

Segment reporting

Generali activities could be split in different lines of business according to the products and services offered. In particular, in accordance to IFRS 8, four main sectors of activity have been defined:

- Non life segment, which includes insurance activities performed in the non life business;
- Life segment, which includes insurance activities performed in the life business;
- Asset management;
- Holding and other business segment.

Life segment

Activities of Life segment include saving and protection business, both individual and for family, as well as unit linked products with investment purposes and complex plans for multinationals.

Non life segment

Activities of Non life segment include both motor and non-motor businesses, among which motor third party liabilities, casualty, accident and health. It includes also more sophisticated covers for commercial and industrial risks and complex plans for multinationals.

Investment vehicles and entities supporting the activities of life companies are also reported in this segment.

Asset management

This segment operates as a supplier of products and services both for the insurance companies of the Generali Group and for third-party customers.

The products include equity and fixed-income funds, as well as more alternative products. The objective pursued by Asset Management is to identify investment opportunities and sources of income for all of its customers, simultaneously managing risks.

The segment includes many companies that may specialise in institutional or retail clients, rather than on Group insurance companies or on third-party customers, or on products such as real assets, high conviction strategies or more traditional solutions.

Holding and other business segment

This grouping is an heterogeneous pool of non insurance assets and in particular it includes banking and asset management activities, expenses regarding coordination activities and interest expenses on the Group financial debt, as well as other activities that the Group considers ancillary to the core insurance business. The holding expenses mainly include the holding and territorial sub-holding direction expenses regarding coordination activities, the expenses relating to the parent company of stock option and stock grant plans as well interest expenses on the Group financial debt.

Methods of disclosure presentation

According to IFRS 8, the disclosure regarding operating segments of the Group is consistent with the evidence reviewed periodically at the highest managerial level for the purpose of making operational decisions about resources to be allocated to the segments and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the tables below, prepared as defined by the ISVAP Regulation No. 7 of 13 July 2007 and subsequent amendments.

Segment data derives from a separate consolidation of the amounts of subsidiaries and associated companies in each business segment, eliminating of the effects of transactions between companies belonging to the same segment and eliminating the carrying amount of the investments in subsidiaries of the same segment. The reporting and control process implemented by Generali Group implies that assets, liabilities, income and expenses of companies operating in different business segments are allocated to each segment through specific segment reporting. Intra-group balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile segment information with consolidated information.

In this context, Generali Group adopts a business approach on segment reporting, characterized by the fact that some transactions between companies belonging to different segments are eliminated within each segment.

The main impacts are explained below:

- the elimination in the non-life segment and holding and other businesses segment of participations and loans to companies of other segments, belonging to the same country, as well as related income (dividends and interests)
- the elimination in the non-life segment and holding and other businesses segment of realized gains and losses arising from intra-segment operations
- the elimination in the life segment of participations and loans to companies of other segments, belonging to the same country, as well the related income (dividends and interests) if not backing technical reserves
- the elimination in the life segment of realized gains and losses arising from intra-segment operations if not backing technical reserves.

Furthermore, loans and related interest expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

This approach allows to reduce consolidation adjustments, which in this view principally consist of investments and dividends received by life and non-life companies from companies belonging to other segments, intragroup financing and related interest income and fee and commissions income and expenses on financial services rendered or received by Group companies, still allowing for an adequate performance presentation for each segment.

As mentioned in previous sections of this document, the details by geographical area highlighted in this document reflect the Group's managerial structure in place at the

beginning of 2018 and effective for a large part of the year, made up of the business units of the three main markets - Italy, France and Germany - and four regional structures:

- ACEER: Austria, Central Eastern Europe (CEE) countries - Czech Republic, Poland, Hungary, Slovakia, Serbia/Montenegro, Romania, Slovenia, Bulgaria and Croatia - and Russia;
- International, consisting of Spain, Switzerland, Americas and Southern Europe, Asia, Europ Assistance and Other companies (including, Generali Global Health and Generali Employee Benefits);
- Investments, Asset & Wealth Management, which includes the main Group entities operating in investment advisory, asset management and financial planning;
- Group holding and other companies, which includes the Parent Company's management and coordination activities, including Group reinsurance, other financial holding companies and suppliers of international services not included in the previous geographical areas.

In order to provide a management view of the key performance indicators, the geographical reporting is disclosed as country's or regional structure's consolidated view, instead of contribution to the Group's results. The elimination of transactions between Generali Group companies in different geographic regions is included within the cluster "Holding and other businesses".

For more information on performance indicators used refer to Management report.

Balance sheet and Income statement by segment are reported in the following tables.

Annex 1

Segment reporting - Balance sheet

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
1 INTANGIBLE ASSETS	3,501	3,530	4,768	4,788
2 TANGIBLE ASSETS	1,898	1,791	583	841
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,765	3,215	1,244	1,079
4 INVESTMENTS	36,041	36,959	366,505	425,810
4.1 Land and buildings (investment properties)	3,964	3,749	7,301	8,245
4.2 Investments in subsidiaries, associated companies and joint ventures	2,008	1,778	5,447	4,120
4.3 Held to maturity investments	29	31	1,307	1,256
4.4 Loans and receivables	3,743	3,258	26,561	35,792
4.5 Available for sale financial assets	25,340	27,073	247,702	284,078
4.6 Financial assets at fair value through profit or loss	956	1,070	78,187	92,319
5 RECEIVABLES	5,317	5,856	5,349	5,429
6 OTHER ASSETS	4,352	4,004	65,373	25,531
6.1 Deferred acquisition costs	276	276	1,867	1,843
6.2 Other assets	4,075	3,728	63,506	23,688
7 CASH AND CASH EQUIVALENTS	2,180	2,352	2,671	3,656
TOTAL ASSETS	56,053	57,707	446,493	467,134
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	916	994	576	640
3 INSURANCE PROVISIONS	31,720	32,902	346,108	397,588
4 FINANCIAL LIABILITIES	9,810	9,524	17,718	20,898
4.1 Financial liabilities at fair value through profit or loss	319	316	3,846	8,626
4.2 Other financial liabilities	9,491	9,208	13,872	12,272
5 PAYABLES	3,715	4,056	4,592	5,482
6 OTHER LIABILITIES	4,150	5,033	58,647	19,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
18	9	457	459	1	-1	8,745	8,784
5	7	1,281	1,437	0	0	3,768	4,075
0	0	0	0	0	0	4,009	4,294
489	345	23,671	20,629	-14,477	-12,510	412,228	471,233
0	0	2,385	999	0	0	13,650	12,993
55	0	595	401	-6,785	-5,128	1,320	1,171
0	0	835	980	0	0	2,171	2,267
260	103	8,942	8,493	-7,691	-7,383	31,815	40,262
171	239	10,560	9,252	0	0	283,773	320,641
3	3	353	505	0	0	79,500	93,897
139	84	326	361	-4	-45	11,127	11,686
81	50	587	675	-1,140	-90	69,253	30,170
0	0	0	0	0	0	2,143	2,119
81	50	587	675	-1,140	-90	67,110	28,051
297	213	1,979	1,081	-430	-454	6,697	6,849
1,030	708	28,300	24,641	-16,049	-13,099	515,827	537,091
						24,643	26,177
34	28	402	401	-113	-113	1,816	1,950
0	0	0	0	0	0	377,828	430,489
0	0	15,702	15,482	-4,689	-3,578	38,540	42,326
0	0	1	0	-8	-8	4,159	8,935
0	0	15,700	15,482	-4,682	-3,571	34,382	33,391
139	115	840	857	-0	-16	9,287	10,494
108	67	850	618	-43	-31	63,713	25,653
						515,827	537,091

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
1.1 Net earned premiums	19,597	19,510	43,807	41,627
1.1.1 Gross earned premiums	20,607	20,546	44,585	42,330
1.1.2 Earned premiums ceded	-1,009	-1,036	-778	-703
1.2 Fee and commission income and income from financial service activities	3	1	63	89
1.3 Net income from financial instruments at fair value through profit or loss	111	114	-6,124	4,698
1.4 Income from subsidiaries, associated companies and joint ventures	143	89	288	203
1.5 Income from other financial instruments and land and buildings (investment properties)	1,366	1,472	10,818	11,328
1.6 Other income	1,706	1,503	1,632	1,572
1 TOTAL INCOME	22,926	22,690	50,485	59,516
2.1 Net insurance benefits and claims	-12,768	-12,716	-39,264	-48,138
2.1.1 Claims paid and change in insurance provisions	-13,403	-13,784	-39,837	-48,688
2.1.2 Reinsurers' share	635	1,068	573	551
2.2 Fee and commission expenses and expenses from financial service activities	0	-0	-26	-32
2.3 Expenses from subsidiaries, associated companies and joint ventures	-10	-9	-3	-1
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-539	-452	-2,098	-1,390
2.5 Acquisition and administration costs	-5,568	-5,512	-4,807	-4,705
2.6 Other expenses	-2,387	-2,204	-1,710	-2,661
2 TOTAL EXPENSES	-21,272	-20,893	-47,909	-56,927
EARNINGS BEFORE TAXES	1,654	1,797	2,576	2,589

ASSET MANAGEMENT		HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
0	-0	1	0	0	0	63,405	61,137
0	-0	0	0	0	0	65,192	62,876
0	0	1	0	0	0	-1,786	-1,739
635	571	862	850	-536	-510	1,028	1,002
-0	0	5	14	0	0	-6,008	4,826
55	48	24	15	-345	-221	166	134
9	5	628	440	-110	-90	12,712	13,155
89	84	390	305	-420	-299	3,397	3,164
788	708	1,910	1,624	-1,410	-1,120	74,699	83,418
0	0	0	0	0	0	-52,032	-60,853
0	0	0	0	0	0	-53,239	-62,472
0	0	0	0	0	0	1,207	1,619
-166	-167	-421	-413	37	46	-576	-565
0	0	-3	-7	0	0	-16	-17
-3	-2	-868	-857	42	33	-3,467	-2,667
-212	-195	-371	-341	277	280	-10,682	-10,473
-74	-98	-890	-819	584	450	-4,477	-5,332
-455	-462	-2,553	-2,436	940	810	-71,250	-79,908
333	247	-642	-812	-470	-310	3,450	3,511