Italia S.p.A.	20.00	20.00	10,000
Valore Immobiliare S.r.l. (*)	086	EUR	10,000	c	10	1.00	Generali Properties S.p.A.	50.00	50.00	524
						49.00	Generali Italia S.p.A.			
HSR S.r.l.	086	EUR	20,000	a	10	90.00	Generali Properties S.p.A.	90.00	90.00	54
Fondo Sammartini (*)	086	EUR	33,996,989	c	11	32.00		48.00	48.00	
						16.00	Generali Italia S.p.A.			
Romagna Assicura S.r.l.	086	EUR	20,000	b	11	36.00	Sementi Dom Dotto S.p.A.	36.00	36.00	
CityLife Sviluppo 1 S.r.l.	086	EUR	10,000	a	10	100.00	CityLife S.p.A.	100.00	67.00	9
CityLife Sviluppo 2 S.r.l.	086	EUR	10,000	a	10	100.00	CityLife S.p.A.	100.00	67.00	9
CityLife Sviluppo 3 S.r.l.	086	EUR	10,000	a	10	100.00	CityLife S.p.A.	100.00	67.00	9
CityLife Sviluppo 4 S.r.l.	086	EUR	10,000	a	10	100.00	CityLife S.p.A.	100.00	67.00	9
CityLife Sviluppo 5 S.r.l.	086	EUR	10,000	a	10	100.00	CityLife S.p.A.	100.00	67.00	9

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
CityLife Sviluppo 6 S.r.l.	086	EUR	10,000	a	10	100.00		CityLife S.p.A.	100.00	67.00 9
CityLife Sviluppo 7 S.r.l.	086	EUR	10,000	a	10	100.00		CityLife S.p.A.	100.00	67.00 9
CityLife Sviluppo 8 S.r.l.	086	EUR	10,000	a	10	100.00		CityLife S.p.A.	100.00	67.00 9
CityLife Sviluppo 9 S.r.l.	086	EUR	10,000	a	10	100.00		CityLife S.p.A.	100.00	67.00 9
CityLife Sviluppo 10 S.r.l.	086	EUR	10,000	a	10	100.00		CityLife S.p.A.	100.00	67.00 9
NEIP III S.p.A.	086	EUR	2,239,116	b	9 13.26				26.53	26.53 3,215
						13.26		Generali Italia S.p.A.		
GI SIM S.p.A.	086	EUR	3,000,000	a	11	100.00		Gen Inv S.p.A.	100.00	98.80 3,000
BBG Beteiligungsges.	094	EUR	25,600	a	9	100.00		Deutsche Bausparkasse Badenia	100.00	96.04 33
Deutsche Vermögensberatung AG (*)	094	EUR	150,000,000	b	11	40.00		Generali Deutschland Holding	40.00	38.41 240,150
Generali Akademie GmbH	094	EUR	25,600	a	11	100.00		Generali Versicherung AG	100.00	96.08
Versicherungs-Planer-Vermittl.	094	EUR	35,600	a	11	100.00		Generali Lebensversicherung AG	100.00	96.08 30
Thuringia Versvermittlungs	094	EUR	25,600	a	11	100.00		Generali Beteiligungs AG	100.00	96.08 26
Deutscher Lloyd GmbH	094	EUR	30,700	a	11	100.00		Generali Beteiligungs AG	100.00	96.08
MLV Beteiligung verwaltungsges.	094	EUR	51,129	a	9	100.00		Generali Holding Vienna AG	100.00	100.00 38
Kleylein & Cie Actuarial Serv.	094	EUR	25,750	a	11	60.00		Generali Lebensversicherung AG	60.00	57.65 102
Generali Finanz Service GmbH	094	EUR	26,000	a	11	100.00		Generali Beteiligungs AG	100.00	96.08
Generali Pensionsmanagement	094	EUR	52,000	a	11	100.00		Generali Beteiligungs AG	100.00	96.08 112
Volksfürsorge Fixed Assets	094	EUR	104,000	a	11	100.00		Generali Lebensversicherung AG	100.00	96.08 104
AVW Versicherungsmakler GmbH	094	EUR	1,550,000	b	11	26.00		Generali Versicherung AG	26.00	24.98 2,232
ver.di Service GmbH	094	EUR	75,000	b	11	50.00		Volksfürsorge AG Vertriebsges.	50.00	48.04 48
Dein Plus GmbH	094	EUR	50,000	a	11	60.00		Volksfürsorge AG Vertriebsges.	60.00	57.65 23
VOV GmbH	094	EUR	154,000	b	11	21.50		AachenMünchener Versicherung	43.00	41.31 1,735
						21.50		Generali Versicherung AG		
Generali Partner GmbH	094	EUR	250,000	a	11	100.00		Generali Lebensversicherung AG	100.00	96.08 808
Generali Lloyd Vers.smakler	094	EUR	153,388	b	11	50.00		Generali Versicherung AG	50.00	48.04
AM RE Verwaltungs GmbH	094	EUR	25,000	a	9	100.00		AachenMünchener Lebensvers.	100.00	96.04 25
Central Fixed Assets GmbH	094	EUR	25,000	a	9	100.00		Central Krankenversicherung AG	100.00	96.04 25
Cosmos Fixed Assets GmbH	094	EUR	25,000	a	9	100.00		Cosmos Lebensversicherungs AG	100.00	96.04 24
Zweite AM RE Verwaltungs GmbH	094	EUR	25,000	a	9	100.00		AachenMünchener Versicherung	100.00	96.04 25
AM Versicherungsvermittlung	094	EUR	25,000	a	11	100.00		AachenMünchener Versicherung	100.00	96.04 25
GLL GmbH & Co. Retail KG	094	EUR	405,010,000	b	10 29.63				49.38	48.60 138,221
						4.94		AachenMünchener Lebensvers.		
						7.41		Generali Lebensversicherung AG		
						7.41		Central Krankenversicherung AG		
Azur Space Solar Power GmbH	094	EUR	100,000	a	11	100.00		Renewable Investment Holding	100.00	95.00

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
Louisen-Center Bad Homburg Vr.	094	EUR	25,000	a	10	94.90		Generali Deutschland Holding	94.90	91.14
Schroder Nordic Property Fund (*)	094	EUR	106,248,381	b	11	24.52		Generali Lebensversicherung AG	24.52	23.56
Alstercampus Verwaltung. mbH	094	EUR	25,000	a	9	50.00		Generali Real Estate S.p.A.	50.00	50.00
Generali Verwaltungs GmbH	094	EUR	25,000	a	9	100.00		Generali Beteiligungs-GmbH	100.00	100.00
GG Einkaufszentrum Marienplatz (*)	094	EUR	14,810,000	c	10	73.30		AachenMünchener Versicherung	73.30	70.39
Verwaltungsges. Marienplatz	094	EUR	25,000	a	10	74.00		Generali Real Estate S.p.A.	74.00	74.00
BA1 Alstercampus Grundstücksg. (*)	094	EUR	7,441,079	c	10	50.00		Generali Lebensversicherung AG	50.00	48.04
Verwaltungsg. Wohnen Westhafen	094	EUR	25,000	a	10	85.00		Generali Versicherung AG	85.00	81.67
Grundstücksg. Wohnen Westhafen	094	EUR	4,731,000	c	10	84.99		Generali Versicherung AG	84.99	81.66
Generali Deutschland IV GmbH	094	EUR	25,000	a	10	100.00		Generali Real Estate S.p.A.	100.00	100.00
MPC Real Value Fund GmbH&Co.KG	094	EUR	50,200	a	11	99.60		Generali Lebensversicherung AG	99.60	95.70
Generali European Retail IG KG	094	EUR	20,250	a	10	50.62		Generali Real Estate S.p.A.	100.00	100.00
						49.38		Generali Deutschland IV GmbH		
Generali Alternative Inv. G.KG	094	EUR	60,000	a	9	100.00		Generali Deutschland Holding	100.00	96.04
Generali Alternative Inv. GmbH	094	EUR	25,000	a	9	100.00		Generali Deutschland Holding	100.00	96.04
vSPS Management GmbH	094	EUR	25,000	a	11	100.00		Volksfürsorge AG Vertriebsges.	100.00	96.08
Cofifo S.A.	029	EUR	4,500,000	a	9	100.00		Generali France S.A.	100.00	99.77
Trieste Courtage S.A.	029	EUR	39,000	a	11	0.02		Generali Vie S.A.	99.98	99.76
						99.96		Generali France Assurances SA		
Bourbon Courtage S.A.	029	EUR	124,500	a	11	0.12		Generali IARD S.A.	100.00	93.37
						0.12		Generali Vie S.A.		
						99.76		Prudence Creole		
Generali Gerance S.A.	029	EUR	228,000	a	11	0.07		Generali IARD S.A.	99.73	99.51
						99.67		Generali Vie S.A.		
SAI Trois Collines de Mougins	029	EUR	184,463	b	10	33.31		Generali IARD S.A.	48.26	48.16
						14.96		Generali Vie S.A.		
Generali Reassurance Courtage	029	EUR	3,016,656	a	11	100.00		Generali France Assurances SA	100.00	99.77
Europ Assistance Océanie SAS	225	XPF	24,000,000	a	11	99.88		Europ Assistance Holding S.A.	99.88	99.65
Landy PVG S.A.S.	029	EUR	39,000	a	11	100.00		Cofifo S.A.	100.00	99.77
Risque et Sérénité S.A.	029	EUR	6,135,300	a	9	47.06		Generali Vie S.A.	59.10	58.97
						12.04		Generali France Assurances SA		
Europ Assistance IHS Services	029	EUR	7,287,000	a	11	100.00		Europ Assistance Holding S.A.	100.00	99.77
Arche SA	029	EUR	120,975	a	10	79.31		Cofifo S.A.	79.31	79.13
SCI Immove	029	EUR	17,662	a	10	0.02		Generali IARD S.A.	100.00	99.77
						99.98		Generali Vie S.A.		
SCI Les 3 Collines Le Ferandou	029	EUR	304,000	b	10	33.30		Generali IARD S.A.	48.30	48.19
						15.00		Generali Vie S.A.		142

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
Rocher Pierre SCpl (*)	029	EUR	35,401,086	b	10	26.09		Generali Vie S.A.	26.09	26.03 15,756
Bien-Être Assistance S.A. (*)	029	EUR	1,000,000	c	11	51.00		Europ Assistance France S.A.	51.00	50.88 498
Parcolog Lyon Isle d'Abeau	029	EUR	8,000	a	10	100.00		SC Generali Logistique	100.00	99.77 9
Foncière Hypersud S.A. (*)	029	EUR	50,000,205	b	10	49.00		Generali Vie S.A.	49.00	48.89 2,662
SAS 100 CE (*)	029	EUR	51,277,080	c	10	50.00		Generali Europe Income Holding	50.00	49.55 24,803
EAP France SAS (*)	029	EUR	100,000	c	11	51.00		Europ Assistance France S.A.	51.00	50.88 1,397
Bois Colombes Europe Avenue SC (*)	029	EUR	1,000	c	10	50.00		Generali Vie S.A.	50.00	49.89
ASSERCAR SAS	029	EUR	37,000	b	11	14.86		Generali IARD S.A.	29.73	29.66 660
						14.86		L'Equité IARD S.A.		
COSEV@D SAS	029	EUR	100,000	a	11	100.00		Cofifo S.A.	100.00	99.77
Generali 1 S.A.S.	029	EUR	1,000	a	9	100.00		Generali France Assurances SA	100.00	99.77 1
Generali Investments PE S.A.S.	029	EUR	2,036,850	a	11	9.99		BSI S.A.	99.91	98.83 1,640
						89.92		Gen Inv S.p.A.		
Generali 8 S.A.S.	029	EUR	1,000	a	9	100.00		Generali France Assurances SA	100.00	99.77 1
Generali 9 S.A.S.	029	EUR	1,000	a	9	100.00		Generali France Assurances SA	100.00	99.77 1
Generali 10 S.A.S.	029	EUR	37,000	a	9	100.00		Generali France Assurances SA	100.00	99.77 37
Cabinet Berat et Fils S.A.S.	029	EUR	8,000	a	11	100.00		Cofifo S.A.	100.00	99.77
Generali Investments Opera SAS	029	EUR	1,000,000	a	8	100.00		Gen Inv S.p.A.	100.00	98.80 1,000
SCI Daumesnil (*)	029	EUR	16,753,270	c	10	50.00		Generali IARD S.A.	50.00	49.89 22,531
SCI Malesherbes (*)	029	EUR	34,660,674	c	10	50.00		Generali Vie S.A.	50.00	49.89 24,535
SCI 15 Scribe (*)	029	EUR	14,738,000	c	10	50.00		Generali IARD S.A.	50.00	49.89 28,955
SCI 9 Messine (*)	029	EUR	2,420,250	c	10	50.00		Generali Vie S.A.	50.00	49.89 4,673
VIGIE Assurances SARL Agence	029	EUR	4,271,610	a	11	100.00		Generali IARD S.A.	100.00	99.77 3,063
SCI Château La Pointe	029	EUR	35,337,651	a	10	100.00		Generali France S.A.	100.00	99.77
SCI 11-15 rue Pasquier (*)	029	EUR	6,438,000	c	10	50.00		Generali IARD S.A.	50.00	49.89 12,970
MAPREG	029	EUR	133,182	b	11	25.26		Generali France S.A.	25.26	25.21
Generali Revenus FCP	029	EUR	9,587,828	a	11	2.55		Generali IARD S.A.	100.00	99.77
						96.05		Generali Vie S.A.		
						1.41		E-Cie Vie S.A.		
Drei-Banken Versicherungs-AG (*)	008	EUR	7,500,000	b	7	20.00		Generali Holding Vienna AG	20.00	20.00 7,797
3 Banken-Generali Investment (*)	008	EUR	2,600,000	b	8	48.57		Generali Holding Vienna AG	48.57	48.57 1,985
Generali Büroservice GmbH	008	EUR	145,346	a	10	100.00		Generali Holding Vienna AG	100.00	100.00 2,716
Generali Betriebsrestaurazion	008	EUR	36,336	a	11	100.00		Generali Versicherung AG (A)	100.00	100.00 484
MAS Versicherungsmakler GmbH	008	EUR	55,000	a	11	100.00		Generali Sales Promotion GmbH	100.00	100.00 125
SK Versicherung AG (*)	008	EUR	3,633,500	b	2	20.43		Generali Holding Vienna AG	39.66	39.66 4,790
						19.23		Generali Versicherung AG (A)		

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
TTC-Training Center Unternem.	008	EUR	35,000	a	11	100.00	Europäische Reiseversicherungs	100.00	74.99	133
Global Private Equity Holding	008	EUR	4,388,000	b	9	11.39	Generali Lebensversicherung AG	23.02	22.57	888
						11.62	Generali Versicherung AG (A)			
Medwell Internet Services GmbH	008	EUR	496,000	a	11	100.00	Generali Sales Promotion GmbH	100.00	100.00	258
Car Care Consult Versicherungs	008	EUR	35,000	a	11	100.00	Generali Sales Promotion GmbH	100.00	100.00	35
Generali Telefon-Auftragsserv.	008	EUR	35,000	a	11	100.00	Generali Bank AG	100.00	100.00	35
BONUS Vorsorgekasse AG (*)	008	EUR	3,000,000	b	11	50.00	Generali Holding Vienna AG	50.00	50.00	1,984
Risk-Aktiv Versicherungsserv.	008	EUR	35,000	a	11	100.00	Generali Versicherung AG (A)	100.00	100.00	35
Generali 3Banken Holding AG (*)	008	EUR	70,000	b	9	49.30	Generali Versicherung AG (A)	49.30	49.30	67,589
Generali FinanzService GmbH	008	EUR	50,000	a	11	100.00	Generali Sales Promotion GmbH	100.00	100.00	979
M.O.F. Immobilien AG	008	EUR	1,000,000	b	10	20.00	Generali Immobilien GmbH	20.00	20.00	7,758
Generali TVG Vorsorgemanagem.	008	EUR	145,346	a	11	100.00	Generali Sales Promotion GmbH	100.00	100.00	62
M.O.F. Beta Immobilien AG	008	EUR	1,000	b	10	20.00	Generali Immobilien GmbH	20.00	20.00	8,094
GBK Vermögensverwaltung GmbH	008	EUR	35,000	a	11	100.00	Generali Bank AG	100.00	100.00	8,036
Generali Vermögensberatung	008	EUR	35,000	a	11	100.00	Generali Versicherung AG (A)	100.00	100.00	35
PCO Immobilien GmbH	008	EUR	35,000	a	10	100.00	Generali Immobilien GmbH	100.00	100.00	381
Lead Equities II Auslandsbet.	008	EUR	730,000	b	9	21.59	Generali Versicherung AG (A)	21.59	21.59	1,846
Lead Equities II Private Eq.	008	EUR	7,300,000	b	9	21.59	Generali Versicherung AG (A)	21.59	21.59	4,571
Europ Assistance Travel S.A.	067	EUR	60,101	a	11	100.00	Europ Assistance SldG, S.A.	100.00	99.78	219
Robert Malatier	031	GBP	51,258	b	11	40.00	Generali IARD S.A.	40.00	39.91	605
Global Investment Planning Ltd	031	GBP	10,000	a	11	100.00	BSI S.A.	100.00	100.00	18
Tenax Capital Limited	031	GBP	300,000	b	9	49.00	Genirland Limited	49.00	49.00	177
Tishman Speyer Europ Strategic	031	EUR	36,848,362	a	11	25.00	AachenMünchener Lebensvers.	100.00	96.07	17,958
						75.00	Generali Lebensversicherung AG			
Verzekerkingskantoor Soenen NV	009	EUR	18,600	a	11	99.80	Generali Belgium S.A.	99.80	99.51	2,016
Groupe Vervietois d'Assureurs	009	EUR	94,240	a	11	99.95	Generali Belgium S.A.	99.95	99.65	571
Dedale S.A.	009	EUR	1,000,005	a	11	99.97	Generali Belgium S.A.	99.97	99.68	1,603
B&C Assurance S.A.	009	EUR	18,600	a	11	98.00	Generali Belgium S.A.	100.00	99.70	982
						1.00	Groupe Vervietois d'Assureurs			
						1.00	Dedale S.A.			
Webbroker S.A.	009	EUR	4,300,000	a	11	100.00	Generali Belgium S.A.	100.00	99.71	2,889
CRM.Dev N.V.	009	EUR	50,000	b	11	33.33	Generali Belgium S.A.	33.33	33.24	
B.D.M Assurances SPRL	009	EUR	18,600	a	11	100.00	Generali Belgium S.A.	100.00	99.71	167
Nederlands Algemeen Verzek.	050	EUR	18,151	a	11	100.00	Generali Verzekeringsgroep NV	100.00	98.55	2,518
ANAC Verzekeringen B.V.	050	EUR	12,500	a	11	100.00	Nederlands Algemeen Verzek.	100.00	98.55	
Stoutenburgh Adviesgroep B.V.	050	EUR	18,151	a	11	100.00	Nederlands Algemeen Verzek.	100.00	98.55	
Admirant Beheer B.V. (*)	050	EUR	18,000	b	10	50.00	Generali Real Estate Inv. B.V.	50.00	49.62	10

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%				Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through	Total		
C.V. Admirant (*)	050	EUR	18,000	b	10	50.00	Generali Real Estate Inv. B.V.	50.00	49.62	24,780	
Beleggingscons. Sloterdijk CV (*)	050	EUR	18,000	b	10	21.38	Generali Real Estate Inv. B.V.	21.38	21.21	19,532	
Beleggingscons. Sl. Beheer BV (*)	050	EUR	18,000	b	10	21.38	Generali Real Estate Inv. B.V.	21.38	21.21	5	
Amulio Governance B.V.	050	EUR	18,000	c	9	50.00	Lion River II N.V.	50.00	50.00		
Generali PPF Invest PLC	040	EUR	300,000	a	8	100.00	CP Invest Invest.spol. a.s.	100.00	76.00		
BSI Art Collection S.A.	092	CHF	1,000,000	a	9	99.00	BSI S.A.	100.00	100.00	773	
						1.00	BSI Laran S.A.				
Renewable Investment Holding	092	EUR	1,000,000	a	8	95.00	BSI S.A.	95.00	95.00	1,279	
UBS (Lux) Euro Value Added	092	EUR	282,200,000	b	10	7.09	AachenMünchener Lebensvers.	26.58	25.53	18,379	
						1.77	AachenMünchener Versicherung				
						17.72	Generali Lebensversicherung AG				
Holding Klege S.à.r.l. (*)	092	EUR	0	c	9	50.00	Torelli S.à.r.l.	50.00	49.45		
GARBE Logistic Strategic Fund (*)	092	EUR	125,633,942	b	11	7.95	AachenMünchener Lebensvers.	39.76	38.20	50,283	
						23.86	Generali Lebensversicherung AG				
						7.95	Central Krankenversicherung AG				
First State European SICAV-SIF	092	EUR	100,000,000	a	11	20.00	AachenMünchener Lebensvers.	55.00	52.82	54,692	
						20.00	Central Krankenversicherung AG				
						15.00	Cosmos Lebensversicherungs AG				
BSI & Venture Partners S.A.	092	EUR	212,500	a	9	100.00	BSI S.A.	100.00	100.00	198	
BSI & Venture Partners CMGP	092	EUR	12,500	a	9	100.00	BSI S.A.	100.00	100.00	395	
Generali Belgium Luxembourg fc	092	EUR	76,153,748	a	11	100.00	Generali Belgium S.A.	100.00	99.71		
BSI & Venture Partners SICAV	092	EUR	31,000	a	11	100.00	BSI & Venture Partners CMGP	100.00	100.00		
Ponte Alta Lda	055	EUR	400,000	a	11	100.00	Europ Assistance Portugal	100.00	52.88	3,400	
Lordship Consultadaria e Serv.	055	EUR	50,000	a	11	100.00	BSI S.A.	100.00	100.00	68	
Europ Assistance A/S	021	DKK	500,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77		
Europ Assistance (Scandinavia)	068	SEK	725,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77		
Citadel Insurance plc	105	EUR	5,000,400	b	11	20.16	Generali Italia S.p.A.	20.16	20.16	978	
Europ Assistance Kft	077	HUF	24,000,000	a	11	74.00	Europ Assistance Holding S.A.	100.00	93.59	101	
						26.00	Generali-Providencia Biztosító				
GP Consulting Kft	077	HUF	11,000,000	a	11	100.00	Generali-Providencia Biztosító	100.00	76.00	640	
Famililio Kft	077	HUF	780,000,000	a	11	100.00	Generali-Providencia Biztosító	100.00	76.00	465	
Shaza & Toptorony zrt (*)	077	EUR	84,603,426	c	11	50.00	GLL AMB Generali Bankcenter	50.00	48.03	30,756	
AUTOTÁL BiztosításiSzolgáltató	077	HUF	104,000,000	a	11	100.00	Generali-Providencia Biztosító	100.00	76.00	1,077	
Generali Multiinvest Kft	077	EUR	5,000,000	a	11	100.00	Generali-Providencia Biztosító	100.00	76.00	110	
Generali Servis s.r.o.	275	CZK	100,000	a	11	100.00	Generali Pojistovna a.s.	100.00	76.00	4	
Europ Assistance s.r.o.	275	CZK	2,900,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	573	
Generali Car Care s.r.o.	275	CZK	1,000,000	a	11	100.00	Generali Pojistovna a.s.	100.00	76.00	28	

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
REFICOR s.r.o.	275	CZK	100,000	a	11	100.00	Ceska pojistovna, a.s.	100.00	76.00	805
AIV Sprava Nemovitosti s.r.o.	275	CZK	200,000	a	10	100.00	Generali Büroservice GmbH	100.00	100.00	
CP Asistencia s.r.o.	275	CZK	3,000,000	a	11	49.00	Europ Assistance s.r.o.	100.00	87.65	186
						51.00	Ceska pojistovna, a.s.			
Nadace Ceské pojišťovny	275	CZK	500,000	a	11	100.00	Ceska pojistovna, a.s.	100.00	76.00	127
Nadace pojišťovny Generali	275	CZK	500,000	a	11	100.00	Generali Pojistovna a.s.	100.00	76.00	18
Generali IT S.r.o.	276	EUR	5,000,000	a	11	100.00	Generali VIS Informatik GmbH	100.00	100.00	132
VUB Generali d.s.s., a.s. (*)	276	EUR	10,090,976	b	11	50.00	Generali Slovensko Poistovna	50.00	38.00	7,848
Selecta CEE s.r.o.	276	EUR	6,639	b	10	26.99	Generali Holding Vienna AG	26.99	26.99	9
GSL Services s.r.o.	276	EUR	6,639	a	11	100.00	Generali Slovensko Poistovna	100.00	76.00	7
Gradua Finance, a.s.	276	EUR	10,000,000	a	11	100.00	CZI Holdings N.V.	100.00	76.00	810
Europ Assistance Polska Spzoo	054	PLN	3,000,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	73
S.C. Genagricola Romania	061	RON	60,882,570	a	11	100.00	Genagricola S.p.A.	100.00	100.00	16,203
S.C. San Pietro Romania	061	RON	15,112,570	a	11	100.00	Agricola San Giorgio S.p.A.	100.00	100.00	3,903
S.C. Aqua Mures	061	RON	4,331,000	a	11	99.00	Genagricola S.p.A.	100.00	100.00	1,010
						1.00	Agricola San Giorgio S.p.A.			
S.C. La Quercia S.r.l.	061	RON	3,468,403	a	11	100.00	Genagricola S.p.A.	100.00	100.00	810
Famillio Agent de Asigurare	061	RON	4,500,200	a	11	100.00	Famillio Kft	100.00	76.00	
S.C. Vignadoro S.r.l.	061	RON	3,327,931	a	11	90.68	Genagricola S.p.A.	100.00	100.00	3,343
						9.32	Agricola San Giorgio S.p.A.			
S.C. Famillio Finance Srl	061	RON	200	a	11	95.00	Famillio Agent de Asigurare	95.00	72.20	
Generali Profesional Training	061	RON	200	a	11	100.00	S.C. Generali Romania S.A.	100.00	75.93	
CPM Internacional d.o.o.	261	HRK	275,600	a	11	100.00	Sementi Dom Dotto S.p.A.	100.00	100.00	
BSI Laran S.A.	071	CHF	100,000	a	9	100.00	BSI S.A.	100.00	100.00	82
Finmo S.A.	071	CHF	50,000	a	11	100.00	BSI S.A.	100.00	100.00	41
Funicolare Lugano-Paradiso	071	CHF	600,000	b	11	31.00	BSI S.A.	31.00	31.00	
Autolinee Regionali Luganesi	071	CHF	653,000	b	11	27.58	BSI S.A.	27.58	27.58	
Generali Group Partner AG	071	CHF	100,000	a	11	100.00	Generali (Schweiz) Holding AG	100.00	100.00	82
BSI Art Collection S.A.	071	CHF	100,000	a	11	100.00	BSI S.A.	100.00	100.00	82
B-Source S.A. (*)	071	CHF	2,400,000	b	11	49.00	BSI S.A.	49.00	49.00	47,040
Finnat Gestioni S.A.	071	CHF	750,000	b	11	30.00	BSI S.A.	30.00	30.00	184
Convivium S.A.	071	CHF	2,000,000	a	10	100.00	BSI S.A.	100.00	100.00	955
Europ Assistance A.S.	076	TRY	50,000	a	11	99.20	Europ Assistance Holding S.A.	99.20	98.97	112
Europ Assistance CEI 000	262	RUB	10,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	
Europ Assistance d.o.o.	289	RSD	1,405,607	a	11	100.00	Europ Assistance Kft	100.00	93.59	
Blutek Auto d.o.o.	289	RSD	337,474,441	a	11	100.00	Delta Generali Osiguranje a.d.	100.00	38.02	2,336
Intl Inheritance Planning Ltd	049	NZD	5,000	a	9	100.00	BSI S.A.	100.00	100.00	3

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
Atacama Investments Ltd (*)	249	USD	76,712	b	11	44.16	BSI S.A.	44.16	44.16	18,322
GLL 200 State Street L.P. (*)	069	USD	89,200,000	c	11	49.90	GLL AMB Generali 200 State	49.90	47.93	29,921
Beacon Capital Strategic L.P.	069	USD	100,500,000	a	11	24.88	AachenMünchener Lebensvers.	99.50	95.58	34,517
						39.80	Generali Lebensversicherung AG			
						19.90	Central Krankenversicherung AG			
						14.93	Cosmos Lebensversicherungs AG			
Montcalm Wine Importers Ltd	069	USD	600,000	a	11	80.00	Genagricola S.p.A.	80.00	80.00	
Europ Assistance Argentina S.A.	006	ARS	3,285,000	a	11	56.09	Ponte Alta Lda	84.99	55.41	76
						28.90	Caja de Seguros S.A.			
La Caja ART S.A. (*)	006	ARS	70,500,000	b	3	50.00	Caja de Seguros S.A.	50.00	44.55	27,350
Pluria Productores de Seguros	006	ARS	50,000	a	11	96.00	Caja de Ahorro y Seguro S.A.	96.00	86.40	540
Investment Advisory S.A.	006	ARS	12,000	a	11	97.00	BSI S.A.	97.00	97.00	3
Care Management Network Inc.	160	USD	9,000,000	a	11	100.00	Europ Assistance Bahamas Ltd	100.00	99.76	
Europ Assistance Bahamas Ltd	160	USD	10,000	a	11	99.99	Europ Assistance IHS Services	99.99	99.76	
GTC Nominee Ltd	160	USD	10,000	a	11	100.00	BSI Trust Corp. (Bahamas) Ltd	100.00	100.00	13
Europ Assistance Brasil S.A.	011	BRL	2,975,000	c	11	100.00	EABS Serviços Parteipações SA	100.00	26.44	
EABS Serviços Parteipações SA	011	BRL	46,238,940	c	9	50.00	Ponte Alta Lda	50.00	26.44	
CEABS Serviços SA	011	BRL	6,000,000	c	11	50.00	EABS Serviços Parteipações SA	50.00	13.22	
BSI Servicios Internationales	015	CLP	64,000,000	a	11	100.00	BSI S.A.	100.00	100.00	
Europ Assistance SA (Chile)	015	CLP	335,500,000	a	11	25.50	Europ Assistance Holding S.A.	51.00	38.93	173
						25.50	Ponte Alta Lda			
Europ Servicios S.p.A. Chile	015	CLP	1,000,000	a	11	100.00	Europ Assistance SA (Chile)	100.00	38.93	
La Nacional Cia Inmobiliaria	024	USD	47,647	a	10	100.00	Generali Ecuador S.A.	100.00	51.74	662
BSI (Panama) S.A.	051	USD	10,000	a	11	100.00	BSI S.A.	100.00	100.00	8
BSI Bank (Panama) S.A.	051	USD	500,000	a	9	100.00	BSI S.A.	100.00	100.00	4,721
BSI Servicios S.A.	080	UYU	1,100,000	a	11	100.00	BSI S.A.	100.00	100.00	
BSI Consultores S.A.	080	UYU	4,000,000	a	11	100.00	BSI S.A.	100.00	100.00	
EA Travel Assistance Services	016	EUR	1,750,000	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	
Generali China Insurance (*)	016	CNY	892,000,000	b	3	49.00		49.00	49.00	33,480
Guotai Asset Management Co. (*)	016	CNY	110,000,000	b	8	30.00		30.00	30.00	124,498
Shanghai Sinodrink Trading Co.	016	CNY	5,000,000	b	11	45.00	Genagricola S.p.A.	45.00	45.00	
Europ Assistance Worldwide Pte	147	SGD	182,102	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	
NKFE Insurance Agency Co Ltd (*)	103	HKD	900,000	b	11	49.00	Generali Financial Asia Ltd	49.00	49.00	32
Future Generali India Life (*)	114	INR	14,520,000,000	c	3	25.50	Part. Maat. Graafschap Holland	25.50	25.50	7,052
Future Generali India Insur. (*)	114	INR	7,100,000,000	c	3	25.50	Part. Maat. Graafschap Holland	25.50	25.50	10,039
Europ Assistance India Private	114	INR	200,285,580	a	11	100.00	Europ Assistance Holding S.A.	100.00	99.77	
Europ Assistance Angola Lda	133	AOA	2,250,000	a	11	90.00	Europ Assistance IHS Services	90.00	89.79	

NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Country	Currency	Share capital in original currency	Method ⁽¹⁾	Activity ⁽²⁾	Shareholding%			Group equity ratio ⁽³⁾	Book value (€ thousand)
						Direct	Indirect	Through		
EA-IHS Services Nigeria Ltd	117	NGN	10,000,000	a	11	100.00	Europ Assistance IHS Services	100.00	99.77	
Assurances Maghrebia S.A.	075	TND	30,000,000	b	3	44.17		44.17	44.17	645
Assurances Maghrebia Vie S.A.	075	TND	10,000,000	b	3	22.08		22.08	22.08	1,227
Europ Assistance-IHS Services	119	XAF	1,000,000	a	11	100.00	Europ Assistance IHS Services	100.00	99.77	
Generali Pacifique NC	253	XPF	1,000,000	a	11	100.00	Generali France S.A.	100.00	99.77	2,095
Cabinet Richard KOCH	253	XPF	1,000,000	a	11	100.00	Generali France S.A.	100.00	99.77	2,178
EA-IHS Services Congo Sarl	145	XAF	10,000,000	a	11	100.00	Europ Assistance IHS Services	100.00	99.77	
EASA Training Academy (Pty) (*)	078	ZAR	100	b	11	49.00	Europ Assistance W.Services	49.00	29.82	
Europ Assistance IHS (Pty)	078	ZAR	400,000	a	11	15.00	Europ Assistance W.Services	100.00	93.93	4
						85.00	Europ Assistance IHS Services			

(1) a = non-consolidated subsidiaries (IAS 27); b = associated companies (IAS 28); c = joint ventures (IAS 31)

(2) 1 = Italian insurance companies; 2 = EU insurance companies; 3 = non EU insurance companies; 4 = insurance holding companies; 5 = EU reinsurance companies; 6 = non EU reinsurance companies; 7 = banks; 8 = asset management companies; 9 = other holding companies; 10 = real estate companies; 11 = other

(3) Net Group participation percentage

(*) Participations valued at equity

LIST OF COUNTRIES

Country	Country code
ANGOLA	133
ARGENTINA	006
AUSTRIA	008
BAHAMAS	160
BELGIUM	009
BRASIL	011
BRITISH VIRGIN ISLANDS	249
BULGARIA	012
CAMERUN	119
CANADA	013
CHILE	015
COLOMBIA	017
CROATIA	261
CZECH REPUBLIC	275
DENMARK	021
ECUADOR	024
EIRE	040
FRANCE	029
GERMANY	094
GREECE	032
GUATEMALA	033
GUERNSEY	201
HONG KONG	103
HUNGARY	077
INDIA	114
INDONESIA	129
ISRAEL	182
ITALY	086
JERSEY	202
LIECHTENSTEIN	090
LUXEMBOURG	092
MALTA	105
MARTINICA	213
MONACO	091
NETHERLANDS	050
NEW CALEDONIA	253
NEW ZEALAND	049
NIGERIA	117

LIST OF COUNTRIES

Country	Country code
PANAMA	051
PEOPLE'S REPUBLIC OF CHINA	016
PEOPLE'S REPUBLIC OF CONGO	145
PHILIPPINES	027
POLAND	054
POLYNESIAN FRENCH	225
PORTUGAL	055
REPUBLIC OF MONTENEGRO	290
REPUBLIC OF SERBIA	289
REUNION	247
ROMANIA	061
RUSSIA	262
SINGAPORE	147
SLOVAC REPUBLIC	276
SLOVENIA	260
SOUTH AFRICA REPUBLIC	078
SPAIN	067
SWEDEN	068
SWITZERLAND	071
THAILAND	072
TUNISIA	075
TURKEY	076
U.S.A.	069
UNITED KINGDOM	031
URUGUAY	080
VIETNAM	062

LIST OF CURRENCIES

Currency	Currency code
Angolan Novo Kwanza	AOA
Argentine Peso	ARS
Bulgarian Lev	BGN
Brasilian Real (new)	BRL
Canadian Dollar	CAD
Swiss Franc	CHF
Chilean Peso	CLP
Chinese Renminbi	CNY
Colombian Peso	COP
Czech Korona	CZK
Danish Krone	DKK
European Euro	EUR
British Pound	GBP
Guatemalan Quetzal	GTQ
Hong Kong Dollar	HKD
Croatian Kuna	HRK
Hungarian Forint	HUF
Indonesian Rupiah	IDR
Israeli Shekel	ILS
Indian Rupee	INR
Nigerian naira	NGN
New Zealand Dollar	NZD
Philippine Peso	PHP
Polish Zloty	PLN
Romanian Leu	RON
Serbian Dinar	RSD
Russian Ruble	RUB
Swedish Krona	SEK
Singapore Dollar	SGD
Thai Bhat	THB
Tunisian Dinar	TND
Turkish Lira (new)	TRY
United States Dollar	USD
Uruguayan Peso (new)	UYU
Dong (Vietnam)	VND
Central African CFA franc	XAF
French Polynesian Franc	XPF
South African Rand	ZAR

Attestation of the Consolidated Financial Statements

pursuant to the provisions
of Art. 154-*bis* of Legislative
Decree No. 58 of 24 February
1998 and Art. 81-ter of Consob
Regulation No. 11971
of 14 May 1999



**ATTESTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO
THE PROVISIONS OF ART. 154-BIS, PARAGRAPH 5, OF LEGISLATIVE DECREE 58
OF 24 FEBRUARY 1998 AND ART. 81-TER OF CONSOB REGULATION NO. 11971
OF 14 MAY 1999 AS AMENDED**

1. The undersigned, Mario Greco, in his capacity as Managing Director and Group CEO, and Alberto Minali, in his capacity as Manager in charge of preparing the financial reports of Assicurazioni Generali S.p.A., hereby confirm, taking also into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 dated 24 February 1998,
 - the adequacy with respect to the Company's structure and
 - the effective applicationof the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2013.
2. The adequacy of the administrative and accounting procedures in place for preparing the consolidated financial statements as at 31 December 2013 has been assessed through a process established by Assicurazioni Generali S.p.A. on the basis of the guidelines set out in the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, an internationally-accepted reference framework.
3. The undersigned further confirm that:
 - 3.1 the consolidated financial statements as at 31 December 2013:
 - a) are prepared in compliance with applicable international accounting standards recognized by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, with the provisions of Legislative Decree No. 38 of 28 February 2005, of the Italian Civil Code, of Legislative Decree No. 209 of 7 September 2005 and with applicable provisions, regulations and circular letters issued by ISVAP (now IVASS);
 - b) correspond to the related books and accounting records;
 - c) provide a true and correct representation of the financial position of the issuer and the group of companies included in the scope of consolidation;
 - 3.2 the directors' report contains a reliable analysis of the business outlook and management result, the financial position of the issuer and group companies included in the scope of consolidation and a description of the main risks and uncertain situations to which they are exposed.

Milan, 12 March 2014

Mario Greco
Managing Director
and Group CEO

ASSICURAZIONI GENERALI S.p.A.

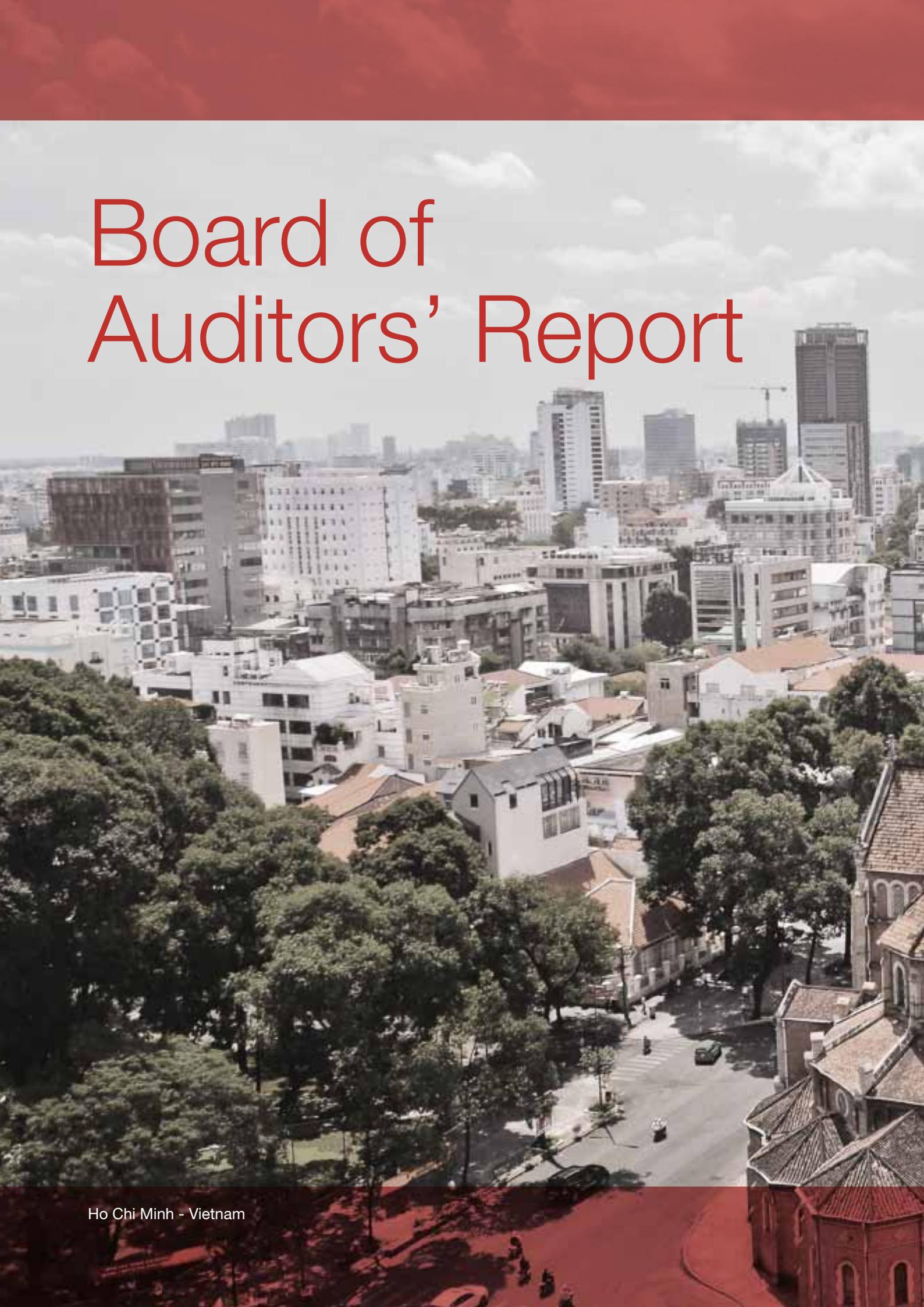


Alberto Minali
Manager in charge of preparing
the Company's financial reports

ASSICURAZIONI GENERALI S.p.A.



Board of Auditors' Report





REPORT OF THE BOARD OF AUDITORS TO THE SHAREHOLDERS MEETING OF ASSICURAZIONI GENERALI S.P.A. CALLED FOR THE ADOPTION OF THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013 PURSUANT TO ARTICLE 153 OF THE LEGISLATIVE DECREE NO. 58/1998 AND ARTICLE 2429 OF THE ITALIAN CIVIL CODE

Shareholders,

Pursuant to article 149 and 153 of the Legislative Decree no. 58/1998 (Code on Finance), the rules of conduct recommended by the National Accountants' Board, the provisions of the CONSOB Notice no. 1025564 dated 6 April 2001, as amended, and the legislative Decree no. 39 dated 27 January 2010, the Board of Auditors hereby reports on the supervisory activities performed in 2013.

In 2013, the Board of Auditors collected any information required to perform the general supervision tasks under its responsibility by regularly attending the meetings of the Board of Directors and its Committees and by meeting the heads of corporate departments and units, especially those in charge of audit. The Board of Auditors collected information about major corporate economic, financial and capital transactions, including those performed through direct or indirect subsidiaries. The Board of Auditors determined that the such transactions are in line with any applicable regulations, the Articles of Association and the principles of sound management, and that none of them were manifestly imprudent or reckless, in breach of resolutions of the corporate bodies, or such as to jeopardise the integrity of the Company assets.

At Group Level, in 2013 the following major non-recurrent transactions were performed:

- In January, a 25% shareholding in Generali PPF Holding was purchased; therefore, the current total shareholding has risen to 76%; the Company may buy the remaining 24% in 2014; under the relevant agreement, insurance business in Russia and in other CIS members were sold;
- In April, in the framework of the policy on capital enhancement, a 12% shareholding in Banca Generali S.p.A. was transferred;
- In July, an agreement was reached on the purchase of a 3% shareholding in Generali Deutschland Holding, adding to the 93% shareholding, and the squeeze-out procedure on the remaining 4% shareholding was launched;
- In September, changes to the shareholders' agreement on Telco S.p.A. were agreed; therefore, the shareholding may be transferred to Telefonica in the future and reimbursement conditions on the bond issue by Telco S.p.A. and held by the Group were defined;
- In October, in line with the policy on capital enhancement, life reinsurance business in the US, the 49% shareholding in the Mexican companies of the Group, the shareholding in Agorà Investimenti S.p.A. were dismissed;
- In November, the minority shareholding in Generali Asia, the holding company directing insurance operations in the Philippines, Thailand and in Indonesia; the dismissal of Fata Assicurazioni S.p.A. was agreed;
- In November, in line with the restructuring programme, the territorial streamlining was achieved in seven areas: Italy,

France, Germany, EEC, EMEA, Asia and Latin America;

- In the second semester, the reorganisation of Italian companies was achieved by:
 - Contribution of the business branch "Direzione per l'Italia" of Assicurazioni Generali S.p.A., including Italian insurance business, to Ina Assitalia S.p.A. that has been renamed "Generali Italia S.p.A.;"
 - Contribution of major Italian shareholdings of Assicurazioni Generali S.p.A. to Ina Assitalia S.p.A.;
 - Merger by incorporation of Alleanza Toro S.p.A. in Generali Italia S.p.A. after the contribution of the business branch "Ramo Alleanza" of AlleanzaToro S.p.A. to the newly incorporated Alleanza Assicurazioni S.p.A.; as a result of this reorganisation, from 1 July 2013, the perimeter of Assicurazioni Generali now includes shareholdings, foreign business and direct business;
- An agreement was reached with Allianz, with condition precedent clauses, on the acquisition of the total shareholding of Citylife and the sale to Allianz of a tower and some residential buildings of the Citylife project; the Integrated Report, the Report of the Board of Directors and in the Report on the financial statements include details on these transactions and the relevant impact.

After the closing of the financial year, these major events occurred:

- A senior bond financing was issued for a total amount of Euro 1.250 million, with a duration of 6 years and a coupon of 2,875% for the re-financing of part of the debt expiring in 2014;
- With resolution no. 15 of 4 February 2014, IVASS reported that the Company has not notified, within the relevant deadline, breaching article 22 of ISVAP regulation no. 19/2008, the option on the hybrid financing of Euro 500 millions granted in 2008 by Mediobanca, with the early reimbursement option for Generali (with the authorisation of the surveillance authority). This financing was not included in the component of the available profits in the solvency situation as at 31 December 2013. This option had not been notified to the Board of Directors nor to the Board of Auditors. Upon request from IVASS, the Company has audited all subordinated debts of the Group and no further incompliance cases were detected. The Board has sent the relevant notice to CONSOB pursuant to article 149, paragraph 3, of the Legislative Decree no. 58/1998, and it has provided IVASS with its opinion on this issue;
- In its meeting of 19 February 2014, the Board of Directors debated the new report of the Control and Risk Committee on some alternative investments that were made in the past and that were already debated in 2013, also in the light of new circumstances, and it debated the report of the Remuneration Committee on the indemnities paid to the former Managing Director, Mr Perissinotto, and the

former General Manager, Mr Agrusti, on the termination of their offices in the Group. As a result, the Board of Director appointed the Group CEO to start a damages action against them. The Board of Auditors, also in line with this authority to start legal proceedings, pursuant to article 2393, paragraph 3, of the Italian Civil Code, has monitored the complex process that has resulted into the above resolution on alternative investments and it has promptly provided the surveillance authority with any required information; it has monitored and keeps monitoring the actions the Company has launched against the counterparts of such investments and that have resulted into a partial recovery of the assets that had been depreciated.

The Board of Auditors reports to the Shareholders' Meeting that it has performed the following main activities in 2013:

- the Board of Auditors had 35 meetings, as resulting from the minutes book;
- the Board of Auditors attended a Shareholders' Meeting;
- the Board of Auditors attended the 13 meetings of the Board of Directors, ensuring that the matters on which resolutions were passed and implemented were compliant with any applicable regulations and with the Articles of Association. During the year, Independent Directors met twice;
- the Board of Auditors attended the 9 meetings of the Control and Risk Committee;
- the Board of Auditors, represented by its Chairman, attended the 10 meetings of the Remuneration Committee;
- the Board of Auditors, represented by its Chairman, attended the 10 meetings of the Investment Committee;
- The Board of Auditors received reports from the Appointments and Corporate Governance Committee, which had 7 meetings during the year;
- The Board of Auditors received reports from the Sub-Committee on the assessment of related-party transactions, which had 4 meetings during the year;
- the Board of Auditors exchanged data and information with the External Auditor, Reconta Ernst & Young S.p.A., with a view to performing their respective duties. The External Auditor did not report to this Board any facts, circumstances or irregularities that must be brought to its attention pursuant to the applicable regulations.
- the Board of Auditors had relations with the boards of auditors of the major Italian companies of the Group, in the course of which no noteworthy issue has emerged;
- the Board of Auditors continued to assess and monitor the appropriateness of the Company organisational structure, as regards the issues under its responsibility, the internal control system and the administrative/accounting system, and its reliability in correctly recording company transactions, by obtaining information from the Manager in charge of preparing the company Financial Statements and the Heads of any relevant corporate departments, examining corporate documents and analysing the results of the work of the External Auditor.

In 2013, the Company pursued the implementation of the

new organisation system, focussing on streamlining and the governance of the Group. In this context, the role of the Head Office was enhanced in terms of direction and coordination of business units, control on capital management, risks and investments. The Head Office includes the following positions accountable to the Group CEO:

- Group Chief Insurance Officer;
- Group Chief Financial Officer;
- Group Chief Risk Officer;
- Group Chief Investment Officer;
- *Group Chief Operating Officer*;
- *Group HR & Organization*;
- *Group General Counsel*;
- *Group Communication & External Relations*;
- *Group Marketing*;
- *Group Strategy & Business Development*.

The Heads of country, business units and regional areas also account to the Group CEO. The Group CEO is also supported by the following committees: Balance Sheet Committee, Finance Committee e Product & Underwriting Committee.

The Group Management Committee, in charge of aligning the Group strategic priorities and enhancing efficacy and sharing in the decision-making process, includes the Group CEO, the Group Chief Insurance Officer, the managers in charge of the three main markets, global business lines and the managers in charge of direction and coordination of the Head Office (see the Corporate Governance Report for further details).

As for risk management and internal audit, the Board of Auditors monitored the processes and the activities performed by the Company with a view to assessing, on an on-going basis, that the administrative and accounting procedures and the relevant financial reporting were performed properly. This has been achieved with the adoption of a "Financial Reporting Model", including principles, rules and procedures to implement a proper administration and accounting system. The Corporate Governance Report described the main features of the Model, as defined by the Manager in charge of preparing the company Financial Statements. The External Auditor has already issued the report pursuant to article 19, paragraph 3 of the Legislative Decree no. 39/2010, and no any major faults in the internal control system related to financial reporting have been detected;

- Board of Auditors ascertained that the Company has a Risk Management Policy, including principles, strategies and processes to identify and monitor any risk, and an Internal Audit and Risk Management System, including roles and responsibilities of the corporate bodies and operational units in the risk management process. This system is based on three levels of defence: the risk owners, the Group Risk Management and the Group Compliance, and the Group Audit. The Group CEO has also the role of administrator in charge of the internal audit and risk management system. In this context, the Company has implemented any regulations, processes and measures to monitor and control any business risks, such as insurance, financial, credit, operational risks, as well as other risks, such as liquidity, reputation, strategic risks, as described

in the Report of the Board of Directors. This system also applies to subsidiaries in the framework of any local regulations of the countries where the Group operates and any relevant business features.

As for capital, the Company aims at keeping a capital level in line with current requirements specified in the prudential surveillance and Solvency 2;

- the Board of Auditors assessed the appropriateness of the Internal Control System, as described in the Corporate Governance Report, especially on the actions performed by the Internal Audit Function and the Compliance and Risk Management Function, also by attending the meetings of the Control and Risk Committee and with talks with the relevant Heads, ensuring effectiveness in the framework of the internal control system. In 2013, the Board of Directors had adopted a review of the Internal Audit Policy, introducing direct relations between the heads of local internal audit departments (at global level) with the head of the Group Audit. Heads of local audit department, without prejudice for local autonomy, are appointed together with the Head of the Group Audit. In this context, the information flow between the heads of local audit departments and the Head of the Group Audit was further regulated to ensure a reporting to the corporate bodies on the findings of the audits and the local audits of subsidiaries;
- the Board of Auditors ascertained that the Company has policies, rules, guidelines and procedures to monitor compliance with insurance regulations and regulations on listed companies, including internal dealing, market abuse, related parties, major economic, financial and capital transactions, atypical or unusual transactions, and the procedure on related-party transactions;
- the Board of Auditors regularly received from the Company its Quarterly Reports on Complaints, drafted by the Group Internal Audit Manager, as required in ISVAP Regulation no. 24 of 19 May 2008. The reports detected no particular issues nor organisational shortcomings. The Board of Auditors further ascertained that the Company had sent both the reports and the Board's remarks to IVASS within the prescribed deadlines;
- the Board of Auditors found that, pursuant to article 114, paragraph 2, of the Code on Finance, the Company has provided its subsidiaries with adequate instructions in order to obtain, in a timely manner, the information required to fulfil any statutory reporting requirements;
- Pursuant to ISVAP regulation no. 36 of 31 January 2011
 - the Board of Auditors ascertained that the guidelines adopted with the framework resolution on investment policies of the Board of Directors of 13 May 2011, as amended in 2012 and in 2013, are consistent with the portfolio management strategy, in line with the overall management framework of the Company and its commitments and compatible with its current status and future prospects in terms of economic and financial balance;
 - the Board of Auditors also ascertained that the management has acted in accordance with the above guidelines adopted by the Board of Directors;
 - the Board of Auditors found that transactions in

derivative financial instruments (as described in the Reports on the Financial Statements) were performed in compliance with the guidelines of the Board of Directors and that the Company duly submitted regular reports to IVASS;

- The Board of Auditors audited the administrative procedures adopted for the transfer, custody and accounting of financial instruments, including the instructions to the deposit organisations on the regular notification of statements with the relevant evidence on any pledges;
- The Board of Auditors ascertained that assets assigned to cover technical reserves are free of pledges and encumbrances and fully available, acquiring, on a sample basis, any relevant statements from the deposit organisations;
- the Board of Auditors audited the register of assets covering technical reserves, and obtained specific information from External Auditors on the audit tests performed on the amount of securities;
- the Board of Auditors audited the correct application of the criteria and procedures issued by the Board of Directors to evaluate the independence of the directors identified as "independent"; it also ascertained that Board of Auditors still complies with any relevant independence requirements;

As a result of the surveillance activities, the Board of Auditors has ascertained that:

- in 2013 the Company complied with the "Procedures on related-party transactions", adopted in line with CONSOB regulation no. 17221/2011, as amended, and article 2391 bis of the Italian Civil Code. These Procedures were also applied to transactions performed by subsidiaries;
- Any intragroup transactions during the year were performed in line with the relevant annual guidelines adopted by the Board of Directors, pursuant to ISVAP regulation no. 25 of 27 May 2008. Such transactions, aimed at attaining the objectives of streamlining and cost-effectiveness, were put in place at market prices or at cost and concerned reinsurance and co-insurance, administration and management of financial assets and real estates, claim management and settlement, IT and administrative services, financing and guarantees as well as staff secondment. The Report on the Financial Statements describes the economic and capital impact of the related-party transactions as well as major transactions;
- Board of Auditors ascertained that no atypical and/or unusual transactions, which by nature of the counterparts, subject, price determination method may give rise to doubts on the appropriateness and the comprehensiveness of the accounting records, conflicts of interests, protection of the corporate assets, protection of the minority shareholders, were performed during the year;
- As for the statutory anti-money laundering requirements, pursuant to Legislative Decree no. 231 of 21 November 2007, as amended, and the relevant provisions of the Bank of Italy and the Italian Financial Information Unit, some dysfunctions on the reallocation of insurance portfolios

have been identified mainly on the IT Uniform Archive as a result of the Group reorganisation. The Board of Auditors, also in cooperation with the boards of auditors of all involved companies, will monitor the implementation of any necessary actions in this respect;

- the Board of Auditors ascertained that the Company has complied with the privacy requirements pursuant to the Legislative Decree no. 196/2003 regarding the processing of personal data, and that it has drafted the Privacy Compliance Report. The Company has been consistent in ensuring full compliance with all the requirements imposed on personal data controllers by the said Decree;
- the Board of Auditors ascertained that the Corporate Governance and Share Ownership Report complies with the information requirements pursuant to article 123 bis of the Code on Finance;
- The Companies applies the Self-Disciplinary Code of Borsa Italiana S.p.A.;
- the Board of Auditors ascertained that at the year end, the constituent elements of the solvency margin were adequately covered. The Report of the Board of Directors and the Report on the Financial Statements include evidence on the Company and the Group net equity, solvency margins and the Group targets in the capital management;
- the Board of Auditors acknowledged that, in accordance with the organisational and operational model designed to prevent the offences listed in the Legislative Decree no. 231 of 8 June 2001 regarding the administrative liability of companies for offences committed by personnel acting on their behalf, the Company has carried out inspections of its processes and procedures, through the Supervision Board set up for that purpose, to ensure that the crime prevention measures pursuant to said Legislative Decree are still effective. In 2013, the model was revised as a result of the reorganisation of the Group and also to include new categories of crimes. No breaches have been identified in the report of the Supervision Board;
- The Report on the financial statements includes the payment agreements based on asset instruments, including incentive plans, assigned from the Parent Company to the other companies of the Group;
- The Report of the Board of Directors includes evidence on the social and environmental action of the Company. The sustainability approach is based on the following major management tools: the Code of Conduct, the Sustainability Charter, the Environmental Management System and an on-going dialogue with the relevant stakeholders.

Pursuant to article 2408 of the Italian Civil Code, the Board of Auditors received the following reports:

- The shareholder, Mr Carlo Fabris, reported that during the Shareholders Meeting on the adoption of the financial statements as at 31 December 2011, no reply was given to the questions he had sent by email on 27 April 2012. In such email, Mr Fabris also complained that the notice of call included a deadline on the presentation of questions on the agenda. As pointed out in the Shareholders Meeting on 30 April 2013, the Board confirmed that no reply was

given, as the email was received at 23.17 of the day before the Meeting, after the office hours, and that the following day the relevant office was busy with the Shareholders Meeting. As for the fact that the notice included a deadline, the Board found the claim unfounded, for the reasons explained during the Shareholders Meeting of 30 April, as reported in the relevant minutes;

- The shareholder, Mr Carlo Fabris, send a second report on 16 March 2014 on the notice of call of the Shareholders Meeting on 28, 29 and 20 April 2014, including the deadline on the presentation of question, i.e. within the third day before the date of the first call of the Shareholders Meeting, i.e. 24 April 2014. Mr Fabris pointed out that this against the provisions of article 127-ter of the Code on Finance. The Board collected any relevant information and found this report unfounded in the light of the general provisions of law and the relevant case law. Therefore, the deadline of 24 April 2014 in the notice of call, i.e. the first working day before the end of the three day deadline, was appropriate;
- In March 2014, the shareholder, Mr Alfonso Sommessa, filed a report on the subsidiary INA Assitalia (now Generali Italia). Allegedly, this company allowed its agents to place life policies with an annual premium, and policy-holders were entitled to a cash prize from the agent for the policy. Mr Sommessa pointed out that this practice is detrimental both for policy-holders and for the Company. The report includes many issues (12 questions). However, the point of the report is unclear and no quantitative elements are provided to the Board to review this case. Though the facts are not clear, the Board has assigned the case to the Internal audit unit and the board of auditors of the subsidiary for any further investigation;

No complaints were received.

Additional appointments were assigned to the External Auditor, Ernst & Young S.p.A., and to other companies of its network during the financial year, as described in detail in the Report on financial statements and the relevant fees were found consistent. In the light of the statutory and professional requirements on auditing, Recota Ernst & Young S.p.A. has maintained its independence and objectivity over the year in relation to Assicurazioni Generali S.p.A. The External Auditor confirmed its independence requirements and it has reported that there are no causes for incompatibility pursuant to articles 10 and 17 of the Legislative Decree no. 39/2010.

The External Auditor has requested a variation on its fees for the financial years 2013-2020 for the audit that have been performed in the framework of its appointment dated 30 April 2011 as a result of the reorganisation of Italian entities implemented in 2013, in line with the provisions of paragraph VI "Adjustment of fees" in the offer dated 11 March 2011. The Board of Auditors has taken into account:

- The increase in the audit on foreign entities as a result of the redefinition of any relevance requirements after the corporate reorganisation;

- The termination of the work of the internal audit department of the Group, resulting into an increased workload for the External Auditor, as the Group has focussed the department mission on typical internal audit measures on processes

- Actions performed up to the first semester 2013;
- The total cost of audit services on the companies involved in the reorganisation, summarised in the following table, includes a comparison between the fees for 2012 with the suggested fees for 2013:

	Fees 2012	Increase on foreign branches	Internal audit contribution	Perimeter change	Revaluation 2013	Fees 2013
Assicur.ni Generali	1,311,080	280,000	32,500	(174,790)	17,211	1,467,000
Other companies	733,636	-	240,500	188,790	22,774	1,185,700

The Board has given its favourable opinion on the adjusted fees at the above conditions, without prejudice for any other provisions of the original appointment.

The Statutory Board issued the opinions requested pursuant to the applicable regulations, mainly on:

- organisational changes;
- complaints;
- remuneration policies on the relevant issues;
- some appointments to the External Auditor;
- cooptation of directors;
- “European Medium Term Notes” (EMTN) bond issue programme.

The regular accounting control and the audit of individual and consolidated Financial Statements have been performed by the External Auditor, Reconta Ernst & Young S.p.A. During the 2013 financial year, the External Auditor determined that the Company accounts were properly kept and transactions were properly recorded in the books, and it ascertained that the Financial Statements as at 31 December 2013 were in accordance with the books of accounts. The Manager in charge of preparing the Company Financial Reports and the Managing Director and Group CEO have issued the declarations and statements pursuant to the applicable regulations on financial reporting and financial statements.

The report of the External Auditor on the financial statements as at 31 December 2013 of Assicurazioni Generali S.p.A. has not identified any irregularities. Similarly, The report of the External Auditor on the financial statements as at 31 December 2013 of the Generali Group has not identified any irregularities.

The Board of Auditors also supervised the general criteria adopted for the preparation of the Financial Statements and compliance with the legislative provisions and specific rules governing the drafting of Financial Statements of insurance

companies. The Report on the financial statements explains the relevant evaluation criteria and provides all the information required pursuant to the applicable regulations and the Reports of the Board of Directors describes the management, pointing out the current and future developments as well as the development and reorganisation process of the insurance Group.

As a result of the reorganisation of the Group in Italy, as mentioned above, a pro-forma financial statement of the Parent Company was drafted based on the following assumptions:

- the contribution on 1 January 2013 for the pro-forma 2013 financial statements;
- the contribution on 1 January 2012 for the pro-forma 2012 financial statements.

The Board of Auditors confirms that the Consolidated Financial Statements of the Assicurazioni Generali Group have been drafted in accordance with the IAS/IFRS international standards issued by the IASB and endorsed by the European Union, pursuant to Regulation (EC) no. 1606 of 19 July 2002, and Legislative Decrees no. 38/2005 and 209/2005, as amended. The Financial Statements and the relevant Report have been drafted up in line with the layouts pursuant to ISVAP Regulation no. 7 of 13 July 2007 as amended in the ISVAP Provision no. 2784 dated 8 March 2012, and they contain the information required in the CONSOB Notice no. 6064293 of 28 July 2006.

Finally, the supervisory activities performed by the Board of Auditors, as described above, did not detect any significant reprehensible facts, omissions or irregularities to be reported to the competent supervisory and control bodies or that had to be included in this Report, save as the report to CONSOB on the hybrid financing of Euro 500 millions.

Therefore, the Board of Auditors has resolved that the Financial Statements of Assicurazioni Generali S.p.A. as at 31 December

2013, as submitted by the Board of Directors, may be approved by the Shareholders, and it expresses its favourable opinion on the proposal concerning the allocation of profits for the financial year and the distribution of dividends from the extraordinary reserve.

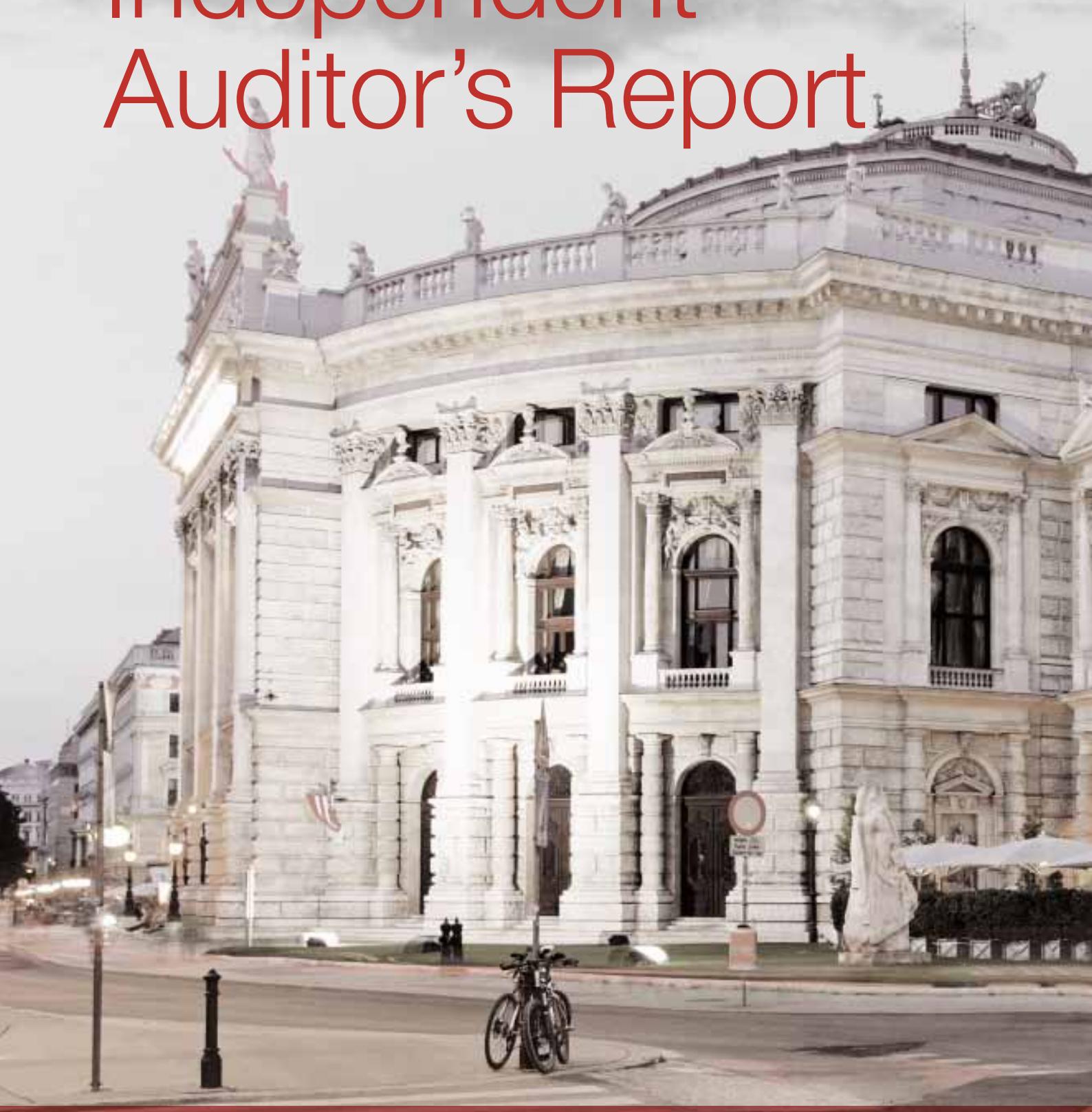
The office of the Board of Auditors will expire on the date of the Shareholders Meeting on the adoption of the financial statements as at 30 April 2013. The Board of Auditors wish to thank the Shareholders for their trust.

Trieste, 3 April 2014

The Board of Auditors

Eugenio Colucci
Gaetano Terrin
Giuseppe Alessio Verni

Independent Auditor's Report







Building a better
working world

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Independent auditors' report

**pursuant to articles 14 and 16 of Legislative Decree No. 39 dated 27 January 2010
and to article 102 of Legislative Decree No. 209 dated 7 September 2005**

(Translation from the original Italian text)

To the Shareholders of
ASSICURAZIONI GENERALI S.p.A.

1. We have audited the consolidated financial statements of ASSICURAZIONI GENERALI S.p.A. and its subsidiaries (the "GENERALI Group") as of 31 December 2013 and for the year then ended, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and the related explanatory notes. The preparation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the Regulation issued in implementation of article 90 of the Legislative Decree n° 209/2005, is the responsibility of ASSICURAZIONI GENERALI S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For comparative purposes, the consolidated financial statements include the corresponding figures of the prior year and the balance sheet as at 1 January 2012. As illustrated in the explanatory notes, the Directors have restated certain figures as required by the reporting standards of reference, related to the prior year financial statements and the balance sheet as at 1 January 2012 derived from the consolidated financial statements as at 31 December 2012 and 31 December 2011, with respect to the figures previously presented, which were audited, respectively, by us and other auditors; reference should be made to the auditors' reports dated, respectively, 28 March 2013 and 2 April 2012. We have examined the criteria applied to restate the corresponding figures and the related information presented in the explanatory notes for the purpose of expressing our opinion on the consolidated financial statements as at 31 December 2013 and for the year then ended.

3. In our opinion, the consolidated financial statements of GENERALI Group at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as well as the Regulation issued in implementation of article 90 of Legislative Decree n° 209/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the GENERALI Group as of 31 December 2013 and for the year then ended.
4. The Directors of ASSICURAZIONI GENERALI S.p.A. are responsible for the preparation of the Management Report and the Corporate Governance and Share Ownership Report, published in the section "Governance" of the ASSICURAZIONI GENERALI S.p.A.'s website, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Management Report and the specific section on Corporate Governance and Ownership Structure Report, limited to the information indicated in article 123-bis, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of Legislative Decree n. 58/1998 with the financial statements, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Management Report and the information presented in the Corporate Governance and Share Ownership Report as required by article 123-bis paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) of Legislative Decree n. 58/1998, are consistent with the consolidated financial statements of GENERALI Group at 31 December 2013.

Trieste, 3 April 2014

Reconta Ernst & Young S.p.A.
Signed by: Paolo Ratti, Partner

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

ANNUAL INTEGRATED REPORT

Group Integrated Reporting

The document is available on:

www.generali.com

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Group Communications & External Relations

GRAPHIC DESIGN

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PHOTOS

The photos used in the internal title pages, covers and key elements of this report represent the countries where Generali operates.

The other images are photos of buildings owned by the Group.



