

Segment reporting

Generali activities could be split in different lines of business according to the products and services offered. In particular, subject to IFRS 8, three 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;
- 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.

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

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.

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 sector and assessment of results.

Assets, liabilities, income and expenses of each segment are presented in the appendix to the notes, prepared under the ISVAP 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 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 interest income and expenses on loans between Group companies belonging to different segments are eliminated directly in each segment.

In detail, this approach presents the following main changes: both investments and dividends received by non-life and holding and other businesses companies and paid by companies of other segments, and realized gains and losses on intra-segment transactions are eliminated within the non-life and holding and other businesses 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.

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.

Generali Group is divided into 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. The 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), EMEA (Austria, Belgium, Greece, Guernsey, Ireland, Netherlands, Portugal, Spain, Switzerland, Tunisia, Turkey and Dubai), Asia, and Americas (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.

In order to provide a management view of the key performance indicators, the geographical reporting is now disclosed as country'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 International Operations.

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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
1 INTANGIBLE ASSETS	3,538	3,514	4,847	4,752
2 TANGIBLE ASSETS	2,091	2,124	1,029	1,074
3 AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	2,704	2,895	1,229	1,199
4 INVESTMENTS	37,418	36,853	425,202	404,617
4.1 Land and buildings (investment properties)	3,683	4,261	8,250	7,340
4.2 Investments in subsidiaries, associated companies and joint ventures	1,494	1,541	3,944	3,874
4.3 Held to maturity investments	34	81	1,403	1,479
4.4 Loans and receivables	3,377	2,952	39,843	43,118
4.5 Available for sale financial assets	27,444	25,839	278,202	257,193
4.6 Financial assets at fair value through profit or loss	1,385	2,179	93,562	91,611
5 RECEIVABLES	5,671	4,751	5,818	6,637
6 OTHER ASSETS	4,200	4,471	10,691	9,823
6.1 Deferred acquisition costs	277	278	1,806	1,722
6.2 Other assets	3,923	4,193	8,886	8,101
7 CASH AND CASH EQUIVALENTS	2,159	2,929	4,197	5,827
TOTAL ASSETS	57,782	57,537	453,012	433,928
1 SHAREHOLDERS' EQUITY				
2 OTHER PROVISIONS	904	791	639	770
3 INSURANCE PROVISIONS	33,349	33,377	388,128	371,310
4 FINANCIAL LIABILITIES	8,880	9,463	30,233	29,776
4.1 Financial liabilities at fair value through profit or loss	365	356	19,120	19,728
4.2 Other financial liabilities	8,515	9,107	11,114	10,048
5 PAYABLES	3,401	3,371	5,272	4,853
6 OTHER LIABILITIES	4,072	3,774	6,761	6,076
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES				

HOLDING AND OTHER BUSINESSES		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
482	379	-1	0	8,866	8,645
1,355	1,271	0	0	4,476	4,469
0	0	0	0	3,933	4,094
18,256	16,632	-11,705	-10,654	469,172	447,448
652	511	0	0	12,584	12,112
320	429	-4,563	-4,476	1,194	1,369
731	424	0	0	2,168	1,984
8,099	8,306	-7,142	-6,178	44,178	48,198
8,287	6,367	0	0	313,933	289,399
167	596	0	0	95,114	94,385
301	318	1	0	11,790	11,706
602	928	-80	-80	15,414	15,142
0	0	0	0	2,083	2,000
602	928	-80	-80	13,331	13,142
1,841	1,135	-664	-846	7,533	9,044
22,837	20,664	-12,448	-11,581	521,184	500,549
				25,668	24,708
394	427	-132	-181	1,804	1,807
0	0	0	0	421,477	404,687
16,067	14,544	-3,765	-3,879	51,416	49,904
7	6	-8	-8	19,484	20,082
16,060	14,538	-3,758	-3,872	31,932	29,821
877	604	0	0	9,550	8,828
422	744	14	19	11,269	10,614
				521,184	500,549

Annex 2

Segment reporting - Income statement

(€ million)	NON-LIFE SEGMENT		LIFE SEGMENT	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
1.1 Net earned premiums	19,685	19,818	45,667	48,689
1.1.1 Gross earned premiums	20,763	20,975	46,412	49,425
1.1.2 Earned premiums ceded	-1,079	-1,157	-745	-737
1.2 Fee and commission income and income from financial service activities	0	0	217	263
1.3 Net income from financial instruments at fair value through profit or loss	-29	40	1,830	1,903
1.4 Income from subsidiaries, associated companies and joint ventures	81	47	214	180
1.5 Income from other financial instruments and land and buildings (investment properties)	1,699	2,063	12,792	13,720
1.6 Other income	1,122	1,147	1,760	2,745
1 TOTAL INCOME	22,558	23,115	62,480	67,499
2.1 Net insurance benefits and claims	-12,836	-13,081	-51,127	-56,010
2.1.1 Claims paid and change in insurance provisions	-13,211	-13,604	-51,704	-56,600
2.1.2 Reinsurers' share	376	524	577	590
2.2 Fee and commission expenses and expenses from financial service activities	0	0	-85	-105
2.3 Expenses from subsidiaries, associated companies and joint ventures	-9	-12	-13	-3
2.4 Expenses from other financial instruments and land and buildings (investment properties)	-672	-620	-1,838	-1,577
2.5 Acquisition and administration costs	-5,463	-5,457	-5,148	-5,220
2.6 Other expenses	-1,774	-2,023	-1,739	-1,984
2 TOTAL EXPENSES	-20,754	-21,192	-59,951	-64,900
EARNINGS BEFORE TAXES	1,804	1,923	2,529	2,599

HOLDING AND OTHER SEGMENTS		CONSOLIDATION ADJUSTMENTS		TOTAL	
31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
0	0	0	0	65,352	68,507
0	0	0	0	67,176	70,400
0	0	0	0	-1,824	-1,894
1,228	1,200	-436	-369	1,010	1,094
20	-3	0	0	1,822	1,941
6	15	-167	-113	133	130
489	543	-120	-106	14,860	16,219
330	417	-284	-239	2,927	4,070
2,073	2,173	-1,008	-826	86,103	91,961
0	0	0	0	-63,963	-69,091
0	0	0	0	-64,916	-70,204
0	0	0	0	953	1,113
-551	-503	25	23	-611	-586
-25	-1	4	0	-43	-16
-960	-1,040	46	22	-3,425	-3,215
-479	-422	252	243	-10,838	-10,856
-985	-1,100	433	315	-4,066	-4,792
-3,000	-3,065	759	603	-82,947	-88,555
-927	-892	-248	-224	3,157	3,407