



**ASSICURAZIONI GENERALI**

CONSOLIDATED STATEMENTS

**2005**  
174<sup>TH</sup> year





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# GENERALI

## Assicurazioni Generali S.p.A.

Registered Office and Central Head Office in Trieste  
Head Office for Italian Operations in Mogliano Veneto  
Capital (fully paid in) Euro 1,276,017,308.00  
Fiscal code and Trieste Companies Register 00079760328  
Authorized to transact insurance business  
Per Article 65 of RDL April 29, 1923 No. 966

### CHAIRMAN

Antoine Bernheim

### VICE- CHAIRMAN

Gabriele Galateri di Genola

### MANAGING DIRECTORS

(\*) He acts also as General Manager

Sergio Balbinot (\*) / Giovanni Perissinotto (\*)

### DIRECTORS

(\*\*) Directors who, together with the Chairman, Vice-Chairman and Managing Directors, form the Executive Committee

Luigi Arturo Bianchi / Ana Patricia Botin  
Gerardo Brogginì (\*\*) / Claudio Consolo  
Laurent Dassault / Diego Della Valle / Enzo Grilli  
Piergaetano Marchetti (\*\*) / Klaus-Peter Müller / Alberto Nicola Nagel (\*\*) /  
Alessandro Ovi / Alessandro Pedersoli  
Reinfried Pohl / Vittorio Ripa di Meana

### GENERAL COUNCIL

Comprising, besides the below listed elective Members, the Members of the Board of Directors and the General Managers

Giorgio Davide Adler / José Ramón Álvarez Rendueles  
José Maria Amusatégui de la Cierva / Francesco Maria Attaguile  
Raymond Barre / Claude Bébéar / Kenneth J. Bialkin / Giacomo Costa  
Maurizio De Tilla / Enrico Filippi / Carlos Fitz-James Stuart y Martínez de Irujo  
Albert Frère / Roberto Gonzales Barrera / Georges Hervet  
Dietrich Karner / Khoon Chen Kuok / Stefano Micossi  
Franca Orsini Bonacossi / Arturo Romanin Jacur  
Guido Schmidt-Chiari / Theo Waigel / Wilhelm Winterstein

### BOARD OF AUDITORS

Gianfranco Barbato, Chairman  
Paolo D'Agnolo / Gaetano Terrin  
Giuseppe Alessio Vernì ( substitute) / Paolo Bruno ( substitute)

### GENERAL MANAGERS

Raffaele Agrusti / Fabio Buscarini

### DEPUTY GENERAL MANAGERS

(\*\*\*) Secretary of the Board of Directors

Mel Carvill / Claudio Cominelli / Aldo Minucci / Vittorio Rispoli (\*\*\*)

**CORPORATE BODIES**  
**AS OF APRIL 29, 2006**





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ALL SEASONS PLACE

REPORT



## Group highlights on a consolidated basis

(in million euro)	31.12.2005	31.12.2004
Total net premiums written	60,082.4	53,049.9
Total gross premiums written	62,834.7	55,754.6
Change (on equivalent terms)	13.1%	n.a.
Acquisition and administration costs related to insurance business	8,354.7	8,554.0
Total expense ratio	13.9%	16.1%
Life net premiums written <sup>(1)</sup>	44,903.5	37,697.4
Life gross premiums written <sup>(1)</sup>	45,734.8	38,632.6
Change (on equivalent terms)	18.1%	n.a.
Acquisition and administration costs of life segment <sup>(1)</sup>	4,212.1	4,355.2
Expense ratio of life segment <sup>(1)</sup>	9.4%	11.6%
Non-life net premiums written <sup>(1)</sup>	15,178.8	15,352.5
Non-life gross premiums written <sup>(1)</sup>	17,099.9	17,122.0
Change (on equivalent terms)	1.6%	n.a.
Acquisition and administration costs of non-life segment <sup>(1)</sup>	4,142.6	4,198.8
Expense ratio of non-life segment <sup>(1)</sup>	27.3%	27.3%
Loss ratio of non-life segment <sup>(1)</sup>	70.6%	71.6%
Combined ratio of non-life segment <sup>(1)</sup>	97.9%	98.9%
Total income of financial segment <sup>(1)</sup>	1,425.7	1,306.9
Total expenses of financial segment <sup>(1)</sup>	1,179.8	1,159.0
Result of the period	1,918.6	1,665.8

(in million euro)	31.12.2005	31.12.2004
Investments	307,417.4	271,774.6
Net insurance provisions <sup>(1)</sup>	275,141.5	244,527.3
Net life insurance provisions <sup>(1)</sup>	250,976.2	221,183.5
Net non-life insurance provisions <sup>(1)</sup>	24,165.3	23,343.8
Share capital and reserves <sup>(2)</sup>	12,028.6	9,719.2
Asset under management of financial segment	279,292.2	238,451.7

n.a. = not applicable due to the different accounting principles adopted

(1) The amounts are net of consolidation adjustments

(2) Excluded result of the period

## Economic and insurance market developments

Last year was another year of strong growth by the world economy, although its pace eased from 4.7% to 4.3%. World trade continued to expand rapidly and no inflationary pressures emerged despite the high price of oil and rises for other raw materials.

Once again, growth was powered by the US economy and those of China and some other Asian countries. In the **United States** GDP expanded by 3.5%, down somewhat from the 4.2% growth recorded in 2004. Consumption remained strong despite a monetary tightening that brought the cost of money gradually from 2.25% to 4.25%, the enormous damage done by natural disasters, and rising energy prices. A key factor bolstering consumer spending was the increase in households' wealth due to the rise in property values together with a rising stock market. A less expansive budget policy narrowed the federal deficit, but the balance-of-payments deficit remained very large.

In **China** the boom continued, with GDP growth slowing only marginally from 10.1% to 9.9% and no signs of inflation (1.8% year-on-year). Chinese growth continued to be fuelled by investment and exports, despite the Government's policy aimed at shifting the focus of growth towards private consumption – resulting in a credit tightening and a modest revaluation of the renminbi – and notwithstanding the high price of oil, of which China is now the world's leading importer.

**Latin America**, with growth of 4.1%, moved onto a more sustainable growth path than the 5.6% pace it had maintained in 2004, which still reflected Argentina's recovery after years of crisis. Growth was fuelled by the high prices of raw materials and broad gains in competitiveness vis-à-vis other continents. Inflation was about the same as in 2004 (6.3% as against 6.5%).

In Europe, the **new EU members** recorded somewhat slower growth than the strong performance of 2004 (3.5% as against 5.0%). On the plus side, inflation fell back to 2.5%, from the peak of 4.2% in 2004, converging towards the long-term requisite for inclusion within the euro area.

In the **euro area** itself, the economic picture was less favourable than in 2004, with GDP growth declining from 1.8% to 1.3%. Of the larger economies, Spain registered the fastest growth (3.2%), while the French economy slowed sharply from 2.1% to 1.4%. Both countries, albeit to different degrees, recorded an expansion in domestic demand and a contraction of exports. In Germany and Italy, by contrast, household consumption stagnated, but whereas Germany managed to match its 2004 growth rate of 1.1% thanks to export strength, Italy's overall growth fell from 1.1% to nil, owing to further loss of world market shares stemming from the economy's specialisation in low-technology goods exposed to competition from the emerging economies.



The unemployment rate in the euro area came down from 8.8% in 2004 to 8.4% last year. In Italy total employment remained unchanged, while there was an increase in part-time and temporary jobs.

Inflation held at the 2.2% rate recorded in 2004, slightly above the European Central Bank's target. To ward off any possible price acceleration and in view of the basically good performance of the economy, in December the ECB raised its key rate, which had been unchanged at 2% since June 2003, by 25 basis points.

The exchange rate of the euro began the year by falling modestly from the record highs of December 2004 but then rose again until March. A steady decline in the second quarter brought the currency back down to \$1.20, a level around which it fluctuated for the rest of the year, closing at \$1.18.

The tightening by the Federal Reserve braked the US equity market, which ended the year with the S&P 500 index up by 2.86% and the Nasdaq by 1.24%. The European stock exchanges made a better showing, with the Eurostoxx index up by 23% and the insurance sector outperforming the overall list (+31%). Italy's main stock exchange index, the S&P Mib, rose by 15.5%. The excellent results turned in by Europe's stock exchanges, despite a less sparkling performance of the economy than in America, are explained by the initially lower valuations of shares and by a greater number of mergers and acquisitions during the year. In some emerging markets equities scored exceptional gains, rising by 54% in Korea, 43% in India and 28% in Brazil.

On the US bond market, contrary to expectations the ten-year yield remained practically unchanged at around 4.5%, despite the increase of 200 basis points in the federal funds target rate. This led to a flattening of the yield curve and a gradual narrowing of the yield differential between ten-year securities and two-year paper, which declined from 115 basis points to turn negative. Essentially, this development was due to three factors: strong inflows of liquidity from the Asian economies whose currencies are pegged to the dollar, a reduction in long-term inflation expectations, and the search for current yield on the part of pension funds. Reflecting more moderate economic growth, conditions on the bond market in Europe remained nearly unchanged, with ten-year government securities yielding 3.3% at end-2005 (3.7% at end-2004). The yield spread of European corporate bonds over government securities remained at historically low levels, ending the year at 50 basis points.

In this context, the volume of financial assets held by households expanded. At the same time, their borrowing also increased, in significant part for house purchases. Investors were oriented mainly towards low-risk assets, such as bank deposits, bonds, and life insurance policies. However, given the healthy tone of stock markets, there was also a recovery in higher-risk investment, in particular equities and equity funds.

In the insurance sector in particular, growth was driven by the life branch, thanks to the industry's ability to combine finance with practical solutions for retirement





saving and personal protection. Sales of retirement products grew in most main geographical areas, though modestly.

The rising equity markets and the demand for soundness in investment also prompted increased interest in linked products with guaranteed capital, business which expanded in nearly all the Generali Group's zones of operation.

By contrast, there was a deceleration in non-life business, owing both to the slowdown in economic growth and to the persistence of sharp competition. In motor insurance in particular, the rate of expansion fell practically across the board, and Italy was no exception; in some countries, such as Germany, there was an actual contraction in premium income. The situation in the corporate risk segment was similar.

In 2005 there was a further increase in claims due to natural disasters, mainly in America and the Caribbean. The total damage due to natural disasters worldwide in 2005 is estimated at \$225 billion, of which \$80 billion was covered by insurance. The amount was larger than that paid out by the industry in 2001, the year of the attack on the World Trade Center. Nor was Europe spared, with the Erwin windstorm that swept northern Europe in January and the summer floods in Switzerland and Central and Eastern Europe. The effects, in terms of higher premiums and stiffer terms for policy renewal, were limited to the zones and types of business directly affected.

## The Generali Group's strategy for growth

The business plan adopted in 2003 was completed last year, with results better than the original objectives. Consolidated premium income rose to 62,834.7 million euros, the combined ratio was lowered to 97.9%, consolidated earnings came to 1,918.6 million, and normalized RoEV rose to 11.9%.

The **business plan for 2006-2008**, building on the growth and efficiency achieved under the previous plan, set significant new targets for further growth: a rise in non-life premiums that outperforms the industry average and new business value in life sector expanding at an average annual rate of 10%. Moreover objectives to be achieved at the end of the three years are: a combined ratio falling to 95.5%, consolidated earnings up 50% and normalized RoEV rising to 14.5%.

The new plan envisages three pillars: growth and innovation, a single national organizational model and Group-wide structures, capital optimisation.

The tools for growth and innovation will be the Group's very widespread agency and financial advisers networks and the professionalism of our salesmen, leadership in some countries in direct channels (telephone, Internet), expansion in new, fast-growing markets such as China and Central and Eastern Europe, and entry into the Indian market.

An essential factor in improving the Group's efficiency will be a single, simplified operational model at national level, flanked by four key Group-wide projects designed to achieve economies of scale.

The new model centralises in each country the functions of administrative services and procurement, claims management, strategic marketing and product development by shared companies serving a series of networks, each designed to provide its own clients with customized services, products and channels that best serve their needs.

The Group-wide plans will pool such capital-intensive activities as IT, plus those requiring large scale, such as asset management and treasury management, or that require the sharing of specialised skills, such as risk management. The international sharing of the Group's best practices in strategic sectors such as pricing of motor insurance and claims handling will also be extended.

Measures for more efficient use of capital will be undertaken, thus preserving the Group's financial soundness and credit rating, and to ensure simultaneously the capacity for external growth. In this context subordinated debt issues for a maximum of 4 billion euros have been approved. The funds are earmarked for corporate actions to increase value for shareholders and strengthen Generali's presence in selected key markets. In particular, the purchase of minority equity interests in Germany, Austria and Switzerland plus a share buyback plan have been planned. The Group has also decided on the acquisition of an additional 10% in the equity of Migdal Insurance Company from Bank Leumi.



Among major corporate operations in 2005, in **China** Generali China Life moved into group insurance, underwriting a large pension plan for the payment of annuities. Thanks also to the single premium paid for this contract, the company became the leader in premium income among foreign joint ventures in China. The agreement with the Industrial and Commercial Bank of China signed in Beijing in 2004 became operational also for the Canton region, and distribution agreements were begun also with other leading Chinese banks. In December, the new branch in Shanghai began its insurance underwriting business.

In line with the Group's strategy of expansion in Eastern Europe, a preliminary agreement was signed in July - and concluded in March 2006 - with the Delta finance and retailing group in **Serbia** to take a majority stake in Delta Osiguranje, the country's third largest insurance company, which operates in both the life and non-life sectors.

In **Italy** the disposal of 100% of the share capital of UniOne Assicurazioni was completed in July. Given the small size of the company, there was no significant impact on the Group's business and capital structure.

To optimise the Group's presence in the domestic maritime transport insurance market, at the end of December the transport portfolio of the Italian subsidiary UMS Generali Marine was concentrated in the Parent Company with effect from 1 January 2006.

In **Israel**, Migdal and Bear Stearns Asset Management concluded an agreement in the second half of 2005 under which the latter took a 50% stake in Migdal Capital Markets, the Migdal Group's financial and investment services company. The objective is to strengthen Group activity in asset management, especially in the investment fund sector, given its close complementarity with retirement savings, in which Migdal is the market leader.

In **Peru** the disposal of the Generali Peru subsidiary, considered non-strategic owing to its small size, was concluded in February.

As for the reorganisation of the Group's activities by geographical area for overall objectives of cost savings and optimisation of resource use, especially in IT and administration, the realisation of single Group-wide systems has proceeded at both national and international level. In **Italy** in particular, the single data processing platforms for life and non-life portfolio management went operational, and the centralisation of the Group's administrative and operational functions has proceeded.

## Part A - Information on operations

### The first-time adoption of the international accounting standards (IAS/IFRS) within the Generali Group

The Generali Groups' consolidated financial statements at 31 December 2005 was drawn up in accordance with the international accounting standards IAS/IFRS issued by the IASB and endorsed by the European Union, in conformity with the Regulation (EC) no. 1606 of 19 July 2002 and the Legislative Decrees no. 38/2005 and no. 209/2005.

Adoption of the new accounting method gave the Generali Group the opportunity to reengineer the flow of information within the Group, which made it possible not only to uniformly apply the new accounting standards within the Group but also to improve the quality and speed of operating and accounting information. In particular, a streamlined flow of information will gradually and consistently ensure the needs of the consolidation, Group controlling, strategic planning and integrated value-based management.

Among other things, adoption of the IAS/IFRS led to considerable changes to the financial statements presentation as well as to classification and evaluation of many Group assets and liabilities and to their economic significance.

In this annual report the Generali Group prepared its consolidated financial statements and notes according to the requirements of the *Provvedimento* ISVAP no. 2404 of 22 December 2005. As allowed by the aforementioned *Provvedimento*, the Generali Group believed it appropriate to supplement its consolidated financial statements with *ad hoc* items without being misleading and to provide more details in the notes in order to meet the IAS/IFRS requirements.

All comparative data were reclassified according to IAS/IFRS standards and reasonably estimated wherever necessary. The comparison was based on prudential hypotheses and reliably represented the trend for the periods considered.

One of the main innovation in the new presentation of insurance financial statements concerns the IAS/IFRS profit and loss account, which is not made up of a technical insurance section and a non-technical one anymore but provides an overview of the data of the Group's segments divided by line of business in appropriate formats through segment reporting (IAS 14). The Generali Group identified the following major business segments: life, non-life and financial. Each segment shows the financial position and its changes of the companies belonging to that segment, perceived as a separate and independent business unit with respect to the other segments. This leads to, on the one hand, an elimination of the effects of the transactions between companies belonging to the same segment and, on the other, the incorporation into the segment's result of the same effects of the transactions between companies belonging to different segments.





Comments about the performance in the period are based mainly on the new segment information.

The valuation criteria and key effects of the transition to IAS/IFRS on the Generali Group consolidated financial statements are presented in specific sections of this report, which was prepared applying the criteria currently in force. These principles might differ in the future because of new European Commission advice about their endorsement and of new standards or interpretations.

## The Generali Group

The adoption of the new international accounting standards led to an enlargement of the consolidation area. IAS 27 requires the consolidation line by line of all subsidiaries regardless of the business carried out, except those whose size makes their contribution immaterial. For example, the subsidiaries performing banking or financing activities - that were previously consolidated under the equity method - were consolidated line by line.

At 31 December 2005 there were 297 subsidiaries consolidated line by line (293 at year-end 2004) and 9 associated companies valued at equity (7 in 2004).

The list of subsidiaries consolidated line by line, associated companies valued at equity and non-consolidated subsidiaries - considered immaterial - are attached to the notes to the accounts.

## Business performance

In order to ensure a correct comparability, all 2004 data were recalculated according to the international accounting standards IAS/IFRS too.

(in million euro)	31.12.2005	31.12.2004
Earned premiums	60,082.4	53,049.9
Net insurance benefits and claims	63,563.4	53,718.5
Net income from investments	11,700.4	10,865.7
Net income from financial instruments at fair value through profit or loss	5,903.4	3,371.3
Acquisition and administration costs	8,982.5	9,106.1
Interests and investment management expenses	1,226.3	1,279.8
Other income and expenses	366.7	87.2
<b>Earnings before taxes</b>	<b>3,547.1</b>	<b>3,095.2</b>
<b>Income taxes</b>	<b>1,136.9</b>	<b>984.5</b>
<b>Consolidated result of the period</b>	<b>2,410.3</b>	<b>2,110.7</b>
<b>Minority interests</b>	<b>491.7</b>	<b>444.8</b>
<b>Result of the period</b>	<b>1,918.6</b>	<b>1,665.8</b>

The Group result of the period is increased by 15.2% from 1,665.8 million euros to 1,918.6 million.

Gross premiums were of 62,834.7 million euros (+13.1% on equivalent terms), of which gross life premiums reached 45,734.8 million (+18.1%) and non-life ones 17,099.9 million (+1.6%). Net earned premiums amounted to 60,082.4 million euros (53,049.9 million at 31 December 2004). They increased by 13.3%.

Premiums related to investment contracts are equal to 897.9 million (667.2 million at the end of the previous year). They increased by 34.6%.

The acquisition costs and the administration expenses still decreased (-2.3%) as well as the expense ratio from 16.1% at 31 December 2004 to 13.9%. The combined ratio went from 98.9% to 97.9%.

Both data and ratio considered that, in compliance with the principle of substance over form required for the presentation of financial statements according to IAS/IFRS, the German and Austrian health insurance business and the French complementary life one were included in the life segment, since they are managed by the same criteria of that line of business.

The provision index, which does not include the amount of equalisation provisions, no longer allowed by the international accounting standards, remained at the levels of the corresponding period in 2004.

(in million euro)	31.12.2005	31.12.2004
Net income from land and buildings (investment properties)	823.4	996.1
Net expenses from investments in subsidiaries, associated companies and joint ventures	-80.2	42.6
Net income from held to maturity investments	37.2	22.3
Net income from loans and receivables	1,730.2	1,592.8
Net income from available for sale financial assets	9,189.8	8,212.0
Interests and other income	7,459.3	7,207.5
Net realised gains	1,826.2	1,329.5
Impairment losses net of reversal	-95.7	-325.1
<b>Total net income from investments not at fair value through profit or loss</b>	<b>11,700.4</b>	<b>10,865.7</b>
Net income from financial assets and liabilities where the risk is borne by the policyholders	3,998.0	1,655.8
Net income from other financial instruments at fair value through profit or loss	1,905.4	1,715.5
Interests and other net income	938.8	916.2
Net unrealised gains	796.7	634.3
Net realised gains	169.9	165.0
<b>Total net income from financial instruments at fair value through profit or loss</b>	<b>5,903.4</b>	<b>3,371.3</b>
<b>Total</b>	<b>17,603.7</b>	<b>14,237.0</b>

Net income from investments not at fair value through profit or loss amounted to 11,700.4 million euros (+7.7%). It resulted from 9,512.6 million dividends and interests, 823.4 million net income from investment properties (236.4 million net impairment losses and depreciation and 438.8 million net realised gains), 1,826.2 million net realised gains from available for sale financial assets and 200 million euros net realised losses from other investments, 95.7 million net impairment losses from available for sale financial assets and 166.2 million net impairment losses from other investments.

Net income from financial instruments at fair value through profit or loss were of 5,903.4 million euros, of which 3,998 million represented income from financial assets and liabilities where the risk is borne by the policyholders.

Interests and investment management expenses amounted to 1,226.3 million euros. Interest expenses were equal to 767.8 million (373.9 million interest expenses on liabilities linked to financing activities).

Other net expenses amounted to 366.7 million euros (87.2 million at 31 December 2004). The strong increase was mainly caused by impairment losses on land and buildings used for own activities and expenses for termination benefits.

At 31 December 2005 consolidated Group companies employed a total staff of 61,561 – 11,856 of whom worked in Italy and 49,705 abroad – thus showing an increase of 3,207 compared to year-end 2004.

This increase was the result of the enlargement of the consolidation area.

## Asset and financial management

### Investments

(in million euro)	31.12.2005		31.12.2004	
	Total	Impact (%)	Total	Impact (%)
Land and buildings (investment properties) (*)	10,235.6	3.8	10,322.9	4.4
Investments in subsidiaries, associated companies and joint ventures	802.9	0.3	840.5	0.4
Held to maturity investments	993.0	0.4	668.4	0.3
Loans and receivables	41,173.9	15.5	38,434.1	16.2
Available for sale financial assets	189,008.7	71.0	166,529.2	70.3
Financial assets at fair value through profit or loss	24,015.8	9.0	20,188.1	8.5
<b>Total</b>	<b>266,229.9</b>	<b>100.0</b>	<b>236,983.2</b>	<b>100.0</b>
Investments back to policies where the investment risk is borne by the policyholders	41,187.5		34,791.4	
<b>Total investments</b>	<b>307,417.4</b>		<b>271,774.6</b>	

(\*) In accordance with the international accounting standards, 2,889.3 million euros land and buildings used for own activities (2,872 million at 31 December 2004) are classified as tangible assets



## Asset classes

(in million euro)	31.12.2005		31.12.2004	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
Equities (*)	31,287.5	10.2	22,697.1	8.4
Available for sale financial assets	27,501.8		21,443.4	
Financial assets at fair value through profit or loss	3,785.7		1,253.7	
Bonds (**)	193,628.8	63.0	166,688.0	61.3
Held to maturity investments	966.5		655.0	
Loans	16,884.0		11,728.5	
Available for sale financial assets	159,325.1		143,185.2	
Financial assets at fair value through profit or loss	16,453.2		11,119.3	
Investments back to policies where the investment risk is borne by the policyholders	41,187.5	13.4	34,791.4	12.8
Other investments (***)	41,313.6	13.4	47,598.2	17.5
Land and buildings (investment properties)	11,071.3		10,717.4	
Investments in subsidiaries, associated companies and joint ventures	802.9		840.5	
Derivatives	1,788.0		4,129.9	
Mortgage loans	8,573.8		10,334.8	
Receivables from banks or customers	19,077.6		21,575.6	
<b>Totale investimenti</b>	<b>307,417.4</b>	<b>100.0</b>	<b>271,774.6</b>	<b>100.0</b>

(\*) Investment fund units amounted to 4,412.9 million euros

(\*\*) Investment fund units amounted to 7,300.7 million euros

(\*\*\*) Investment fund units amounted to 1,504.7 million euros

## Net insurance provisions

(in million euro)	31.12.2005	31.12.2004
<b>Non-life insurance provisions</b>		
Provisions for unearned premiums	4,046.1	3,802.0
Provisions for outstanding claims	19,817.6	19,247.6
Other insurance provisions	301.5	294.3
<b>Life insurance provisions</b>		
Mathematical provisions	188,130.1	169,669.7
Provisions for outstanding claims	3,689.8	3,548.2
Provisions for policies where the investment risk is borne by the policyholders	35,468.6	28,996.8
Other insurance provisions	12,714.5	11,514.5
Deferred policyholders liabilities	10,973.2	7,454.3
<b>Total</b>	<b>275,141.5</b>	<b>244,527.4</b>

## Debt

Adoption of international accounting standards led to substantial changes in the presentation of Generali Group's financial liabilities. Specifically, the enlargement of the consolidation area to include banks and financial companies, with their own payables to banks and customers, and the different classification of several insurance contracts as financial investment contracts caused a substantial increase without having any material impact on the Group's financial leverage.

In the new IAS/IFRS context, consolidated debt was split into two categories matching the operating model currently used by the Group to manage its total debt:

- liabilities linked to operating activities, which are all financial liabilities with a specific relationship to certain items of the consolidated financial statements. For example, unit-linked policies – reclassified as investment contracts – have a close correlation with the assets covering these contracts where the investment risk is borne by the policyholders;
- liabilities linked to financing activities, which includes the remaining subordinate liabilities, bonds issued and other loans. For example, the debts issued as part of the acquisition transaction of a group of companies belong to this category.

The total debt is as follows:

(in million euro)	31.12.2005	31.12.2004
Liabilities linked to operating activities	21,062.9	21,474.4
Liabilities linked to financing activities	7,584.9	7,272.6
<b>Total</b>	<b>28,647.8</b>	<b>28,747.0</b>

## Shareholders' equity

(in million euro)	31.12.2005	31.12.2004
<b>Shareholders' equity</b>	<b>13,947.2</b>	<b>11,385.0</b>
Share capital and reserves	8,881.7	7,581.2
Reserve for unrealised gains and losses on available for sale investments	3,146.9	2,138.0
Result of the period	1,918.6	1,665.8
<b>Minority interests: Shareholders' equity</b>	<b>3,607.0</b>	<b>3,190.4</b>
<b>Total</b>	<b>17,554.2</b>	<b>14,575.4</b>

In the shareholders' equity the reserve for unrealised gains and losses on available for sale financial assets amounted to 3,146.9 million euros. It corresponds to the balance between unrealised gains and losses on financial assets, net of deferred policyholders liabilities and deferred taxes. Its considerable increase depended on the favourable market trend.

The shares of the Parent Company held by itself or by other Group companies amounted to 167.1 million euros (295 million at 31 December 2004). They reduced the share capital and reserves of the Group.



## Business segment

### Life segment

(in million euro)	31.12.2005	31.12.2004
Earned premiums	44,876.8	37,991.8
Fee and commission income and income from financial services activities	99.3	85.9
Net income from financial instruments at fair value through profit or loss	5,654.4	3,162.4
Income from subsidiaries, associated companies and joint ventures	295.0	157.5
Income from financial instruments and land and buildings ( investment properties)	10,742.4	9,751.2
Other income	1,010.6	966.2
<b>Total income of life segment</b>	<b>62,678.6</b>	<b>52,115.0</b>
Net insurance benefits and claims	52,890.5	42,894.1
Fee and commission expenses and expenses from financial services activities	63.3	53.6
Expenses from subsidiaries, associated companies and joint ventures	129.1	61.9
Expenses from financial instruments and land and buildings ( investment properties)	1,277.7	1,321.7
Acquisition and administration costs	4,745.5	4,868.6
Other expenses	1,097.8	1,081.5
<b>Total expenses of life segment</b>	<b>60,203.8</b>	<b>50,281.4</b>
<b>Result of the period of life segment (*)</b>	<b>2,474.8</b>	<b>1,833.6</b>

(\*) Gross of income taxes and minority interests

(in million euro)	31.12.2005	31.12.2004
Intangible assets	970.5	874.9
Tangible assets	1,275.4	1,163.2
Amounts ceded to reinsurers from insurance provisions	1,551.8	1,494.7
Investments	273,061.4	242,339.3
Receivables	3,521.8	3,729.4
Other assets	8,064.0	7,836.4
Cash and cash equivalents	3,974.2	5,040.7
<b>Total assets of life segment</b>	<b>292,419.1</b>	<b>262,478.6</b>
Other provisions	648.7	605.0
Insurance provisions	252,486.9	222,340.6
Financial liabilities	12,353.2	13,877.7
Payables	4,691.6	4,473.8
Other liabilities	4,766.3	4,160.9
<b>Total liabilities of life segment</b>	<b>274,946.7</b>	<b>245,457.9</b>

Gross life premiums written reached 45,769.6 million euros (+18.4% compared to 31 December 2004). In particular, gross direct premiums written were equal to





44,983.8 million (+18.5%) and corresponded 73% of the total direct insurance portfolio (life and non-life segments) whereas those of accepted reinsurance amounted to 785.8 million (+11.7%). Premiums benefited from a major single premium (1,874.7 million euros) underwritten by Generali China Life; should it not be considered, premiums would increase by 13.6%.

Gross earned premiums amounted to 45,767.4 million euros and those ceded to reinsurers to 890.6 million.

Net earned life premiums thus reached 44,876.8 million.

Premiums related to investment contracts amounted to 897.9 million euros.

The expense ratio<sup>1</sup> was of 9.4% (+11.6% at 31 December 2004). In particular, the impact of acquisition costs<sup>1</sup> went from 9.2% to 7.5% and that of administration costs<sup>1</sup> from 2.4% to 1.9%.

## Insurance business trends in the main countries in the life segment

### Italy

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	18,863.5	16,157.5
Market share (%)	26.6	25.2
Expense ratio (%)	6.4	7.0

In **Italy**, the life insurance market expanded at an appreciable pace. Premiums grew by around 10%, compared with 4.4% in 2004. Demand continued to flow mainly towards mixed insurance policies, but other products, especially those with greater financial content, staged a recovery after contracting significantly in the previous year. The improvement is attributable to bancassurance (up by 15.5%) and reflected strong demand for index-linked contracts. By contrast, there was a slowdown in business growth through the agency network and direct sales (up by 7%) and a further contraction of 15% in the contribution of the network of financial advisers.

The growth in Group premiums (+16.8% on equivalent terms) was driven by individual insurance, especially recurring single premium contracts. Linked products sold by the banking channel showed good growth. Premiums from new business acquired by the banking channel and the proprietary networks registered significant gains (39.2% and 9.8% respectively). The premiums of the network of financial advisers declined, reflecting the reorientation of its business towards recurring premium products with greater insurance content; new business in these

<sup>1</sup> The ratios were net of consolidation adjustments

products rose by 40.4%. Both the proprietary networks and financial advisers recorded growth in retirement policy business.

Premiums related to investment contracts amounted to 400.5 million euros.

## Germany

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	9,813.4	9,052.9
Market share (%)	9.6	9.4
Expense ratio (%)	15.4	20.5

In **Germany**, the expansion of the life insurance market was sustained by the substantial contribution of the recurring premium policies underwritten towards the end of 2004, ahead of the introduction of more restrictive tax rules, and by the flow of premiums from retirement policies. Health insurance again showed good growth, albeit less than in 2004.

The Group's premiums rose by 8.4%, an increase higher than that recorded by the market, thanks to the performance of the state-supported retirement policies, a sector where Generali consolidated its leadership of the market with more than a million contracts in its portfolio, and of the risk policies. Like the market, the companies of the Group saw a contraction in new business as a consequence of the new tax rules; however, progress was achieved by Cosmos, a direct sales company that markets its products via telephone and the Internet. Health insurance continued to expand, outpacing the market.

The expense ratio fell, reflecting also the reduction in acquisition costs due to the drop in new underwriting.

## France

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	9,351.6	8,226.2
Market share (%)	7.6	7.6
Expense ratio (%)	7.0	7.9

In **France**, the life insurance market matched its very buoyant growth of the previous year, with continuing expansion of unit-linked products, good sales of traditional contracts and a further uptrend in those of retirement products.

Similarly for the Group, the large increase in premiums (+13.7% on equivalent terms) came mainly from a rapid expansion in unit-linked policies, which now account for a substantial share of the portfolio of savings products. All sales channels contributed to the above-mentioned results. As in the previous years, the expense ratio continued its trend of reduction.

Premiums related to investment contracts amounted to 43.4 million euros.

## Spain

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	837.8	771.1
Market share (%)	4.1	4.1
Expense ratio (%)	5.0	5.5

In **Spain**, the life insurance market extended its growth trend. The expansion was led by the individual insurance products, where the banking channel is dominant. The agencies too made good progress in sales of both risk policies and unit- and index-linked products. Volumes for group retirement products grew, following a number of operations connected with corporate restructuring.

Against this backdrop, the Group achieved 8.7% growth in premiums. A key factor was the good increase in sales of individual contracts, driven by recurring premium insurance products highly profitable, such as risk policies. Sales of capitalization products were brisk as well, thanks in part to the impetus provided by the banking channel, as were those of unit-linked policies by the agency network. As regards group insurance, risk products showed gains, single premium policies a slight decline.

## Israel

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	830.0	823.1
Market share (%)	29.8	32.2
Expense ratio (%)	16.5	18.0

In **Israel**, the life insurance market was characterized by a moderate growth following the improvement in economic conditions; there was an increase in shifts from life policies to pension funds, due in part to the reduction in the limits of deductibility of life policies providing for lump-sum payments.

The modest size of the increase (+1% at equivalent exchange rates) in Group premiums reflected the termination of an important group insurance plan with death coverages showing a loss and a reduction of single premiums. Sales of new individual policies were up appreciably on their rather low level of 2004.

## Switzerland

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	802.6	794.1
Market share (%)	4.7	4.2
Expense ratio (%)	21.0	20.2

In **Switzerland**, market-wide premium income fell further, although slightly less than in the two previous years. The decline reflected the negative performance of group policies, which are the main product in the Swiss market. Individual policies showed signs of recovery.

These trends benefited the Group. Its new business is oriented towards the acquisition of recurring premium, individual unit-linked contracts, a segment in which Generali consolidated its leadership. The overall increase in the premiums came to 1.4% at equivalent exchange rates. The agency network was again the principal sales channel, followed by the networks of independent financial advisers. Premiums related to investment contracts amounted to 54.3 million euros.

## Austria

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	767.8	714.9
Market share (%)	9.5	9.8
Expense ratio (%)	22.1	22.0

In **Austria**, the life market accelerated further, thanks to the positive showing of the capital markets (which favoured the expansion of linked products), the launch of company-level supplementary policies and the good results on sales of supplementary retirement plans. There was faster growth in the health business as well.

The increase in the Group's premiums (+7.4%) is mainly attributable to linked policies, particularly to customers' positive reception of an index-linked pension product launched at the end of 2004 and characterized by high average premiums and long policy duration. There was a sharp rise in single premium policies, but income from recurring premium policies also continued to grow, especially as regards new business.

Premiums related to investment contracts amounted to 37.5 million euros.

## Belgium

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	379.3	380.5
Market share (%)	1.5	1.9
Expense ratio (%)	8.5	7.4

In **Belgium**, the life market registered strong growth, thanks mainly to the expansion of single premium policies. Sales of group policies remained stable.

The Group's premiums held at the previous year's level following the exit from the market of Luxembourg and the decision to orient the business on recurring premium products, which showed a good growth both for group and individual policies.

Premiums related to investment contracts amounted to 3.2 million euros.

## Central and Eastern Europe

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	249.8	188.7
Expense ratio (%)	32.2	33.7

In **Central and Eastern Europe**, the market's overall expansion reflected the rapid pace of economic growth.

The 27.1% rise – at equivalent exchange rates – in Group premiums came primarily from the progress of unit-linked products, recently launched on several markets. Noteworthy was the growth recorded in the Czech Republic (+60.7%), Poland (+50.5%), Slovakia (+20.1%) and Hungary (+11%).

Premiums related to investment contracts amounted to 97.6 million euros.

In **Asia**, the Group's premiums amounted to 1,957.4 million euros. In China, the volume of business benefited from a major single premium of 1,874.7 million euros from a contract signed by the subsidiary Generali China Life for the payment of annuities. Excluding that contract, premiums nearly doubled totalling 63.1 million, thanks to the contribution of the banking channel, which distributes traditional policies.

In **Latin America**, the Group's total premiums amounted to 310.1 million euros (+31.4% on equivalent terms). In Mexico, growth was driven by major group policies. Pension funds business turned in another positive performance, despite the pressure of competition, and the permanent disability annuity sector also produced good results on new business. In Argentina, the acquisition of new group contracts and premium increases on renewals offset the termination of some large policies with high loss ratios.



## Asset and financial management of the life segment

### Net income from investments of the life segment

(in million euro)	31.12.2005	31.12.2004
Net income from land and buildings (investment properties)	504.1	379.9
Net income from investments in subsidiaries, associated companies and joint ventures	165.9	95.5
Net income from held to maturity investments	31.6	18.3
Net income from loans and receivables	1,386.5	1,151.8
Net income from available for sale financial assets	7,865.0	7,208.6
Interests and other income	6,666.9	6,445.4
Net realised gains	1,279.8	1,023.4
Impairment losses net of reversal	-81.7	-260.2
<b>Total net income from investments not at fair value through profit or loss</b>	<b>9,953.2</b>	<b>8,854.1</b>
Net income from financial assets and liabilities where the risk is borne by the policyholders	3,998.0	1,655.8
Net income from other financial instruments at fair value through profit or loss	1,657.5	1,506.8
Interests and other net income	816.4	797.3
Net unrealised gains	748.1	584.9
Net realised gains	93.0	124.7
<b>Total net income from financial instruments at fair value through profit or loss</b>	<b>5,654.4</b>	<b>3,162.4</b>
<b>Total net income from investments of life segment</b>	<b>15,607.6</b>	<b>12,016.5</b>

Net income from investments not at fair value through profit or loss amounted to 9,953.2 million euros (+12.4%) and the main contribution came from bonds.

Net income from investments at fair value through profit or loss amounted to 5,654.4 million euros. Net income from financial assets and liabilities where the investment risk is borne by the policyholders was equal to 3,998 million, of which 3,098.6 million correspond to net unrealised gains.

As regards investment properties, net realised gains were of 352.8 million and net impairment losses and depreciation amounted to 89.9 million.

## Investments of the life segment

(in million euro)	31.12.2005		31.12.2004	
	Total	Impact (%)	Total	Impact (%)
Land and buildings (investment properties) (*)	4,239.3	1.8	3,878.5	1.9
Investments in subsidiaries, associated companies and joint ventures	11,103.4	4.8	11,974.5	5.8
Held to maturity investments	890.1	0.4	588.9	0.3
Loans and receivables	28,927.9	12.5	27,549.7	13.3
Available for sale financial assets	166,976.7	72.0	146,948.2	70.8
Financial assets at fair value through profit or loss	19,736.5	8.5	16,610.6	8.0
<b>Total</b>	<b>231,873.8</b>	<b>100.0</b>	<b>207,550.5</b>	<b>100.0</b>
Investments back to policies where the investment risk is borne by the policyholders	41,187.5		34,791.4	
<b>Total investments of life segment</b>	<b>273,061.4</b>		<b>242,341.9</b>	

(\*) In accordance with the international accounting standards, 1,129.2 million euros land and buildings used for own activities (865.3 million at 31 December 2004) are classified as tangible assets

## Asset classes of the life segment

(in million euro)	31.12.2005		31.12.2004	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
Equities (*)	24,449.7	9.0	17,195.8	7.1
Available for sale financial assets	21,020.4		16,094.4	
Financial assets at fair value through profit or loss	3,429.3		1,101.3	
Bonds (**)	174,152.1	63.8	149,491.1	61.7
Held to maturity investments	880.5		588.8	
Loans and receivables	15,164.1		10,663.5	
Available for sale financial assets	144,391.0		129,351.1	
Financial assets at fair value through profit or loss	13,716.6		8,887.7	
Investments back to policies where the investment risk is borne by the policyholders	41,187.5	15.1	34,791.4	14.4
Other financial investments (***)	33,272.0	12.2	40,863.6	16.9
Land and buildings (investment properties)	4,811.8		4,197.3	
Investments in subsidiaries, associated companies and joint ventures	11,103.4		11,974.5	
Derivatives	899.3		3,412.4	
Mortgage loans	4,860.4		6,015.0	
Other investments	11,597.1		15,264.4	
<b>Total investments of life segment</b>	<b>273,061.4</b>	<b>100.0</b>	<b>242,341.9</b>	<b>100.0</b>

(\*) Investment fund units amounted to 3,857.7 million euros

(\*\*) Investment fund units amounted to 6,549.7 million euros

(\*\*\*) Investment fund units amounted to 979.9 million euros

In the life segment the Group's asset allocation was mainly concentrated on long-term securities. During the year the assets' duration slightly increased in line with the policies term. Bonds represent the 63.8% of the overall portfolio and the weight of corporate bonds – especially, bonds issued by companies with high solvency level – increased in order to earn higher spreads with respect to government bonds. In the equity side, exposure to high yielding equities increased during the year.

At 31 December 2005 investments in the life segment amounted to 231,873.8 million euros. They increased by 11.7% compared to the end of the previous year.

The investments back to policies where the risk is borne by the policyholders are equal to 41,187.5 million euros (34,791.4 million at 31 December 2004). Thus, the total of investments reached 273,061.4 million (242,341.9 million at the end of the previous year).

### Net insurance provisions of the life segment

(in million euro)	31.12.2005	31.12.2004
Mathematical provisions	188,134.2	169,535.1
Provisions for outstanding claims	3,591.8	3,375.0
Provisions for policies where the investment risk is borne by the policyholders	35,468.6	28,995.7
Other insurance provisions	12,712.3	11,485.9
Deferred policyholders liabilities	11,028.3	7,454.3
<b>Total insurance provisions of life segment</b>	<b>250,935.1</b>	<b>220,845.9</b>

## Non-life segment

(in million euro)	31.12.2005	31.12.2004
Earned premiums	15.270,1	15.058,1
Fee and commission income and income from financial services activities	0,0	27,7
Net income from financial instruments at fair value through profit or loss	139,7	131,7
Income from subsidiaries, associated companies and joint ventures	577,0	236,3
Income from financial instruments and land and buildings ( investment properties)	2.271,4	2.215,0
Other income	1.332,3	1.317,3
<b>Total income of non-life segment</b>	<b>19.590,6</b>	<b>18.986,1</b>
Net insurance benefits and claims	10.746,6	10.824,4
Fee and commission expenses and expenses from financial services activities	0,0	14,9
Expenses from subsidiaries, associated companies and joint ventures	194,6	2,0
Expenses from financial instruments and land and buildings ( investment properties)	794,8	813,3
Acquisition and administration costs	4.316,7	4.402,8
Other expenses	2.074,0	1.659,1
<b>Total expenses of non-life segment</b>	<b>18.126,7</b>	<b>17.716,5</b>
<b>Result of the period of non-life segment (*)</b>	<b>1.463,9</b>	<b>1.269,7</b>

(\*) Gross of income taxes and minority interests

(in million euro)	31.12.2005	31.12.2004
Intangible assets	1.884,8	2.011,4
Tangible assets	1.993,4	2.198,0
Amounts ceded to reinsurers from insurance provisions	3.875,4	3.751,3
Investments	41.980,6	40.938,0
Receivables	5.868,8	5.548,0
Other assets	3.777,3	3.394,5
Cash and cash equivalents	1.388,9	1.730,4
<b>Total assets of non-life segment</b>	<b>60.769,2</b>	<b>59.571,6</b>
Other provisions	783,8	579,3
Insurance provisions	28.143,0	27.432,7
Financial liabilities	7.073,8	7.630,4
Payables	2.725,3	2.685,5
Other liabilities	5.480,3	5.086,0
<b>Total liabilities of non-life segment</b>	<b>44.206,3</b>	<b>43.413,9</b>

Gross non-life premiums written reached 17,209.1 million euros (+0.1% compared to 31 December 2004). In particular, gross direct premiums written were equal to 16,665 million (-0.3%) and corresponded 27% of the total direct insurance portfolio (life and non-life segments). Gross premiums of accepted

reinsurance amounted to 544.1 million (+14.8%), marginal since the Group policy is, as known, focused on the direct business.

Gross earned premiums amounted to 17,057.9 million euros and those ceded to reinsurers to 1,787.8 million.

Net earned non-life premiums thus reached 15,270.1 million.

The loss ratio<sup>2</sup> – net of ceded reinsurance – was of 70.6% (71.6% at 31 December 2004). The expense ratio<sup>2</sup> was stable to 27.3%; the impact of the acquisition costs<sup>2</sup> slightly decreased from 20.6% to 19.9% and that of the administration costs<sup>2</sup> went from 6.8% to 7.4%. The combined ratio<sup>2</sup> saw a decrease from 98.9% to 97.9%.

## Insurance business trends in the main countries in the non-life segment

### Italy

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	5,630.7	5,786.6
Market share (%)	15.6	16.4
Loss ratio (%)	74.5	76.1
Expense ratio (%)	23.2	22.4
Combined ratio (%)	97.7	98.5

In **Italy** there was a further slowdown in the expansion of the non-life insurance market due to economic stagnation and the small rise in rates in the motor sector.

For the Generali Group, premiums rose by 1.4% on equivalent terms, as business continued to be affected by the contraction in the volume of premiums of Assitalia for motor and general liability insurance, reflecting portfolio restructuring and stricter underwriting policies. These measures led to the recovery in profitability. The other Group companies registered an increase in sales higher than 3%. The fastest premium growth was in personal lines, especially non-motor insurance. The accident and health lines of business showed growth in all the companies of the Group.

<sup>2</sup> The ratios were net of consolidation adjustments

## France

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	3,237.1	3,255.8
Market share (%)	6.7	6.7
Loss ratio (%)	72.3	74.2
Expense ratio (%)	26.6	26.0
Combined ratio (%)	98.9	100.2

In **France** the development of the non-life insurance market slowed further, chiefly because of stagnation in motor insurance and in the corporate lines, owing in both cases to heightened competitive pressure. An exception was medical and accident insurance, which continued to expand thanks above all to the demand for increased coverage as a result of the recent health service reform.

Against this background, after strong growth in 2004 the Group's premiums fell slightly (by 0.6% on equivalent terms), reflecting a reduction in premiums especially in the transport business, the restructuring of the portfolios showing a loss and on the whole a focus on technical profitability that succeeded in reducing the loss ratio.

## Germany

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	2,986.5	3,003.0
Market share (%)	5.4	5.4
Loss ratio (%)	65.0	66.8
Expense ratio (%)	32.0	32.6
Combined ratio (%)	97.0	99.4

In **Germany**, after years of modest expansion, the non-life insurance market suffered a decline in premium volume in 2005, owing to the state of the economy and more intense competition. The downtrend was sharpest in the motor and corporate risk insurance.

The Group's premiums declined slightly (by 0.6%), in line with the contraction of the market as a whole. This performance reflects the heightened competition in the motor sector, which counts heavily in the overall insurance portfolio. The portfolio restructuring came to an end. In years past, while resulting in a lower increase for the Group with respect to the rest of the industry, the restructuring also produced significant gains in profitability, as the improvement in the loss ratio attests.



## Spain

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	1,340.3	1,238.5
Market share (%)	4.8	4.7
Loss ratio (%)	65.2	63.4
Expense ratio (%)	24.9	25.3
Combined ratio (%)	90.1	88.8

In **Spain**, non-life insurance market growth rate remained positive in all lines of business, but with a further slowdown in the motor sector, due to high competition.

The Group's non-life premium growth (+8.2%) was highly satisfactory in all branches, both individual and corporate risks, with gains equalling the performance of the market as a whole or bettering it, as in the motor, accident and health lines of business. Corporate lines, in which the Group has a substantial market share, showed a good recover, thanks to major new policies for industrial risks. In spite of the increase in loss ratio in the motor business, the total profitability remained at very good levels.

## Austria

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	1,219.0	1,209.3
Market share (%)	17.9	18.7
Loss ratio (%)	69.3	68.5
Expense ratio (%)	28.7	29.7
Combined ratio (%)	98.1	98.1

In **Austria** the non-life market grew as well, albeit somewhat more slowly than in 2004.

The Group's premium income returned to at least modest growth (+0.8%). The gain was due in part to an increase in personal and corporate insurance premiums and in part to the motor sector, which showed definite signs of improvement thanks to new tariffs. The loss ratio worsened following the floods in August, while the expense ratio, positively influenced by the processes carried out to improve the efficiency, showed a reduction equal to one point per cent.

## Central and Eastern Europe

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	581.5	528.6
Loss ratio (%)	65.6	62.9
Expense ratio (%)	29.9	31.0
Combined ratio (%)	95.6	93.9

In **Central and Eastern Europe**, total insurance premiums in the non-life sector expanded, fuelled by the rapid rate of economic growth.

Group companies' premiums increased by 5.2% at equivalent exchange rates, thanks above all to the good performance of motor and personal insurance. The largest contributions came from the Czech Republic and Hungary.

## Switzerland

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	455.1	431.3
Market share (%)	3.4	3.3
Loss ratio (%)	71.2	70.0
Expense ratio (%)	28.1	30.1
Combined ratio (%)	99.3	100.1

In **Switzerland**, the non-life insurance market grew, though more slowly than in 2004. Premium income growth was led by the motor sector, which benefited from a revision of rates and the increasing incidence of cars of higher value.

The Group's premiums rose by 5.8% at equivalent exchange rates, led by the motor business, which is the largest in the portfolio. The gain was the product in part of the revision of rates. The accident and health lines of business also contributed strongly, accelerating their growth in the last few months of the year thanks to rate revisions and effective marketing action.

## Israel

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	303.6	312.3
Market share (%)	9.6	10.1
Loss ratio (%)	69.7	68.9
Expense ratio (%)	30.0	30.2
Combined ratio (%)	99.7	99.1

In **Israel**, the non-life insurance market showed limited growth, as a consequence of strong rate competition and further cuts imposed by the supervisory authority in compulsory motor TPL insurance rates, which are semi-administered.

The Group saw a decline of 2.6% at equivalent exchange rates in premiums, owing mainly to a negative trend in the first half of the year affecting first of all the motor sector, given the market situation described, and health insurance, in which an important group contract showing a loss was not renewed. Moreover, there was strong pressure on policy rates in all branches.

## Belgium

(in million euro)	31.12.2005	31.12.2004
Gross direct premiums written	219.2	216.1
Market share (%)	2.5	2.5
Loss ratio (%)	65.3	64.2
Expense ratio (%)	34.3	34.8
Combined ratio (%)	99.6	99.0

In **Belgium**, the non-life insurance market slowed its growth in the motor sector in particular, due primarily to strong competition.

In this context, the Group's premiums increased by 1.5%, in part because of a more restrictive approach both to new policies and to renewals.

In **Latin America** the Group's total premiums amounted to 434 million euros (+11.7% at equivalent exchange rates). In Mexico the growth in the motor sector was affected by the sharp rise in competition in the whole market. However, there was a significant increase in health underwriting. In Argentina, by contrast, premium growth was sustained principally by the motor insurance, which benefited from an increase in the number of vehicles insured and a rise in the average premium as a consequence of a marketing policy targeted towards more high-end market segments demanding broader coverage and less sensitive to competition.

## Asset and financial management of the non-life segment

### Net income from investments of the non-life segment

(in million euro)	31.12.2005	31.12.2004
Net income from land and buildings (investment properties)	318.5	629.8
Net income from investments in subsidiaries, associated companies and joint ventures	382.4	234.4
Net income from held to maturity investments	5.5	3.9
Net income from loans and receivables	233.8	265.8
Net income from available for sale financial assets	1,239.3	881.2
Interests and other income	728.1	719.0
Net realised gains	525.3	227.1
Impairment losses net of reversal	-14.0	-64.8
<b>Total net income from investments not at fair value through profit or loss</b>	<b>2,179.5</b>	<b>2,015.0</b>
Interests and other net income	75.2	71.0
Net unrealised gains	46.6	43.8
Net realised gains	16.8	16.7
<b>Total net income from financial instruments at fair value through profit or loss</b>	<b>139.7</b>	<b>131.7</b>
<b>Total net income from investments of non-life segment</b>	<b>2,319.3</b>	<b>2,146.7</b>

Net income from investments not at fair value through profit or loss amounted to 2,179.5 million euros (+8.2%) and the main contribution came from bonds.

As regards investment properties, net realised gains were of 85.9 million and net impairment losses and depreciation amounted to 146 million.

## Investments of the non-life segment

(in million euro)	31.12.2005		31.12.2004	
	Total	Impact (%)	Total	Impact (%)
Land and buildings (investment properties) (*)	5,979.3	14.2	6,426.9	15.7
Investments in subsidiaries, associated companies and joint ventures	8,313.3	19.8	9,553.6	23.3
Held to maturity investments	83.9	0.2	79.5	0.2
Loans and receivables	6,243.1	14.9	6,017.0	14.7
Available for sale financial assets	20,131.4	48.0	17,819.2	43.5
Financial assets at fair value through profit or loss	1,229.6	2.9	1,041.8	2.5
<b>Total investments of non-life segment</b>	<b>41,980.6</b>	<b>100.0</b>	<b>40,938.0</b>	<b>100.0</b>

(\*) In accordance with the international accounting standards, 1,664.9 million euros land and buildings used for own activities (1,909.6 million at 31 December 2004) are classified as tangible assets

## Asset classes of the non-life segment

(in million euro)	31.12.2005		31.12.2004	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
<b>Equities (*)</b>	<b>6,570.2</b>	<b>15.7</b>	<b>5,312.6</b>	<b>13.0</b>
Available for sale financial assets	6,276.3		5,230.3	
Financial assets at fair value through profit or loss	293.9		82.3	
<b>Bonds (**)</b>	<b>15,875.9</b>	<b>37.8</b>	<b>13,888.9</b>	<b>33.9</b>
Held to maturity investments	67.0		66.2	
Loans and receivables	1,690.0		1,035.1	
Available for sale financial assets	13,380.7		12,291.2	
Financial assets at fair value through profit or loss	738.1		496.5	
<b>Other financial investments (***)</b>	<b>19,534.6</b>	<b>46.5</b>	<b>21,736.3</b>	<b>53.1</b>
Land and buildings (investment properties)	6,242.6		6,499.5	
Investments in subsidiaries, associated companies and joint ventures	8,313.3		9,553.6	
Derivatives	157.4		154.6	
Term deposits	1,093.7		2,019.5	
Other investments	3,727.5		3,509.1	
<b>Total investments of non-life segment</b>	<b>41,980.6</b>	<b>100.0</b>	<b>40,938.0</b>	<b>100.0</b>

(\*) Investment fund units amounted to 552.6 million euros

(\*\*) Investment fund units amounted to 496.6 million euros

(\*\*\*) Investment fund units amounted to 369.2 million euros

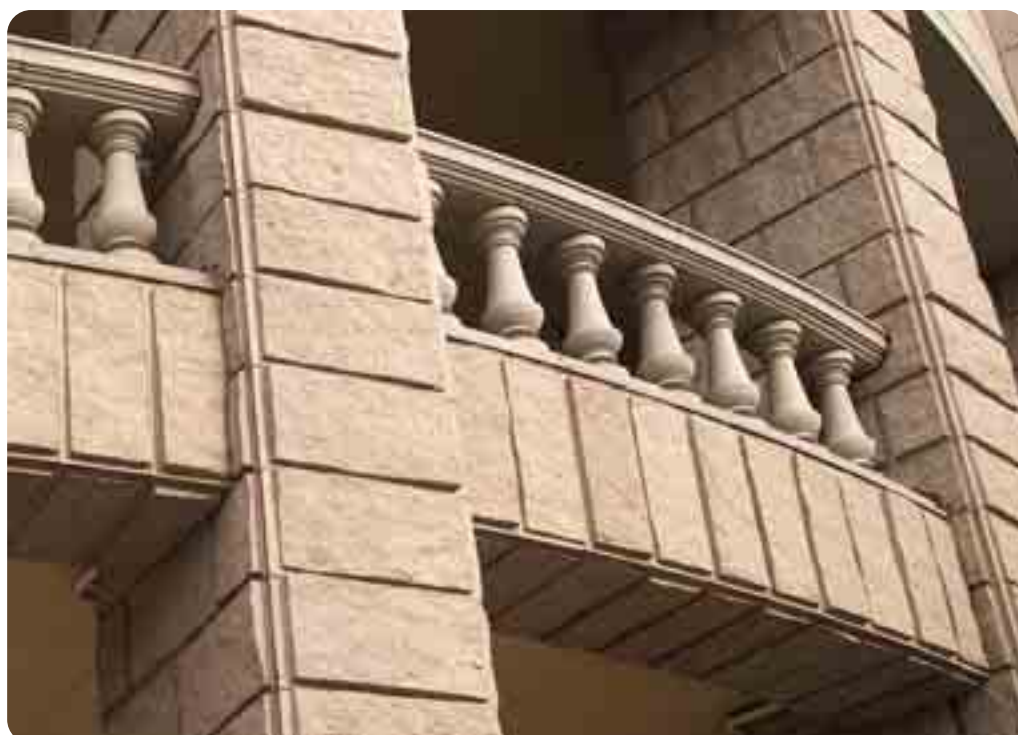
In the non-life segment the Group's investment policy was concentrated on short- and medium-term bonds, due to the increasing expectation of future rate hikes.

Investments in high yielding equities increased leaving the total composition of the portfolio substantially unchanged.

At 31 December 2005 investments in the non-life segment amounted to 41,980.6 million euros. They increased by 2.5% compared to the end of the previous year.

## Net insurance provisions of the non-life segment

(in million euro)	31.12.2005	31.12.2004
Provisions for unearned premiums	4,050.7	3,850.6
Provisions for outstanding claims	19,915.2	19,517.5
Other insurance provisions	301.8	313.2
<b>Total insurance provisions of non-life segment</b>	<b>24,267.6</b>	<b>23,681.3</b>





## Financial segment

(in million euro)	31.12.2005	31.12.2004
Fee and commission income and income from financial services activities	733.3	681.9
Net income from financial instruments at fair value through profit or loss	109.2	77.2
Income from subsidiaries, associated companies and joint ventures	13.2	5.0
Income from financial instruments and land and buildings ( investment properties)	508.8	473.9
Other income	176.6	200.6
<b>Totale income of financial segment</b>	<b>1,541.2</b>	<b>1,438.6</b>
Fee and commission expenses and expenses from financial services activities	265.5	259.6
Expenses from subsidiaries, associated companies and joint ventures	0.3	0.2
Expenses from financial instruments and land and buildings ( investment properties)	332.1	350.0
Administration costs and other expenses	647.1	620.1
<b>Total expenses of financial segment</b>	<b>1,245.1</b>	<b>1,229.9</b>
<b>Result of the period of financial segment (*)</b>	<b>296.1</b>	<b>208.6</b>

(\*) Gross of income taxes and minority interests

(in million euro)	31.12.2005	31.12.2004
Intangible assets	54.2	19.4
Tangible assets	156.4	135.5
Investments	14,939.2	14,236.5
Receivables	254.1	434.5
Other assets	612.8	290.5
Cash and cash equivalents	984.0	664.9
<b>Total assets of financial segment</b>	<b>17,000.7</b>	<b>15,781.3</b>
Other provisions	178.0	158.1
Financial liabilities	13,694.0	12,810.9
Payables	255.8	404.1
Other liabilities	647.0	276.8
<b>Total liabilities of financial segment</b>	<b>14,774.7</b>	<b>13,649.9</b>

The financial segment showed 467.8 million euros net commissions for financial services rendered and received (+10.8% compared to 31 December 2004).

A positive contribution came from financial instruments' management which saw an increase of income (+13.5%) and a decrease of costs (-5%).

## Asset and financial management of the financial segment

### Net income from investments of the financial segment

(in million euro)	31.12.2005	31.12.2004
Net income from land and buildings (investment properties)	0.8	0.4
Net income from investments in subsidiaries, associated companies and joint ventures	12.9	4.7
Net income from held to maturity investments	0.0	0.0
Net income from loans and receivables	364.3	328.5
Net income from available for sale financial assets	85.7	61.3
Interests and other income	64.5	51.3
Net realised gains	21.2	10.0
Impairment losses net of reversal	0.0	0.0
<b>Total net income from investments not at fair value through profit or loss</b>	<b>463.7</b>	<b>395.0</b>
Interests and other net income	47.2	47.9
Net unrealised gains	1.9	5.7
Net realised gains	60.1	23.6
<b>Total net income from financial instruments at fair value through profit or loss</b>	<b>109.2</b>	<b>77.2</b>
<b>Total net income from investments of financial segment</b>	<b>572.9</b>	<b>472.1</b>

Net income from financial instruments not at fair value through profit or loss amounted to 463.7 million euros (+17.4%) and the main contribution (204.4 million) came from interests from mortgage loans.

### Investments of the financial segment

(in million euro)	31.12.2005		31.12.2004	
	Total	Impact (%)	Total	Impact (%)
Land and buildings (investment properties) (*)	16.9	0.1	17.4	0.1
Investments in subsidiaries, associated companies and joint ventures	88.4	0.6	46.7	0.3
Held to maturity investments	19.0	0.1	0.0	0.0
Loans and receivables	9,636.4	64.5	9,684.6	68.0
Available for sale financial assets	2,128.8	14.2	1,949.6	13.7
Financial assets at fair value through profit or loss	3,049.7	20.4	2,538.2	17.8
<b>Total investments of financial segment</b>	<b>14,939.2</b>	<b>100.0</b>	<b>14,236.5</b>	<b>100.0</b>

(\*) In accordance with the international accounting standards, 95.2 million euros land and buildings used for own activities (97.1 million at 31 December 2004) are classified as tangible assets

## Asset classes of the financial segment

(in million euro)	31.12.2005		31.12.2004	
	Total	Impact (%)	Total	Impact (%)
Equities (*)	267.5	1.8	188.7	1.3
Available for sale financial assets	205.1		118.7	
Financial assets at fair value through profit or loss	62.5		70.1	
Bonds (**)	3,829.0	25.6	3,495.5	24.6
Held to maturity investments	19.0		0.0	
Loans and receivables	29.9		29.9	
Available for sale financial assets	1,781.5		1,730.6	
Financial assets at fair value through profit or loss	1,998.6		1,735.1	
Other financial investments (***)	10,842.7	72.6	10,552.3	74.1
Land and buildings (investment properties)	16.9		20.5	
Investments in subsidiaries, associated companies and joint ventures	88.4		46.7	
Derivatives	731.3		562.8	
Receivables from banks or customers	4,379.1		4,087.7	
Other investments	5,627.0		5,834.5	
<b>Total investments of financial segment</b>	<b>14,939.2</b>	<b>100.0</b>	<b>14,236.5</b>	<b>100.0</b>

(\*) Investment fund units amounted to 2.7 million euros

(\*\*) Investment fund units amounted to 254.4 million euros

(\*\*\*) Investment fund units amounted to 155.6 million euros

At 31 December 2005 investments of the financial segment amounted to 14,939.2 million. They increased by 4.9% compared to the end of the previous year.

## Financial business in the main countries

At 31 December 2005 assets managed by Group banks and asset management companies totalled 279,292.2 million euros (+17.1%).

Asset management accounts for most of the Group's financial activity and concentrates on the management of the Group companies' financial instruments. The largest units in this field are BSI Group and Banca Generali.

In **Italy**, in 2005 Banca Generali more than doubled its net fund-raising by comparison with 2004 totalling 2,309 million euros. An increase in intermediation business, with the exploitation of significant synergies across the Group in distributing financial products, brought total assets under management to 18,290 million, up by 18.7% from 31 December 2004. Very substantial gains compared to 2004 were recorded in both net commissions (+14.3%) and intermediation margin (+19.3%). Banca Generali launched a plan for investment in the distribution network – which at year's end counted 2,006 financial advisers plus 2,809 financial advisers in the Simgenia S.p.A. subsidiary's proprietary network, who belong to agency networks of the Italian Group companies – in order to increase both the volume of assets under management and their profitability.

As part of the concentration process of wealth management for retail customers in Banca Generali, the Generali Asset Management division responsible for running investment funds and third-party portfolio management services was incorporated into a new asset management company controlled by Banca Generali. The new company went fully operational at the start of 2006.

In **Switzerland**, the BSI Group benefited from the positive trend in the financial markets to increase both fund-raising and earnings. Operating revenue rose by 17.4% to 345.5 million euros, including 192.2 million commissions, while operating costs amounted to 253.1 million euros or 73.3% of income, up from 70.4% in 2004. BSI's net profit came to 71.2 million euros, a gain of 22%. At 31 December 2005 the BSI Group had 33,564.3 million euros in assets under management, an increase of 16.8% from 31 December 2004. The Group launched a major plan to develop more competitive, higher-value-added asset management products.

## Major events occurred after 31 December 2005

In early March 2006 the Company's Board of Directors approved the above-mentioned Business Plan for the three years 2006-2008. The Plan calls for a series of actions that carry on and complete the process of organizational and business innovation successfully launched with the previous Plan, pursuing the key goal of becoming one of Europe's leaders in value creation.

In **China**, Assicurazioni Generali and China National Petroleum Corporation obtained the supervisory authorities' approval to constitute a company to operate in the non-life sector. The Generali Group will thus be able to conduct both life and non-life business in China.

In **Italy**, as part of the 2006-2008 Business Plan for asset management, the authorisation proceeding for the constitution of the Group's property funds management company was initiated. The aim is to optimise Italian insurance companies' investments in real estate.

In **Serbia**, the agreement was concluded in March for the acquisition by Delta Group of a majority stake in Delta Osiguranje, Serbia's third-leading insurance company. The company will take the name Generali Delta.

## Conclusions and outlook for operations

In the early part of this year the economy continued to expand a rapid pace in Asia and remained buoyant in the United States. The improvements in the indicators of consumer and business confidence show that the recovery is slowly gaining traction in the euro area too. The cyclical turning-point is expected to come with the expansion of domestic demand not only in Spain and France but also in Germany, where the upturn in the investment cycle is now accompanied by rising household consumption. The forecast for Italy is less optimistic, and even though industrial production has stopped falling and consumer confidence has picked up slightly, the recovery is expected to be weak, with growth slower than in the rest of the euro area.

Factor markets continue to be dominated by the very high level of oil prices owing to strong demand, especially from the Asian economies, and by further rises in the prices of other raw materials.

The outlook for the dollar/euro exchange rate remains uncertain; however, a significant appreciation of the dollar appears unlikely.

As regards interest rates, in February the Federal Reserve raised the federal funds target rate to 4.5%; further increases in the cost of money in both the United States and Europe are expected in the months ahead.





The year began with the stock markets still rising in Europe, especially in Germany and Spain. In Italy, the share prices were bullish owing in part to expectations of mergers and acquisitions, particularly in the banking sector.

In the first few months of the new year the Group's insurance underwriting business confirmed the trends of 2005. Growth was more vigorous in the life sector and remained moderate in the non-life sector, which is more affected by economical trends. In the latter sector, the non-motor branches showed a better performance.

In a highly competitive market environment, following the guidelines of the 2006-2008 Business Plan the Group's marketing policy is aimed at rapid growth, above all in the more profitable sectors, careful selection of risks and cost reduction. This should lead to a continuation of the positive trend under way for three years now, with a further rise in technical account profitability. Financial management in line with that of the previous year is expected to produce an increase in financial earnings. As a consequence of these trends, barring exceptional events the Group should show growth in profit for the year in 2006.

Venice, 23 March 2006

THE BOARD OF DIRECTORS





## CONSOLIDATED FINANCIAL STATEMENTS





Company ASSICURAZIONI GENERALI S.p.A.

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**Consolidated financial statements**

Year 2005

(Amounts in million euro)

## BALANCE SHEET - ASSETS

		31.12.2005	31.12.2004
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>2.909,4</b>	<b>2.905,7</b>
1.1	Goodwill	2.085,2	2.080,9
1.2	Other intangible assets	824,3	824,8
<b>2</b>	<b>TANGIBLE ASSETS</b>	<b>3.425,3</b>	<b>3.496,7</b>
2.1	Land and buildings (self used)	2.889,3	2.872,0
2.2	Other tangible assets	536,0	624,7
<b>3</b>	<b>AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS</b>	<b>5.249,0</b>	<b>5.034,2</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>307.417,4</b>	<b>271.774,6</b>
4.1	Land and buildings (investment properties)	10.235,6	10.322,9
4.2	Investments in subsidiaries, associated companies and joint ventures	802,9	840,5
4.3	Held to maturity investments	993,0	668,4
4.4	Loans and receivables	41.173,9	38.434,1
4.5	Available for sale financial assets	189.008,7	166.529,2
4.6	Financial assets at fair value through profit or loss	65.203,3	54.979,5
	of which financial assets where the investment risk is borne by the policyholders and related to pension funds	41.187,5	34.791,4
<b>5</b>	<b>RECEIVABLES</b>	<b>8.475,6</b>	<b>8.833,6</b>
5.1	Receivables arising out of direct insurance operations	6.022,9	5.916,6
5.2	Receivables arising out of reinsurance operations	959,8	1.019,6
5.3	Other receivables	1.492,9	1.897,4
<b>6</b>	<b>OTHER ASSETS</b>	<b>12.346,1</b>	<b>11.432,7</b>
6.1	Non-current assets or disposal groups classified as held for sale	186,6	0,0
6.2	Deferred acquisition costs	1.000,5	751,7
6.3	Deferred tax assets	3.483,1	3.349,8
6.4	Tax receivables	1.922,9	2.204,9
6.5	Other assets	5.753,1	5.126,3
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>5.730,7</b>	<b>6.868,8</b>
	<b>TOTAL ASSETS</b>	<b>345.553,6</b>	<b>310.346,3</b>



## BALANCE SHEET - EQUITY AND LIABILITIES

		31.12.2005	31.12.2004
<b>1</b>	<b>EQUITY</b>	<b>17.554,2</b>	<b>14.575,4</b>
<b>1.1</b>	<b>Shareholders' equity</b>	<b>13.947,2</b>	<b>11.385,0</b>
1.1.1	Share capital	1.276,0	1.276,0
1.1.2	Other equity instruments	0,0	0,0
1.1.3	Capital reserve	4.562,7	4.562,3
1.1.4	Revenue reserve and other reserves	3.115,9	2.078,2
1.1.5	(Own shares)	-167,1	-295,0
1.1.6	Reserve for currency translation differences	94,2	-40,3
1.1.7	Reserve for unrealised gains and losses on available for sale financial assets	3.146,9	2.138,0
1.1.8	Reserve for other unrealised gains and losses through equity	0,0	0,0
1.1.9	Result of the period	1.918,6	1.665,8
<b>1.2</b>	<b>Minority interests</b>	<b>3.607,0</b>	<b>3.190,4</b>
1.2.1	Minority interests: Share capital and reserves	2.623,6	2.340,1
1.2.2	Minority interests: Reserve for unrealised gains and losses through equity	491,8	405,5
1.2.3	Minority interests: Result of the period	491,7	444,8
<b>2</b>	<b>OTHER PROVISIONS</b>	<b>1.610,6</b>	<b>1.342,4</b>
<b>3</b>	<b>INSURANCE PROVISIONS</b>	<b>280.390,5</b>	<b>249.561,6</b>
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	35.481,2	29.007,1
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>28.647,8</b>	<b>28.746,9</b>
4.1	Financial liabilities at fair value through profit or loss	7.155,7	8.571,4
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	5.932,2	5.624,9
4.2	Other financial liabilities	21.492,1	20.175,5
	of which subordinated liabilities	1.407,4	1.428,6
<b>5</b>	<b>PAYABLES</b>	<b>6.571,8</b>	<b>6.685,0</b>
5.1	Payables arising out of direct insurance operations	3.736,1	3.844,1
5.2	Payables arising out of reinsurance operations	688,0	585,6
5.3	Other payables	2.147,7	2.255,3
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>10.778,8</b>	<b>9.435,0</b>
6.1	Liabilities directly associated with non-current assets classified as held for sale	0,0	0,0
6.2	Deferred tax liabilities	4.806,2	4.509,9
6.3	Tax payables	1.264,8	727,0
6.4	Other liabilities	4.707,8	4.198,1
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>345.553,6</b>	<b>310.346,3</b>



## PROFIT AND LOSS ACCOUNT

		31.12.2005	31.12.2004
1.1	Earned premiums	60.082,4	53.049,9
1.1.1	Gross earned premiums	62.678,3	55.604,8
1.1.2	Earned premiums ceded	-2.595,9	-2.554,9
1.2	Fee and commission income and income from financial services activities	753,6	691,0
1.3	Net income from financial instruments at fair value through profit or loss	5.903,4	3.371,3
	of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	3.998,0	1.655,8
1.4	Income from subsidiaries, associated companies and joint ventures	88,8	106,8
1.5	Income from other financial instruments and land and buildings (investment properties)	13.262,3	12.332,1
1.5.1	Interests	8.359,6	7.978,6
1.5.2	Other income	1.898,3	1.767,8
1.5.3	Realised gains	2.893,7	2.415,4
1.5.4	Unrealised gains and reversal of impairment losses	110,7	170,3
1.6	Other income	1.628,8	1.536,9
1	TOTAL INCOME	81.719,2	71.088,0
2.1	Net insurance benefits and claims	63.563,4	53.718,5
2.1.1	Claims paid and change in the insurance provisions	65.281,7	55.057,8
2.1.2	Reinsurers' share	-1.718,4	-1.339,3
2.2	Fee and commission expenses and expenses from financial services activities	319,6	290,9
2.3	Expenses from subsidiaries, associated companies and joint ventures	169,0	64,2
2.4	Expenses from other financial instruments and land and buildings (investment properties)	2.245,3	2.315,7
2.4.1	Interest expenses	767,8	807,8
2.4.2	Other expenses	290,9	335,8
2.4.3	Realised losses	715,2	513,1
2.4.4	Unrealised losses and impairment losses	471,4	659,0
2.5	Acquisition and administration costs	9.441,0	9.578,1
2.5.1	Commissions and other acquisition costs	6.379,5	6.612,1
2.5.2	Investment management expenses	458,5	472,0
2.5.3	Other administration costs	2.603,0	2.494,0
2.6	Other expenses	2.433,8	2.025,5
2	TOTAL EXPENSES	78.172,1	67.992,8
	EARNINGS BEFORE TAXES	3.547,1	3.095,2
3	Income taxes	1.136,9	984,5
	EARNINGS AFTER TAXES	2.410,3	2.110,7
4	RESULT OF DISCONTINUED OPERATIONS	0,0	0,0
	CONSOLIDATED RESULT OF THE PERIOD	2.410,3	2.110,7
	Result of the period	1.918,6	1.665,8
	Minority interests: Result of the period	491,7	444,8
	EARNING PER SHARE:		
	Earning per share (in euro)	1,51	1,31
	Diluted earning per share (in euro)	1,51	1,31

## STATEMENT OF CHANGES IN EQUITY

	Amounts as at 31-12-(n-2)	Changes in the amounts as at 31- 12-(n-2)	Allocation
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	1.276,0		
Other equity instruments			
Capital reserve	4.561,8		0,5
Revenue reserve and other reserves	1.083,6		1.097,7
(Own shares)	-294,3		
Reserve for currency translation differences			-40,3
Reserve for unrealised gains and losses on available for sale financial assets	1.496,4		3.487,2
Reserve for other unrealised gains and losses through equity			
Cash flow hedging derivatives reserve			
Reserve for hedge of a net investment in a foreign operation			
Revenue reserve from valuation of equity			
Reserve for revaluation model on intangible assets			
Reserve for revaluation model on tangible assets			
Result of discontinued operations			
Other reserves			
Result of the period	1.478,3		605,6
<b>Total shareholders' equity</b>	<b>9.601,8</b>		<b>5.150,7</b>
<b>Minority interests</b>			
Minority interests: Share capital and reserves	1.887,1		495,1
Minority interests: Reserve for unrealised gains and losses through equity	299,5		849,0
Minority interests: Result of the period	344,9		99,9
<b>Total minority interests</b>	<b>2.531,5</b>		<b>1.444,0</b>

1) Changes related to:

a) "Revenue reserve and other reserves" refer mainly to previous year's consolidated result carried forward

b) "Own shares" arise from the transfer of some own shares held by Group companies in 2005

c) "Gains and losses on available for sale financial assets" refer to 6,033.1 million euro unrealised gains and losses recognised in equity in 2005 (5,071.4 million are related to shareholders' equity and 961.7 million to minority interests)

d) "Result of the period" refer to result of the year which amounts to 2,410.3 million euro in 2005 (of which 1,918.6 million are related to Group result of the period and 491.7 million to minority interests one) and to 2,110.6 million in 2004 (of which 1,665.8 million are related to Group result of the period and 444.8 million to minority interests one). The amounts are net of the allocation to reserves of previous year's consolidated Group results

2) Changes through profit and loss account related to "Gains and losses on available for sale financial assets" refer mainly to net realised gains from available for sale financial assets' transfer

3) Other changes related to:

a) "Gains and losses on available for sale financial assets" refer to the share of unrealised gains and losses on available for sale financial assets attributable to policyholders, which amounts to 3,058.1 million euro in 2005 (of which 2,502.9 million are related to shareholders' equity and 555.2 million to minority interests)

b) "Result of the period" refer to dividends paid by the Parent Company, which amount to 418.1 million euro in 2005 and 549.6 million in 2004

Transfer through profit and loss account	Other transfer	Amounts as at 31-12-(n-1)	Changes in the amounts as at 31- 12-(n-1)	Allocation	Transfer through profit and loss account	Other transfer	Amounts as at 31-12-(n)
		1.276,0		0,0			1.276,0
		4.562,3		0,4			4.562,7
	-103,1	2.078,2		1.037,7			3.115,9
	-0,7	-295,0		127,9			-167,1
		-40,3		134,5			94,2
-535,8	-2.309,8	2.138,0		5.132,7	-991,7	-3.132,2	3.146,9
	-418,1	1.665,8		802,4		-549,6	1.918,6
-535,8	-2.831,7	11.385,0		7.235,6	-991,7	-3.681,8	13.947,2
	-42,1	2.340,1		283,4			2.623,5
-164,4	-578,6	405,5		987,4	-199,4	-701,6	491,8
		444,8		46,9			491,7
-164,4	-620,7	3.190,4		1.317,7	-199,4	-701,6	3.607,0

## CASH FLOW STATEMENT (indirect method)

	31.12.2005	31.12.2004
<b>Earnings before taxes</b>	<b>3.547,1</b>	<b>3.095,2</b>
<b>Changes in non-cash items</b>	<b>23.981,0</b>	<b>17.568,1</b>
Change in provisions for unearned premiums and for unexpired risks for non life segment	178,3	155,2
Change in provisions for outstanding claims and other insurance provisions for non life segment	826,0	847,9
Change in mathematical provisions and other insurance provisions for life segment	25.798,8	19.089,8
Change in deferred acquisition costs	-248,8	-234,8
Change in other provisions	138,7	133,9
Other non-cash expenses and revenues arising out of financial instruments, investment properties and investments in subsidiaries, associated companies and joint ventures	-2.731,5	-2.444,6
Other changes	19,5	20,5
<b>Change in receivables and payables from operating activities</b>	<b>-287,9</b>	<b>-259,4</b>
Change in receivables and payables arising out of direct insurance and reinsurance operations	-392,8	-375,7
Change in other receivables and payables	104,9	116,3
<b>Income taxes paid</b>	<b>-845,7</b>	<b>-738,3</b>
<b>Net cash flows from cash items related to investing or financing activities</b>	<b>-2.379,9</b>	<b>-1.937,1</b>
Financial liabilities related to investment contracts	-941,7	-537,1
Payables to banks and customers	1.343,7	-330,7
Loans and receivables from banks and customers	427,6	231,9
Other financial instruments at fair value through profit or loss	-3.067,7	-2.499,4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>21.776,4</b>	<b>14.593,2</b>
Net cash flows from investment properties	255,7	558,6
Net cash flows from investments in subsidiaries, associated companies and joint ventures	119,3	75,9
Net cash flows from loans and receivables	-3.705,2	-1.357,6
Net cash flows from held to maturity investments	-264,4	-101,6
Net cash flows from available for sale financial assets	-14.388,7	-8.932,1
Net cash flows from tangible and intangible assets	-185,4	-178,1
Net cash flows from financial instruments where the risk is borne by the policyholders	-3.840,2	-2.699,6
Net cash flows from other investing activities	0,0	0,0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-22.009,0</b>	<b>-12.634,5</b>
Net cash flows from shareholders' equity	0,0	0,0
Net cash flows from own shares	127,9	-0,7
Dividends payment	-549,6	-418,1
Net cash flows from minority interests: shareholders' equity	-380,8	-273,5
Net cash flows from subordinated liabilities and other similar liabilities	-23,1	-21,4
Net cash flows from other financial liabilities	-78,9	-62,9
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-904,5</b>	<b>-776,6</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>251,2</b>	<b>-71,2</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6.268,6	5.157,7
CHANGES IN CASH AND CASH EQUIVALENTS	-885,9	1.110,9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5.382,7	6.268,6

(\*) Cash and cash equivalents at the beginning of the period include cash and cash equivalents (6,742.4 million euros), liabilities to banks payables on demand (120.1 million euros) and bank overdrafts (353.8 million euros)

(\*\*) Cash and cash equivalents at the end of the period include cash and cash equivalents (5,730.7 million euros), liabilities to banks payables on demand (78.4 million euros) and bank overdrafts (269.6 million euros)









## NOTES ON THE ACCOUNTS





## Part C - General criteria for drawing up the financial statements and the consolidation area

The Generali Group's consolidated financial statements at 31 December 2005 is drawn up in accordance with the international accounting standards IAS/IFRS issued by the IASB and endorsed by the European Union, in conformity with the Regulation (EC) no. 1606 of 19 July 2002 and the Legislative Decrees no. 38/2005 and 209/2005.

The Legislative Decree no. 38/2005 empowers ISVAP to give further instructions for financial statements and chart of account in compliance with the international accounting standards.

In this annual report the Generali Group prepares its consolidated financial statements and notes according to the requirements of the *Provvedimento* ISVAP no. 2404 of 22 December 2005. As allowed by the aforementioned *Provvedimento*, the Generali Group believes it appropriate to supplement its consolidated financial statements with ad hoc items without being misleading and to provide more details in the notes in order to meet the IAS/IFRS requirements.

Adopting IAS/IFRS for the first time, the yearly report takes also into account the IFRS 1 requirements. The description of the effects of the first transition from the previous GAAP to IAS/IFRS and the reconciliation statements of the balance sheet as at 1 January and 31 December 2004 and those of the profit and loss account at the end of 2004 were presented in the half-yearly report 2005. However, they are again included in the section I of this annual report. The consolidated financial statement at 31 December 2005 is drawn up in accordance with accounting standards applied in the reconciliation statements required by IFRS 1.

### 1 – Consolidated financial statements

The set of the consolidated financial statements is made up of a balance sheet, a profit and loss account, a statement showing changes in equity and a cash flow statement. It is required by the *Provvedimento* ISVAP no. 2404 of 22 December 2005 and enriched with items considered significant for the Group.

The notes, which are mandatory according to the Italian Regulator, are presented in the part L of this report.

The statements show comparative figures for the previous year, which are reclassified according to IAS/IFRS. Balance sheet and profit and loss account comparative data are coherent with those in the reconciliation statements at 31 December 2004 (IFRS 1), even though they are adjusted to meet the requirements of the *Provvedimento* ISVAP no. 2404 of 22 December 2005. Information about criteria for the presentation and classification is provided in the part I.

This yearly report is drawn up in euros and the amounts are shown in millions, rounded to the first digit.

## 2 – Consolidation area

The consolidated financial statements are made up of data of the Parent Company and of its subsidiaries directly or indirectly controlled. The new IAS 27 definition of control leads to an enlargement of the consolidation area, mainly due to the inclusion of both companies operating in sectors dissimilar to that of the Parent Company and the special purpose entities satisfying the requisites of effective control.

At 31 December 2005 the consolidation area rises from 300 to 306 companies, of which 297 are subsidiaries consolidated line by line and 9 associated companies valued at equity. In particular, in Italy there are 30 subsidiaries consolidated line by line and 4 associated companies valued at equity. The consolidation scope includes all subsidiaries and associated companies, except for the not material ones.

The description of the changes in the consolidation area occurred during the year and the detailed list of the new companies are attached to this yearly report.

## 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 expressed in foreign currencies are translated into euros through the exchange rates at the end of the year.

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

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

The exchange rates for the translation of the main foreign currencies for the Generali Group into euros are shown below.

## Exchange rates

Currency	31.12.2005	Exchange rate at the end of the period (in euro)
US dollar		1.1796
Swiss franc		1.5546
Israeli shekel		5.4304
Argentine peso		3.5696

Currency	31.12.2005	Average exchange rate (in euro)
US dollar		1.2450
Swiss franc		1.5485
Israeli shekel		5.5804
Argentine peso		3.6387

## 3.1 Consolidation line by line method

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

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.

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. If the financial year-end date of a company differs from that of the Parent Company, it prepares an intermediate financial statements at 31 December of each financial year,
- 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 are shown as separate items, and
- intragroup balances are eliminated in full.



### 3.2 Consolidation using the equity method

IAS 28 defines an associate as 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.

Under the equity method, the investment in an associate is initially recognised at cost (including goodwill) and the carrying amount is increased or reduced to recognise the change in the investor's share of the equity of the investee after the date of acquisition. The investor's share of the profit or loss of the investee, net of dividends, is recognised in its profit and loss account.





## Part D - Valuation criteria

The accounting standards adopted in preparing the yearly report and the contents of the items in the new financial statements are summarised in this section..

### 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, it is probable that the expected future economic benefits attributable to the asset will flow to the entity 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 excess of the cost of the business combination over the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and includes any costs directly attributable to the business combination. Should the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is immediately recognised in the profit and loss account.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The goodwill existing at the date of transition to IAS/IFRS is no longer amortised from 1 January 2004. It is at least annually tested 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. They represent the consolidated units within the same primary segment. The impairment loss is equal to the difference, if negative, between the carrying amount and the recoverable amount. The latter is the higher of the fair value of the cash-generating units and their value in use, that is the present value of the future cash flows expected to be derived from the cash-

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

## 1.2 Other intangible assets

The intangible assets with finite useful life are measured at 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. In particular, 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 incurred. Other intangible assets with indefinite useful life are not amortised but periodically tested for impairment.

## 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 conformity with IAS 16, the item includes land and buildings held for use in the production or supply of goods or services or for administrative purposes.

As to keep on the previously applied principles, the Generali Group applies the cost model in the valuation of land and buildings (self used).

The cost of the self used properties comprises purchase price and any directly attributable expenditure. The depreciation is systematically calculated applying specific economic/technical rates which are determined locally according to the residual value over the useful economic life of each individual component of the investments.

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. Cost of the day-to-day servicing are charged to the profit and loss account. Costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are directly charged to the assets to which they refer and depreciated according to the residual value over the investments' useful economic life.

Finance leases of land and buildings are accounted for according to IAS 17. Lease transactions are presented in accordance with their economical substance and require to recognise the cost of the leasehold property as a tangible asset, and the present value of the minimum lease payments as a financial liability.

## 2.2 Other tangible assets

Property, plant and equipment are classified in this item. They are measured at cost less any accumulated depreciation and impairment. They are systematically depreciated on the basis of economic/technical rates determined according to their residual value over their useful economic life.

## 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 according to the accounting principles applied to 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 and disposal groups held for sale.

The Generali Group applies the cost model (IAS 40), adopting the depreciation criteria defined in IAS 16. Please therefore refer to the description of land and buildings (self used) as well as of 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. Not material investments in subsidiaries and associated companies, investments in associated companies and interests in joint ventures equity valued belong to this category.

A list of such investments is shown in attachment.

### 4.3 Held to maturity investments

This 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 designated as at fair value through profit or loss or as available for sale. The intent and ability to hold held to maturity investments to maturity must be demonstrated when initially acquired and at each balance sheet date.

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

Held to maturity investments are measured at amortised cost.

The Generali Group limits the accounting of investments in this category.

## 4.4 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 particular, the Generali Group accounts for as loans and receivables some unquoted bonds, mortgage loans, policy loans, term deposits with credit institutions, deposits under reinsurance business accepted, repurchase agreements (REPO), 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 receivables in the balance sheet.

Loans and receivables are measured 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. Gains or losses are recognised in the profit and loss account when the financial assets are derecognised or impaired as well as through the amortisation process.

## 4.5 Available for sale financial assets

Available for sale financial assets are accounted for at the settlement date at its cost plus the transaction costs directly attributable to the acquisition.

The unrealised gains and losses on available for sale financial assets are recognised in equity in a specific reserve until they are sold or determined to be impaired. At this time the cumulative gains or losses previously recognised in equity are accounted for in the profit and loss account.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. It is therefore presumed that the company is a going concern without any need to liquidate or undertake transactions on adverse terms.

In the case of financial assets traded in an active and liquid market, the fair value is their quoted market price. When it is not available, the fair value is determined either on the basis of the current market value of other financial instruments that are substantially the same or applying appropriate financial techniques (DCF – discounted cash flows analysis). When the fair value cannot be reliably determined, the financial assets are measured at cost.



This category includes quoted and unquoted equities, investment fund units 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.

#### 4.6 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.

Both bonds and equities, mainly quoted, and all derivatives, unless designated as hedging instruments, are included in this category.

Financial assets at fair value through profit or loss take also account of investments back to policies where the investment risk is borne by the policyholders and back to pension funds.

Hybrid instruments, whose embedded derivatives cannot be separated from the host contracts, are classified as financial assets at fair value through profit or loss, too (e.g. some structured financial instruments).

The financial assets at fair value through profit or loss are measured at fair value and their unrealised gains and losses at the end of the period are immediately accounted for in the profit and loss account.

### 5 – Receivables

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

#### 5.1 - 5.2 Receivables arising out of direct insurance and reinsurance operations

Receivables on premiums written in course of collection and receivables from intermediates, co-insurers and reinsurers are included in this item. They are accounted for at their carrying amounts and then at their presumed recoverable amounts.

#### 5.3 Other receivables

The item includes all other receivables that do not have an insurance or tax nature. They are accounted for at their carrying amounts and then at their presumed recoverable amounts.

## 6 – Other assets

Deferred acquisition costs, tax receivables, deferred tax assets, non-current assets or disposal groups classified as held for sale 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 (IFRS 5). They are measured at the lower of their carrying amount and fair value less costs to sell.

### 6.2 – Deferred acquisition costs

In accordance with IFRS 4, deferred acquisition costs are accounted for in line with local GAAP. The item includes acquisition commissions and other expenses directly or indirectly attributable to the acquisition or renewal contracts and deferrable over the term of the contracts.

### 6.3 – Deferred tax assets

Deferred tax assets are recognised – except the cases provided in paragraph 24 of IAS 12 – for all deductible temporary differences to the extent that it is probable that taxable income will be available, against which the deductible temporary differences can be utilised.

In the case of carryforward of unused tax losses and unused tax credits, deferred tax assets are recognised to the extent that it is probable that future taxable income will be available, against which the abovementioned unused tax losses or unused tax credits can be utilised.

Deferred tax assets are measured at the tax rates that are expected to be applied in the year when the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

### 6.4 – Tax receivables

Receivables related to current income taxes (IAS 12) are classified in this item. They are accounted for according to the tax laws in force in each country.

### 6.5 – Other assets

The item mainly includes the accrued income and prepayments, in particular the

accrued interest from bonds. It also comprises deferred commissions for investment management services related to investment contracts.

Deferred fee and commission income and expenses respectively include acquisition loadings and commissions related to investment contracts without DPF fair valued according to IAS 39. Acquisition loadings and commissions related to these products are accounted for according to the IAS 18 treatment of the investment management service component and they are recognised by reference to the stage of completion of the service provided. Acquisition commissions are therefore incremental costs directly attributable to securing and investment management service and are recognised as an asset, which is amortised throughout the whole policy term. Acquisition loadings are instead deferred and accounted for as other liabilities in the item deferred income for investment management services.

Both deferred fee and commission income and expenses are amortised with a straight line approach.

As far as the deferred commissions for investment management services are concerned, the entity assesses their recoverability according to 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.

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 Group shareholders' equity

##### 1.1.1 Share capital

The ordinary shares are recognised 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 overprice reserve for issue of shares of the company that consolidates

##### 1.1.4 Revenue reserve and other reserves

The item comprises retained earnings adjusted for the effect due to 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 and statutory reserves as well as reserves from consolidation process.

##### 1.1.5 Own shares

As provided by IAS 32, the item includes equity instruments held by the company which issues consolidated financial statements or by its subsidiaries included in the line by line consolidation.

##### 1.1.6 Reserve for currency translation differences

The item comprises the exchange differences to be recognised in equity (IAS 21), which derive from accounting for transactions in foreign currencies and from translating the financial statements of foreign companies.

##### 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.



The amounts are accounted for less the related deferred taxes and deferred policyholders liabilities.

#### 1.1.8 Reserve for other unrealised gains and losses through equity

The item includes cash flow hedging derivatives reserve, reserve for hedge of a net investment in a foreign operation and reserve for revaluation model on tangible and intangible assets that is not adopted by the Group.

#### 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 shareholders general meeting.

### 1.2 Minority interests: Shareholders' equity

The item comprises equity instruments of minority interests.

In particular, it includes the reserve for unrealised gains and losses on available for sale investments referable to minority interests.

## 2 – Other provisions

The allocations to other provisions are recognised when a company has a present obligation (legal or constructive) as a result of a past event and it is probable that the resources will be required to settle the obligation and their amount can be reliably estimated (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 that fall under IFRS 4 scope.

### 3.1 Life insurance policies

According to IFRS 4 policies of the life segment are classified as insurance contracts or investment contracts based on the significance of the insurance risk.

#### 3.1.1 Insurance contracts

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) are accounted for in accordance with local GAAP. Gross premiums are recognised as a revenue net of cancellations of the period and ceded premiums are recognised as expenses of the period.

Shadow accounting is applied to insurance contracts with DPF.

### 3.1.2 Investment contracts with DPF

Investment contracts with DPF (e.g. policies linked to segregated funds, contracts with additional benefits that are contractually based on the result of the company) are accounted for as follows:

- premiums, payments and change in the insurance provision are booked like insurance contracts;
- shadow accounting is applied. It implies to ideally attribute 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. In particular, the main economic fact of the shadow accounting is the recognition of the policyholders' share of unrealised gains and losses on available for sale financial assets in the deferred policyholder liabilities while the insurer's share is recognised in equity. If financial instruments are fair valued through profit or loss, the difference between market value and valuation used to determine the return which the profit sharing is based on is recognised in the profit and loss account together with a change in the deferred policyholder liabilities.

### 3.1.3 Investment contracts

Investment contracts without DPF mainly include unit/index-linked policies and pure capitalisation contracts. These products are accounted for according to IAS 39 as follows:

- the products are recognised as financial liabilities at fair value or at amortised cost. In particular, linked products are fair valued through profit or loss while pure capitalisation policies are generally valued at amortised cost;
- fee and commission income and expenses are recognised in the profit and loss account. In particular, IAS 39 and IAS 18 imply that they are separately identified and classified in the different components of origination, to be charged in the profit and loss account at the date of the issue of the product, and investment management service, to be recognised throughout the whole policy term by reference to the stage of completion of the service;
- fee and commission income and incremental costs of pure capitalisation contracts without DPF are included in the initial carrying amount of the financial liability and recognised as an adjustment to the effective interest rate;
- the risk component of linked products is unbundled 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. They are accounted for according to local GAAP. 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, the additional provisions to the mathematical ones, already foreseen by the local regulation in case of adverse changes in the interest rates or mortality, are classified as provisions for liability adequacy test. The liability adequacy test foreseen by IFRS 4 is applied to verify that the insurance provisions are adequate to cover the future cash flows coming from the insurance contracts, based on best estimates.

In addition, insurance provisions include deferred policyholder liabilities related to contracts with DPF, in accordance with the shadow accounting.

### 3.3 Non-life insurance provisions

The local GAAP for each country is applied to the 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 arising from future contracts 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 amounts of gross premiums written allocated to following financial periods, and the provision for unexpired risks, which provides for claims and expenses in excess of the related unearned premiums.

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

This item refers to financial liabilities at fair value through profit or loss (IAS 39). In particular, 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 comprises financial liabilities within the scope of IAS 39 not classified as at fair value through profit or loss and measured at amortised cost.

This item comprises subordinated liabilities, which, in the case of bankruptcy, are to be repaid only after the claims of all other creditors have been met.

Furthermore, it includes liabilities to banks or customers, deposits received from reinsurers, bonds subscribed, other loans and financial liabilities at amortised cost related to investment contracts that do not fall under IFRS 4 scope.

## 5 – Payables

### 5.1 - 5.2 Payables arising out of insurance and reinsurance operations

The item includes payables arising out of insurance and reinsurance operations.

### 5.3 Other payables

This item includes in particular provisions for the Italian *Trattamento di Fine Rapporto*.

These provisions are accounted for in accordance with IAS 19 (see paragraph 6.4 below).

## 6 – Other liabilities

This item comprises liabilities not elsewhere accounted for. In particular, it includes liabilities directly associated with non-current assets and disposal groups classified as held for sale, tax payables and deferred tax liabilities.

### 6.1 Liabilities directly associated with non-current assets classified as held for sale

This item includes liabilities directly associated with non-current assets and disposal groups classified as held for sale according to IFRS 5.

## 6.2 Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except the cases provided in paragraph 15 of IAS 12.

They 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 balance sheet date.

## 6.3 Payables relating to taxation

This item includes payables due to income taxes.

## 6.4 Other liabilities

This item includes provision 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). They are measured according to the project unit credit method (IAS 19), which 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 total of the 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 recognised. The rate used to discount future cash flows is determined by reference to market yields at the balance sheet date on high-quality corporate bonds. The actuarial assumptions are periodically tested to confirm their consistency. The actuarial gains and losses incurred are recognised as income or expense to the extent that exceeds the greater of 10% of the present value of the defined benefit obligation at the end of the previous reporting period and 10% of any plan assets at that date. The portion of actuarial gains and losses are amortised over the expected average remaining working lives of the employees participating in the plan.

## 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 services activities

The item includes fee and commission income for financial services rendered by companies belonging to the financial segment and that related to investment contracts.

#### 1.3 Net income from financial instruments at fair value through profit or loss

The item comprises realised gains and losses, interests, dividends and unrealised 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, investments which are accounted for in the corresponding 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 particular, 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, realised gains from financial assets, financial liabilities and investment properties and reversals of impairment on them.



## 1.6 Other income

The item includes revenue arising from sale of goods and rendering of not financial servicing, other insurance income, gains on foreign currency accounted for under IAS 21, realised gains and reversals of impairment on tangible assets and other assets as well as any gain recognised on the remeasurement 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 occurred 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 provision for deferred policyholders liabilities with impact on profit and loss account.

### 2.2 Fee and commissions expenses and expenses from financial services activities

The item includes fee and commission expenses for financial services received by companies belonging to the financial segment and those 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, investments which are accounted for in the corresponding items of the balance sheet.

### 2.4 Expenses for 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 expenses, 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, realised losses from financial assets, financial liabilities and land and buildings (investment properties), depreciations and impairment on them.

Administration expenses are also included. They refer to general expenses and personnel expenses for the management of financial instruments, land and buildings (investment properties) and investments in subsidiaries, associated companies and joint ventures.

## 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 investment management expensive 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, realised losses, impairment and depreciation of tangible assets not elsewhere allocated, and amortisation of intangible assets. It also comprises any loss on the remeasurement of non-current assets or disposal groups classified as held for sale.

## 3 – Income taxes

The item includes income taxes for the period and for previous years, deferred taxes and tax losses carried back.

## Other information

### 1 – Share based payments

The stock option plans granted by the Board are share based payments to compensate officers and employees. The fair value of the share options granted is estimated at the grant date. It 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. Another factor common to share options is the possibility of early exercise of them. The binomial pricing model estimates separately the option value and the probability that the market conditions are satisfied. Therefore, the fair value of equity instruments granted reflects market conditions.

The cost is charged to the profit and loss account and, as counterpart, to equity during the vesting period, by taking into account, if possible, the possibility of satisfaction of the vesting condition related to the options granted.

### 2 – Derivatives' accounting

Derivatives are financial instruments or other contracts whose characteristics are the following:

1. their value changes in response to the change in an interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other pre-defined underlying variables;
2. they require no initial net investment or 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;
3. they are settled at a future date.

As far as the hedge accounting is concerned, IAS 39 sets out complex accounting rules which also influence the measurement of hedged assets/liabilities. The adoption of hedge accounting seems complex because of the new accounting treatment and the uncertainty on some aspects of the macro hedge (i.e. the hedge of portfolio instruments). Adopting the international accounting standards, all derivatives have been accounted for at fair value through profit or loss by the Generali Group. In the current accounting platform, this approach seems to be the most appropriate to achieve a true and fair view of the Group's financial statements.

### 3 – Impairment losses

Whether there is any indication that an asset may be impaired, tangible and intangible assets are subject to impairment test according to IAS 36 requirements. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The latter is the higher of its fair value less costs to sell (i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and its value in use (i.e. the present value of the future cash flows expected to be derived from an asset).

The impairment loss is charged to the profit and loss account and it is taken into consideration for the definition of the new base for the calculation of future depreciation/amortisation.

Whether there is any indication that an impairment loss recognised for an asset in prior years may no longer exist, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of the asset due to the reversal of impairment loss cannot exceed the carrying amount that would be determined if no impairment loss had been recognised for the asset in prior years.

As far as the financial assets (except investments at fair value through profit or loss) are concerned, 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, 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.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also considered as an objective evidence of impairment.

If there is objective evidence of impairment on financial assets at amortised cost, the amount of the loss is measured 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.

If there is objective evidence of impairment on available for sale financial assets, the amount of the loss is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to events occurring after the impairment was recognised, the previously recognised impairment loss can be reversed.

In any case, the reversal of impairment on equities and investment fund units is not allowed by IAS 39.

## 4 – Segment reporting

At 31 December 2005 the Generali Group identifies three main business segments:

1. non-life segment, which includes non-life insurance activities
2. life segment, which includes life insurance activities
3. financial segment, which includes banking and asset management activities

Assets, liabilities, income and expenses of each segment are presented in the financial statements in the section L according to the *Provvedimento* ISVAP no.2404 of 22 December 2005. However, further analyses and information based on the segment reporting, both at Group level and for each country, are detailed in the management report.

Segment data come from a separate consolidation of the figures of subsidiaries and associated companies in each business segment, from the elimination of the effects of the transactions between companies belonging to the same segment and from the elimination of the carrying amount of the investments in subsidiaries and the related portion of equity. The reporting 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 a specific segment reporting. Intragroup balances between companies belonging to different business segments are accounted for in the consolidation adjustments column in order to reconcile the segment information with the consolidated one. The segment financial statements are as detailed as the consolidated ones.

## Part E - Risk report

Risk management is a core element of the Generali Group business, fully integrated into decisions, so enhancing Group risk-adjusted performance.

Risk management processes consist in the identification and valuation of risks, along with the definition of risk-adjusted goals. Corrective actions are then identified, evaluated and finally implemented. The whole Group, all the countries where it operates and each business unit run these processes. However, the degree of integration and depth vary according to the complexity of the underlying risks.

In 2005, risk management processes were further integrated to better allocate capital to each business unit, consistently with risk-adjusted targets. The integration itself should also steer business units towards decisions that optimize risk-adjusted performance.

### 1 – Risk governance

Insurance business requires a joint evaluation of risks and returns generated by any program. This allows, in the long term, safeguarding the capital, while creating value. Therefore, the Parent Company Board of Directors sets risk-adjusted targets, approves corporate strategies and capital allocation to achieve them. Based on CEOs and independent control functions reports, the Board of Directors periodically reviews the actual risk-adjusted performance, also verifying that appropriate actions will be taken.

Parent Company CEOs, within their own responsibility, define the Group risk-management policies, assign risk-adjusted targets and allocate the appropriate capital to countries. They then evaluate the consistency of the countries operational plans and results actually achieved (risk-adjusted). Corrective actions can be implemented by changing Group risk-management policies or requiring specific measures at local level.

CEOs are supported by the Group Risk Committee, composed by the heads of the main business areas (also accountable for the related risks) and the Chief Risk Officer (CRO). The Committee, set up in 2005, ensures a fully integrated risk perspective (i.e. Enterprise Risk Management – ERM) across risk categories and countries, evaluates the overall Group risk-exposure, identifies risk-management opportunities and then recommends initiatives to CEOs.

The CRO started his activity in the year. He reports to the CEO responsible for risk management and refers directly, if needed, to the Board of Directors. He is responsible of monitoring and coordinating the overall ERM process. His main duties are: to provide information and suggestions to the Group Risk Committee, proactively challenge business areas heads and monitor Country ERM processes. A dedicated Enterprise Risk Management Department supports the CRO in his duties.

Heads of the business areas suggest to the Group Risk Committee or to CEOs policies, methodologies and tools to manage risks, coordinate the implementation

at local level and evaluate their adequacy over time. They control country alignment to targets and policies (limits, behavioural rules, etc.) and require corrective actions (within their autonomy) or recommend them to the CEO accountable for each specific area.

Within the above described governance, country managers are fully accountable for country risk-adjusted performances. Risk management responsibilities and decisions are consistently delegated respecting Group policies. This structure improves the responsiveness to risks originated locally and arising from changes of local regulations.

Independent control activities are performed by the Group Internal Audit Department, with reference to the functioning of risk management processes, and by the Group Control Department, with reference to Countries performance analysis.

## 2 – Principles

### 2.1 Risk management policies

Group business model is based on the full-accountability of the country managers. Risk management policies are defined and managed at local level in order to ensure adequacy to specific risk sources. However, the Group adopts a common set of policies and minimum requirements binding for all business units, in order to assure a proper level of control, to highlight potential synergies across different countries and to avoid any unexpected growth of the overall risk exposure.

### 2.2 Priorities in risk management programs

Risk management activities contribute to the goal of managing the enterprise performance on a risk-adjusted basis in all Group business units. System foundations have already been introduced but the complexity of the implementation path suggests setting the following priorities:

- improve confidence in risk measures, focusing on calculation of the Economic Capital based on internal models;
- harmonize ALM approaches adopted at all different organizational levels within the Group;
- enhance the approach to identify, measure and evaluate operational risks.

### 2.3 Integrated risk approach

The integration of risk management processes can generate relevant benefits in risk evaluation and mitigation, enhancing reinsurance and capital allocation too.

However, integrated approaches can be quite expensive and, if poorly implemented, can drive to serious sub-optimizations. Therefore, it is necessary to carefully evaluate the integration value added. Even in this case, country is the most suitable

level to decide the appropriate degree of integration for the local risks. However, within the Group, compliance to minimum requirements for integrated risk approach must be fulfilled, therefore implementing Group programs for vertical integration (i.e. ALM, strategic asset allocation) and setting local ERM functions, which must grant an integrated risk view at country level and report to the ERM function of the Parent Company.

## 2.4 Group processes and system

Principles, methodologies and tools to measure and aggregate risks at different accountability levels are essential for the functioning of the risk management processes. The cornerstones of the IT system supporting risk-management activities are: a shared system for the aggregation of the Economic Capital, common operating rules for systems supporting the above mentioned Group programs, common principles and sharing of best practices to measure each single risk.

## 3 – Risk capital

Through its insurance activity the Group is naturally exposed to several types of risks, which are related to movements of financial markets, to adverse development of insurance related risks, both in the life business and in the non-life one, and generally to all the risks that affect ongoing organized economic operations.

These risks can be grouped in the following four main categories which will be later detailed: market risk, credit risk, insurance risk and operational risk.

Along with the specific measures for the risk categories considered by the Group, the calculation of the Economic Capital represents a comprehensive measure of risk that can be aggregated at the different organizational levels (Group, country and operative entity) and at the main business lines (life, non-life and asset management).

The Economic Capital is a risk measure, that corresponds to the amount of capital sufficient to cover at a defined probability of 99.75%, the possible losses generated over one year.

During the year a project has been undertaken to increase the quality of the analysis, performed locally and aggregated centrally, in order to give the management an additional tool to define and assess the risk-adjusted performance and the risk capital.

## 4 – Market risk

Unexpected movements in prices of equities, real estate, currencies and risk free rates might negatively impact the market value of the investments of the Group.

These assets are being invested to meet the obligation towards both life and non-life policyholders and to earn a return for the capital subscribed by the shareholders.

The same changes might affect the present value of the insurance liabilities.

Market risk refers to the impact on solvency associated with the different sensitivity of both assets and liabilities to movements in interest rates and other market prices taking into account their volatility and correlation risk.

At year-end 2005 the investments whose market risk affects the Group were of 245.5 billions euro at market value.

(in million euro)	31.12.2005	
	Total fair value	Impact (%)
Equities (*)	31,287.5	12.7
Bonds (**)	195,234.1	79.5
Land and buildings (investment properties) (***)	18,977.6	7.7
<b>Total</b>	<b>245,499.1</b>	<b>100.0</b>

(\*) Investment fund units amount to 4,412.9 million euro

(\*\*) Investment fund units amount to 7,300.7 million euro

(\*\*\*) Investment fund units amount to 835.8 million euro

As mentioned above, the economic impact for the shareholder of changes in interest rate, equity and property values will depend not only on the sensitivity of the assets to these shifts but also on how the same movements effect the present values of its insurance liabilities.

This effect is particularly significant for the life business because of minimum guaranteed rates of return and profit sharing arrangements. The impact of the minimum guaranteed rates of return on solvency, both on the short and long terms, is being assessed through deterministic and stochastic analysis. These analysis are being performed at company and single portfolio level and take into account the interaction between assets and liabilities helping to develop the product strategies and the strategic asset allocations with the aim at optimising the risk and return characteristics of the portfolios.

The following procedures and management actions are being adopted on the single portfolios in order to control the Group exposure towards the financial markets:

- the credit and tactical asset allocation guidelines are being updated to the changing market conditions and to the changing ability of the Company to assume financial risks;
- cash flow or duration matching strategies;



- use of derivatives instruments as swaptions, interest rate forwards, interest and currency swaps.

## 4.1 Interest rate risk

At year-end 2005 the total investments in fixed income amounted to 195.2 billions euro, that is 79.5% of the total investments.

The following table reports the impact of parallel shifts of the yield curve on the value of the fixed income investments of the Group.

(in million euro)	Total fair value Bonds
Increase of 150 BP	-15,517.0
Increase of 50 BP	-5,648.3
Decrease of 50 BP	6,124.3
Decrease of 150 BP	19,800.8

Please note that a significant amount of bonds owned by the Group is back to contractual obligation arising from insurance policies. That means that future fluctuations on the market value of investments might cause changes in the insurance provisions.

## 4.2 Equity and real estate risk

At year-end the total exposure of the Group towards the equity markets amounted to 31.3 billions euro, that is 12.7% of the total investments.

Risk mitigation on shifts of equity prices comes not only from the partial risk transfer to the life policyholders and from the consequential change of the economic value of the liabilities but also from the diversification of the portfolio in different sectors and countries.

At year-end the property portfolio held by the Group amounted to 18.98 billions euro, that is 7.7% of the total investments.

The property investments of the Group are mainly allocated in Italy, France and Germany.

## 4.3 Exchange risk

The Group's exposure to exchange risk is not relevant.

## 5 – Credit risk

### 5.1 Credit risk on financial investments

The Group has adopted some guidelines to limit the credit risk of the investments. These favour the purchase of investment grade securities and encourage the diversification and dispersion of the portfolio.

The Group uses a system to collect and consolidate the financial investments, which guarantees a homogeneous, time effective and high quality analysis of the financial risks.

The central financial risk control department reports monthly to the Group Risk Committee on the Groups' exposure to the components of the credit risk.

The portfolio of fixed income investments of the Group is prudently built. The 65% of the securities are government issues or similar.

The distribution by rating class shows that the absolute majority of the fixed income investments is of high rating standing, being for more than 96% higher or equal to A- rating.

### 5.2 Reinsurance credit risk

The reinsurance counterparties of the Group have to meet in general the reliability and solvency criteria set centrally:

- the guidelines for a reinsurer's selection are its shareholders' equity and its rating, which is assessed by Standard & Poor's or by AM Best;
- a minimum rating requirement for the reinsurer is set for long term business relationships;
- the participation of an reinsurer on each business line should not exceed a given percentage of its shareholders' equity.

## 6 – Insurance risks

The insurance risk is being analyzed on both the life and the non-life businesses.

### 6.1 Life underwriting risk

In Group companies life portfolios there is a prevailing component of saving contracts, but there are also pure risk covers (death plus riders, as accident, disability, dread disease, etc.) and some annuity portfolios, with the presence of the longevity risk.

The risks related to policies with prevailing saving component and with minimum interest rate guarantee are considered in the pricing setting the guarantees in a prudential way, in line with the particular situation of the local financial markets, and taking also into account any relevant regulatory constraint. In the recent past

a policy of re-definition of the structure of minimum guarantees has been pursued in order to lower their risk impact and their cost.

As far as the demographic risk related to pure risk portfolios is concerned, the mortality tables used in the pricing are prudent. The standard approach is to use population or experience tables with adequate safety loadings.

For the most important risk portfolios a detailed analysis of mortality experience is carried out 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. For all Group life companies there is anyway an aggregate valuation, developed inside the annual Embedded Value analysis, that examines the general mortality result comparing it with previous assumptions.

There is a particular emphasis, both at local and central level, in the underwriting of the 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 the Head Office (which is the main reinsurer for many Group companies) or by a local professional reinsurer.

As far as riders are concerned, for those who are mostly exposed to moral/subjective hazard maximum insurability levels for country and company are set; at the same time, in order to mitigate those risks, consistent policy conditions are established, especially for what refers to policy exclusions.

In order to mitigate mortality and morbidity risk, another feature is reinsurance. As far as the surplus (proportional) reinsurance is concerned, Head Office acts very often as the main reinsurer for its subsidiaries, then retroceding 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, anyway with Head Office'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.

As refers to longevity risk, it is not very significant in the life business of the Group; for the most important portfolios of annuities in course of payment, there is a annual evaluation for the adequacy of the technical bases, that considers also risks related to any mismatch between the liabilities and the corresponding assets. As far as new business is concerned, in each country demographic assumptions are the ones considered the most suitable in order to reflect future mortality trends, while for group contracts, if possible, clauses of mortality adjustments 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.

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, or if it is not sufficiently reliable or suitable, the experience of the other Group entities of the same country or the general experience of the local market. 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. In the annual Embedded Value analysis, both locally and centrally, the coherency of the assumptions with the actual experience is verified. The table below shows the concentration of gross direct premiums of life segment by line of business and by geographical area

Gross direct premiums by line of business and by geographical area.

(in million euro)		Traditional	Traditional with DPF (*)	Unit/index linked	Group	Total
Italy		126.3	13,264.6	3,564.5	1,908.1	18,863.5
Germany		0.0	7,249.0	2,354.0	648.3	10,251.3
France		636.6	5,644.0	1,844.1	1,226.8	9,351.6
Spain		216.3	128.5	30.4	462.7	837.8
Austria		177.1	441.0	149.7	0.0	767.8
Switzerland		0.0	246.7	527.2	28.7	802.6
Rest of Europe		158.2	353.9	163.8	335.7	1,011.6
Rest of World		450.3	36.4	59.2	2,551.6	3,097.5
<b>Total</b>		<b>1,764.9</b>	<b>27,364.1</b>	<b>8,692.9</b>	<b>7,162.0</b>	<b>44,983.8</b>

(\*) Discretionary participation feature

The table below shows the concentration of insurance provisions of life gross direct business by level of financial guarantee.

Life insurance provisions: financial guarantee

(in million euro)	Gross direct insurance 31.12.2005
<b>Provisions with guaranteed interest</b>	<b>181,840.4</b>
between 0% and 1%	8,867.2
between 1% and 3%	33,599.4
between 3% and 5%	138,403.2
more than 5 %	970.6
<b>Provisions without guaranteed interest</b>	<b>36,418.9</b>
<b>Provisions matched by specific assets</b>	<b>10,770.8</b>
<b>Total</b>	<b>229,030.1</b>

The total insurance provisions include the gross direct amount of mathematical provisions, provisions for policies where the investment risk is borne by the policyholders and for pension fund and the 4,933.9 million euro ageing provision for life segment, which is included in other provisions of life segment.

## 6.2 Non-life underwriting risk

The underwriting risk could be divided in two components: the pricing risk and the reserving risk.

The pricing risk is linked to the possibility that the premium collected from the policyholders could be insufficient to cover future claims and expenses.

The Generali Group constantly monitors the possibility that, in an extreme scenario such as in a large catastrophic loss, the total amount of claims remains within an acceptable threshold.

In particular the Generali Group:

- develops, for each portfolio, stochastic simulation models or alternatively deterministic models, conveniently validated with sensitivity analysis and stress tests;
- determines – both for frequency risks and for catastrophic risks, such as earthquake, flood, windstorm, etc. – possible loss scenarios and capital requirements due to the variation of the reinsurance structure (proportional, excess of loss, etc.), net retention and the reinsurance cover extension;
- evaluates the reinsurance cessions by means of Value Based Management processes which considers risk capital as the metric to evaluate the efficiency and adequacy of the solutions adopted.

### 6.2.1 Catastrophic exposure and reinsurance covers

In case of natural events exposures originated by specific geographical accumulations, the Generali Group purchases suitable reinsurance protections whose levels and economic convenience is determined by specific criteria.

The treaty reinsurance (known as contractual or obligatory reinsurance) is based on economic profitability parameters and on its capability to keep the volatility within acceptable ranges. Model results are analysed, the most suitable reinsurance programmes are adopted and placed in the reinsurance market, thus granting the adequacy, convenience and expected profitability.

The facultative reinsurance (known as non contractual reinsurance) is used for those classes of business whose exposures exceed the established retention. The underwriting units are not allowed to cover risks outside the guidelines that have been adopted in setting-up the reinsurance structures and to expose the Group to a limit higher than the established retention for each line of business.

## 6.2.2 The underwriting policy

The Group underwriting policy embraces all lines of business with a special focus to develop the retail and small/medium industrial and commercial lines in the non-life segment.

The focus is mainly on products characterized by low/medium volatility and is achieved by selecting the presence in market segments such as reinsurance, energy and space. The underwriting guidelines are featured by particular prudence related to emerging risks (electromagnetic fields, genetically modified organism, nanotechnology, etc.), with systematic exclusion of guarantees concerning asbestos.

The underwriting activity is geographically diversified with a particularly high concentration in continental Europe that correspond to 95.6% of the total written premium.

The table below shows the concentration of gross earned direct premiums of the non-life segment by line of business and by geographical area.

Gross direct earned premiums by line of business and by geographical area

(in million euro)		Non motor				Total
		Motor	Total non motor	Accident/Health (*)	Non motor LoBs other than accident/health	
Italy		2,291.7	3,267.0	1,052.1	2,214.8	5,558.7
Germany		1,224.2	1,765.7	418.0	1,347.6	2,989.8
France		1,110.1	2,124.2	418.7	1,705.5	3,234.4
Spain		517.9	758.9	129.1	629.8	1,276.8
Austria		614.5	603.3	108.3	495.0	1,217.8
Switzerland		237.5	216.8	90.5	126.3	454.3
Rest of Europe		527.4	524.3	65.9	458.4	1,051.7
Rest of World		273.5	454.4	38.1	416.3	728.0
Total		6,796.8	9,714.6	2,320.8	7,393.8	16,511.5

(\*) Life segment includes health insurance with life features

## 6.2.3 The reserving risk

The second component of the underwriting risk is the reserving risk that relates to the uncertainty of the run-off of reserves around its expected value, that is the risk that the actuarial reserve is not sufficient to cover all liabilities of claims incurred.

The claim development table shows the ultimate cost of claims by accident year and its development from 2001 to 2005. The ultimate cost includes the paid losses, the outstanding reserves of reported losses and the estimated reserves for

IBNR claims. The amounts are reported gross of reinsurance, ULAE and recoveries (the latter amount to 370.5 million euro).

The difference between the ultimate cost of claims and the cumulative paid losses related to the calendar year 2005 determines the claims reserve related to the accident years from 2001 to 2005.

The total reserve in the balance sheet could be obtained adding to the above reserve a residual claim reserve that includes almost exclusively the accident years not reported in the development triangle.

The ultimate cost development observed in the generations 2001-2005 shows the adequate level of prudence adopted by the Generali Group in the reserving policy.

### Claims development

(in million euro)	2001	2002	2003	2004	2005	Total
<b>Estimate of ultimate cumulative claims costs:</b>						
at the end of accident year	9,607.5	10,036.7	9,920.9	9,750.4	9,960.2	49,275.6
one year later	9,630.7	9,826.9	9,700.5	9,680.5		
two years later	9,445.0	9,634.1	9,508.9			
threes years later	9,379.5	9,584.3				
four years later	9,397.0					
<b>Estimate of ultimate cumulative claims costs as at 12.31.2005</b>	<b>9,397.0</b>	<b>9,584.3</b>	<b>9,508.9</b>	<b>9,680.5</b>	<b>9,960.2</b>	<b>48,130.8</b>
<b>Cumulative payments to date</b>	<b>-8,208.4</b>	<b>-8,086.9</b>	<b>-7,417.3</b>	<b>-6,602.9</b>	<b>-4,095.0</b>	<b>-34,410.5</b>
<b>Provision recognised in the balance sheet</b>	<b>1,188.6</b>	<b>1,497.4</b>	<b>2,091.6</b>	<b>3,077.7</b>	<b>5,865.1</b>	<b>13,720.3</b>
Residual provision						8,240.3
<b>Total provision included in the balance sheet</b>						<b>21,960.6</b>

## 7 – Operating risk

The Generali Group defines as operating risks the potential losses, including opportunity costs, arising from lacks or underperformance in internal processes, human resources and systems. Causes may result from internal and external reasons. Due to the span of the definition, operational risks have been further segmented to assign responsibilities and to facilitate the application of mitigation tools. Main categories are the following:

- strategic risks, coming from long-term value planning and management;
- execution risks, generated by day-to-day operations to achieve performance goals;
- disclosure risks, arising from the capability of information systems to support internal decisions and to facilitate a proper communication to external stakeholders.

Parent Company top management is responsible for strategic risks, while country managers' deal with them only for changes driven by local markets. The strategic planning process is the main tool to manage this type of risks, the process is based on a three years horizon and is aligned every year, ending with the assignment of risk-adjusted performance targets. Control consists of a systematic evaluation of the actual performance and underlying business assumptions, eventually adjusting the portfolio of actions to the new environment. The above mentioned owners of the strategic risks are also directly involved in these control processes.

The responsibility for the execution risks is assigned to each business unit that defines operational plans aligned with risk-adjusted targets, identifies and executes actions in order to mitigate risks potentially jeopardizing their performance in term of capital consumption and volatility of operating results. The country manager is directly responsible for controlling these risks.

However, the Parent Company has set some principles:

- the criteria to evaluate execution risks are defined by the Parent Company. Moreover, one of the risk-management priorities refers to this subject;
- policies and basic requirements to handle specific risk-sources are defined at the Group level;
- Group Internal Audit sets common methodologies and principles guiding the internal audit activities in order to identify the most relevant processes to be audited;
- Group Control Department analyzes each country performance and evaluates the actions undertaken.

Each business unit is responsible for the management of disclosure risks, as they are close to risk-sources and information users. However, the Parent Company identifies policies, methods and tools to manage internal and external information flows, affecting the whole Group.





## 8 – Risk monitoring by third parties

The risk of the Generali Group is also being monitored by third parties such as the insurance regulators of the countries where the Group is active.

The leading rating agencies are periodically assessing the financial strength of the Group expressing a judgment on the ability to meet the ongoing obligations assumed toward the policyholders.

This assessment is being performed taking into account several factors as financial and economic data, the positioning of the Group within its markets, and the strategies developed and implemented by the management.

At the end of 2005 the financial strength ratings of the Generali Group produced by four world know rating agencies were the following:

Rating agency	Rating	Outlook
Standard & Poor's	AA	Stable
AM Best	A+	Stable
Fitch	AA	Stable
Moody's	Aa3	Stable

## Part F - Notes on the balance sheet

### Balance sheet - Assets

#### 1 – Intangible assets

(in million euro)	31.12.2005	31.12.2004
<b>Goodwill</b>	<b>2,085.2</b>	<b>2,080.9</b>
<b>Other intangible assets</b>	<b>824.3</b>	<b>824.8</b>
Purchased goodwill	438.3	423.7
Software	368.3	379.3
Purchased insurance portfolios	14.5	13.4
Other intangible assets	3.2	8.5
<b>Total</b>	<b>2,909.4</b>	<b>2,905.7</b>

Purchased goodwill mainly refers to Intesa Vita S.p.A. and arises from the concentration of bancassurance operations from the Generali Group and Banca Intesa S.p.A. in Intesa Vita S.p.A. itself.

#### 1.1 Goodwill

(in million euro)	31.12.2005
<b>Carrying amount as at 31st December previous year</b>	<b>2,080.9</b>
Changes in consolidation scope	4.3
<b>Carrying amount as at 31st December current year</b>	<b>2,085.2</b>

Goodwill is of 2,085.2 million euro. It mainly refers to business combinations occurred in 1997 (of which 52.2 million euro related to Leumi Insurance Holdings, now Migdal Insurance and Financial Holdings), in 1998 (of which 1,489.8 million euro referred to AMB Generali Holding, which includes a further shares bought in 2002, and of which 297.5 million euro related to French companies GPA Vie and GPA IARD), in 2002 related to a further acquisition of 81.7 million euro of Europe Assistance Holding, and in 2003 for a total amount of 155.7 million euro, of which 36.9 million euro related to Generali Assurance

IARD, 80.6 million euro related to Le Continent Group and 38.2 million euro related to Banco Vitalicio d'Espana for the acquisition of a further 13.22% shares. The activation of the goodwill in the year refers mainly to the acquisition of CA Global Property International Immobilien AG by the Austrian Generali Versicherung AG.

## 1.2 Other intangible assets

### Software

(in million euro)	31.12.2005
<b>Gross bookvalue as at 31st December previous year</b>	<b>1,138.0</b>
<b>Accumulated amortization and impairment as at 31st December previous year</b>	<b>-758.7</b>
<b>Carrying amount as at 31st December previous year</b>	<b>379.3</b>
Foreign currency translation effects	3.3
Increases	140.9
Changes in consolidation scope	21.1
Decreases	-9.1
Amortization and impairment losses of the period	-167.3
<b>Carrying amount as at 31st December current year</b>	<b>368.3</b>
<b>Accumulated amortization and impairment as at 31st December current year</b>	<b>941.4</b>
<b>Gross bookvalue as at 31st December current year</b>	<b>1,309.6</b>

The increases of the period mainly refers to the development of key IT projects and to the acquisition of software licences. The projects already existed have been amortised over the estimated useful life.

## 2 – Tangible assets

### 2.1 Land and buildings (self used)

The main changes occurred in the period and the fair value of the properties used for own activity are shown in the table below.

(in million euro)	31.12.2005
<b>Gross bookvalue as at 31st December previous year</b>	<b>3,337.9</b>
<b>Accumulated depreciation and impairment as at 31st December previous year</b>	<b>-465.9</b>
<b>Carrying amount as at 31st December previous year</b>	<b>2,872.0</b>
Foreign currency translation effects	9.0
Increases	259.3
Changes in consolidation scope	-11.7
Decreases	-83.2
Depreciation of the period	-31.9
Net impairment loss of the period	-124.3
<b>Carrying amount as at 31st December current year</b>	<b>2,889.3</b>
<b>Accumulated amortization and impairment as at 31st December current year</b>	<b>749.1</b>
<b>Gross bookvalue as at 31st December current year</b>	<b>3,638.4</b>
<b>Fair value</b>	<b>3,264.8</b>

The fair value is based on external appraisers.

### 2.2 Other tangible assets

The 536 million euro other tangible assets mainly consist of furniture and office equipment, which amount to 444.3 million euro if considered net of any accumulated depreciation and impairment.

### 3 – Amounts ceded to reinsurers from insurance provisions

(in million euro)	Direct insurance		Accepted reinsurance		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non-life amounts ceded to reinsurers from insurance provisions(*)</b>	<b>2,735.9</b>	<b>2,867.4</b>	<b>1,100.4</b>	<b>861.6</b>	<b>3,836.3</b>	<b>3,729.0</b>
Provisions for unearned premiums	378.8	407.5	124.8	95.0	503.5	502.5
Provisions for outstanding claims	2,351.5	2,452.5	975.0	766.4	3,326.5	3,218.9
Other insurance provisions	5.7	7.4	0.6	0.2	6.2	7.6
<b>Life amounts ceded to reinsurers from insurance provisions(*)</b>	<b>672.3</b>	<b>749.0</b>	<b>740.4</b>	<b>556.2</b>	<b>1,412.7</b>	<b>1,305.2</b>
Provisions for outstanding claims	231.2	341.4	77.2	48.4	308.4	389.8
Mathematical provisions	416.6	335.0	652.8	507.7	1,069.4	842.7
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	12.6	8.8	0.0	0.0	12.6	8.8
Other insurance provisions	11.9	63.8	10.5	0.1	22.4	63.9
<b>Total</b>	<b>3,408.2</b>	<b>3,616.4</b>	<b>1,840.8</b>	<b>1,417.8</b>	<b>5,249.0</b>	<b>5,034.2</b>

(\*) After the elimination of intragroup transactions between segments

### 4 – Investments

(in million euro)	31.12.2005		31.12.2004	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
<b>Equities (*)</b>	<b>31,287.5</b>	<b>10.2</b>	<b>22,697.1</b>	<b>8.4</b>
Available for sale financial assets	27,501.8		21,443.4	
Financial assets at fair value through profit or loss	3,785.7		1,253.7	
<b>Bonds (**)</b>	<b>193,628.8</b>	<b>63.0</b>	<b>166,688.0</b>	<b>61.3</b>
Loans	16,884.0		11,728.5	
Held to maturity investments	966.5		655.0	
Available for sale financial assets	159,325.1		143,185.2	
Financial assets at fair value through profit or loss	16,453.2		11,119.3	
<b>Investments back to policies where the investment risk is borne by the policyholders</b>	<b>41,187.5</b>	<b>13.4</b>	<b>34,791.4</b>	<b>12.8</b>

(continues)

(continues)

(in million euro)	31.12.2005		31.12.2004	
	Total bookvalue	Impact (%)	Total bookvalue	Impact (%)
<b>Other investments (***)</b>	<b>41,313.6</b>	<b>13.4</b>	<b>47,598.2</b>	<b>17.5</b>
Land and buildings (investment properties) (*)	11,071.3		10,717.4	
Investments in subsidiaries, associated companies and joint ventures	802.9		840.5	
Derivatives	1,788.0		4,129.9	
Other investments (****)	27,651.4		31,910.4	
<b>Total</b>	<b>307,417.4</b>	<b>100.0</b>	<b>271,774.6</b>	<b>100.0</b>

(\*) Investment fund units amount to 4,412.9 million

(\*\*) Investment fund units amount to 7,300.7 million

(\*\*\*) Investment fund units amount to 1,504.7 million

(\*\*\*\*) Mortgage loans, policy loans, receivables from banks or customers, deposits under reinsurance business accepted, term deposits with credit institutions and other financial investments

## 4.1 – Investment properties

The main changes occurred in the period and the fair value of the investment properties are shown in the table below.

(in million euro)	31.12.2005
<b>Gross bookvalue as at 31st December previous year</b>	<b>11,790.4</b>
<b>Accumulated depreciation and impairment as at 31st December previous year</b>	<b>-1,467.5</b>
<b>Carrying amount as at 31st December previous year</b>	<b>10,322.9</b>
Foreign currency translation effects	20.3
Increases	1,102.2
Changes in consolidation scope	15.1
Decreases	-988.4
Depreciation of the period	-112.0
Net impairment loss of the period	-124.5
<b>Carrying amount as at 31st December current year</b>	<b>10,235.6</b>
<b>Accumulated amortization and impairment as at 31st December current year</b>	<b>1,302.1</b>
<b>Gross bookvalue as at 31st December current year</b>	<b>11,537.6</b>
<b>Fair value</b>	<b>14,877.0</b>

The fair value is based on external appraisers.

## 4.2 Investments in subsidiaries, associated companies and joint ventures

(in million euro)	Bookvalue	
	31.12.2005	31.12.2004
Investments in subsidiaries valued at cost	383.4	477.3
Investments in associated companies valued at equity	319.3	229.7
Investments in associated companies valued at cost	100.2	133.5
<b>Total</b>	<b>802.9</b>	<b>840.5</b>

Investments in associated companies valued at equity amount to 165.9 million euro related to Deutsche Vermögensberatung AG (Group share 34.8%), 68.6 million euro related to Hypo holding GmbH (Group share 23.4%), 57.1 million euro related to Generali 3 Banken Holding AS (Group share 46.4%), 3.6 million euro related to Drei-Banken Versicherungs AG (Group share 18.7%), 1.7 million euro related to 3 Banken Generali Investment (Group share 45.5%). They refer to some Italian real estate companies too.

## 4.3 Held to maturity investments

(in million euro)	Bookvalue	
	31.12.2005	31.12.2004
Quoted bonds	966.5	655.0
Other financial investments held to maturity	26.5	13.5
<b>Total</b>	<b>993.0</b>	<b>668.4</b>

The Group limits the accounting of investments that companies have the positive intention to hold to maturity, thus being only the 0.3% of the total investments. The amount basically refers to quoted bonds, mainly government bonds with high rating classes, fixed interest rate and medium-long term.

The fair value of held to maturity investments is equal to 1,082.7 million euro.

## 4.4 Loans and receivables

(in million euro)	Bookvalue	
	31.12.2005	31.12.2004
<b>Loans</b>	<b>36,810.9</b>	<b>34,359.8</b>
Unquoted bonds	16,884.0	11,728.5
Deposits under reinsurance business accepted	333.3	300.3
Other loans and receivables	19,593.6	22,331.0
Mortgage loans	8,573.8	10,334.8
Policy loans	2,899.5	2,539.7
Term deposits with credit institutions	2,843.6	4,096.0
Other loans	5,276.7	5,360.4
<b>Receivables from banks or customers</b>	<b>4,363.0</b>	<b>4,074.3</b>
Receivables from banks	3,505.0	3,725.4
Receivables from customers	858.0	349.0
<b>Total</b>	<b>41,173.9</b>	<b>38,434.1</b>

This category corresponds to 13.4% of the total investments. It mainly consists of unquoted bonds and mortgage loans, which are respectively equal to 45.9% and 23.3% of the total loans. Bonds are mostly government bonds with a fixed interest rate, long term and high rating classes.

Receivables from banks and customers are basically short term receivables.

The fair value of loans is of 39.088 million euro.

## 4.5 Available for sale financial assets

(in million euro)		
	31.12.2005	31.12.2004
Unquoted equities at cost	282.2	263.4
Equities at fair value	24,636.2	19,453.2
Quoted	23,232.6	17,954.2
Unquoted	1,403.6	1,498.9
Bonds	154,005.5	138,494.3
Quoted	134,942.5	114,216.5
Unquoted	19,063.0	24,277.8
Investment fund units	9,270.5	7,607.3
Other available for sale financial investments	814.4	711.0
<b>Total</b>	<b>189,008.7</b>	<b>166,529.2</b>



This category corresponds to 61.5% of the total investments. In particular, available for sale bonds correspond to 82.3% of the total bonds and they are mainly government bonds with fixed interest rate and a rating class higher than A. The table below shows their maturity.

#### Maturity

(in million euro)	Fair value 31.12.2005
Up to 1 year	14,283.2
Between 1 and 5 years	46,799.4
Between 5 and 10 years	37,393.6
More than 10 years	55,529.2
<b>Total</b>	<b>154,005.5</b>

Equities correspond to 10.2% of the total investments. In particular, available for sale equities correspond to 87.9% and they are mainly quoted.

As already said, available for sale instruments are measured at fair value and the unrealised gains and losses are accounted for in the specific equity reserve. The related amortised cost amounts to 173,568.6 million euro.

The table shows income and expenses of the period on available for sale financial assets.

(in million euro)	Realised gains 31.12.2005	Realised losses 31.12.2005	Impairments 31.12.2005
Equities	1,525.7	-293.7	-55.0
Bonds	600.5	-148.3	-24.5
Investment fund units	170.2	-42.2	-16.1
Other available for sale financial investments	14.9	-0.9	0.0
<b>Total</b>	<b>2,311.3</b>	<b>-485.1</b>	<b>-95.7</b>

## 4.6 Financial assets at fair value through profit or loss

(in million euro)	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	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Equities	686.9	1,104.2	1,269.3	134.2	1,956.2	1,238.5
Quoted	686.9	1,104.2	1,253.3	129.4	1,940.2	1,233.7
Unquoted	0.0	0.0	16.0	4.9	16.0	4.9
Bonds	3,482.1	3,812.6	10,990.0	7,142.0	14,472.1	10,954.6
Quoted	3,482.1	3,812.6	7,755.1	5,260.8	11,237.2	9,073.4
Unquoted	0.0	0.0	3,234.9	1,881.2	3,234.9	1,881.2
Investment fund units	101.8	154.8	3,846.1	2,294.2	3,947.9	2,449.0
Derivatives	597.1	969.1	1,190.8	3,160.8	1,788.0	4,129.9
Investments back to policies where the investment risk is borne by the policyholders and back to pension funds	0.0	0.0	41,187.5	34,791.4	41,187.5	34,791.4
Other financial investments	605.1	27.0	1,246.5	1,389.1	1,851.6	1,416.1
<b>Total</b>	<b>5,473.1</b>	<b>6,067.8</b>	<b>59,730.2</b>	<b>48,911.7</b>	<b>65,203.3</b>	<b>54,979.5</b>

This category corresponds to 21.21% of the total investments.

The 8.5% of the total bonds and the 12.1% of the total equities are held for trading or designated as at fair value through profit or loss.

The 70% of bonds at fair value through profit or loss are corporate bonds, with fixed interest rate and high rating classes.

Investments back to policies where the investment risk is borne by policyholders, which amount to 41,187.5 million euro, are designated as financial assets at fair value through profit or loss.

(in million euro)	Policies where the investments risk is borne by the policyholders		Pension funds		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Assets	40,769.1	34,463.6	418.4	327.8	41,187.5	34,791.4
<b>Total</b>	<b>40,769.1</b>	<b>34,463.6</b>	<b>418.4</b>	<b>327.8</b>	<b>41,187.5</b>	<b>34,791.4</b>
Financial liabilities	5,753.5	5,624.9	178.7	0.0	5,932.2	5,624.9
Insurance provisions (*)	35,438.1	28,837.3	30.5	161.0	35,468.6	28,998.3
<b>Total</b>	<b>41,191.6</b>	<b>34,462.2</b>	<b>209.2</b>	<b>161.0</b>	<b>41,400.8</b>	<b>34,623.2</b>

(\*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions

## 5 – Receivables

This category includes receivables arising out of direct insurance and reinsurance operations and other receivables. The 568.9 million euro of other receivables refer to the real estate activity.

## 6 – Other assets

(in million euro)	31.12.2005	31.12.2004
<b>Non-current assets or disposal groups classified as held for sale</b>	<b>186.6</b>	<b>0.0</b>
<b>Deferred acquisition costs</b>	<b>1,000.5</b>	<b>751.7</b>
<b>Tax receivables</b>	<b>1,922.9</b>	<b>2,204.9</b>
<b>Deferred tax assets</b>	<b>3,483.1</b>	<b>3,349.8</b>
<b>Other assets</b>	<b>5,753.1</b>	<b>5,126.3</b>
Accrued income	3,546.2	3,296.0
Other accrued income	276.7	118.3
Deferred income	148.4	169.6
Deferred commissions for investment management services	77.7	96.6
Other assets	1,704.2	1,445.7
<b>Total</b>	<b>12,346.1</b>	<b>11,432.7</b>

Real estates for which the sale is expected to be completed within one year are classified as non current assets or disposal groups held for sale. In accordance with IFRS 5, such real estates are measured at the lower of their carrying amount and fair value less of cost to sell.

## Deferred acquisition costs

(in million euro)	Life segment 31.12.2005	Non Life segment 31.12.2005	Total 31.12.2005
<b>Carrying amount as at 31st December previous year</b>	<b>521.4</b>	<b>230.3</b>	<b>751.7</b>
Foreign currency translation effects	0.0	0.0	0.0
Acquisition costs deferred	353.0	101.5	454.6
Amortization	-148.6	-39.4	-188.0
Other changes	-14.3	-3.5	-17.8
<b>Carrying amount as at 31st December current year</b>	<b>711.5</b>	<b>289.0</b>	<b>1,000.5</b>

## 7 – Cash and cash equivalents

(in million euro)	31.12.2005	31.12.2004
Cash and cash equivalents	1,049.2	2,302.4
Cash and balances with central banks	44.0	23.6
Cash at bank and credit balances with banks payable on demand	4,637.5	4,542.8
<b>Total</b>	<b>5,730.7</b>	<b>6,868.8</b>

## Balance Sheet - Equity and liabilities

### 1 – Shareholders' equity

(in million euro)	31.12.2005	31.12.2004
<b>Shareholders' equity</b>	<b>13,947.2</b>	<b>11,385.0</b>
Share capital	1,276.0	1,276.0
Capital reserve	4,562.7	4,562.3
Revenue reserve and other reserves	3,115.9	2,078.2
(Own shares)	-167.1	-295.0
Reserve for currency translation differences	94.2	-40.3
Reserve for unrealised gains or losses on available for sale investments	3,146.9	2,138.0
Result of the period	1,918.6	1,665.8
<b>Minority interests: Shareholders' equity</b>	<b>3,607.0</b>	<b>3,190.4</b>
<b>Total</b>	<b>17,554.2</b>	<b>14,575.4</b>

Share capital is made up of 1,276,017,308 ordinary shares with a par value of 1 euro. No changes occurred if compared to 31 December 2004. The 5,658,229 treasury shares amount to 167.1 million euro. Their decrease is mainly due to the sale of 3,461,233 treasury shares held by Generali Vita S.p.A.

The price of Generali shares is increased by 18% from 24.98 euro at the end of 2004 to 29.49 euro at 31 December 2005. At the same date the stock market capitalisation is worth 37,629 million euro.

As far as the price fluctuation at the beginning of the year is concerned, on 16 March 2006 the Generali shares price is of 32.09 euro, up by 8.8% if compared to the end of 2005.

The proposed dividend for each outstanding share is of 0.54 euro. That implies a total disbursement of 688,985,753 euro. Both the dividend per share and the total dividend are 25.6% higher than in the previous year.

### 2 – Other provisions

(in million euro)	31.12.2005	31.12.2004
Provisions for taxation	536.6	572.1
Provision for commitments	777.2	560.5
Other provisions	296.8	209.7
<b>Total</b>	<b>1,610.6</b>	<b>1,342.4</b>

The main changes occurred in the period are shown in the table below.

(in million euro)	31.12.2005
<b>Carrying amount as at 31st December previous year</b>	<b>1,342.4</b>
Increases	354.2
Amounts used	-10.7
Unused and reversed amounts	-75.3
<b>Carrying amount as at 31st December current year</b>	<b>1,610.6</b>

### 3 – Insurance provisions

(in million euro)	Direct insurance		Accepted reinsurance		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non-life insurance provisions(*)</b>	<b>26,313.6</b>	<b>25,783.0</b>	<b>1,688.0</b>	<b>1,290.0</b>	<b>28,001.6</b>	<b>27,073.0</b>
Provisions for unearned premiums	4,419.5	4,235.2	130.2	69.2	4,549.6	4,304.4
Provisions for outstanding claims	21,590.1	21,254.0	1,554.1	1,212.5	23,144.2	22,466.5
Other insurance provisions	304.0	293.8	3.7	8.3	307.8	302.1
of which provisions for liabilities adequacy test	0.3	0.1	0.0	0.0	0.3	0.1
<b>Life insurance provisions(*)</b>	<b>251,360.0</b>	<b>221,246.9</b>	<b>1,028.9</b>	<b>1,241.6</b>	<b>252,388.9</b>	<b>222,488.5</b>
Provisions for outstanding claims	3,561.1	3,390.3	437.1	547.7	3,998.1	3,938.0
Mathematical provisions	188,686.9	170,129.1	512.6	383.2	189,199.5	170,512.4
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	35,409.3	28,718.9	71.9	286.7	35,481.2	29,005.6
Other insurance provisions	23,702.7	19,008.6	7.3	24.0	23,710.1	19,032.6
of which provisions for liabilities adequacy test	475.8	492.3	0.0	0.0	475.8	492.3
of which deferred policyholders liabilities	10,973.2	7,454.3	0.0	0.0	10,973.2	7,454.3
<b>Total</b>	<b>277,673.5</b>	<b>247,029.9</b>	<b>2,716.9</b>	<b>2,531.6</b>	<b>280,390.5</b>	<b>249,561.6</b>

(\*) After the elimination of intragroup transactions between segments

## Provisions for outstanding claims net of reinsurance by line of business

(in million euro)		31.12.2005
Motor		8,812.4
Non motor		11,005.2
Accident/Health (*)	1,894.5	
Non motor lines of business other than accident/health	9,110.7	
<b>Total</b>		<b>19,817.6</b>

(\*) Life segment includes health insurance with life features

The 44.5% of net claims provisions is concentrated in motor line of business, while the weight of accident and health insurance on non motor businesses is 17.2%.

## Insurance provisions and financial liabilities related to policies of life segment

(in million euro)		Net 31.12.2005
insurance contracts		168,926.6
investment contracts with discretionary participation feature		59,606.1
<b>Total insurance provisions</b>		<b>228,532.7</b>
investments contracts fair valued		6,174.5
investments contracts at amortised cost		535.4
<b>Total financial liabilities</b>		<b>6,709.8</b>

The total includes mathematical provisions mathematical provisions, provisions for policies where the investment risk is borne by the policyholders and for pension fund net of reinsurance and the 4,934 million net amount of ageing provision for life segment (other provisions of life segment).

Policies with significant insurance risk correspond to 71.8% of the total life portfolio, while investment contracts without discretionary participation feature to 2.9%. Investment contracts in the scope of IAS 39 are mainly unit/index linked policies without significant insurance risk.

### Insurance provisions of life segment: maturity

(in million euro)	Net 31.12.2005
Up to 1 year	39,949.3
Between 1 and 5 years	37,577.0
Between 6 and 10 years	45,646.9
Between 11 and 20 years	32,726.8
More than 20 years	72,632.7
<b>Total</b>	<b>228,532.7</b>

### Mathematical provisions

(in million euro)	31.12.2005
<b>Gross reserve as at 31st December previous year</b>	<b>170,512.4</b>
ceded reinsurance	-842.7
<b>Net reserve as at 31st December previous year</b>	<b>169,669.7</b>
Foreign currency translation effects	864.9
Premiums and claims	9,795.8
Interests and bonuses credited to policyholders	7,558.0
Change of the management component	133.7
Acquisitions and disinvestments	108.0
<b>Net reserve as at 31st December current year</b>	<b>188,130.1</b>
ceded reinsurance	1,069.4
<b>Gross reserve as at 31st December current year</b>	<b>189,199.5</b>

Interests and bonuses credited to the policyholders include the attribution of financial return and the transfer of technical margins to the policyholders (mainly in Germany and France).



## Provisions where the investment risk is borne by the policyholders and for pension funds

(in million euro)	31.12.2005
<b>Gross reserve as at 31st December previous year</b>	<b>29,005.6</b>
ceded reinsurance	-8.8
<b>Net reserve as at 31st December previous year</b>	<b>28,996.8</b>
Foreign currency translation effects	-10.3
Premiums and claims	2,497.8
Interests credited to policyholders	3,759.3
Acquisitions and disinvestments	225.2
<b>Net reserve as at 31st December current year</b>	<b>35,468.6</b>
ceded reinsurance	12.6
<b>Gross reserve as at 31st December current year</b>	<b>35,481.2</b>

## Deferred policyholders liabilities

(in million euro)	31.12.2005
<b>Carrying amount as at 31st December previous year</b>	<b>7,454.3</b>
Foreign currency translation effects	5.0
Change of the period	3,516.8
Acquisitions and disinvestments	-2.9
<b>Carrying amount as at 31st December current year</b>	<b>10,973.2</b>

The change of the period is mainly due to the attribution to the policyholders of a share of the net unrealised gains on investment available for sale and financial instruments fair valued through profit or loss.

## 4 – Financial liabilities

### 4.1 Financial liabilities at fair value through profit or loss

(in million euro)	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Financial liabilities related to investment contracts issued by insurance companies	0.0	0.0	6,174.5	5,857.4	6,174.5	5,857.4
related to contracts where the investment risk is borne by the policyholders	0.0	0.0	5,753.5	5,624.9	5,753.5	5,624.9
related to pension funds	0.0	0.0	178.7	0.0	178.7	0.0
related to other contracts	0.0	0.0	242.3	232.5	242.3	232.5
Derivatives	106.7	37.3	874.0	2,676.7	980.7	2,714.0
Other financial liabilities	0.0	0.0	0.6	0.0	0.6	0.0
<b>Total</b>	<b>106.7</b>	<b>37.3</b>	<b>7,049.1</b>	<b>8,534.1</b>	<b>7,155.7</b>	<b>8,571.4</b>

### 4.2 Other financial liabilities

(in million euro)	Bookvalue	
	31.12.2005	31.12.2004
<b>Subordinated liabilities</b>	<b>1,407.4</b>	<b>1,428.6</b>
<b>Loans and bonds</b>	<b>8,750.6</b>	<b>8,480.4</b>
Deposits received from reinsurers	1,055.3	994.4
Bonds	5,015.9	4,682.1
Other loans	2,144.0	2,452.9
Financial liabilities related to investment contracts issued by insurance companies	535.4	351.0
<b>Liabilities to banks or customers</b>	<b>11,334.1</b>	<b>10,266.5</b>
Liabilities to banks	572.5	807.9
Liabilities to customers	10,761.6	9,458.6
<b>Total</b>	<b>21,492.1</b>	<b>20,175.5</b>

Subordinated liabilities include 750 million euro related to the nominal value of bonds issued by the Parent Company, which are due on 20 July 2022, callable in 2012, at a fixed interest rate of 6.9% for the first twelve years, 500 million euro related to the nominal value of bonds issued by Generali Finance B.V., which are due on 28 May 2019, callable in 2009, fully guaranteed by Assicurazioni Generali S.p.A and will accrue interests over the first ten year at a 5.06% fixed interest rate.

The fair value of subordinated liabilities amounts to 1,508.9 million euro.

Their maturities, which refer to the callable date, are shown in the table below.

(in million euro)	Boovlaue 31.12.2005	Fair value 31.12.2005
Up to 1 year	0.0	0.0
Between 1 and 5 years	633.4	663.9
Between 5 and 10 years	753.4	896.4
More than 10 years	20.6	20.6
<b>Total subordinated liabilities</b>	<b>1,407.4</b>	<b>1,580.9</b>

Bonds issued include 1,750 million euro related to the nominal value of a senior bond issued by the Parent Company, which is due on 20 July 2010 at a 6.15% fixed interest rate, and 750 million euro related to a further bond issued by the Parent Company, which is due on 28 May 2009 at a 4.5% annual fixed interest rate. The item also comprises 1,500 million euro related to the nominal value of a bond issued by Generali Finance B.V., which is due on 12 May 2014 at a 4.75% fixed interest rate, and 500 million euro related to the nominal value of a senior bond issued within the EMTN program, which is due on May 2015 at a 3.875% interest rate.

The fair value of bonds issued, which are mainly bonds with a fixed interest rate, amounts to 5,426 million euro.

Their maturities are shown in the table below

(in million euro)	Bookvalue 31.12.2005	Fair value 31.12.2005
Up to 1 year	0.0	0.0
Between 1 and 5 years	2,572.0	2,812.7
Between 5 and 10 years	2,444.0	2,613.2
More than 10 years	0.0	0.0
<b>Total bonds</b>	<b>5,015.9</b>	<b>5,426.0</b>

Liabilities to banks and customers are mainly payables on demand or short term liabilities.

## 5 – Payables

(in million euro)	31.12.2005	31.12.2004
<b>Payables arising out of direct insurance operations</b>	<b>3,736.1</b>	<b>3,844.1</b>
<b>Payables arising out of reinsurance operations</b>	<b>688.0</b>	<b>585.6</b>
<b>Other payables</b>	<b>2,147.7</b>	<b>2,255.3</b>
Payables to employees	510.0	344.1
Provision for trattamento di fine rapporto (TFR)	159.5	154.9
Payables to clients and suppliers	441.3	415.6
Social security	136.9	179.8
Other payables	899.9	1,161.0
<b>Total</b>	<b>6,571.8</b>	<b>6,685.0</b>

Other payables include 224.7 million euro related to the real estates activity. They are mainly due within a year.

## 6 – Other liabilities

(in million euro)	31.12.2005	31.12.2004
<b>Liabilities or disposal groups classified as held for sale</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred tax liabilities</b>	<b>4,806.2</b>	<b>4,509.9</b>
<b>Tax payables</b>	<b>1,264.8</b>	<b>727.0</b>
<b>Other liabilities</b>	<b>4,707.8</b>	<b>4,198.1</b>
Provision for defined benefit plans	2,388.7	2,168.8
Termination benefit liabilities	101.1	156.6
Accrued interests	195.4	164.2
Other accrued charges	237.1	118.8
Deferred expenses	144.2	103.2
Deferred income for investment management services	56.1	92.4
Other liabilities	1,585.2	1,394.1
<b>Total</b>	<b>10,778.8</b>	<b>9,435.0</b>

## Provisions for defined benefit plan

(in million euro)	31.12.2005
Present value of defined benefit plan obligation wholly or partly funded	2,009.0
Fair value of plan assets	-657.4
<b>Status funded</b>	<b>1,351.5</b>
Present value of defined benefit plan obligation wholly unfunded	1,487.4
Actuarial gains or losses not recognised	-277.3
Past service cost not recognised	-13.4
<b>Net liability recognised in the Balance Sheet</b>	<b>2,548.2</b>

The net liability for defined benefit plans includes the Italian provision for *Trattamento di fine rapporto*. Other defined benefit plans are mainly concentrated in Germany and Austria.

(in million euro)	31.12.2005
<b>Net liability as at 31st December previous year</b>	<b>2,323.7</b>
Net expense recognised in the income statement	311.4
Contributions and benefits paid	-88.3
Changes in consolidation scope	1.4
<b>Net liability as at 31st December current year</b>	<b>2,548.2</b>

The net cost recognised in the profit and loss account is mainly due to current service cost and interest costs. Its other significant components are the expected return on plan assets, the actuarial gains and losses recognised in compliance with the corridor method and the past service cost.

## Part G - Notes on the profit and loss account

### 1 – Income

#### 1.1 Earned premiums

(in million euro)	Gross amount		Reinsurers' share		Net amount	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non life earned premiums(*)</b>	<b>17,057.9</b>	<b>17,032.4</b>	<b>-1,787.8</b>	<b>-1,974.3</b>	<b>15,270.1</b>	<b>15,058.1</b>
Premiums written	17,209.1	17,184.9	-1,768.2	-1,968.8	15,441.0	15,216.1
Change in the provision for unearned premiums	-151.2	-152.5	-19.7	-5.5	-170.9	-158.0
<b>Life earned premiums(*)</b>	<b>45,767.4</b>	<b>38,667.2</b>	<b>-890.6</b>	<b>-675.4</b>	<b>44,876.8</b>	<b>37,991.8</b>
<b>Total</b>	<b>62,825.3</b>	<b>55,699.5</b>	<b>-2,678.4</b>	<b>-2,649.7</b>	<b>60,146.9</b>	<b>53,049.9</b>

(\*) Before the elimination of intragroup transactions between segments

#### 1.2 Fee and commissions income and income from financial services activities

(in million euro)	31.12.2005	31.12.2004
Fee and commission income from banking activity	317.7	305.2
Fee and commission income from asset management activity	336.6	311.5
Fee and commission income related to investment contracts	99.3	74.3
<b>Total</b>	<b>753.6</b>	<b>691.0</b>

#### 1.3 Net income from financial assets at fair value through profit or loss

(in million euro)	Financial investments held for trading		Financial investment 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	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Interests and other net income	342.9	503.0	603.4	541.8	595.9	412.4	1,542.2	1,457.3
Realised gains	379.0	141.0	370.0	177.5	253.5	134.8	1,002.5	453.3
Realised losses	-320.1	-52.7	-74.0	-71.8	-142.5	-59.3	-536.6	-183.7
Unrealised gains	698.6	652.9	3,807.1	1,476.0	621.6	275.9	5,127.3	2,404.9
Unrealised losses	-340.6	-120.8	-708.6	-467.8	-182.9	-171.9	-1,232.0	-760.6
<b>Total</b>	<b>759.8</b>	<b>1,123.5</b>	<b>3,998.0</b>	<b>1,655.8</b>	<b>1,145.6</b>	<b>592.0</b>	<b>5,903.4</b>	<b>3,371.2</b>

## 1.4 Income and expenses from subsidiaries, associated companies and joint ventures

(in million euro)	31.12.2005	31.12.2004
Dividends and other income	54.4	88.8
Realised gains	33.1	5.9
Reversal of impairment	1.3	12.1
<b>Total</b>	<b>88.8</b>	<b>106.8</b>

## 1.5 Income from other financial instruments and land and buildings (investment properties)

(in million euro)	31.12.2005	31.12.2004
<b>Interests</b>	<b>8,359.6</b>	<b>7,978.6</b>
Interests from held to maturity investments	36.7	23.5
Interests from loans and receivables	1,844.8	1,602.7
Interests from available for sale financial assets	6,360.7	6,252.3
Interests from other receivables	25.1	23.5
Interests from cash and cash equivalents	92.2	76.6
<b>Other income</b>	<b>1,898.3</b>	<b>1,767.8</b>
Income from land and buildings (investment properties)	799.8	812.6
Other income from available for sale financial assets	1,098.6	955.2
<b>Realised gains</b>	<b>2,893.7</b>	<b>2,415.4</b>
Realised gains from land and buildings (investment properties)	500.3	627.8
Realised gains from held to maturity investments	1.3	0.1
Realised gains from loans and receivables	76.2	3.2
Realised gains from available for sale financial assets	2,311.3	1,783.1
Realised gains from financial liabilities at amortised cost	4.6	1.2
<b>Reversal of impairment</b>	<b>110.7</b>	<b>170.3</b>
Reversal of impairment on land and buildings (investment properties)	30.5	38.0
Reversal of impairment on loans and receivables	54.1	101.3
Reversal of impairment on available for sale financial assets	0.0	6.8
Reversal of impairment on other receivables	26.1	24.2
<b>Total</b>	<b>13,262.3</b>	<b>12,332.1</b>

## 1.6 Other income

(in million euro)	31.12.2005	31.12.2004
Gains on foreign currencies	294.3	190.3
Income from tangible assets	152.1	152.2
Reversal of other provisions	75.3	117.2
Recovery of charges	66.8	117.8
Leasing fees	67.3	114.7
Other technical income	297.0	364.2
Other income	675.9	480.5
<b>Total</b>	<b>1,628.8</b>	<b>1,536.9</b>

Other income includes 242.4 million euro related to service activities mainly rendered by Europe Assistance Group.

## 2 – Expenses

### 2.1 Net insurance benefits and claims

(in million euro)	Gross amount		Reinsurers' share		Net amount	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non life net insurance benefits and claims(*)</b>	<b>11,770.2</b>	<b>11,759.6</b>	<b>-1,023.5</b>	<b>-935.2</b>	<b>10,746.6</b>	<b>10,824.4</b>
Claims paid	11,079.9	11,065.3	-1,183.1	-1,095.1	9,896.8	9,970.2
Change in the provisions for outstanding claims	668.9	731.3	150.8	158.3	819.7	889.6
Change in claims paid to be recovered	11.5	-52.5	2.3	-1.0	13.8	-53.5
Change in other insurance provisions	9.8	15.6	6.5	2.6	16.3	18.2
<b>Life net insurance benefits and claims(*)</b>	<b>53,644.6</b>	<b>43,382.2</b>	<b>-754.1</b>	<b>-488.1</b>	<b>52,890.5</b>	<b>42,894.1</b>
Claims paid	26,800.7	23,524.4	-614.5	-465.5	26,186.2	23,058.9
Change in the provisions for outstanding claims	458.6	123.7	-24.9	-20.5	433.7	103.1
Change in the mathematical provisions	17,552.6	13,418.1	-67.3	33.1	17,485.3	13,451.2
Change in provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	6,441.7	3,787.9	-5.7	-35.2	6,436.0	3,752.7
Change in other insurance provisions	2,390.9	2,528.1	-41.7	0.0	2,349.2	2,528.1
<b>Total</b>	<b>65,414.8</b>	<b>55,141.8</b>	<b>-1,777.7</b>	<b>-1,423.3</b>	<b>63,637.1</b>	<b>53,718.5</b>

(\*) Before the elimination of intragroup transactions between segments



## 2.2 Fee and commissions expenses and expenses from financial service activities

(in million euro)	31.12.2005	31.12.2004
Fee and commission expenses from banking activity	162.2	166.7
Fee and commission expenses from asset management activity	94.2	73.2
Fee and commission expenses related to investment contracts	63.3	51.0
<b>Total</b>	<b>319.6</b>	<b>290.9</b>

## 2.3 – Expenses from subsidiaries, associated companies and joint ventures

(in million euro)	31.12.2005	31.12.2004
Realised losses	142.0	16.7
Impairment losses	27.0	47.4
<b>Total</b>	<b>169.0</b>	<b>64.2</b>

## 2.4 Expenses from other financial instruments and land and buildings (investment properties)

(in million euro)	31.12.2005	31.12.2004
<b>Interest expenses</b>	<b>767.8</b>	<b>807.8</b>
Interest expenses on subordinated liabilities	59.0	59.8
Interest expenses on loans, bonds and other payables	573.1	579.1
Interest expenses on deposits received from reinsurers	33.4	41.0
Other interest expenses	102.3	128.0
<b>Other expenses</b>	<b>290.9</b>	<b>335.8</b>
Depreciation of land and buildings (investment properties)	112.0	104.2
Expenses for land and buildings (investment properties)	178.6	231.6
<b>Realised losses</b>	<b>715.2</b>	<b>513.1</b>
Realised losses on land and buildings (investment properties)	61.6	54.7
Realised losses on held to maturity investments	0.8	1.3
Realised losses on loans and receivables	167.1	2.9
Realised losses on available for sale financial assets	485.1	453.6
Realised losses on other receivables	0.6	0.6
Realised losses on financial liabilities at amortised cost	0.1	0.0

(continues)

(continues)

(in million euro)	31.12.2005	31.12.2004
<b>Impairment losses</b>	<b>471.4</b>	<b>659.0</b>
Impairment on land and buildings (investment properties)	155.0	91.7
Impairment on loans and receivables	200.1	222.7
Impairment on available for sale financial assets	95.7	331.9
Impairment on other receivables	20.7	12.7
<b>Total</b>	<b>2,245.3</b>	<b>2,315.7</b>

## 2.5 Acquisition and administration costs

(in million euro)	Non life segment (*)		Life segment (*)		Financial segment (*)	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Acquisition costs and other commissions</b>	<b>3,037.6</b>	<b>3,102.3</b>	<b>3,349.3</b>	<b>3,508.2</b>	<b>0.0</b>	<b>0.0</b>
Gross acquisition costs and other commissions	3,343.3	3,389.2	3,460.9	3,676.8	0.0	0.0
Acquisition commissions on insurance contracts	2,371.4	2,431.6	2,418.1	2,470.9	0.0	0.0
Other acquisition costs on insurance contracts	856.2	853.8	1,102.4	1,223.6	0.0	0.0
Change in deferred acquisition costs	-58.7	-71.4	-190.1	-163.4	0.0	0.0
Collecting commissions	174.3	175.2	130.6	145.7	0.0	0.0
Commissions and profit commissions from reinsurers	-305.6	-286.9	-111.6	-168.6	0.0	0.0
<b>Administration costs on investments</b>	<b>72.3</b>	<b>55.4</b>	<b>444.5</b>	<b>436.3</b>	<b>12.2</b>	<b>3.9</b>
<b>Other administration costs</b>	<b>1,206.7</b>	<b>1,245.2</b>	<b>951.6</b>	<b>924.0</b>	<b>448.6</b>	<b>326.4</b>
<b>Total</b>	<b>4,316.7</b>	<b>4,402.8</b>	<b>4,745.5</b>	<b>4,868.6</b>	<b>460.8</b>	<b>330.3</b>

(\*) Before the elimination of intragroup transactions between segments

In other administration costs of the life segment, administration expenses related to investment contracts are of 21.6 million while administrative expenses of non-insurance companies are of 70.2 million. In the non life segment, the administrative expenses of non-insurance companies amount to 87.3 million.

## 2.6 Other expenses

(in million euro)	31.12.2005	31.12.2004
Amortization and impairment on intangible assets	167.3	120.2
Amortization on tangible assets	94.9	86.8
Expenses from tangible assets	275.0	144.7
Foreign currency translation losses	240.7	234.0
Allocation to other provisions	223.7	203.0
Other taxes	95.4	91.1
Profit or loss recognised on the measurement to fair value of non current assets	49.7	0.0
Termination employees' benefit expenses	159.7	32.1
Charges incurred on behalf of third parties	124.7	116.6
Other technical expenses	492.6	480.4
Other expenses	510.2	516.6
<b>Total</b>	<b>2,433.8</b>	<b>2,025.5</b>

Expenses from tangible assets include 172.4 million euro related to impairment losses on lands and buildings (self used) and other tangible assets.

Other expenses include expenses for service activities received and operating expenses of service companies, which amount to 137.4 million euro.

## 3 – Income taxes

(in million euro)	31.12.2005	31.12.2004
<b>Income taxes</b>	<b>1,445.9</b>	<b>801.7</b>
Italy	752.5	266.5
Other countries	693.5	535.2
<b>Deferred taxes</b>	<b>-309.1</b>	<b>182.9</b>
Italy	-355.3	233.9
Other countries	46.2	-51.1
<b>Total</b>	<b>1,136.9</b>	<b>984.5</b>

The increase of income taxes in Italy is mainly due to the 304.2 million euro taxation on the revaluation of real estates according to L.266/05. However, since the Group measures the real estates at cost, the revaluation and the related increase in the equity are reversed in the consolidated financial statements, thus causing a decrease of the deferred taxes.

The table below shows the reconciliation between expected and effective tax rate, which is based on tax rates currently in force in each country of the consolidated subsidiaries and takes into consideration the impact of the intragroup operations.

#### Reconciliation between expected and effective tax rate

(in million euro)	31.12.2005
<b>Expected income tax rate</b>	<b>32.72%</b>
<b>Earnings before taxes</b>	<b>3,547.1</b>
<b>Expected income tax expense</b>	<b>1,160.6</b>
Non deductible expenses	595.5
Lower taxed income	-721.9
Effect of tax losses	-11.4
IRAP and other income taxes	149.3
Other adjustments	-35.3
<b>Tax expenses</b>	<b>1,136.9</b>
<b>Effective tax rate</b>	<b>32.05%</b>

The expected income tax rate is calculated applying the rates currently in force in each country of the consolidated subsidiaries which are multiplied by the earnings before taxes of each company. The expected income tax expense is therefore divided by the consolidated earnings before taxes.

The table below shows the expiry date of recognised fiscal losses carried forward. Fiscal losses carried forward are recognised to the extent that it is probable that taxable income will be sufficient to allow the benefit of the loss to be realised.

(in million euro)	31.12.2005
2006	2.9
2007	0.0
2008	0.0
2009	0.0
2010	13.5
2011	0.0
2012	0.3
2013	0.0
2014	0.0
2015	0.0
2016	1.7
Unlimited	6.3
<b>Fiscal losses carried forward</b>	<b>24.7</b>

Deferred tax assets and liabilities are detailed in the tables below according to the nature of the temporary differences, which they arise from.

(in million euro)	31.12.2005
Intangible assets	156.4
Tangible assets	97.2
Land and buildings (investment properties)	623.7
Available for sale financial assets	754.6
Other investments	144.5
Deferred acquisition costs	150.9
Other assets	267.1
Fiscal losses carried forward	24.7
Allocation to other provisions and payables	227.0
Insurance provisions	458.2
Financial liabilities and other liabilities	468.8
Other	110.0
<b>Total deferred tax assets</b>	<b>3,483.1</b>

(in million euro)	31.12.2005
Intangible assets	74.8
Tangible assets	181.7
Land and buildings (investment properties)	659.9
Available for sale financial assets	1,578.5
Other investments	512.8
Deferred acquisition costs	480.0
Other assets	134.5
Allocation to other provisions and payables	182.2
Insurance provisions	739.6
Financial liabilities and other liabilities	134.3
Other	127.9
<b>Total deferred tax liabilities</b>	<b>4,806.2</b>



## Part H - Other information

### 1 – Information on employees

#### Number of employees

	31.12.2005
Managers	2,398
Employees	40,728
Sales attendant	18,325
Others	110
<b>Total</b>	<b>61,561</b>

#### Employee benefit expense by nature

(in million euro)	31.12.2005
Wages and salaries	1,807.0
Social security costs	486.8
Expenses arising from share option plans	16.0
Deferred benefit plan expenses	311.4
Other post-employment benefit expenses	154.8
<b>Total</b>	<b>2,776.1</b>

Other post-employment benefit expenses also include expenses for defined contribution plans.

### 2 – Stock options

#### 2.1 Stock options granted by Parent company

During 2005 Parent Company grants the first tranche of the 2005-2007 stock options plan for the personnel of the Group and of the 2005-2007 stock options plan for the chairman and CEOs. The market value of the option granted to the employees measured at grant date is of 4.40 euro. The options will vest on 13 May 2008 and be exercisable until 13 May 2011.

As far as stock options granted to the chairman and CEOs are concerned, 50% becomes exercisable from 2006 to 31 December 2008. The related fair value – at the grant date – is of 2.48 euro per option. The residual 50% will vest on 1 January 2007 and be exercisable over a period of three years. The fair value of this grant is of 3.07 euro per option.

At the balance sheet date, options of the 2001-2003 plan for CEO and personnel are still outstanding.

A summary of the number of options and weighted average exercise price is shown in the table below.

	Personnel		Chairman, CEOs and CFOs	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Options outstanding as at 31st December previous year</b>	<b>10,018,670</b>	<b>26.42</b>	<b>355,800</b>	<b>29.33</b>
granted	1,778,000	24.00	6,175,000	24.53
forfeited	653,775	28.38	0	-
exercised	35,325	27.08	0	-
expired	0	-	0	-
<b>Options outstanding as at 31st December current year</b>	<b>11,107,570</b>	<b>25.92</b>	<b>6,530,800</b>	<b>24.80</b>
of which exercisable	3,722,810	32.24	292,950	30.94

The weighted average expire date of stock options outstanding at 31 December 2005 granted by the Parent Company to the personnel is on 31 May 2009. As for stock options granted to the chairman, CEOs and CFOs, the weighted average expire date is on 3 January 2008.

At year-end 2005, 512,000 stock options granted to CEOs and CFOs no longer in the group are still outstanding. Their average exercise price is of 30.35 euro.

## 2.2 Stock options granted by other Group companies

During 2005 options on the Parent Company's share are granted by seven Group companies. The grants vest over an average period of three years and have an exercise period of equal duration. The weighted average fair value – at the grant date – is of 4.64 euro.

A summary of the number of options and weighted average exercise price is shown in the table below.

	Number of options	Weighted average price
<b>Options outstanding as at 31st December previous year</b>	<b>20,000</b>	<b>20.48</b>
granted	155,000	23.91
forfeited	0	-
exercised	0	-
expired	0	-
<b>Options outstanding as at 31st December current year</b>	<b>175,000</b>	<b>23.52</b>
of which exercisable	0	-

The weighted average expire date of the stock options outstanding at the end of the financial year is on 22 July 2011.



## 2.3 Stock options granted by Alleanza Group

A summary of the number and the weighted average exercise price of the stock options granted by Alleanza Group is shown in the table below.

	Number of options	Weighted average price
<b>Options outstanding as at 31st December previous year</b>	<b>2,002,462</b>	<b>10.50</b>
granted	0	–
forfeited	0	–
exercised	0	–
expired	0	–
<b>Options outstanding as at 31st December current year</b>	<b>2,002,462</b>	<b>10.50</b>
of which exercisable	941,938	11.40

The weighted average expire date of the stock options outstanding at the end of the financial year is on 17 June 2008. The 1,212,462 options granted during 2003 to the personnel and the CEOs of the Group are in the scope of IFRS 2.

## 3 – Earnings per share

	31.12.2005	31.12.2004
Result of the period (in million euro)	1,918.6	1,665.8
Weighted average number of ordinary shares outstanding	1,268,678,038	1,267,017,511
Basic earnings per share	1.51	1.31

Basic earnings per share are calculated by dividing the result of the period by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding is adjusted for the Parent Company's average number of shares owned by itself or by other Group companies during the period.

	31.12.2005	31.12.2004
Result of the period (in million euro)	1,918.6	1,665.8
Weighted average number of ordinary shares outstanding	1,268,678,038	1,267,017,511
Adjustments for stock option	879,198	344,660
Weighted average number of ordinary shares outstanding for diluted earnings per share	1,269,557,236	1,267,362,171
Diluted earnings per share	1.51	1.31

Diluted earnings per share reflect the dilution effect of potential ordinary shares. To calculate them, in 2005 the weighted average number of shares outstanding includes 879,198 dilutive potential ordinary shares (344,660 in 2004), of which 837,327 (344,660 in 2004) arise from the 2001-2003 stock option plan for managers and employees of the Parent Company and the Group companies and 41,871 from the 2005-2007 stock option plan for the Chairman and the managing directors.

#### 4 – Related party disclosure

With regard to transactions among related parties, Generali hereby declares that the main intra-group activities, conducted at market prices or cost, were undertaken through relations of 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 are oriented towards guaranteeing the streamlining of operational functions, greater economies in management as a whole, appropriate levels of service and an exploitation of Group-wide synergies.

The most significant economic and financial transactions with Group companies that are not part of the consolidation area are listed below.

(in million euro)	31.12.2005	Subsidiaries	Associated companies
Investments		255.9	134.4
Receivables		47.2	2.5
Financial liabilities		20.4	–
Provisions and payables		29.2	26.5
Income from investments		6.9	2.7

As for investments, here follows the Group position with subsidiaries: 41.1 million euros was loaned by La Fédération Continentale S.A. to SCI Cogipar; 38.5 million euros was the amount granted by Generali Versicherung AG to Erste Wiener AG; 20.8 million euros was granted by Aachen Münchener Lebensversicherung AG to Schloß Bensberg Grundstücks-GbR; 31.5 million euros was the total amount granted by Migdal Eshkol Finansim B.M. to Migdal Credit Services Ltd. and Mivtach-Simon Insurance Ag.

Loans to associated companies include the following: 50.0 million euros was the value of bank deposited assets of Cosmos Lebensversicherungs AG held with SKG Bank GmbH; 16.7 million euros was the loan received by Agorà Investimenti S.p.A. from Assicurazioni Generali S.p.A.; 13.6 million euros was the loan granted



by Generali Holding Vienna AG to Hypo Holding GmbH; 10.6 million euros the bond issue underwritten by Cosmos Lebensversicherungs AG and issued by SKG Bank GmbH; 10.6 million euros was the loan received by Saxon Land BV from Flandria.

Financial liabilities include in particular the debt position of the subsidiary Banca Generali S.p.A. in respect of Generali Horizon, BG Società Gestione Risparmio S.p.A. and Simgenia S.p.A. for a total of 16.7 million euros.

Finally, payables and other provisions include the liability of the Central Krankenversicherung AG in respect of the associated Company Deutsche Vermögensberatung AG corresponding to 22.9 million euros.

The 2005 emoluments due to board members, statutory auditors and general managers, including those of subsidiary companies, are indicated in the following table.

Person Name and Surname	Office held	Office held Period covered by the mandate	End of mandate	Emoluments (in euro)			
				Emoluments for appointment	Non-monetary benefits	Bonuses and incentives	Other emoluments
Antoine BERNHEIM (*)	Chairman	1.1-31.12.05	28.04.07	4,304,426			109,767 <sup>(1)</sup>
Gabriele GALATERI DI GENOLA (*)	Vice Chairman	1.1-31.12.05	28.04.07	341,525 <sup>(2)</sup>			
Sergio BALBINOT (*)	Managing Dir.	1.1-31.12.05	28.04.07	2,184,426			118,743 <sup>(3)</sup>
Giovanni PERISSINOTTO (*)	Managing Dir.	1.1-31.12.05	28.04.07	2,184,426			
Tito BASTIANELLO	Director	1.1-11.09.05		232,724			
Luigi Arturo BIANCHI	Director	1.1-31.12.05	28.04.07	179,213			
Ana Patricia BOTIN	Director	1.1-31.12.05	28.04.07	171,213			
Gerardo BROGGINI (*)	Director	1.1-31.12.05	28.04.07	350,426			60,310 <sup>(4)</sup>
Claudio CONSOLO	Director	1.1-31.12.05	28.04.07	167,213			
Laurent DASSAULT	Director	1.1-31.12.05	28.04.07	167,213			18,750 <sup>(5)</sup>
Diego DELLA VALLE	Director	1.1-31.12.05	28.04.07	171,213			
Enzo GRILLI	Director	1.1-31.12.05	28.04.07	167,213			
Piergaetano MARCHETTI (*)	Director	1.1-31.12.05	28.04.07	334,426			10,776 <sup>(6)</sup>
Klaus-Peter MUELLER	Director	1.1-31.12.05	28.04.07	167,213			
Alberto Nicola NAGEL (*)	Director	1.1-31.12.05	28.04.07	334,426 <sup>(7)</sup>			
Alessandro OVI	Director	1.1-31.12.05	28.04.07	179,213			
Alessandro PEDERSOLI	Director	1.1-31.12.05	28.04.07	179,213			
Reinfried POHL	Director	1.1-31.12.05	28.04.07	167,213			43,535 <sup>(8)</sup>
Vittorio RIPA DI MEANA	Director	1.1-31.12.05	28.04.07	167,213			
Gianfranco BARBATO	Chairman of the Board of Auditors	1.1-31.12.05	30.04.08	70,753			184,940 <sup>(9)</sup>
Paolo D'AGNOLO	Eff. Auditor	1.1-31.12.05	30.04.08	47,169			174,660 <sup>(10)</sup>
Gaetano TERRIN	Eff. Auditor	1.1-31.12.05	30.04.08	47,169			145,425 <sup>(11)</sup>
Raffaele AGRUSTI	Gen.Manager	1.1-31.12.05		850,000			
Sergio BALBINOT	Gen.Manager	1.1-31.12.05		1,050,000			
Fabio BUSCARINI	Gen.Manager	1.4-31.12.05		561,000			
Giovanni PERISSINOTTO	Gen.Manager	1.1-31.12.05		1,050,000			

(\*) Board members who are also members of the Executive Committee are marked with an asterisk.

- 1) The emoluments indicated include those due for the offices held in 2005 in the following companies: Alleanza Assicurazioni, AMB Generali Holding, Generali España Holding, Generali France and BSL. The payments for Generali Holding Vienna will be established by the Company's General Assembly this year. The sums paid for AMB Generali Holding only regard the attendance fees; the part inherent to the profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- 2) The payment was made directly to Mediobanca.
- 3) The emoluments indicated include those due for the offices held in 2005 in the following companies: AMB Generali Holding, Aachener u. Muenchener Lebensversicherung AG, Muenchener Versicherung AG, Generali France, Banco Vitalicio, La Estrella, Generali España Holding, Generali Schweiz Holding AG, Migdal Insurance & Financial Holdings, Migdal Insurance Company Ltd and Europ Assistance Holding. The payments for Generali Holding Vienna will be established by the Company's General Assembly this year. The emoluments from Migdal Insurance & Financial Holdings and from Migdal Insurance Company Ltd only regard the first half, while those relative to the second half will be established in 2005. The sums paid by AMB Generali Holding and Banco Vitalicio only regard attendance fees; the part inherent to the profit-sharing will be established by the shareholders' assembly, scheduled to be held in the first half of this year.
- 4) The emoluments indicated are inclusive of those due to the offices of INA Vice Chairman and Board Member, and for members of the AMB Generali Holding Surveillance Council. The sums paid for AMB Generali Holding only regard the attendance fees; the part inherent to the profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- 5) Emolument due for the office of Director held, throughout 2005, at Generali France.
- 6) Payments due for professional services provided to Assicurazioni Generali.
- 7) The payment was made directly to Mediobanca.
- 8) Payments due for the office of Surveillance Committee Member for AMB Generali Holding and Aachener u. Muenchener Lebensversicherung. The sums paid to AMB Generali Holding only regard the attendance fees; the part inherent to the profit-sharing will be established by the shareholders' meeting scheduled in the first half of the current financial year.
- 9) Payments for the offices of Chairman of the Board of Auditors for Generali Vita and INA Vita and Permanent auditor for Assitalia.
- 10) Payments due for the offices of Permanent auditor for Generali Properties Asset Management, GSI, Prunus, Immobiliare Diciannove, Generali Properties, Sementi Dom Dotto, Genagricola, Enofila, Casaletto, and Banca Generali.
- 11) Payments due for the offices of Chairman of the Board of Auditors for Alleanza Assicurazioni, GSI, Intesa Vita and Fondi Alleanza Sgr and Permanent Auditor for Finagen.

## Part I - Transition to the international accounting standards IAS/IFRS

The transition from the previous local GAAP to the international accounting standards IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) impacts on financial position, performance and changes in financial position. This section provides information on the transition's effects on consolidated financial statements of the Generali Group in compliance with IFRS 1.

Information on the transition to IAS/IFRS, already provided in the half-yearly report 2005, meets the requirements of IFRS 1 from paragraphs 38 onwards, according to which a first-time adopter of the international accounting standards shall explain how the transition to IAS/IFRS affected its reported financial position, financial performance and cash flows.

In order to ensure a correct comparability, balance sheet and profit and loss account data at 31 December 2004 are classified in the consolidated financial statements at 31 December 2005 as to follow criteria adopted in the reconciliation statements of the balance sheet and the profit and loss account at 31 December 2004 as well as to meet the requirements of the *Provvedimento ISVAP* no. 2404 of 22 December 2005. However, the following reclassifications are needed:

- amounts ceded to reinsurers from insurance provisions amounted to 5,034.2 million euro. They are reclassified from other assets (macro items 6) in the reconciliation statement of the balance sheet to the macro item 3 in the current financial statement;
- subordinated liabilities and financial liabilities, which were respectively classified in the macro items 2 and 3 in the reconciliation statement of the balance sheet, are now grouped together in the macro item 4 and then separately detailed;
- other provisions amounted to 1,342.4 million euro. They are reclassified from payables and other provisions (macro item 5) in the reconciliation statement of the balance sheet to the macro item 2 in the current financial statement. In addition, other defined benefit plans, which were of 2,325.4 million euro, are reclassified from the macro item 5 in the reconciliation statement of the balance sheet to other liabilities (macro item 6). An exception is the Italian *Trattamento di Fine Rapporto* which is still classified among other payables;
- fee and commission income and income from financial services activities amounted to 691 million euro. They are reclassified from other income (macro item 5) in the reconciliation statement of the profit and loss account, that is item 1.6 in the current financial statement, to item 1.2 of the current financial statement;
- income from investments in subsidiaries, associated companies and joint ventures was classified as macro item 2 in the reconciliation statement of the profit and loss account, that is item 1.4 in the current financial statements. It is reduced by 112.3 million euro, which are accounted for in income from financial instruments and investment properties (item 1.5);

- costs in the reconciliation statement of the profit and loss account are reclassified in order to be in line with the guidelines of the aforementioned *Provvedimento*.

## 1 – Reference regulatory framework

### 1.1 EC Regulations

Regulation (EC) no.1606 of 19 July 2002 requires publicly traded European companies to prepare their consolidated financial statements in conformity with the international accounting standards IAS/IFRS for the financial year starting on or after 1 January 2005.

It aims at building an European integrated capital market which operates effectively, smoothly and efficiently. It is therefore key to achieve an accounting convergence that is transparent, globally understandable and subject to adequate supervision by the competent authorities.

International accounting standards IAS/IFRS are issued by the IASB (*International Accounting Standard Board*), a private institution whose purpose is to develop a single set of international accounting standards based upon best accounting doctrines and international best practices in order to achieve the harmonization of the accounting standards for the preparation of financial statements and reporting.

The adoption of the international accounting standards, which are called IAS or IFRS – if issued after July 2002 –, and SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Committee) interpretations must be endorsed by the European Commission (EC) and then published in the Official Journal of the European Communities (OJEC).

The endorsement mechanism aims at ensuring the IAS/IFRS compliance with a true and fair presentation of the financial position, performance and changes in financial position as well as with the contribution to the European public good and the qualitative characteristics of understandability, relevance, reliability and comparability.

Regulation (EC) no.1725 of 29 September 2003 enacts the article 6 of Regulation (EC) no.1606/02, thus endorsing a first set of standards, some of which later amended and published again in the OJEC.

The adoption of the international accounting standards is ended for 2005 financial statements through the issue of Regulation (EC) no.707 of 6 April 2004, Regulation (EC) no.2086 of 19 November 2004, Regulations (EC) no.2236, 2237 and 2238 of 29 December 2004 and Regulation (EC) no.211 of 4 February 2005. Regulation (EC) no.2086/04 endorses a carved-out version of IAS 39 concerning the financial instruments' recognition and measurement. The carved-out sections as compared to the document approved by the IASB regard the adoption of the fair value option to financial liabilities and some aspects of the macro hedge. In June 2005 the IASB put forward a new fair value option proposal, endorsed in November by Regulation (EC) no.1864/2005. The revised IAS 39 permits to designate any financial asset or financial liabilities as one to be measured at fair

value through profit or loss when it results in more relevant information, because it either eliminates or reduces a measurement or recognition inconsistency (accounting mismatch), or when a group of financial assets or financial liabilities or both is managed in accordance with a documented risk management or investment strategy. In addition, the revised fair value option permits an entire combined contract containing one or more embedded derivatives to be designated as a financial asset or financial liability at fair value through profit or loss.

## 1.2 Italian regulations

Regulation (EC) no.1606/02 entitles EU member states to permit or require the adoption of the international accounting standards for financial statements of listed companies and for the financial statements and/or consolidated financial statements of non-listed companies. In Italy, the aforementioned Regulation is implemented through Legislative Decree no.38 of 28 February 2005, in compliance with Enabling Act no.306 of 31 October 2003.

Legislative Decree 38/05 extends the obligation to adopt the international accounting standards for the preparation of financial statements of companies whose financial instruments are admitted on regulated markets, publicly traded companies, banks and other financial institutions beginning from 2006. However, it allows an earlier adoption of the standards from 2005.

Insurance companies are instead obliged to apply the national accounting principles to their financial statements. Listed insurance companies that do not produce consolidated financial statements are the sole exception, they are obliged to adopt the international accounting standards for their financial statements beginning from 2006.

Companies other than those abovementioned and those whose size prevent them from presenting condensed financial statements can adopt the international accounting standards for their consolidated and non-consolidated financial statements beginning from 2005.

This Legislative Decree also empowers ISVAP to issue supplementary requirements on financial statements, chart of accounts and sanctioning powers in compliance with the international accounting standards. In the exercise of such powers, ISVAP issued on 22 December 2005 the *Provvedimento* no.2404 explaining how to prepare consolidated financial statements and notes.

In particular, in this annual report the Generali Group prepares its consolidated financial statements and notes according to the aforementioned Provvedimento ISVAP, which allows to supplement them with *ad hoc* items without being misleading and to provide more details in the notes in order to meet the IAS/IFRS requirements.

## 2 – Main changes from the adoption of IAS/IFRS

The adoption of the international accounting standards causes substantial changes in respect to the national accounting standards. They have an impact not only on financial reporting but also on business decisions. Indeed, the transition

to IAS/IFRS affects the Group's strategies as well as its business organisation and corporate communication policies.

The main IAS/IFRS innovations in terms of financial statements and, in particular, the major issues for the Generali Group are illustrated in the following sections.

## 2.1 Consolidation area

The adoption of the new international accounting standards leads to an enlargement of the consolidation area. IAS 27 requires, in fact, the consolidation of all subsidiaries regardless of their activities whereas Legislative Decree no.173 of 26 May 1997 prohibits the consolidation of companies operating in sectors dissimilar to that of the Parent Company if their inclusion might prejudice the true and fair presentation of the financial statements. This means that subsidiaries operating in banking or financing activities, some of which (Banca Generali, Banca della Svizzera Italiana and Badenia) were consolidated under the equity method according to the previous accounting standards, are now consolidated line by line. The consolidation area including subsidiaries consolidated line by line and associated companies valued at equity increases from 198 to 300 companies.

## 2.2 Financial statements and notes

A significant change concerns the new presentation of financial statements required by IAS 1 and by the *Provvedimento ISVAP* no.2404/2005. One of the major innovations is the IAS/IFRS profit and loss account, which is not made up of an insurance technical section and a non-technical one but provides an overview of Group's data according to the segment reporting (IAS 14). The Generali Group identifies the following major business segments: life, non-life and financial. Notes on financial statements are also enriched with more quantitative and qualitative information in order to meet the minimum requirements of the *Provvedimento ISVAP* and the IAS/IFRS ones.

### 2.2.1 Goodwill

IFRS 3 about business combinations agreed on or after 31 March 2004 prohibits the amortisation of goodwill and requires the goodwill to be tested for impairment annually in accordance with IAS 36. The purpose of the impairment test is to identify the existence of any impairment losses on goodwill. In this context, cash-generating units to which the goodwill is allocated are identified and tested for impairment. The impairment loss is equal to the difference, if negative, between the carrying amount of the goodwill and its recoverable amount. The latter is the higher of the fair value of the cash-generating units and their value in use, that is the present value of the future cash flows expected to be derived from the cash-generating units. As permitted by IFRS 3, the Generali Group does not amortise the goodwill from 1 January 2004, derecognising the accumulated amortisation and testing the goodwill for impairment in compliance with IAS 36.



## 2.2.2 Insurance contracts

IFRS 4 temporarily requires to measure insurance contracts, i.e. contracts characterised by a significant insurance risk, according to local GAAP used until 2004. Investment contracts without discretionary participation features and/or embedded derivatives which are insurance contracts are instead considered as financial instruments falling under IAS 39 scope, notwithstanding their reporting in the financial statements under the life segment.

Adopting the principle of substance over form required by IAS/IFRS in the framework, the Group classifies health and accidents policies managed with life segment criteria under life insurance.

Finally, equalisation and catastrophe provisions of the non life segment are no longer allowed and therefore derecognised.

## 2.2.3 Financial investments

IAS 39 classifies financial investments as:

1. held to maturity investments, including bonds with fixed or determinable payments and fixed maturity that an entity has the positive intent and ability to hold to maturity;
2. loans and receivables, including unquoted bonds as well as loans and receivables;
3. financial assets at fair value through profit or loss, including financial assets held for trading and financial assets designated by the company as at fair value through profit or loss upon initial recognition (fair value option);
4. available for sale financial assets, including financial assets not classified under the previous categories.

The investments' classification according to the local GAAP is instead based upon a functional criterion, "taking into consideration their durable or non-durable destination allocation in the portfolio management strategy".<sup>1</sup> In particular, assets are considered as durable when they are kept as permanent investments in accordance with the financial position and performance of the company whereas investments where the risk is borne by the policyholders are accounted for under a specific category of the insurance financial statements.

IAS/IFRS integrate or replace this functional criterion with a classification method based upon the nature of the investment or upon the company's valuation criteria. Since the designation can only be applied to assets at fair value, IAS/IFRS favour the fair value accounting of investments.

IAS/IFRS valuation criteria thus introduce significant differences compared with the local GAAP based on the cost less any impairment losses or on the lower amount between the cost and the fair value. The fair value is the most appropriate model to represent faithfully the financial position of a company whereas the cost, considered as the most suitable model at a local level, is an exception to be applied only to a

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<sup>1</sup> ISVAP Regulation 893/98.

limited set of financial instruments. The fair value<sup>2</sup> is used to measure financial assets at fair value through profit or loss and available for sale financial assets.

In particular, available for sale financial assets, which prevail in the Generali Group, including strategic equities (investments in which a significant interest is held), and financial assets at fair value through profit or loss are both measured at fair value. The positive and negative differences between the amortised cost and the fair value of available for sale financial assets are accounted for in an appropriate equity reserve (in the case of an impairment loss in the profit and loss account) whereas those of financial assets at fair value through profit or loss are accounted for in the profit and loss account at all events. Unrealised gains and losses on available for sale financial assets accounted for in the equity are recognised in the profit and loss account upon disposal of the investments.

The other two remaining categories of investments (held to maturity investments and loans and receivables) are instead measured at amortised cost. As already said, this is an exception: they are supposed to be held to maturity and their fair value is not so representative in the financial statements. It is also worth mentioning that the amortised cost method adopted by IAS/IFRS differs from the cost defined in accordance with the local GAAP; it is in fact aimed at reflecting the effective interest rate of investments calculated through financial methods.

Significant changes stem from the derivatives' accounting too. According to IAS/IFRS, these financial instruments are always measured at fair value, regardless of their purpose (hedging or trading). As far as hedge accounting is concerned, it influences the recognition of hedged assets and liabilities. The adoption of hedge accounting is so complex to be criticised at EU level and to have led to the temporary non-endorsement of IAS 39 with regard to some aspects of this issue. According to the local GAAP, hedging derivatives are instead measured with the same valuation criteria of the hedged items, therefore at cost. This method is forbidden by IAS/IFRS. Implementing the international accounting standards, the Generali Group has chosen to account for derivatives at fair value through profit or loss regardless of their purpose.

It is evident that the fair value measurement leads to greater volatility of the shareholders' equity and the result of the period as compared to the local GAAP, volatility mostly due to the mismatch between insurance assets and liabilities. Investments back to insurance provisions are in fact measured at fair value whereas the insurance liabilities are still calculated according to the previous standards, generally based on the cost method.

In order to reduce the abovementioned volatility and mismatch, the Generali Group has developed complex accounting solutions in line with the IAS/IFRS.

First and foremost, the shadow accounting practice defined in paragraph 30 of IFRS 4 has been analysed and internally developed. The amount of deferred policyholders liabilities of life contracts characterised by the mismatch has been calculated on the basis of the related assets, classified as available for sale financial assets or financial assets at fair value through profit or loss. The difference arising

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2 The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. It corresponds to the market price of the financial asset quoted on an active market whereas it is calculated using a valuation technique if the financial asset is not quoted on an active market.

from the joint valuation of investments and deferred policyholders liabilities, net of deferred taxes, is respectively accounted for in equity or profit and loss account.

The change in the life insurance provisions basically represents, if compared to the Italian standards, the unrealised gains and losses on investments that will be recognised to the policyholders only upon their disposal.

The Generali Group has also applied the fair value option mainly to investments back to insurance provisions where the investment risk is borne by the policyholders. Thus, the valuation consistency of assets and liabilities mostly related to index and unit-linked contracts is ensured.

#### 2.2.4 Financial liabilities

The enlargement of the consolidation area also to banks and other financial institutions, which are consolidated line by line, as well as the classification of some insurance contracts as investment contracts cause an increase of the financial liabilities that has no significant effects on the Group's leverage.

#### 2.2.5 Employee benefits

IAS 19 classifies post-employment benefits as defined contribution plans, under which the entity pays fixed contributions recognised in the period as contributions payable in exchange for services rendered by employees and defined benefit plans, under which the amount payable after the completion of the employment is measured on a discounted basis and according to actuarial assumptions.

As far as the accounting treatment of defined benefit plans is concerned, it may lead to an earlier recognition of the liabilities due to employees compared to the national standards.

#### 2.2.6 Own shares

In compliance with IAS 32 own shares are deducted from equity whereas the local GAAP requires their accounting in the balance sheet as assets.

### 3 – The transition to IAS/IFRS within the Generali Group

IFRS 1, concerning the first-time adoption of IAS/IFRS, defines the requirements for the transition to the new standards. Its objective is to ensure both first IFRS financial statements and interim financial reports, presented under IAS 34, for part of the period covered by those financial statements contain high quality information that:

- a) is transparent for users and comparable over all periods presented;
- b) provides a suitable starting point for accounting under IAS/IFRS.

The starting point for accounting under IAS/IFRS is an opening balance sheet as at the date of transition to IAS, i.e. as at 1 January 2004 for the Generali Group. In particular, IFRS 1 requires that in its opening balance sheet the entity:

- a) recognises all assets and liabilities whose recognition is required by IAS/IFRS;
- b) does not recognise items as assets or liabilities if IAS/IFRS do not permit such recognition (even when accounted for according to the previous standards);
- c) reclassifies items recognised under previous GAAP as assets, liabilities or component of equity but are a different type of assets, liabilities or component of equity under IAS/IFRS;
- d) recognises the adjustments from the first-time adoption of IAS/IFRS in equity.

At the first-time adoption of IAS/IFRS the accounting policies requires the entity to prepare its financial statements as if it had always adopted the new international accounting standards (retrospective application). However, IFRS 1 establishes some exemptions, permitting or, in some cases, even requiring a different transitional treatment.

In conformity with the framework of the international accounting standards, the retrospective application of IAS/IFRS should consider the balance between benefit and cost (i.e. information is provided at a cost that does not exceed the benefit for users) and it is not applicable if the amount of adjustments related to the previous periods cannot be reasonably determined.

As already mentioned, IFRS 1 permits some exemptions for a first-time adopter that facilitate the transition to the new standards without compromising the consistency of the financial statements.

In its first-time adoption of IAS/IFRS the Generali Group elects to use the main following exemptions:

- *business combinations:*

the exemption allows not to apply IAS/IFRS to business combinations occurred before the date of the first application. That means that it is possible to account for the goodwill previously recognised according to local GAAP, unless the transitional accounting recognises assets or liabilities not allowed by the international accounting standards. This is not the case of the Generali Group;

- *fair value or revaluation as deemed cost:*

IFRS 1 allows to measure any tangible assets at the date of transition to IAS/IFRS at their fair value as deemed cost and to use a previous GAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRSs as deemed cost. The latter option is applicable only if the revaluation is, at the date of revaluation, broadly comparable to fair value or cost or depreciated cost under IAS adjusted to reflect, for example, changes in specific price index. The Generali Group applies the former option for some agricultural properties and land and building used for own activities because of difficulties in measuring them at amortised cost. Furthermore, as far as real estate previously subject to write-up based on specific laws is concerned, they are so accounted for in compliance with IFRS 1;

- *employee benefits:*

adopting IAS 19 for the first time, IFRS 1 allows to recognise all cumulative actuarial gains and losses of defined benefit plans, even if the corridor approach for

later actuarial differences can be applied. This method requires the recognition of actuarial gains and losses and their amortisation during the remaining working lives of the participating employees, only for the extent exceeding the greater of 10% of the present value of defined benefit obligation at the end of the previous reporting period and 10% of the fair value of any plan assets at that date. In compliance with IFRS 1, the Generali Group applies this exemption to all defined benefit plans;

*- cumulative translation differences:*

IFRS 1 allows not to apply IAS 21 to cumulative translation differences that arose before the date of transition. Consequently, in the opening balance sheet as at 1 January 2004 the cumulative translation differences for foreign companies are deemed to be zero and the gain or loss on a subsequent disposal of any foreign companies exclude translation differences.

Finally, the Generali Group applies IAS 32 – Financial instruments: disclosure and presentation, IAS 39 – Financial instruments: recognition and measurement and IFRS 4 – Insurance contracts as of 1 January 2004. Considering their significant impact on financial statements, the Generali Group rejects the exemption about the application of the abovementioned standards for the 2004 financial statements. This decision has caused a remarkable planning effort not only for the complex application of the standards but also for the uncertainty on their definition and subsequent endorsement. Adopting IAS 39 for the first time, the allocation of assets to the four aforesaid categories has been re-examined.

A detailed description of the new accounting standards is contained in the chapter on the yearly report drawing up criteria.

#### **4 – Reconciliation statements at the date of transition to IAS/IFRS and at the closing date of the last financial statements under previous GAAP**

In compliance with IFRS 1 criteria, the following information is provided to illustrate the impact of the transition to IAS/IFRS on the company's financial position and performance, on its changes in financial position and cash flows:

- a) reconciliation statements of the balance sheet
  - at the date of transition to IAS/IFRS (01/01/2004), and
  - at the closing date of the last financial statements under previous GAAP (31/12/2004);
- b) reconciliation statements of the profit and loss account
  - reported under previous GAAP for the last financial statements (31/12/2004).

The data in the IFRS reconciliation statements are used for the preparation of comparative figures of the consolidated financial statements at 31 December 2005. The reclassifications made in consequence of the issue of the *Provvedimento ISVAP* no.2404 of 22 December 2005 are there taken into consideration.

## 4.1 Reconciliation statements of the balance sheet

### 4.1.1 At the date of transition to IAS/IFRS (01/01/2004)

(in million euro)		IAS/IFRS	Local GAAP	Change	Change (%)
1. Intangible assets		2,955.4	2,949.3	6.1	0.2
2. Investments		245,576.0	228,112.0	17,464.0	7.7
3. Cash and cash equivalents		6,389.3	3,871.1	2,518.2	65.1
4. Receivables		8,872.6	8,598.9	273.7	3.2
5. Tangible assets		3,369.8	2,385.9	983.9	41.2
6. Other assets		14,007.4	13,894.2	113.2	0.8
<b>Total assets</b>		<b>281,170.5</b>	<b>259,811.3</b>	<b>21,359.2</b>	<b>8.2</b>
1. Shareholders' equity		12,133.3	10,767.0	1,366.3	12.7
2. Subordinated liabilities		1,429.9	1,357.5	72.4	5.3
3. Financial liabilities		27,041.0	7,223.6	19,817.4	274.3
4. Insurance provisions		224,115.5	229,208.3	-5,092.8	-2.2
5. Payables and other provisions		10,356.6	7,980.3	2,376.3	29.8
6. Other liabilities		6,094.2	3,274.6	2,819.6	86.1
<b>Total equity and liabilities</b>		<b>281,170.5</b>	<b>259,811.3</b>	<b>21,359.2</b>	<b>8.2</b>

### 4.1.2 At the closing date of the last financial statements under previous GAAP (31/12/2004)

(in million euro)		IAS/IFRS	Local GAAP	Change	Change (%)
1. Intangible assets		2,905.7	2,750.2	155.5	5.7
2. Investments		271,774.6	250,289.8	21,484.8	8.6
3. Cash and cash equivalents		6,868.8	3,884.0	2,984.8	76.8
4. Receivables		8,833.6	8,188.9	644.7	7.9
5. Tangible assets		3,496.7	2,246.5	1,250.2	55.7
6. Other assets		16,466.9	13,958.8	2,508.2	18.0
<b>Total assets</b>		<b>310,346.3</b>	<b>281,318.2</b>	<b>29,028.2</b>	<b>10.3</b>
1. Shareholders' equity		14,575.4	11,824.9	2,750.5	23.3
2. Subordinated liabilities		1,428.6	1,349.4	79.1	5.9
3. Financial liabilities		27,318.4	7,010.6	20,307.7	289.7
4. Insurance provisions		249,561.6	249,222.2	339.4	0.1
5. Payables and other provisions		10,352.8	8,634.7	1,718.1	19.9
6. Other liabilities		7,109.6	3,276.2	3,833.3	117.0
<b>Total equity and liabilities</b>		<b>310,346.3</b>	<b>281,318.2</b>	<b>29,028.2</b>	<b>10.3</b>

## 4.2 Reconciliation statements of the profit and loss account

### 4.2.1 Reported under previous GAAP for the last financial statements (31/12/2004)

(in million euro)	IAS/IFRS	Local GAAP	Change	Change (%)
1. Earned premiums	53,049.9	53,717.8	-667.9	-1.2
2. Income from subsidiaries, associated companies and joint ventures	219.1	512.0	-293.0	-57.2
3. Income from financial instruments and other investments	12,219.8	13,433.6	-1,213.8	-9.0
4. Net income from financial instruments at fair value through profit or loss	3,371.3	1,811.0	1,560.2	86.2
5. Other income	2,228.0	1,335.4	892.6	66.8
<b>Total income</b>	<b>71,088.0</b>	<b>70,809.8</b>	<b>278.2</b>	<b>0.4</b>
6. Net insurance benefits and claims	53,376.7	54,068.0	-691.2	-1.3
7. Expenses from subsidiaries, associated companies and joint ventures	64.6	125.8	-61.1	-48.6
8. Expenses for financial instruments and other investments	2,787.2	2,447.2	340.0	13.9
9. Acquisition and administration costs	9,157.1	8,704.3	452.8	5.2
10. Other expenses	2,607.2	2,895.6	-288.4	-10.0
<b>Total expenses</b>	<b>67,992.8</b>	<b>68,240.8</b>	<b>-248.0</b>	<b>-0.4</b>
<b>Earnings before taxes</b>	<b>3,095.2</b>	<b>2,569.0</b>	<b>526.2</b>	<b>20.5</b>
<b>11. Income taxes</b>	<b>984.5</b>	<b>816.4</b>	<b>168.1</b>	<b>20.6</b>
<b>Consolidated result of the period</b>	<b>2,110.7</b>	<b>1,752.6</b>	<b>358.0</b>	<b>20.4</b>
<b>Minority interests</b>	<b>444.8</b>	<b>438.0</b>	<b>6.8</b>	<b>1.6</b>
<b>Result of the period</b>	<b>1,665.8</b>	<b>1,314.6</b>	<b>351.2</b>	<b>26.7</b>

## 5 – Notes on the reclassification of data under previous GAAP

The local GAAP data presented in the above reconciliation statements stem from consolidated financial statements as at 31 December 2003 and 31 December 2004, which are shown according to the local GAAP scheme, and then they are grouped together and reclassified.

## 5.1 Balance sheet

The amount of intangible assets is reduced as compared to that in local GAAP schemes (item B) due to the reclassification of acquisition commissions to be amortised under other assets.

The amount of investments (items C and D of the local GAAP scheme) is reduced due to the reclassification of land and buildings for own activities under tangible assets.

The amount of receivables (item E of the local GAAP scheme) is reduced due to the reclassification of tax receivables and deferred tax assets under other assets.

The amount of tangible assets (item F.I of the local GAAP scheme) and other assets according to the new classification (items D.bis, F.III, F.IV and G of the local GAAP scheme) are increased due to the abovementioned reclassifications.

The amount of financial liabilities, including items G.III, G.IV, G.V and G.VI, is increased due to the reclassification of derivatives (item G.IX) and the inclusion of deposits received from reinsurers (item F).

The amount of payables and other provisions, including items E, G.I, G.II, G.VII and G.VIII of the local GAAP scheme, is reduced due to the reclassification of tax payables and deferred tax liabilities under other liabilities.

The amount of other liabilities includes items G.IX and H of the local GAAP scheme and is increased due to the aforesaid reclassifications.

## 5.2 Profit and loss account

The amount of income from subsidiaries, associated companies and joint ventures includes realised gains from consolidated subsidiaries under item III.9 of the local GAAP scheme. It also includes realised gains and interest from non consolidated subsidiaries under item III.3 of the local GAAP scheme.

The amount of income from financial instruments and other investments includes items III.3 and III.9 of the local GAAP scheme net of income from subsidiaries, associated companies and joint ventures and net of some extraordinary income not linked to financial activities and reclassified as other income.

The amount of net income from financial assets at fair value through profit or loss includes items II.3 and II.9 of the local GAAP scheme.

The amount of other income includes item III.6 of the local GAAP scheme as well as non financial extraordinary income classified under item III.9.



The amount of insurance benefits and claims and changes in mathematical provisions includes items I.3, I.4, I.5, I.8, II.5, II.6 and II.7 of the local GAAP scheme.

The amount of expenses from subsidiaries, associated companies and joint ventures includes realised losses from consolidated subsidiaries under item III.10 of the local GAAP scheme. It also includes realised losses on investments and interest expenses from non consolidated subsidiaries under item III.4 of the local GAAP scheme.

The amount of acquisition and administration costs includes items I.6 and II.8 of the local GAAP scheme.

The amount of other expenses includes item III.7 of the local GAAP scheme as well as non financial extraordinary expenses classified under item III.10 of the local GAAP scheme and some other net insurance charges under items I.7 and II.10.

## 6 – Comments on the main impacts from the first-time adoption of IAS/IFRS

This section provides comments on the main impacts from the first-time adoption of IAS/IFRS on the balance sheet and profit and loss account together with the main adjustments on the cash flow statement.

### 6.1 Reconciliation statements of the balance sheet

#### 6.1.1 Assets

##### 1. Intangible assets

The increase of this item is due to a higher amount of goodwill than that under previous GAAP. As previously mentioned, goodwill is not subject to amortisation anymore but tested for impairment annually.

Adopting IAS 38, there is a positive effect due to the capitalisation of some items previously not accounted for (self developed software) and to other intangible assets (advertising expenditure), which cannot be capitalised under IAS/IFRS.

##### 2. Investments

This category includes land and buildings (investment properties), non consolidated subsidiaries and other financial instruments.

The significant increase (21,484.8 million euros at the end of 2004) is mainly due to the measurement at fair value of financial assets that, in compliance with IAS 39, are classified as available for sale and as at fair value through profit or loss, including derivatives.

Furthermore, the consolidation of banks and other financial institutions leads to both an increase of investments and to a significant reduction of investments in companies previously valued at equity.

### 3. Cash and cash equivalents

The significant increase in cash and cash equivalents (2,984.8 million euros at the end of 2004) is due to the definition of cash equivalents under IAS 7. Differently from previous accounting standards, cash equivalents are 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. The inclusion of banks and credit institutions into the consolidation area also causes an increase of this item.

### 4. Receivables

The slight increase of the item is due to the contribution of new subsidiaries consolidated line by line.

### 5. Tangible assets

As already mentioned, the increase of the item is mainly due to the increase in the amount of self used properties because of the enlargement of the consolidation area. The inclusion of new real estate and agricultural companies also increases the amount of lands and that of other tangible assets.

### 6. Other assets

This item includes deferred tax assets, significantly increased as compared to the previous GAAP. This increase is mainly due to the accounting for of new deferred tax assets on adjustments upon the first-time adoption of IAS/IFRS and to the fact that the deferred tax assets are recognised even if the recoverable amount is probable and not reasonably certain, as stated by previous GAAP. The recognition of deferred tax assets is based upon the future tax rate expected for the time when the asset is realised, in compliance with the tax laws currently in force or in force at the closing date of the financial statements. The Group applies the tax rates that are currently in force in each country of the consolidated subsidiaries.

## 6.1.2 Equity and liabilities

### 1. Shareholders' equity

If compared to previous GAAP, the most significant increase in equity is due to the application of IAS 39 valuation criteria for available for sale financial assets, namely the Generali Group's main category. Changes in these financial instruments net of deferred policyholders liabilities and deferred taxes are recognised in equity in a specific reserve until gains or losses are realised or the

instrument is impaired. The reserve for unrealised gains and losses on available for sale financial assets at the end of 2004 leads to an increase of 2,138 million euros in the Group's equity.

At the first-time adoption of the new accounting standards, equalisation and catastrophe provisions are derecognised, since they do not comply with IFRS 4 requirements. This derecognition causes a 792 million euros increase in the Group's equity at the end of 2004.

The equity's decrease is due to own shares, which are directly recognised in equity under IAS/IFRS whereas they were accounted for as assets according to the previous GAAP. The reduction in the Group's equity at the end of 2004 totals 295 million euros.

In compliance with IAS 19, the present value of a defined benefit obligation results, in some cases, in an earlier recognition of the liability as compared to the local GAAP. That causes a decrease of 411 million euros at the end of 2004 in the Group's equity.

A further 220 million euros drop at the end of 2004 is due to the recognition of deferred tax liabilities as required by IAS 12. Differently from the national GAAP, all taxable temporary differences (except some specific cases) are recognised as deferred tax liabilities.

## 2. Subordinated liabilities

The item is basically unchanged.

## 3. Financial liabilities

The increase in the financial liabilities (20,307.7 million euros at the end of 2004) is due to the inclusion of those life contracts, legally insurance contracts but not falling under IFRS 4 scope since they are not characterised by a significant insurance risk and they do not have a component of discretionary participation features (6,208.4 million euros).

Another key reason for the increase is the inclusion of liabilities to banks or customers among financial liabilities at amortised cost (10,266.5 million euros), which derive from financial institutions.

## 4. Insurance provisions

Insurance provisions decrease as a consequence of the different classification of insurance contracts and the derecognition of the equalisation and catastrophe provisions.

However, they increase (7,454.3 million euros at the end of 2004) for deferred policyholders liabilities in conformity with shadow accounting. As already

mentioned, shadow accounting practice implies to attribute to the policyholder part of the economic effects of the new IAS/IFRS value of those items, which the profit participation is based on.

#### 5. Payables and other provisions

The increase is basically due to the new accounting of post-employment benefits according to IAS 19, which distinguishes between defined contribution plans and defined benefit plans. In particular, differently from the previous standards, defined benefit plans – under which the actuarial risk and investment risk fall, in substance, on the entity – are accounted for according to actuarial criteria. The latter usually generate a higher value if compared to previous GAAP.

#### 6. Other liabilities

The increase is mainly due to the rise in deferred tax liabilities. It comes from the accounting of new deferred tax liabilities on adjustments upon the first-time adoption of IAS/IFRS and from the fact that the deferred tax liabilities are always recognised – under previous GAAP, they were not recognised if the liability was improbable. The recognition of deferred tax liabilities is based upon the future tax rate expected for the time when the liability is realised, in compliance with the tax laws currently in force or in force at the closing date of the financial statements. The Group applies the tax rates that are currently in force in each country of the consolidated subsidiaries.

## 6.2 Reconciliation statements of the profit and loss account

### 6.2.1 Income

#### 1. Earned premiums

Earned premiums are slightly reduced (667.9 million euros), since those contracts that do not meet IFRS 4 requirements are classified as investment contracts and accounted for in accordance with IAS 39.

#### 2. Income from subsidiaries, associated companies and joint ventures

The enlargement of the consolidation area results not only in a decrease of the investments but also in the related income, such as dividends, realised gains and reversal of impairment.

#### 3. Income from financial instruments and other investments and 4. Net income from financial instruments at fair value through profit or loss

The changes in these categories are closely related and therefore together commented because of difficulties in splitting the data under local GAAP. Said changes are also

closely related to IAS 39 classification and valuation criteria. The positive net effect basically derives from the different recognition of some net unrealised gains.

#### 5. Other income

The increase in other income is linked to the enlargement of the consolidation area, since fee and commission income from banking and asset management activities are included in this item.

### 6.2.2 Expenses

#### 6. Net insurance benefits and claims

As for earned premiums, net insurance benefits and claims are reduced owing to the exclusion of contracts classified as investment contracts from IFRS 4 scope and to the derecognition of the changes in equalisation and catastrophic provisions leading to a positive effect on the result of the period (65.3 million euros).

#### 7. Expenses from subsidiaries, associated companies and joint ventures

As already mentioned in the related income section, the enlargement of the consolidation area also implies less expenses from non consolidated companies.

#### 8. Expenses for financial instruments and other investments

The increase of such expenses is due to a rise in interest expenses because of the greater amount of financial liabilities (as already explained) and of IAS 39 stricter rules on the recognition of impairment losses on financial instruments.

#### 9. Acquisition and administration costs

The increase in acquisition and administration costs is due to the inclusion of acquisition and administration costs related to non insurance companies of the new consolidation area.

#### 10. Other expenses

The decrease in other expenses is due to the derecognition of the goodwill amortisation – recognised according to previous GAAP – leading to a 114.6 million euro increase in 2004 and due to the reclassification of extraordinary expenses not allowed under IAS/IFRS.

#### 11. Income taxes

The significant increase in income taxes is mainly due to the accounting for of the deferred tax liabilities on the higher result of the period calculated according to IAS/IFRS. The impact of income taxes on the result is relatively unchanged.

### 6.3 Main adjustments on the cash flow statement

The cash flow statement (IAS 7) represents the cash flows during the period. These data assess the Group's ability to generate cash and cash equivalents.

Cash is defined as cash on hand and demand deposits whereas cash equivalents as 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. Differently from the previous national standards, the cash flow statement separately reports cash flows classified by operating, investing and financing activities.

Cash flows from operating activities are mainly derived from the principal revenue-producing activities and reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Cash flows from investing activities represent the extent to which expenditures have been made for resources intended to generate future income and cash flows.

Cash flows from financing activities refer to the changes in the size and composition of the contributed equity and borrowings of the entity.









## APPENDICES TO THE NOTES ON THE ACCOUNTS





Company

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

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**Appendices to the Notes on the accounts**

Year 2005

(Amounts in million euro)

## SEGMENT REPORTING - BALANCE SHEET

		NON-LIFE SEGMENT		LIFE SEGMENT	
		31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>1</b>	<b>INTANGIBLE ASSETS</b>	<b>1.884,8</b>	<b>2.011,4</b>	<b>970,5</b>	<b>874,9</b>
<b>2</b>	<b>TANGIBLE ASSETS</b>	<b>1.993,4</b>	<b>2.198,0</b>	<b>1.275,4</b>	<b>1.163,2</b>
<b>3</b>	<b>AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS</b>	<b>3.875,4</b>	<b>3.751,3</b>	<b>1.551,8</b>	<b>1.494,7</b>
<b>4</b>	<b>INVESTMENTS</b>	<b>41.980,6</b>	<b>40.937,9</b>	<b>273.061,4</b>	<b>242.339,3</b>
4.1	Land and buildings (investment properties)	5.979,3	6.426,9	4.239,3	3.878,5
4.2	Investments in subsidiaries, associated companies and joint ventures	8.313,3	9.553,6	11.103,4	11.974,5
4.3	Held to maturity investments	83,9	79,5	890,1	588,9
4.4	Loans and receivables	6.243,1	6.017,0	28.927,9	27.549,7
4.5	Available for sale financial assets	20.131,4	17.819,1	166.976,7	146.948,2
4.6	Financial assets at fair value through profit or loss	1.229,6	1.041,8	60.924,1	51.399,5
<b>5</b>	<b>RECEIVABLES</b>	<b>5.868,8</b>	<b>5.548,0</b>	<b>3.521,8</b>	<b>3.729,4</b>
<b>6</b>	<b>OTHER ASSETS</b>	<b>3.777,3</b>	<b>3.394,5</b>	<b>8.064,0</b>	<b>7.836,4</b>
6.1	Deferred acquisition costs	289,0	230,3	711,5	521,4
6.2	Other assets	3.488,3	3.164,2	7.352,5	7.315,1
<b>7</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>1.388,9</b>	<b>1.730,4</b>	<b>3.974,2</b>	<b>5.040,7</b>
	<b>TOTAL ASSETS</b>	<b>60.769,1</b>	<b>59.571,6</b>	<b>292.419,2</b>	<b>262.478,6</b>
<b>1</b>	<b>EQUITY</b>				
<b>2</b>	<b>OTHER PROVISIONS</b>	<b>783,8</b>	<b>579,3</b>	<b>648,7</b>	<b>605,0</b>
<b>3</b>	<b>INSURANCE PROVISIONS</b>	<b>28.143,0</b>	<b>27.432,7</b>	<b>252.486,9</b>	<b>222.340,6</b>
<b>4</b>	<b>FINANCIAL LIABILITIES</b>	<b>7.073,8</b>	<b>7.630,4</b>	<b>12.353,2</b>	<b>13.877,7</b>
4.1	Financial liabilities at fair value through profit or loss	22,3	10,7	6.395,3	8.029,1
4.2	Other financial liabilities	7.051,5	7.619,7	5.957,9	5.848,6
<b>5</b>	<b>PAYABLES</b>	<b>2.725,3</b>	<b>2.685,5</b>	<b>4.691,6</b>	<b>4.473,8</b>
<b>6</b>	<b>OTHER LIABILITIES</b>	<b>5.480,3</b>	<b>5.086,0</b>	<b>4.766,3</b>	<b>4.160,9</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>				

FINANCIAL SEGMENT		CONSOLIDATION ADJUSTMENT		TOTAL	
31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
54,2	19,4	0,0	0,0	2.909,4	2.905,7
156,4	135,5	0,0	0,0	3.425,3	3.496,7
0,0	0,0	-178,2	-211,8	5.249,0	5.034,2
14.939,2	14.236,5	-22.563,8	-25.739,2	307.417,4	271.774,6
16,9	17,4	0,0	0,0	10.235,6	10.322,9
88,4	46,7	-18.702,2	-20.734,3	802,9	840,5
19,0	0,0	0,0	0,0	993,0	668,4
9.636,4	9.684,6	-3.633,4	-4.817,2	41.173,9	38.434,1
2.128,8	1.949,6	-228,1	-187,6	189.008,7	166.529,2
3.049,7	2.538,2	0,0	0,0	65.203,3	54.979,5
254,1	434,5	-1.169,0	-878,2	8.475,6	8.833,6
612,8	290,5	-108,0	-88,7	12.346,1	11.432,7
0,0	0,0	0,0	0,0	1.000,5	751,7
612,8	290,5	-108,0	-88,7	11.345,6	10.681,0
984,0	664,9	-616,4	-567,2	5.730,7	6.868,8
17.000,7	15.781,3	-24.635,3	-27.485,1	345.553,6	310.346,3
				17.554,2	14.575,4
178,0	158,1	0,0	0,0	1.610,6	1.342,4
0,0	0,0	-239,5	-211,7	280.390,5	249.561,6
13.694,0	12.810,9	-4.473,2	-5.572,1	28.647,8	28.746,9
738,1	531,7	0,0	0,0	7.155,7	8.571,4
12.955,9	12.279,3	-4.473,2	-5.572,1	21.492,1	20.175,5
255,8	404,1	-1.100,9	-878,3	6.571,8	6.685,0
647,0	276,8	-114,8	-88,7	10.778,8	9.435,0
				345.553,6	310.346,3

## SEGMENT REPORTING - PROFIT AND LOSS ACCOUNT

		NON-LIFE SEGMENT		LIFE SEGMENT	
		31.12.2005	31.12.2004	31.12.2005	31.12.2004
1.1	Earned premiums	15.270,1	15.058,1	44.876,8	37.991,8
1.1.1	Gross earned premiums	17.057,9	17.032,4	45.767,4	38.667,2
1.1.2	Earned premiums ceded	-1.787,8	-1.974,3	-890,6	-675,4
1.2	Fee and commission income and income from financial services activities	0,0	27,7	99,3	85,9
1.3	Net income from financial instruments at fair value through profit or loss	139,7	131,7	5.654,4	3.162,4
1.4	Income from subsidiaries, associated companies and joint ventures	577,0	236,3	295,0	157,5
1.5	Income from other financial instruments and land and buildings (investment properties)	2.271,4	2.215,0	10.742,4	9.751,2
1.6	Other income	1.332,3	1.317,3	1.010,6	966,2
<b>1</b>	<b>TOTAL INCOME</b>	<b>19.590,6</b>	<b>18.986,1</b>	<b>62.678,6</b>	<b>52.115,0</b>
2.1	Net insurance benefits and claims	10.746,6	10.824,4	52.890,5	42.894,1
2.1.1	Claims paid and change in the insurance provisions	11.770,2	11.759,6	53.644,6	43.382,2
2.1.2	Reinsurers' share	-1.023,5	-935,2	-754,1	-488,1
2.2	Fee and commission expenses	0,0	14,9	63,3	53,6
2.3	Expenses from subsidiaries, associated companies and joint ventures	194,6	2,0	129,1	61,9
2.4	Expenses for other financial instruments and land and buildings (investment properties)	794,8	813,3	1.277,7	1.321,7
2.5	Acquisition and administration costs	4.316,7	4.402,8	4.745,5	4.868,6
2.6	Other expenses	2.074,0	1.659,1	1.097,8	1.081,5
<b>2</b>	<b>TOTAL EXPENSES</b>	<b>18.126,7</b>	<b>17.716,5</b>	<b>60.203,8</b>	<b>50.281,4</b>
<b>EARNINGS BEFORE TAXES</b>		<b>1.463,9</b>	<b>1.269,7</b>	<b>2.474,8</b>	<b>1.833,6</b>

FINANCIAL SEGMENT		CONSOLIDATION ADJUSTMENT		TOTAL	
31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
0,0	0,0	-64,6	0,0	60.082,4	53.049,9
0,0	0,0	-147,1	-94,8	62.678,3	55.604,8
0,0	0,0	82,5	94,8	-2.595,9	-2.554,9
733,3	681,9	-79,0	-104,6	753,6	691,0
109,2	77,2	0,0	0,0	5.903,4	3.371,3
13,2	5,0	-796,5	-292,0	88,8	106,8
508,8	473,9	-260,4	-107,9	13.262,3	12.332,1
176,6	200,6	-890,8	-947,2	1.628,8	1.536,9
<b>1.541,2</b>	<b>1.438,6</b>	<b>-2.091,2</b>	<b>-1.451,7</b>	<b>81.719,2</b>	<b>71.088,0</b>
0,0	0,0	-73,7	0,0	63.563,4	53.718,5
0,0	0,0	-133,0	-84,0	65.281,7	55.057,8
0,0	0,0	59,3	84,0	-1.718,4	-1.339,3
265,5	259,6	-9,1	-37,2	319,6	290,9
0,3	0,2	-155,1	0,0	169,0	64,2
332,1	350,0	-159,3	-169,2	2.245,3	2.315,7
460,8	330,3	-81,9	-23,7	9.441,0	9.578,1
186,3	289,8	-924,3	-1.004,9	2.433,8	2.025,5
<b>1.245,1</b>	<b>1.229,9</b>	<b>-1.403,4</b>	<b>-1.235,0</b>	<b>78.172,1</b>	<b>67.992,8</b>
<b>296,1</b>	<b>208,6</b>	<b>-687,7</b>	<b>-216,7</b>	<b>3.547,1</b>	<b>3.095,2</b>

Tangible and intangible assets

Appendix 3

	At amortised cost	At revalued amount or at fair value	Total
Land and buildings (investment properties)	10,235.6		10,235.6
Land and buildings (self used)	2,889.3		2,889.3
Other tangible assets	536.0		536.0
Other intangible assets	824.3		824.3



Amounts ceded to reinsurers from insurance provisions

Appendix 4

	Direct insurance		Accepted reinsurance		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non-life amounts ceded to reinsurers from insurance provisions (*)</b>	<b>2,735.9</b>	<b>2,867.4</b>	<b>1,100.4</b>	<b>861.6</b>	<b>3,836.3</b>	<b>3,729.0</b>
Provisions for unearned premiums	378.8	407.5	124.8	95.0	503.5	502.5
Provisions for outstanding claims	2,351.5	2,452.5	975.0	766.4	3,326.5	3,218.9
Other insurance provisions	5.7	7.4	0.6	0.2	6.2	7.6
<b>Life amounts ceded to reinsurers from insurance provisions (*)</b>	<b>672.3</b>	<b>749.0</b>	<b>740.4</b>	<b>556.2</b>	<b>1,412.7</b>	<b>1,305.2</b>
Provisions for outstanding claims	231.2	341.4	77.2	48.4	308.4	389.8
Mathematical provisions	416.6	335.0	652.8	507.7	1,069.4	842.7
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	12.6	8.8	0.0	0.0	12.6	8.8
Other insurance provisions	11.9	63.8	10.5	0.1	22.4	63.9
<b>Total</b>	<b>3,408.2</b>	<b>3,616.4</b>	<b>1,840.8</b>	<b>1,417.8</b>	<b>5,249.0</b>	<b>5,034.2</b>

(\*) After the elimination of intragroup transactions between segments

	Held to maturity investments		Loans and receivables		Available for sale financial assets		Financial assets at fair value through profit or loss			Total	
							Financial assets held for trading		Financial assets designated as at fair value through profit or loss		
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005
Equities at cost	0,0	0,0	0,0	0,0	282,2	263,4	0,0	0,0	0,0	282,2	263,4
Equities at fair value	0,0	0,0	0,0	0,0	24.636,2	19.453,2	686,9	1.104,2	2.558,0	1.201,7	21.759,1
of which quoted equities	0,0	0,0	0,0	0,0	23.232,6	17.954,2	686,9	1.104,2	2.542,0	1.196,9	20.255,4
Bonds	966,5	655,0	16.884,0	11.728,5	154.005,5	138.494,3	3.482,1	3.812,6	26.275,5	22.179,0	176.863,0
of which quoted bonds	966,5	655,0	0,0	0,0	134.942,5	114.216,5	3.482,1	3.812,6	23.040,6	20.304,1	138.981,8
Investment fund units	0,0	0,0	0,0	0,0	9.270,5	7.607,3	101,8	154,8	27.083,8	19.837,2	27.599,3
Loans and receivables from customers	0,0	0,0	858,0	349,0	0,0	0,0	0,0	0,0	0,0	0,0	349,0
Loans and receivables from banks	0,0	0,0	3.505,0	3.725,4	0,0	0,0	0,0	0,0	0,0	0,0	3.725,4
Deposits under reinsurance business accepted	0,0	0,0	333,3	300,3	0,0	0,0	0,0	0,0	0,0	0,0	300,3
Deposit components of reinsurance contracts	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other loans and receivables	0,0	0,0	19.593,6	22.331,0	0,0	0,0	0,0	0,0	0,0	0,0	22.331,0
Derivatives	0,0	0,0	0,0	0,0	0,0	0,0	597,1	969,1	1.190,8	3.160,8	4.129,9
Hedging derivatives	0,0	0,0	0,0	0,0	0,0	34,9	0,0	0,0	0,0	0,0	34,9
Other financial investments	26,5	13,5	0,0	0,0	814,4	676,1	605,1	27,0	2.622,2	2.533,1	3.256,0
<b>Total</b>	<b>993,0</b>	<b>668,4</b>	<b>41.173,9</b>	<b>38.434,1</b>	<b>189.008,7</b>	<b>166.529,2</b>	<b>5.473,1</b>	<b>6.067,8</b>	<b>59.730,2</b>	<b>48.911,8</b>	<b>296.379,0</b>
											<b>260.611,3</b>

Assets and liabilities related to policies where the investment risk is borne by the policyholders and to pension funds

Appendix 6

	Policies where the investment risk is borne by the policyholders		Pension funds		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Assets						
Intragroup assets (*)	40,769.1	34,463.6	418.4	327.8	41,187.5	34,791.4
	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>40,769.1</b>	<b>34,463.6</b>	<b>418.4</b>	<b>327.8</b>	<b>41,187.5</b>	<b>34,791.4</b>
Financial liabilities	5,753.5	5,624.9	178.7	0.0	5,932.2	5,624.9
Insurance provisions (**)	35,438.1	28,837.3	30.5	161.0	35,468.6	28,998.3
Intragroup liabilities (*)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>41,191.6</b>	<b>34,462.2</b>	<b>209.2</b>	<b>161.0</b>	<b>41,400.8</b>	<b>34,623.2</b>

(\*) They refer to assets and liabilities which are eliminated in the consolidation process

(\*\*) Insurance provisions are net of amounts ceded to reinsurers from insurance provisions

	Direct insurance		Accepted reinsurance		Total	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
<b>Non-life insurance provisions <sup>(*)</sup></b>	<b>26,313.6</b>	<b>25,783.0</b>	<b>1,688.0</b>	<b>1,290.0</b>	<b>28,001.6</b>	<b>27,073.0</b>
Provisions for unearned premiums	4,419.5	4,235.2	130.2	69.2	4,549.6	4,304.4
Provisions for outstanding claims	21,590.1	21,254.0	1,554.1	1,212.5	23,144.2	22,466.5
Other insurance provisions	304.0	293.8	3.7	8.3	307.8	302.1
of which provisions for liabilities adequacy test	0.3	0.1	0.0	0.0	0.3	0.1
<b>Life insurance provisions <sup>(*)</sup></b>	<b>251,360.0</b>	<b>221,246.9</b>	<b>1,028.9</b>	<b>1,241.6</b>	<b>252,388.9</b>	<b>222,488.5</b>
Provisions for outstanding claims	3,561.1	3,390.3	437.1	547.7	3,998.1	3,938.0
Mathematical provisions	188,686.9	170,129.1	512.6	383.2	189,199.5	170,512.4
Provisions for policies where the investment risk is borne by the policyholders and provisions for pension funds	35,409.3	28,718.9	71.9	286.7	35,481.2	29,005.6
Other insurance provisions	23,702.7	19,008.6	7.3	24.0	23,710.1	19,032.6
of which provisions for liabilities adequacy test	475.8	492.3	0.0	0.0	475.8	492.3
of which deferred policyholders liabilities	10,973.2	7,454.3	0.0	0.0	10,973.2	7,454.3
<b>Total</b>	<b>277,673.5</b>	<b>247,029.9</b>	<b>2,716.9</b>	<b>2,531.6</b>	<b>280,390.5</b>	<b>249,561.6</b>

(\*) After the elimination of intragroup transactions between segments

	Financial liabilities at fair value through profit or loss						Other financial liabilities		Total	
	Financial liabilities held for trading		Financial liabilities designated as at fair value through profit or loss							
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Preference shares	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Subordinated liabilities	0.0		0.0	0.0	0.0		1,407.4	1,428.6	1,407.4	1,428.6
Financial liabilities related to investment contracts issued by insurance companies	0.0		0.0	6,174.5	5,857.4		535.4	351.0	6,709.8	6,208.4
related to contracts where the investment risk is borne by the policyholders	0.0		0.0	5,753.5	5,624.9		0.0	0.0	5,753.5	5,624.9
related to pension funds	0.0		0.0	178.7	0.0		0.0	0.0	178.7	0.0
related to other contracts	0.0		0.0	242.3	232.5		535.4	351.0	777.6	583.6
Deposits received from reinsurers	0.0		0.0	0.0	0.0		1,055.3	994.4	1,055.3	994.4
Deposit components of insurance contract	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Bonds subscribed	0.0		0.0	0.0	0.0		5,015.9	4,682.1	5,015.9	4,682.1
Liabilities to customers	0.0		0.0	0.0	0.0		10,761.6	9,458.6	10,761.6	9,458.6
Liabilities to banks	0.0		0.0	0.0	0.0		572.5	807.9	572.5	807.9
Other loans	0.0		0.0	0.0	0.0		2,144.0	2,452.9	2,144.0	2,452.9
Derivatives	106.7	37.3	874.0	2,676.7	0.0		0.0	0.0	980.7	2,714.0
Hedging derivatives	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Other financial liabilities	0.0		0.0	0.6	0.0		0.0	0.0	0.6	0.0
Total	106.7	37.3	7,049.1	8,534.1	21,492.1	20,175.5	28,647.8	28,746.9		

	31.12.2005			31.12.2004		
	Gross amount	Reinsurers' share	Net amount	Gross amount	Reinsurers' share	Net amount
<b>Non-life segment <sup>(*)</sup></b>						
EARNED PREMIUMS	17,057.9	-1,787.8	15,270.1	17,032.4	-1,974.3	15,058.1
a Premiums written	17,209.1	-1,768.2	15,441.0	17,184.9	-1,968.8	15,216.1
b Change in the provisions for unearned premiums	-151.2	-19.7	-170.9	-152.5	-5.5	-158.0
NET INSURANCE BENEFITS AND CLAIMS	-11,770.2	1,023.5	-10,746.6	-11,759.6	935.2	-10,824.4
a Claims paid	-11,079.9	1,183.1	-9,896.8	-11,065.3	1,095.1	-9,970.2
b Change in the provisions for outstanding claims	-668.9	-150.8	-819.7	-731.3	-158.3	-889.6
c Change in claims to be recovered	-11.5	-2.3	-13.8	52.5	1.0	53.5
d Change in other insurance provisions	-9.8	-6.5	-16.3	-15.6	-2.6	-18.2
<b>Life segment <sup>(*)</sup></b>						
NET PREMIUMS	45,767.4	-890.6	44,876.8	38,667.2	-675.4	37,991.8
NET INSURANCE BENEFITS AND CLAIMS	-53,644.6	754.1	-52,890.5	-43,382.2	488.1	-42,894.1
a Claims paid	-26,800.7	614.5	-26,186.2	-23,524.4	465.5	-23,058.9
b Change in the provisions for outstanding claims	-458.6	24.9	-433.7	-123.7	20.5	-103.1
c Change in the mathematical provisions	-17,552.6	67.3	-17,485.3	-13,418.1	-33.1	-13,451.2
d Change in the provisions for policies where the investment risk is borne by the policyholders and the provisions for pension funds	-6,441.7	5.7	-6,436.0	-3,787.9	35.2	-3,752.7
e Change in other insurance provisions	-2,390.9	41.7	-2,349.2	-2,528.1	0.0	-2,528.1

(\*) Before the elimination of intragroup transactions between segments

	Interests	Other income	Other expenses	Realised gains	Realised losses	Total	Unrealised gains and reversal of impairment losses		Unrealised losses and impairment losses		Total unrealised gains and losses	Total income and expenses 2005	Total income and expenses 2004
							Unrealised gains	Reversal of impairment losses	Unrealised losses	Impairment losses			
<b>Income and expenses from investments</b>	<b>9,558.4</b>	<b>2,190.3</b>	<b>-290.6</b>	<b>3,885.9</b>	<b>-1,151.2</b>	<b>14,192.8</b>	<b>5,037.8</b>	<b>86.0</b>	<b>-677.4</b>	<b>-477.7</b>	<b>3,968.6</b>	<b>18,161.4</b>	<b>14,536.4</b>
a from land and buildings (investment properties)		799.8	-290.6	500.3	-61.6	947.9		30.5		-155.0	-124.5	823.4	996.1
b from investments in subsidiaries, associated companies and joint ventures		54.4	0.0	33.1	-142.0	-54.5		1.3		-27.0	-25.7	-80.2	42.6
c from held to maturity investments	36.7			1.3	-0.8	37.2		0.0		0.0	0.0	37.2	22.3
d from loans and receivables	1,844.8			76.2	-167.1	1,754.0		54.1		-200.1	-145.9	1,608.0	1,481.7
e from available for sale financial assets	6,360.7	1,098.6		2,311.3	-485.1	9,285.5		0.0		-95.7	-95.7	9,189.8	8,212.0
f from financial assets held for trading	294.0	53.1		373.0	-144.7	575.4	660.0		-201.5		458.5	1,033.9	1,148.1
g from financial assets designated as at fair value through profit or loss	1,022.1	184.5		590.7	-150.0	1,647.4	4,377.8		-475.9		3,901.8	5,549.3	2,633.7
<b>Income and expenses from receivables</b>	<b>25.1</b>			<b>0.0</b>	<b>-0.6</b>	<b>24.5</b>		<b>26.1</b>		<b>-20.7</b>	<b>5.4</b>	<b>29.9</b>	<b>34.5</b>
<b>Income and expenses from cash and cash equivalents</b>	<b>92.2</b>					<b>92.2</b>					<b>0.0</b>	<b>92.2</b>	<b>76.6</b>
<b>Income and expenses from financial liabilities</b>	<b>-779.3</b>	<b>0.0</b>	<b>-0.3</b>	<b>43.4</b>	<b>-242.0</b>	<b>-978.2</b>	<b>89.6</b>	<b>0.0</b>	<b>-554.6</b>	<b>0.0</b>	<b>-465.1</b>	<b>-1,443.3</b>	<b>-1,217.2</b>
a from financial liabilities held for trading	-4.2			6.0	-175.4	-173.6	38.6		-139.1		-100.5	-274.1	-24.6
b from financial liabilities designated as at fair value through profit or loss	-7.3			32.8	-66.5	-41.1	51.0		-415.5		-364.6	-405.7	-386.0
c from other financial liabilities	-767.8		-0.3	4.6	-0.1	-763.5					0.0	-763.5	-806.7
<b>Income and expenses from payables</b>						<b>0.0</b>					<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>8,896.4</b>	<b>2,190.3</b>	<b>-290.9</b>	<b>3,929.3</b>	<b>-1,393.8</b>	<b>13,331.3</b>	<b>5,127.3</b>	<b>112.0</b>	<b>-1,232.0</b>	<b>-498.4</b>	<b>3,509.0</b>	<b>16,840.3</b>	<b>13,430.3</b>

Acquisition and administration costs of insurance business

Appendix 11

	Non-life segment <sup>(*)</sup>		Life segment <sup>(*)</sup>	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Gross commissions and other acquisition costs	3,343.3	3,389.2	3,460.9	3,676.8
a Acquisition and administration commissions	2,371.4	2,431.6	2,418.1	2,470.9
b Other acquisition costs	856.2	853.8	1,102.4	1,223.6
c Change in deferred acquisition costs	-58.7	-71.4	-190.1	-163.4
d Collecting commissions	174.3	175.2	130.6	145.7
Commissions and profit commissions from reinsurers	-305.6	-286.9	-111.6	-168.6
Investment management expenses	72.3	55.4	444.5	436.3
Other administration costs	1,206.7	1,245.2	951.6	924.0
<b>Total</b>	<b>4,316.7</b>	<b>4,402.8</b>	<b>4,745.5</b>	<b>4,868.6</b>

(\*) Before the elimination of intragroup transactions between segments









CHANGE IN THE AREA OF CONSOLIDATION  
WITH RESPECT TO 2004

SUBSIDIARIES INCLUDED  
IN THE CONSOLIDATION AREA

NON-CONSOLIDATED SUBSIDIARIES  
AND ASSOCIATED COMPANIES



# Change in the area of consolidation with respect to 2004

## Newly consolidated

1. AM Generali Aktien Euroland, Cologne
2. AMB Generali Private Equity GmbH, Cologne
3. AMB Ireland Capital Fund AM Life II USD Corporate Bond Fund, Aachen
4. BSI Generali Bank (Channel Islands) Limited, St. Peter Port
5. CA Global Property Internationale Immobilien AG, Vienna
6. CEE Liquid, Vienna
7. Europ Assistance S.A., Gennevilliers
8. Foncière Hypersud S.A., Issy Le Moulineaux
9. Fortuna Investment AG, Vaduz
10. France Assurances S.A., Paris
11. Generali Beleggingsfonden N.V., Amsterdam
12. Generali Capital Management GmbH, Vienna
13. Generali Finance spółka z ograniczona odpowiedzialnoscia, Warsaw
14. Generali Immobilier Conseil S.A., Paris
15. Generali Investment Consulting AG, Adliswil
16. Generali IT-Solutions GmbH, Vienna
17. Generali Pensionskasse AG, Vienna
18. Generali PTE S.A., Warsaw
19. GIE Achat Logistique Groupe Interés Económico, Paris
20. OJH S.A., Levallois-Perret
21. PCS Praha Center spol. s.r.o., Prague
22. SCI GPA Commerce 1, Paris
23. SCI GPA Commerce 2, Paris
24. Volksfürsorge 2.Immobilien AG & Co. KG, Hamburg
25. Volksfürsorge Pensionskasse AG, Hamburg

## Change in the area of consolidation with respect to 2004

### Company disposed of/wound up

1. AAAOT/AMA (AMV) Verw.: AMGI (incorporata in AVAOT (AMV) Verw.: AMGI), Aachen
2. Aachener und Münchener Lebensversicherung Aktiengesellschaft & Co. Immobilienfonds oHG, Cologne
3. ADRET (AdvoCard) Verw.:AMGI (incorporata in AVAOT (AMV) Verw.: AMGI), Aachen
4. AM Life Corp. Bond Fund (Div.), Aachen
5. BSI (Channel Island) Ltd. (incorporata in BSI Generali Bank (Channel Island) Ltd.), St. Peter Port
6. Generali Reaumur S.a.r.l., Paris
7. Holdux Beteiligungsgesellschaft, Basilea
8. Il Pino S.r.l., Trieste
9. Migdal Capital Markets (1965) Ltd., Tel Aviv
10. Migdal Investments Management 2001 Ltd., Tel Aviv
11. Natalia S.r.l., Trieste
12. SAARCO (GEV) Verw: CO (incorporata in GESACO (GEV) Verw.: CO), Aachen
13. SAS 2 ISO, Paris
14. The Central Stock Exchange Services (NE) Ltd., Tel Aviv
15. TUAOT (GEV) Verw.: AMGI (incorporata in AVAOT (AMV) Verw.: AMGI), Aachen
16. Uni One Assicurazioni S.p.A., Rome
17. Uni One Vita S.p.A., Trieste
18. VA Vermögens- und Anlageberatungsgesellschaft mbH & Co. Immobilienfonds KG (incorporata in AachenerMünchener Lebensversicherung AG), Aachen
19. VDL US\$ Corp. Bond Fund (VDL), Aachen
20. VSMOB (VDS) Verw.:AMGI (incorporata in AVAOT (AMV) Verw.: AMGI), Aachen
21. ZR Beteiligungsgesellschaft mbH & Co. Immobilienfonds KG (incorporata in AachenerMünchener Lebensversicherung AG), Bensheim



# Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
Assicurazioni Generali S.p.A.	086	G	1						100.00%
Agricola San Giorgio S.p.A.	086	G	11		100.00%	100.00%	50.21%		100.00%
Alleanza Assicurazioni S.p.A.	086	G	1	45.87%	4.37%	50.24%	50.21%		100.00%
Assitalia - Le Assicurazioni d'Italia S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
Banca BSI Italia S.p.A.	086	G	7		100.00%	100.00%	100.00%		100.00%
Banca Generali S.p.A.	086	G	7	67.61%	7.09%	74.70%	72.15%		100.00%
Europ Assistance Italia S.p.A.	086	G	1	26.05%	61.03%	87.08%	87.01%		100.00%
Europ Assistance Service S.p.A.	086	G	11		100.00%	100.00%	87.01%		100.00%
Europ Assistance Trade S.p.A.	086	G	11		100.00%	100.00%	87.01%		100.00%
Europ Assistance Warranty S.p.A.	086	G	1		100.00%	100.00%	87.01%		100.00%
Fata-Fondo Assicurativo tra Agricoltori S.p.A.	086	G	1	99.88%		99.88%	99.88%		100.00%
Finagen S.p.A.	086	G	11		100.00%	100.00%	50.26%		100.00%
Fondi Alleanza Società di Gestione									
Risparmio S.p.A.	086	G	11		100.00%	100.00%	50.21%		100.00%
Genagricola - Generali Agricoltura S.p.A.	086	G	11	100.00%		100.00%	100.00%		100.00%
Generali Asset Management S.p.A.									
Società di Gestione Risparmio	086	G	8	100.00%		100.00%	100.00%		100.00%
Generali Properties Asset Management S.p.A.	086	G	11	100.00%		100.00%	100.00%		100.00%
Generali Properties S.p.A.	086	G	10	52.07%	47.93%	100.00%	76.14%		100.00%
Generali Servizi Amministrativi S.r.l.	086	G	11	100.00%		100.00%	100.00%		100.00%
Generali Servizi Informatici S.r.l.	086	G	11	34.00%	66.00%	100.00%	83.57%		100.00%
Generali Vita S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
Genertel S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
Gruppo Generali Liquidazione Danni S.p.A.	086	G	11	100.00%		100.00%	100.00%		100.00%
Immobiliare Diciannove S.p.A.	086	G	10		100.00%	100.00%	76.14%		100.00%
Ina Vita S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
Inf - Società Agricola S.p.A.	086	G	11		100.00%	100.00%	100.00%		100.00%
Intesa Vita S.p.A.	086	G	1		50.00%	50.00%	25.11%	55.56%	100.00%
La Venezia Assicurazioni S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
Prunus S.p.A.	086	G	10		100.00%	100.00%	76.14%		100.00%
Risparmio Assicurazioni S.p.A.	086	G	1	100.00%		100.00%	100.00%		100.00%
UMS Generali Marine S.p.A.	086	G	1	99.42%		99.42%	99.42%		100.00%
AachenMünchener Lebensversicherung AG	094	G	2		100.00%	100.00%	69.57%		100.00%
AachenMünchener Versicherung AG	094	G	2		100.00%	100.00%	69.57%		100.00%
AAREC (Diverse) Verw.:AMGI	094	G	11		100.00%	100.00%	70.91%		100.00%
ADMET/AC (AdvoCard) Verw.: AMGI	094	G	11		100.00%	100.00%	70.80%		100.00%
AdvoCard Rechtsschutzversicherung									
Aktiengesellschaft	094	G	2		100.00%	100.00%	70.80%		100.00%
ALAOT (AML) Verw.:AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
ALLWO Allgemeine Wohnungsvermögens-									
Aktiengesellschaft	094	G	10		100.00%	100.00%	69.57%		100.00%
AM Erste Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
AM Vers Erste Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
AMB Beteiligungs-GmbH	094	G	4		100.00%	100.00%	69.57%		100.00%
AMB Generali Aktien Euroland	094	G	11		61.83%	61.83%	43.02%		100.00%
AMB Generali Aktien Global	094	G	11		74.50%	74.50%	51.83%		100.00%
AMB Generali Asset Managers									
Kapitalanlagegesellschaft mbH	094	G	11		100.00%	100.00%	69.57%		100.00%
AMB Generali Bond Europa Plus	094	G	11		90.48%	90.48%	62.93%		100.00%
AMB Generali Bond Global	094	G	11		97.39%	97.39%	67.75%		100.00%
AMB Generali Holding AG	094	G	4	0.88%	70.00%	70.88%	69.57%		100.00%
AMB Generali Informatik Services GmbH	094	G	11		100.00%	100.00%	69.57%		100.00%
AMB Generali Lloyd GmbH	094	G	4	11.41%	88.59%	100.00%	73.04%		100.00%

## Subsidiaries consolidated line by line

Company	Country			Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
		Method (1)	Activity (2)	Direct	Indirect	Total			
AMB Generali Pensionskasse AG	094	G	2		100.00%	100.00%	69.57%		100.00%
AMB Generali Private Equity GmbH	094	G	9		100.00%	100.00%	70.82%		100.00%
AMB Ireland Capital Fund AM Life II									
USD Corporate Bond Fund	094	G	11		100.00%	100.00%	69.57%		100.00%
AMCO Beteiligungs-GmbH	094	G	4		100.00%	100.00%	69.57%		100.00%
AMEP-Cofonds (AMB) Verw: CO	094	G	11		100.00%	100.00%	69.57%		100.00%
AMLE-Cofonds (AML) Verw: CO	094	G	11		100.00%	100.00%	69.57%		100.00%
AVAOT (AMV) Verw.: AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
BARET (Badenia) Verw.: AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
CEAOT/CWF (Central) Verw.:AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
CENTRAL Erste Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
Central Krankenversicherung									
Aktiengesellschaft	094	G	2		100.00%	100.00%	69.57%		100.00%
CENTRAL Zweite Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
CLAOT (CL) Verw.: AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
Cosmos Lebensversicherungs									
Aktiengesellschaft	094	G	2		100.00%	100.00%	69.57%		100.00%
Cosmos Versicherung Aktiengesellschaft	094	G	2		100.00%	100.00%	69.57%		100.00%
DBB Vermögensverwaltung GmbH & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
Deutsche Bausparkasse Badenia									
Aktiengesellschaft	094	G	7		100.00%	100.00%	69.57%		100.00%
Dialog Lebensversicherungs-									
Aktiengesellschaft	094	G	2		100.00%	100.00%	77.05%		100.00%
ELCOFONDS (GEL) Verw: CO	094	G	11		100.00%	100.00%	77.37%		100.00%
ENVIVAS Krankenversicherung AG	094	G	2		100.00%	100.00%	69.57%		100.00%
Europ Assistance Versicherungs-AG	094	G	2		100.00%	100.00%	94.19%		100.00%
GELECO (GEL) Verw.: CO	094	G	11		100.00%	100.00%	77.37%		100.00%
Generali Asset Management Support GmbH	094	G	9	100.00%		100.00%	100.00%		100.00%
Generali Asset Management-Verbund Generali									
Beteiligung und w.Service OHG	094	G	9		100.00%	100.00%	100.00%		100.00%
Generali Beteiligungs-GmbH	094	G	4	100.00%		100.00%	100.00%		100.00%
Generali Group Services & Support GmbH	094	G	9	100.00%		100.00%	100.00%		100.00%
Generali Lebensversicherung AG	094	G	2		100.00%	100.00%	77.37%		100.00%
Generali Lloyd Aktiengesellschaft	094	G	4		100.00%	100.00%	77.05%		100.00%
Generali Lloyd Sonnenstraße GbR	094	G	10		100.00%	100.00%	71.69%		100.00%
Generali Versicherung Aktiengesellschaft	094	G	2		100.00%	100.00%	71.39%		100.00%
GESACO (GEV) Verw.: CO	094	G	11		100.00%	100.00%	71.39%		100.00%
GLHMO (GenLoy) Verw.:AMGI	094	G	11		100.00%	100.00%	77.05%		100.00%
GLI-Fonds OIK	094	G	11		64.96%	64.96%	49.27%		100.00%
GLLAE (GEL) Verw.:AMGI	094	G	11		100.00%	100.00%	77.37%		100.00%
GLLAOT(GEL) Verw.:AMGI	094	G	11		100.00%	100.00%	77.37%		100.00%
GLL-Cofonds (GEL) Verw: CO	094	G	11		100.00%	100.00%	77.37%		100.00%
GLVMO (GEV) Verw.:AMGI	094	G	11		100.00%	100.00%	71.39%		100.00%
Grundstücksgesellschaft Einkaufszentrum									
Schloss-Strassen-Center Berlin mbH & Co. KG	094	G	10		85.11%	85.11%	65.85%		100.00%
Grundstücksgesellschaft Stadtlagerhaus									
Hamburg GbR	094	G	10		100.00%	100.00%	69.57%		100.00%
NABUCO I (Badenia) Verw: CO	094	G	11		100.00%	100.00%	69.57%		100.00%
Thuringia Generali 1.Immobilen AG & Co. KG	094	G	10		100.00%	100.00%	77.37%		100.00%
Thuringia Generali 2.Immobilen AG & Co. KG	094	G	10		100.00%	100.00%	77.37%		100.00%
VLAOT (VDL) Verw.:AMGI	094	G	11		100.00%	100.00%	69.57%		100.00%
VOCO-Fonds	094	G	11		100.00%	100.00%	69.57%		100.00%
VOCO-Fonds II	094	G	11		100.00%	100.00%	69.57%		100.00%

## Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
VOCO-Fonds III	094	G	11		100.00%	100.00%	69.57%		100.00%
Vofü Fonds I Hamburgische Grundbesitz und Anlage GmbH & Co.KG	094	G	10		59.29%	59.29%	41.25%		100.00%
Volksfürsorge 1.Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
Volksfürsorge 2.Immobilien AG & Co. KG	094	G	10		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Beteiligungen KG	094	G	4		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Deutsche Lebensversicherung Aktiengesellschaft	094	G	2		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft	094	G	2		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Holding Aktiengesellschaft	094	G	4		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Krankenversicherung AG	094	G	2		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Pensionsfonds AG	094	G	2		100.00%	100.00%	69.57%		100.00%
Volksfürsorge Pensionskasse AG	094	G	2		100.00%	100.00%	69.57%		100.00%
AM Prudence S.A.	029	G	2		99.99%	99.99%	69.57%		100.00%
Assurance France Generali S.A.	029	G	9		100.00%	100.00%	99.98%		100.00%
Europ Assistance France S.A.	029	G	2		99.98%	99.98%	99.88%		100.00%
Europ Assistance Holding S.A.	029	G	2		99.97%	99.97%	99.90%		100.00%
Europ Assistance S.A.	029	G	11		100.00%	100.00%	99.90%		100.00%
Européenne de Protection Juridique S.A.	029	G	2		100.00%	100.00%	99.98%		100.00%
Expert & Finance S.A.	029	G	11		88.83%	88.83%	88.77%		100.00%
Foncière Burho S.A.	029	G	10		100.00%	100.00%	99.93%		100.00%
Foncière Hypersud S.A.	029	G	10		49.00%	49.00%	48.98%		100.00%
France Assurances S.A.	029	G	11		100.00%	100.00%	99.93%		100.00%
Generali Assurances IARD S.A.	029	G	2		99.41%	99.41%	99.38%		100.00%
Generali Assurances Vie S.A.	029	G	2		100.00%	100.00%	99.98%		100.00%
Generali Belle Feuille S.a.r.l.	029	G	10		100.00%	100.00%	99.93%		100.00%
Generali Finances S.A.	029	G	9		100.00%	100.00%	99.97%		100.00%
Generali France S.A.	029	G	4	67.29%	32.69%	99.98%	99.98%		100.00%
Generali Gestion S.A.	029	G	11		99.92%	99.92%	99.89%		100.00%
Generali Habitat SCpl	029	G	10		81.96%	81.96%	81.91%		100.00%
Generali Immobilier Conseil S.A.	029	G	10		99.96%	99.96%	99.94%		100.00%
Generali Optima S.a.r.l.	029	G	10		100.00%	100.00%	99.93%		100.00%
Generali Reaumur S.A.	029	G	10		99.31%	99.31%	99.24%		100.00%
GFA Caraïbes	029	G	2		100.00%	100.00%	99.38%		100.00%
GIE Achat Logistique Groupe Interés Económico	029	G	11		100.00%	100.00%	99.97%		100.00%
GPA-IARD S.A.	029	G	2		100.00%	100.00%	99.98%		100.00%
GPA-Vie S.A.	029	G	2		100.00%	100.00%	99.98%		100.00%
Guardian Vie S.A.	029	G	2		100.00%	100.00%	99.93%		100.00%
Icare Assurance S.A.	029	G	2		100.00%	100.00%	95.43%		100.00%
Icare S.A.	029	G	4		95.53%	95.53%	95.43%		100.00%
Icare Services S.A.	029	G	11		100.00%	100.00%	95.43%		100.00%
Immobilière St-Honoré les Feuillans	029	G	10		99.99%	99.99%	99.97%		100.00%
La Fédération Continentale Compagnie d'Assurances Sur la Vie S.A.	029	G	2		99.98%	99.98%	99.93%		100.00%
L'Equité S.A. Cie d'Assurances et Réass. contre les risques de toute nature	029	G	2		99.98%	99.98%	99.66%		100.00%
Mt Musala SAS	029	G	10		100.00%	100.00%	99.93%		100.00%
Mt Tenibre SAS	029	G	10		100.00%	100.00%	99.93%		100.00%
OJH S.A.	029	G	11		100.00%	100.00%	99.93%		100.00%
Prudence Creole	029	G	2		93.06%	93.06%	92.49%		100.00%
Prudence Vie	029	G	2		99.99%	99.99%	99.92%		100.00%



## Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
Rocher Pierre SCpl	029	G	10		48.52%	48.52%	48.49%		100.00%
SCI Continent Pierre	029	G	10		99.90%	99.90%	99.51%		100.00%
SCI Continent Pyramides	029	G	10		100.00%	100.00%	99.38%		100.00%
SCI Continent Wagram	029	G	10		100.00%	100.00%	99.38%		100.00%
SCI des 48 et 50 BD des Batignolles	029	G	10		100.00%	100.00%	99.39%		100.00%
SCI des 5 et 7 Rue Drouot	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI des 52&52 bis bd St. Jacques et 6 Rue Leclerc	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI du 174 Rue de Rivoli	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI du 2/4 BD Haussmann	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI du 24 Rue de Mogador a Paris (9eme)	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI du 26/28 rue Jacques Dulud a Neuilly sur Seine	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI du 29 Rue de Poissoniers	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI du 54 Avenue Hoche	029	G	10		100.00%	100.00%	99.96%		100.00%
SCI du Coq	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI Espace Seine-Generali	029	G	10		100.00%	100.00%	99.95%		100.00%
SCI Generali Daumesnil	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI Generali Le Franklin	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI Generali Le Jade	029	G	10		100.00%	100.00%	99.95%		100.00%
SCI Generali Le Mondial	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI GPA Commerce 1	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI GPA Commerce 2	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI GPA Pierre	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI Haussmann 50-Generali	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI Lagny 68-70-Generali	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI Lagny Cuvier-Generali	029	G	10		100.00%	100.00%	99.98%		100.00%
SCI Landy-Novatis	029	G	10		100.00%	100.00%	99.93%		100.00%
SCI Landy-Wilo	029	G	10		100.00%	100.00%	99.98%		100.00%
Suresnes Immobilier S.A.	029	G	10		100.00%	100.00%	99.93%		100.00%
Akzent Miteigentumsspezialfonds in Wertpapieren	008	G	11		81.43%	81.43%	76.58%		100.00%
Allgemeine Immobilien-Verwaltungs G.m.b.H. & Co. KG	008	G	10		100.00%	100.00%	94.14%		100.00%
CA Global Property Internationale Immobilien AG	008	G	10		67.74%	67.74%	63.77%		100.00%
CEE Liquid	008	G	11		100.00%	100.00%	94.09%		100.00%
Europäische Reiseversicherungs AG	008	G	2		74.99%	74.99%	70.22%		100.00%
GEN4A Spezialfonds	008	G	11		100.00%	100.00%	94.14%		100.00%
Generali Bank AG	008	G	7		100.00%	100.00%	93.75%		100.00%
Generali Capital Management GmbH	008	G	10		100.00%	100.00%	87.63%		100.00%
Generali Holding Vienna AG	008	G	4		93.79%	93.79%	93.64%		100.00%
Generali Immobilien AG	008	G	10		100.00%	100.00%	94.14%		100.00%
Generali IT-Solutions GmbH	008	G	11		100.00%	100.00%	87.63%		100.00%
Generali Leasing GmbH	008	G	11		75.00%	75.00%	70.31%		100.00%
Generali Pensionskasse AG	008	G	2		100.00%	100.00%	93.64%		100.00%
Generali Rückversicherung AG	008	G	5	100.00%		100.00%	100.00%		100.00%
Generali Versicherung AG	008	G	2		100.00%	100.00%	94.14%		100.00%
Generali VIS Informatik GmbH	008	G	11		100.00%	100.00%	93.64%		100.00%
GLBond Spezialfonds	008	G	11		100.00%	100.00%	94.13%		100.00%
GLStock-Fonds	008	G	11		100.00%	100.00%	94.14%		100.00%
GSBond Spezialfonds	008	G	11		100.00%	100.00%	94.14%		100.00%
GSSStock-Fonds	008	G	11		100.00%	100.00%	94.14%		100.00%

## Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
Mondomix Miteigentumsfonds in Wertpapieren	008	G	11		98.23%	98.23%	92.47%		100.00%
Banco Vitalicio de España - Compañía Anónima de Seguros	067	G	2		99.93%	99.93%	99.92%		100.00%
Cajamar Vida S.A. de Seguros y Reaseguros	067	G	2		50.00%	50.00%	50.00%		100.00%
Europ Assistance España S.A. de Seguros y Reaseguros	067	G	2		100.00%	100.00%	99.90%		100.00%
Generali España Holding de Entidades de Seguros S.A.	067	G	4	100.00%		100.00%	100.00%		100.00%
Grupo Generali España Agrupación de Interés Económico	067	G	11		100.00%	100.00%	99.89%		100.00%
Hermes Sociedad Limitada de Servicios Inmobiliarios y Generales	067	G	10		100.00%	100.00%	99.83%		100.00%
La Estrella S.A. de Seguros y Reaseguros	067	G	2		99.83%	99.83%	99.83%		100.00%
Vitalicio Torre Cerdà S.I.	067	G	10		100.00%	100.00%	99.92%		100.00%
Europ Assistance Holdings Ltd	031	G	4		100.00%	100.00%	99.90%		100.00%
Europ Assistance Insurance Limited	031	G	2		100.00%	100.00%	99.90%		100.00%
Adriatica Participations Financières S.A.	009	G	4		100.00%	100.00%	77.05%		100.00%
Europ Assistance Belgium S.A.	009	G	2		100.00%	100.00%	99.90%		100.00%
Flandria Participations Financières S.A.	009	G	4	100.00%		100.00%	100.00%		100.00%
Genass-Invest S.A.	009	G	4		100.00%	100.00%	97.40%		100.00%
Generali Belgium Invest S.A.	009	G	10		100.00%	100.00%	99.86%		100.00%
Generali Belgium S.A.	009	G	2	32.29%	67.70%	99.99%	99.86%		100.00%
Genervest S.A.	009	G	4	64.96%	35.04%	100.00%	100.00%		100.00%
GEPAFI - Generali Participation Financiere S.A.	009	G	4		100.00%	100.00%	77.05%		100.00%
B.V. Algemene Holding en Financierings									
Maatschappij	050	G	4		100.00%	100.00%	93.64%		100.00%
Beleggingsmaatschappij de Grachten B.V.	050	G	4		100.00%	100.00%	97.40%		100.00%
Beleggingsmaatschappij Nedasinvest B.V.	050	G	4		100.00%	100.00%	97.40%		100.00%
Generali Asia N.V.	050	G	4		60.00%	60.00%	60.00%		100.00%
Generali Beleggingsfondsen N.V.	050	G	9		100.00%	100.00%	97.40%		100.00%
Generali Finance B.V.	050	G	4	100.00%		100.00%	100.00%		100.00%
Generali Hypotheken B.V.	050	G	11		100.00%	100.00%	97.40%		100.00%
Generali Kent B.V.	050	G	4		80.00%	80.00%	80.00%		100.00%
Generali Levensverzekering Maatschappij N.V.	050	G	2		100.00%	100.00%	97.40%		100.00%
Generali Real Estate Investments B.V.	050	G	10		100.00%	100.00%	97.40%		100.00%
Generali Schadeverzekering Maatschappij N.V.	050	G	2		100.00%	100.00%	97.40%		100.00%
Generali Vastgoed B.V.	050	G	10		100.00%	100.00%	97.40%		100.00%
Generali Verzekeringsgroep N.V.	050	G	4	12.77%	85.78%	98.55%	97.40%		100.00%
Participatie Maatschappij Graafschap Holland N.V.	050	G	4	100.00%		100.00%	100.00%		100.00%
Participatie Maatschappij Transhol B.V.	050	G	4		100.00%	100.00%	100.00%		100.00%
Redoze Holding N.V.	050	G	4	6.02%	93.98%	100.00%	100.00%		100.00%
Alleanza Investment Public Limited Company	040	G	9		99.98%	99.98%	50.22%		100.00%
Generali Investment Management (Ireland) Limited	040	G	4	100.00%		100.00%	100.00%		100.00%
Generali PanEurope Limited	040	G	2		100.00%	100.00%	100.00%		100.00%
Genirland Limited	040	G	9		100.00%	100.00%	100.00%		100.00%
Generali Hellas - A.E. Asfaliseon Zimion	032	G	2	99.22%	0.78%	100.00%	100.00%		100.00%
Generali Life - Hellenic Insurance Company A.E.	032	G	2	99.97%	0.03%	100.00%	100.00%		100.00%
Europ Assistance Société d'Assistance S.A.	092	G	2		51.00%	51.00%	50.95%		100.00%
Generali Luxembourg S.A.	092	G	2		100.00%	100.00%	99.86%		100.00%

## Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
Europ Assistance - Companhia Portuguesa de Seguros de Assistencia, S.A.	055	G	2		53.00%	53.00%	52.95%		100.00%
Generali Vida Companhia de Seguros S.A.	055	G	2	99.99%		99.99%	99.99%		100.00%
Palinuro Consultadoria e Marketing Lda	055	G	9		100.00%	100.00%	100.00%		100.00%
Europai Utazasi Biztosito Rt.	077	G	2		74.00%	74.00%	66.25%		100.00%
Generali Befektetési és Tanácsadó Kft.	077	G	4		100.00%	100.00%	93.64%		100.00%
Generali Eпитö és Tervezö Kft.	077	G	10		100.00%	100.00%	93.64%		100.00%
Generali-Providencia Biztosító Rt.	077	G	2		100.00%	100.00%	93.64%		100.00%
Generali Finance spółka z ograniczoną odpowiedzialnością	054	G	11		100.00%	100.00%	93.64%		100.00%
Generali Powszechne Towarzystwo Emerytalne S.A.	054	G	2		100.00%	100.00%	93.64%		100.00%
Generali Towarzystwo Ubezpieczeń S.A.	054	G	2		100.00%	100.00%	93.64%		100.00%
Generali Zycie Towarzystwo Ubezpieczeń S.A.	054	G	2		100.00%	100.00%	93.64%		100.00%
Generali Pojistovna a.s.	275	G	2		100.00%	100.00%	93.64%		100.00%
PCS Praha Center Spol.s.r.o.	275	G	10		100.00%	100.00%	63.77%		100.00%
Generali Poistovna a.s.	276	G	2		100.00%	100.00%	93.64%		100.00%
Generali Zavarovalnica d.d.	260	G	2		100.00%	100.00%	93.88%		100.00%
BSI SAM International Private Banking	091	G	7		100.00%	100.00%	100.00%		100.00%
Albula Verwaltungs- und Beteiligungs AG	071	G	4	84.03%	15.97%	100.00%	93.98%		100.00%
BSI S.A.	071	G	7		100.00%	100.00%	100.00%		100.00%
Europ Assistance (Suisse) Assurances S.A.	071	G	3		100.00%	100.00%	75.55%		100.00%
Europ Assistance (Suisse) Holding S.A.	071	G	4		76.00%	76.00%	75.55%		100.00%
Fortuna Investment AG	071	G	11		100.00%	100.00%	62.39%		100.00%
Fortuna Rechtsschutz-Versicherung-Gesellschaft AG	071	G	3		100.00%	100.00%	62.39%		100.00%
Generali (Schweiz) Holding A.G.	071	G	4	19.87%	43.13%	63.00%	62.39%		100.00%
Generali Assurances Générales	071	G	3		99.92%	99.92%	62.34%		100.00%
Generali Investment Consulting AG	071	G	11		100.00%	100.00%	62.39%		100.00%
Generali Personenversicherungen AG	071	G	3		100.00%	100.00%	62.39%		100.00%
BSI Generali Bank (Channel Islands) Limited	201	G	9		100.00%	100.00%	100.00%		100.00%
Generali International Ltd	201	G	3		100.00%	100.00%	100.00%		100.00%
Generali Worldwide Insurance Company Limited	201	G	3		100.00%	100.00%	100.00%		100.00%
Fortuna Investment AG. Vaduz	090	G	11		100.00%	100.00%	62.39%		100.00%
Fortuna Lebens-Versicherung AG	090	G	3		100.00%	100.00%	62.39%		100.00%
Generali Asigurari S.A.	061	G	3		83.44%	83.44%	78.13%		100.00%
Generali Sigorta A.S.	076	G	3		97.37%	97.37%	77.89%		100.00%
Generali Osiguranje d.d.	261	G	3		100.00%	100.00%	93.64%		100.00%
Generali Zivotno Osiguranje d.d.	261	G	3		100.00%	100.00%	93.64%		100.00%
Generali U.S. Holdings Inc.	069	G	4	100.00%		100.00%	100.00%		100.00%
Generali USA Life Reassurance Company	069	G	6		100.00%	100.00%	100.00%		100.00%
Transocean Holding Corporation	069	G	4	100.00%		100.00%	100.00%		100.00%
Caja de Ahorro y Seguro S.A.	006	G	4	47.50%		47.50%	47.50%		100.00%
Caja de Seguros S.A.	006	G	3		99.00%	99.00%	47.02%		100.00%
Generali Corporate Compañia Argentina de Seguros S.A.	006	G	3	100.00%		100.00%	100.00%		100.00%
La Caja de Seguros de Retiro S.A.	006	G	3		100.00%	100.00%	47.05%		100.00%
Generali do Brasil Companhia Nacional de Seguros	011	G	3	1.82%	98.16%	99.98%	99.98%		100.00%
GENPAR Empreendimentos e Participações S.A.	011	G	4		100.00%	100.00%	100.00%		100.00%
Transocean do Brasil Participações S.A.	011	G	4	99.99%	0.01%	100.00%	100.00%		100.00%

## Subsidiaries consolidated line by line

Company	Country	Method (1)	Activity (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Consolidation %
				Direct	Indirect	Total			
Generali Colombia - Seguros Generales S.A.	017	G	3	81.83%	4.44%	86.27%	86.27%		100.00%
Generali Colombia Vida - Compañía de Seguros S.A.	017	G	3	15.38%	84.43%	99.81%	90.44%		100.00%
Generali Ecuador Compañía de Seguros S.A.	024	G	3	51.74%		51.74%	51.74%		100.00%
Hamagen Insurance Co. Ltd	182	G	3		100.00%	100.00%	59.86%		100.00%
Migdal Eshkol Finansim B.M.	182	G	9		100.00%	100.00%	59.86%		100.00%
Migdal Insurance and Financial Holding Ltd	182	G	4	0.98%	58.88%	59.86%	59.86%		100.00%
Migdal Insurance Company Ltd	182	G	3		100.00%	100.00%	59.86%		100.00%
Aseguradora General S.A.	033	G	3	51.00%		51.00%	51.00%		100.00%
Pensiones Banorte Generali S.A. de C.V.	046	G	3		49.00%	49.00%	49.00%		100.00%
Seguros Banorte Generali S.A. de C.V., Grupo Financiero Banorte	046	G	3		49.00%	49.00%	49.00%		100.00%
Solida Banorte Generali S.A. de C.V. Afore	046	G	3		49.00%	49.00%	49.00%		100.00%
BSI Overseas (Bahamas) Ltd	271	G	7		100.00%	100.00%	100.00%		100.00%
Generali Pilipinas Holding Co. Inc.	027	G	4		60.00%	60.00%	36.00%		100.00%
Generali Pilipinas Insurance Co. Inc.	027	G	3		100.00%	100.00%	36.00%		100.00%
Generali Pilipinas Life Assurance Co. Inc.	027	G	3		100.00%	100.00%	36.00%		100.00%
Generali Insurance (Thailand) Co. Ltd	072	G	3		75.00%	75.00%	32.43%		100.00%
Generali Life Assurance (Thailand) Co. Ltd	072	G	3		75.00%	75.00%	32.43%		100.00%
IWF Holding Company Ltd	072	G	4		58.10%	58.10%	34.86%	100.00%	100.00%
KAG Holding Company Ltd	072	G	4		100.00%	100.00%	34.86%		100.00%
Generali China Life Insurance Co. Ltd	016	G	3	50.00%		50.00%	50.00%		100.00%
Generali Reassurance (Bermuda) Ltd	207	G	6		100.00%	100.00%	100.00%		100.00%

(1) consolidation method: Consolidation line by line method=G, Proportionate consolidation method=P, Consolidation line by line method arising from joint management=U

(2) 1=italian insurance companies; 2=other 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 companies

(3) net group participation percentage

(4) it represents the percentage of votes exercisable at shareholders' general meeting if it differs from that of direct or indirect shareholding

# Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
A7 S.r.l.	086	10	c	20.50%	19.60%	40.10%	30.34%		2,359	
AEON Trust - Società Italiana Trust S.r.l.	086	11	a		100.00%	100.00%	100.00%		0	
Agorà Investimenti S.p.A.	086	9	b	50.00%		50.00%	50.00%		14,252	
Assitimm S.r.l.	086	10	a	1.00%	99.00%	100.00%	76.38%		10	
BG Fiduciaria - Società di Intermediazione Mobiliare S.p.A.	086	11	a		100.00%	100.00%	72.15%		19,779	
BG Società di Gestione Risparmio S.p.A.	086	8	a	100.00%		100.00%	100.00%		8,000	
Casaletto S.r.l. - Società Unipersonale	086	11	a		100.00%	100.00%	100.00%		1,976	
CityLife S.r.l.	086	10	b		26.67%	26.67%	20.30%		1,308	
Consorzio Agenzia Generale INA-Assitalia di Roma in gestione diretta	086	11	a		100.00%	100.00%	100.00%		0	
Continuum S.r.l.	086	10	b		40.00%	40.00%	30.45%		6,261	
Datel S.r.l.	086	11	a		100.00%	100.00%	93.38%		60	
Dolphin Investments S.A.p.A.	086	9	b		23.34%	23.34%	23.34%		0	
Enofila S.r.l.	086	11	a	100.00%		100.00%	100.00%		2,972	
Ente Teatrale Italiano	086	11	b	33.33%		33.33%	33.33%		0	
EOS Servizi Fiduciari S.p.A.	086	11	a		100.00%	100.00%	100.00%		533	
EU-RA Europe Rating S.p.A.	086	9	b		20.00%	20.00%	14.43%		100	
Europ Assistance Vai S.r.l.	086	11	a		98.89%	98.89%	86.05%		1,751	
Foot.Pro S.r.l.	086	11	b		45.00%	45.00%	45.00%		0	
GEA - Gestioni Assicurative S.r.l.	086	11	a	10.87%	89.13%	100.00%	100.00%		122	
Generali Horizon S.p.A.	086	9	a	100.00%		100.00%	100.00%		15,520	
Generali Investimenti Alternativi Società di Gestione del Risparmio p.A.	086	8	a		90.00%	90.00%	90.00%		5,401	
Heracles Immobiliare S.r.l.	086	10	a		100.00%	100.00%	76.14%		22,219	
Icare Servizi S.p.A.	086	11	a		100.00%	100.00%	95.43%		11	
Il Pino S.r.l.	086	11	a		100.00%	100.00%	100.00%		7,200	
Initium S.r.l.	086	10	b		49.00%	49.00%	37.31%		6,869	
Intesa Previdenza SIM S.p.A.	086	1	b	21.47%		21.47%	21.47%		3,947	
Intouch S.r.l.	086	11	a		55.00%	55.00%	47.86%		1,733	
Jupiter 12 S.r.l.	086	10	a		100.00%	100.00%	99.88%		3,716	
Natalia S.r.l.	086	11	a		100.00%	100.00%	50.21%		4,684	
Perseo S.p.A.	086	9	b	24.60%		24.60%	24.60%		246	
Phone Business Service S.r.l.	086	11	a		100.00%	100.00%	87.01%		0	
RITA Rete Italiana Assicurativa di Telecomunicazioni S.r.l.	086	11	b	12.42%	4.57%	16.99%	15.59%		966	
S. Alessandro Fiduciaria S.p.A.	086	11	a		100.00%	100.00%	100.00%		0	
Sementi Dom Dotto S.p.A.	086	11	a		100.00%	100.00%	100.00%		683	
Sementi Ross S.r.l.	086	11	a		100.00%	100.00%	100.00%		0	
Servizi Tecnologici Avanzati S.p.A.	086	11	b	25.00%		25.00%	25.00%		0	
SIA - Società di Ingegneria delle Assicurazioni	086	11	a	48.00%	52.00%	100.00%	100.00%		362	
SIMGENIA S.p.A. Società di Intermediazione Mobiliare	086	11	a		100.00%	100.00%	72.15%		5,274	
Sogeda Finanziaria S.r.l.	086	11	a	100.00%		100.00%	100.00%		0	
Solaris S.r.l.	086	10	b		40.00%	40.00%	30.45%		9,454	
Torcello S.r.l.	086	11	a		100.00%	100.00%	100.00%		12	
Aachener und Münchener Finanzdienstleistung GmbH	094	11	a		100.00%	100.00%	69.57%		54	
ALSTER FINANZ-Beratung für betriebliche Altersversorgung GmbH	094	11	a		100.00%	100.00%	69.57%		54	
AM Gesellschaft für betriebliche Altersversorgung mbH	094	11	a		100.00%	100.00%	69.57%		60	

## Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
AM Gesellschaft für Verkaufsförderung mbH	094	11	a		100.00%	100.00%	51.48%		0	
AM RE Verwaltungs GmbH	094	9	a		100.00%	100.00%	69.57%		25	
AM Versicherungsvermittlung GmbH	094	11	a		100.00%	100.00%	69.57%		25	
AMB Generali Immobilien GmbH	094	11	a		100.00%	100.00%	69.57%		640	
AMB Generali Pensionsfonds AG	094	2	a		100.00%	100.00%	77.05%		4,035	
AMPAS AachenMünchener Partner-Service GmbH	094	11	a		100.00%	100.00%	69.57%		4,715	
ARCADIUM Konzeption & Management für aktives Wohnen GmbH	094	11	a		100.00%	100.00%	69.57%		7,127	
ATLAS Dienstleistungen für Vermögensberatung GmbH	094	11	a		74.00%	74.00%	51.48%		3,502	
BBG Beteiligungsgesellschaft m.b.H.	094	9	a		100.00%	100.00%	77.05%		51	
Central Fixed Assets GmbH	094	9	a		100.00%	100.00%	69.57%		25	
COMMERZ PARTNER Beratungsgesellschaft für Vorsorge- und Finanzprodukte mbH	094	11	b		50.00%	50.00%	34.79%		1,925	
Cosmos Finanzservice GmbH	094	11	a		100.00%	100.00%	69.57%		779	
Cosmos Fixed Assets GmbH	094	9	a		100.00%	100.00%	69.57%		24	
DBS Eigenheimbau G.m.b.H.	094	10	a		100.00%	100.00%	69.57%		0	
Deutsche Vermögensberatung Aktiengesellschaft DVAG	094	11	b		50.00%	50.00%	34.79%		165,861	
Deutscher Lloyd GmbH	094	11	a		100.00%	100.00%	77.05%		133	
EA Service GmbH	094	11	a		100.00%	100.00%	94.19%		250	
Euregio Service Residenzen Management GmbH	094	11	a		100.00%	100.00%	69.57%		0	
FVD Gesellschaft für Finanzplanung und Vorsorgemanagement Deutschland mbH	094	11	a		100.00%	100.00%	69.57%		1,014	
G. & G. Lüder Versicherungsmakler GmbH	094	11	b		50.00%	50.00%	35.69%		0	
Generali Employee Benefits Gesellschaft mbH	094	11	a		100.00%	100.00%	69.57%		308	
Generali Finanz Service GmbH	094	11	a		100.00%	100.00%	77.05%		0	
Generali Seminarzentrum GmbH	094	11	a		100.00%	100.00%	71.39%		0	
GLL Real Estate Partners GmbH	094	10	b		49.50%	49.50%	49.50%	40.00%	495	
Hotel und Seniorenresidenz Rosenpark GmbH	094	11	b		25.00%	25.00%	17.39%		128	
Icare Allemagne S.A.	094	11	a		100.00%	100.00%	95.43%		25	
ID Innovative Datenverarbeitung GmbH	094	11	b		30.00%	30.00%	28.24%		0	
IG BAU Mitglieder-Service GmbH	094	11	b		33.33%	33.33%	23.19%		14	
IG BCE Mitglieder-Service GmbH	094	11	b		33.33%	33.33%	23.19%		32	
IV Verwaltungsgesellschaft für Versicherungen mbH	094	11	a		100.00%	100.00%	77.05%		26	
Kleylein & Cie Actuarial Services GmbH	094	11	a		60.00%	60.00%	46.42%		102	
Lloyd Immobilien G.m.b.H.	094	10	a		100.00%	100.00%	77.05%		1,059	
Main Plaza Management GmbH	094	10	a		100.00%	100.00%	69.57%		0	
MLV Beteiligungverwaltungsgesellschaft mbH	094	9	a		100.00%	100.00%	93.64%		51	
Schloß Bensberg Grundstücks-GbR	094	10	a		100.00%	100.00%	69.57%		2,837	
Schloss Bensberg Management GmbH	094	10	a		100.00%	100.00%	69.57%		0	
Schloss-Strassen-Center Berlin Verwaltungsgesellschaft mbH	094	10	a		85.20%	85.20%	59.28%		0	
SiMa GmbH Sicherungsmanagement für flexible Arbeitszeitmodelle	094	11	a		51.00%	51.00%	35.48%		460	
SKG Bank GmbH	094	7	b		49.90%	49.90%	34.72%		6,590	
Thuringia Versicherungsvermittlungs- GmbH & Co. KG	094	11	a		16.67%	16.67%	12.84%	80.00%	0	
Treuhandgesellschaft des Deutschen Wertpapierbesitzes mbH	094	11	b		20.00%	20.00%	13.91%		9	

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				Direct	Indirect	Total				
ver.di Service GmbH	094	11	b		33.33%	33.33%	23.19%		35	
Versicherungsmakler und Beteiligungsverwaltungs GmbH	094	11	b		26.00%	26.00%	18.09%		4,011	
Versicherungs-Planer-Vermittlungs G.m.b.H.	094	11	a		100.00%	100.00%	77.37%		20	
VGI-Vertriebsgesellschaft für Immobilien mbH	094	11	a		51.00%	51.00%	35.48%		0	
VISENIO GmbH	094	11	a		100.00%	100.00%	69.57%		0	
Volkfürsorge 3.Immobilien AG & Co. KG	094	10	a		100.00%	100.00%	69.57%		25	
Volkfürsorge 4.Immobilien AG & Co. KG	094	10	a		100.00%	100.00%	69.57%		25	
Volkfürsorge Fixed Assets GmbH	094	11	a		100.00%	100.00%	69.57%		104	
VOV Vervaltungsorganisat.für Vermögenssch.Vers.für Mit.Org.Jur.Pers. GmbH	094	11	b		30.00%	30.00%	21.14%		673	
Walter Sohn GmbH	094	11	a		100.00%	100.00%	77.05%		205	
Zweite AM RE Verwaltungs GmbH	094	9	a		100.00%	100.00%	69.57%		25	
Arche Analyse des Risques Combinés hommes Entreprises SA	029	10	a		79.31%	79.31%	79.29%		0	
Bourbon Courtage S.A.	029	11	a		100.00%	100.00%	92.50%		127	
Cerep Daumesnil S.a.r.l.	029	10	b		45.00%	45.00%	44.99%		0	
Cofifo S.A.	029	9	a		100.00%	100.00%	99.98%		4,681	
Cofitem Cofimur	029	11	b		21.50%	21.50%	21.49%		0	
Courtage Inter Caraibes	029	11	a		99.76%	99.76%	99.15%		38	
Diffusion Assurance Conseil S.a r.l.	029	11	a		99.91%	99.91%	99.57%		64	
E1 S.A.	029	11	a		100.00%	100.00%	99.90%		37	
E3 S.A.	029	11	a		100.00%	100.00%	99.90%		5	
E4 S.A.	029	11	a		100.00%	100.00%	99.90%		0	
Efidis S.A.	029	11	b		39.06%	39.06%	27.17%		12,850	
Europ Assistance Océanie S.A.	029	11	a		74.88%	74.88%	74.80%		286	
Financiere Centuria S.A.	029	9	b		33.00%	33.00%	32.99%		0	
Frequence Plus Service Europ Assistance S.A.	029	11	a		51.00%	51.00%	50.95%		510	
Generali 1 S.A.	029	11	a		100.00%	100.00%	99.98%		39	
Generali 3 S.A.	029	11	a		100.00%	100.00%	99.38%		39	
Generali 4 S.A.	029	11	a		99.97%	99.97%	99.36%		39	
Generali Carnot S.a.r.l.	029	10	a		100.00%	100.00%	99.93%		0	
Generali France, Trieste et Venise et Cie. Soc.en Nom.Coll.	029	10	a		100.00%	100.00%	99.97%		0	
Generali Gerance S.A.	029	11	a		99.67%	99.67%	99.61%		241	
Generali Gestion Santé (GIE)	029	11	a		100.00%	100.00%	100.00%		0	
Generali Immobilier Gestion S.A.	029	10	a		100.00%	100.00%	99.98%		3,750	
Generali Informatique S.A.	029	11	a		100.00%	100.00%	99.72%		2,287	
Generali Reassurance Courtage S.A.	029	11	a		99.99%	99.99%	99.38%		2,052	
Generali Strategie France S.A.S.	029	11	a	49.00%	51.00%	100.00%	99.99%		2,000	
Gestas S.A.	029	11	a		100.00%	100.00%	95.43%		152	
GIE Eur Ass Clearing Center	029	11	a		100.00%	100.00%	100.00%		0	
GIE Eur Ass Sys information (EASI)	029	11	a		100.00%	100.00%	100.00%		0	
GIE Groupe Zurich Agencies	029	11	a		100.00%	100.00%	100.00%		0	
GIE Le Restaurant Haussmann	029	11	a		100.00%	100.00%	100.00%		0	
GIE Réunion aérienne	029	11	a		24.93%	24.93%	24.78%		0	
GIE Réunion spatiale	029	11	a		25.17%	25.17%	25.02%		0	
Global Car Services S.A.	029	11	b		50.00%	50.00%	49.94%		0	
Groupelement Technique d'Assurances du Val d'Oise	029	11	b		45.00%	45.00%	44.97%		726	
Guardian Finance S.A.	029	9	a		100.00%	100.00%	99.93%		1,047	
Ifabanque S.A.	029	7	a		51.00%	51.00%	51.00%		15,026	
Infoparc S.A.	029	11	a		100.00%	100.00%	95.43%		1,677	



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				Direct	Indirect	Total				
Noreco Société Nouvelle de Recouvrements et de Contentieux S.A.	029	11	a		99.93%	99.93%	99.90%		440	
OFIBA S.A.	029	11	a		99.92%	99.92%	99.31%		41	
OGEPA S.A.	029	11	a		99.96%	99.96%	99.35%		38	
Parlook S.A.	029	11	a		100.00%	100.00%	100.00%		0	
Réseau Generali France (GIE)	029	11	a		100.00%	100.00%	100.00%		0	
Risque et Sérénité S.A.	029	9	b		46.98%	46.98%	46.97%		1,238	
S.A. Saint-Christoly Bordeaux	029	10	b		50.00%	50.00%	49.70%		154	
S.A.I. des Trois Collines de Mougins	029	10	b		48.26%	48.26%	48.06%		170	
SAS 2 ISO	029	10	a		100.00%	100.00%	99.98%		11,062	
SC Progador (SCI)	029	10	a		100.00%	100.00%	99.98%		10,315	
SCEA de Foncaude	029	10	a		100.00%	100.00%	99.93%		1,841	
SCI 3 Londres-70 St Lazare	029	10	a		100.00%	100.00%	99.39%		152	
SCI Avenue de France Generali	029	10	a		100.00%	100.00%	99.98%		153	
SCI Cogipar	029	10	a		100.00%	100.00%	99.93%		5,881	
SCI Continent Asnieres	029	10	a		100.00%	100.00%	99.38%		4,116	
SCI Drystone	029	10	a		100.00%	100.00%	99.93%		0	
SCI du 13 Rue de Londres	029	10	a		100.00%	100.00%	99.39%		152	
SCI du 130 BD Bineau	029	10	a		100.00%	100.00%	99.39%		7,240	
SCI du Chateau La France	029	10	a		100.00%	100.00%	99.93%		5,576	
SCI Font Romeu Neige et Soleil	029	10	a		100.00%	100.00%	99.47%		15	
SCI France Mornay Lyon	029	10	a		100.00%	100.00%	99.93%		6,591	
SCI France Mornay Toulouse	029	10	a		100.00%	100.00%	99.93%		9,842	
SCI Immovie	029	10	a		100.00%	100.00%	99.98%		823	
SCI Les 3 Collines Le Ferandou	029	10	b		48.30%	48.30%	48.10%		142	
SCI Les Serres Le Touquet	029	10	a		100.00%	100.00%	99.52%		2	
SCI Montrose Parc	029	10	a		70.00%	70.00%	69.81%		2,669	
SCI Pierre-Grenier	029	10	a		100.00%	100.00%	99.38%		5,336	
SCI Res Bois des Roches	029	10	a		100.00%	100.00%	99.93%		15,800	
SCI St Marc	029	10	a		100.00%	100.00%	92.49%		0	
SCI Viroflay 10-12 Libération	029	10	a		100.00%	100.00%	99.96%		3	
SNC Domaine Pont de L'Arche	029	10	a		70.00%	70.00%	69.76%		107	
Société Anonyme Immobilière des 154- 156 Bd de la Gare	029	10	a		100.00%	100.00%	99.98%		4,964	
Société de Transactions Immobilières de la Rue de Londres -SOTRIMLO- S.A.	029	10	a		99.92%	99.92%	99.42%		5	
Sorgho S.A.	029	11	b		20.00%	20.00%	19.94%		0	
Trieste Courtage S.A.	029	11	a		99.98%	99.98%	99.96%		73	
Allgemeine Immobilien-Verwaltungs- Gesellschaft mbH	008	10	a	37.50%	62.50%	100.00%	96.03%		2,090	
AVS Privatkunden Versicherungsservice GmbH	008	11	b		49.00%	49.00%	34.41%		0	
BONUS-Mitarbeitervorsorgekassen AG	008	11	b		50.00%	50.00%	46.82%		1,500	
Car Care Consult Versicherungsmakler GmbH	008	11	a		100.00%	100.00%	94.14%		0	
Care Consult Versicherungsmakler GmbH	008	11	a		100.00%	100.00%	70.22%		2,335	
Drei Banken-Generali Investment Ges.m.b.H.	008	11	b		48.57%	48.57%	45.48%		1,652	
Drei-Banken Versicherungs- Aktiengesellschaft	008	2	b		20.00%	20.00%	18.73%		3,615	
Erste Wiener Hotel AG	008	10	a		99.93%	99.93%	94.08%		25,705	
Europ Assistance Gesellschaft mbH	008	11	a		100.00%	100.00%	98.34%		420	
Generali 3Banken Holding AG	008	9	b		49.30%	49.30%	46.41%		57,069	
Generali Betriebsrestaurazion Gesellschaft m.b.H.	008	11	a		100.00%	100.00%	94.14%		484	
Generali Telefon- und Auftragservice GmbH	008	11	a		100.00%	100.00%	93.75%		35	



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				Direct	Indirect	Total				
Generali Vermögensberatung GmbH	008	11	a		100.00%	100.00%	93.75%		50	
Generali/AIV Leasing Salzburg GmbH	008	11	a		100.00%	100.00%	94.14%		2,184	
Generali/AIV Leasing St.Pölten GmbH	008	11	a		100.00%	100.00%	94.14%		2,351	
Generali/AIV Leasing Vorarlberg GmbH	008	11	a		100.00%	100.00%	94.14%		3,020	
Global Private Equity Holding AG	008	9	b		23.02%	23.02%	19.76%		908	
Hypo Holding GmbH	008	9	b		25.00%	25.00%	23.41%		68,567	
Interunfall/AIV-Leasing Salzburg G.m.b.H.	008	11	a		100.00%	100.00%	94.14%		3,385	
Interunfall/AIV-Leasing Voarlberg G.m.b.H.	008	11	a		100.00%	100.00%	94.14%		2,751	
Lead Equities Mittelstandsfinanzierungs AG	008	11	b		14.29%	14.29%	13.45%		0	
MAS Versicherungsmakler GmbH	008	11	a		100.00%	100.00%	94.14%		0	
Medwell Internet Services GmbH	008	11	a		100.00%	100.00%	94.14%		0	
Partner Service Consulting und Vermögensberatung GmbH	008	11	a		100.00%	100.00%	94.14%		0	
PSC Insurance-Consulting GmbH	008	11	a		100.00%	100.00%	94.14%		0	
Ringstrassen-Galerien-Betriebsgesellschaft mbH	008	10	a		50.00%	50.00%	47.04%		0	
Risk-Aktiv Consulting GmbH	008	11	a		100.00%	100.00%	94.14%		8,770	
Risk-Aktiv Versicherungsservice GmbH	008	11	a		100.00%	100.00%	94.14%		0	
SK Versicherung AG	008	2	b		39.66%	39.66%	37.23%		2,354	
TTC - Training Center Unternehmensberatung GmbH	008	11	a		100.00%	100.00%	70.22%		204	
Europ Assistance Servicios S.A.	067	11	a		100.00%	100.00%	99.90%		301	
Europ Assistance Travel S.A.	067	11	a		99.90%	99.90%	99.80%		0	
Gensegur Agencia de Seguros S.A.	067	11	a		100.00%	100.00%	99.83%		60	
Gestion de Equipajes S.A.	067	11	a		100.00%	100.00%	99.90%		0	
Icare Servicios S.A.	067	11	a		100.00%	100.00%	95.43%		13	
Legal Assistance, Servicios Juridicos Integrales, S.A.	067	11	a		100.00%	100.00%	99.90%		60	
Multauto, Ayudas Multiples al Automovilista, S.A.	067	11	a		100.00%	100.00%	99.90%		4,350	
Europ Assistance Limited	031	11	a		100.00%	100.00%	99.90%		15	
Generali Portfolio Management (UK) Ltd	031	11	a		100.00%	100.00%	100.00%		0	
Global Investment Planning Limited	031	11	a		100.00%	100.00%	100.00%		0	
Harris & Dixon Insurance Holdings Limited	031	4	a	100.00%		100.00%	100.00%		0	
Leumi Insurance Services (U.K.) Ltd	031	11	a		100.00%	100.00%	59.86%		0	
Société Robert Malatier Ltd	031	2	b		24.93%	24.93%	24.78%		412	
Tenax Capital Limited	031	9	b		74.50%	74.50%	74.50%	49.00%	0	
B.V.B.A. Verzekeringskantoor Soenen	009	11	a		99.80%	99.80%	99.66%		2,001	
Europ Assistance Services S.A.	009	11	a		100.00%	100.00%	99.89%		344	
Groupe Vervietoits d'Assureurs S.A.	009	11	a		100.00%	100.00%	99.86%		263	
Icare Belgique S.A.	009	11	a		100.00%	100.00%	95.43%		1	
IXIA N.V.	009	11	a		100.00%	100.00%	99.86%		575	
A.P. de Assurantiepartners Amsterdam B.V.	050	11	a		100.00%	100.00%	97.40%		0	
ANAC All-finance Nederland Advies Combinatie B.V.	050	11	b		50.00%	50.00%	48.70%		0	
Assurantiekantoor Kerkhof B.V.	050	11	a		100.00%	100.00%	97.40%		0	
Europ Assistance Nederland BV	050	11	a		100.00%	100.00%	99.15%		2,536	
Famfox Amsterdam Investments B.V.	050	4	b		40.75%	40.75%	40.75%		7,060	
Generali Monumenten B.V.	050	10	a		100.00%	100.00%	97.40%		46	
Generali Vermögensbeheer B.V.	050	11	a		100.00%	100.00%	97.40%		18	
Innova Verzekeringen B.V.	050	11	a		100.00%	100.00%	97.40%		334	
Lippmann Deelnemingen B.V.	050	11	b		33.32%	33.32%	32.45%		0	
NAG Nederlandse Assuradeuren Groep N.V.	050	11	a		100.00%	100.00%	97.40%		1,974	

## Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
Nederlands Algemeen Verzekeringskantoor B.V.	050	11	a		100.00%	100.00%	97.40%		18	
Saxon Land B.V.	050	10	b		50.00%	50.00%	50.00%		5,286	
Derwentdale Company Ltd	040	9	a		100.00%	100.00%	69.57%		3	
Europ Assistance (Ireland) Ltd	040	11	a		100.00%	100.00%	99.90%		0	
BSI Art Collection S.A.	092	9	a		99.00%	99.00%	99.00%		610	
Generali Asset Managers Luxembourg S.A.	092	11	a	39.99%	60.01%	100.00%	87.83%		197	
Nord Est Investment Partners S.A.	092	9	b	32.15%		32.15%	32.15%		7,310	
Prime Luxembourg Investment Management S.A.	092	11	a	1.00%	99.00%	100.00%	100.00%		165	
Selesta S.A.	092	11	a		99.00%	99.00%	62.37%		0	
Bioventure Trading S.A.	055	11	a		100.00%	100.00%	100.00%		0	
Europ Assistance - Serviços de Assistencia Personalizados S.A.	055	11	a		99.90%	99.90%	52.89%		250	
Lordship Consultadoria e Servicos SA	055	11	a		100.00%	100.00%	100.00%		50	
Ponte Alta - Comercio e Consultoria, Lda	055	11	a		100.00%	100.00%	52.95%		399	
Primeira Cruz - Comercio e Consultoria, Lda	055	11	a		60.00%	60.00%	31.77%		0	
Nordic Assistance A/S	021	11	a		100.00%	100.00%	99.90%		836	
Első Hazai Pénztárszervező Rt.	077	2	a		100.00%	100.00%	93.64%		557	
Europ Assistance Kft	077	11	a		100.00%	100.00%	98.27%		89	
Európai Utazásbiztosítás-közvetítői Kft.	077	11	a		100.00%	100.00%	66.25%		16	
Generali Alapkezelő Rt.	077	11	a		100.00%	100.00%	93.64%		2,009	
Generali Biztosítási Ügynök és Marketing Kft	077	11	a		100.00%	100.00%	93.64%		2,349	
Generali Ingatlan Vagyonkezelő és Szolgáltató Kft.	077	10	a		100.00%	100.00%	93.64%		4,753	
Europ Assistance Polska Sp.zo.o.	054	11	a		100.00%	100.00%	99.90%		1	
Generali-Risk Consulting Spzoo	054	11	a		100.00%	100.00%	93.64%		228	
Anglicka Business Center Spol.s.r.o.	275	10	a		100.00%	100.00%	93.64%		8,915	
Europ Assistance s.r.o.	275	11	a		100.00%	100.00%	99.90%		185	
Generali Car Care s.r.o.	275	11	a		100.00%	100.00%	93.64%		0	
Generali Penzijní Fond a.s.	275	2	a		100.00%	100.00%	93.64%		1,575	
Generali Servis s.r.o.	275	11	a		100.00%	100.00%	93.64%		4	
Team Trackers s.r.o.	275	11	a		100.00%	100.00%	50.95%		0	
Nordic Claims Handling AB	068	11	a		100.00%	100.00%	99.90%		174	
Nordic International Assistance AB	068	11	a		100.00%	100.00%	99.90%		1.190	
Generali IT S.s.r.o.	276	11	a		100.00%	100.00%	93.64%		132	
MAKB s.r.o.	276	10	a		100.00%	100.00%	94.14%		0	
VUB Generali dôchodková správcovská spoločnosť, a.s.	276	2	b		50.00%	50.00%	46.82%		12,013	
CGPM, Compagnie de Gestion Privée Monegasque SAM	091	11	b		20.00%	20.00%	20.00%		0	
Aldon AG	071	11	a		100.00%	100.00%	100.00%		64	
Autolinee Regionali Luganesi S.A.	071	11	b		23.54%	23.54%	23.54%		0	
BSI Art Collection (Svizzera) S.A.	071	11	a		100.00%	100.00%	100.00%		64	
BSI Laran S.A.	071	9	a		100.00%	100.00%	100.00%		64	
BSI Wertheim Merchant House S.A.	071	11	b		50.00%	50.00%	50.00%		96	
B-Source S.A.	071	11	a		63.00%	63.00%	63.00%		6,489	
Calas S.A.	071	11	a		100.00%	100.00%	100.00%		64	
Europ Assistance (Suisse) S.A.	071	11	a		100.00%	100.00%	75.55%		129	
Finmo S.A.	071	11	a		100.00%	100.00%	100.00%		32	
Foot.Pro S.A.	071	11	a		100.00%	100.00%	100.00%		0	
Funicolare Lugano-Paradiso-S.Salvatore S.A.	071	11	b		31.08%	31.08%	31.08%		0	
Ganos S.A.	071	11	a		100.00%	100.00%	100.00%		64	
Generali Group Partner AG	071	11	a		100.00%	100.00%	62.39%		64	

## Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
Iavipe S.A.	071	10	a		100.00%	100.00%	100.00%		772	
Immobilière Odeon S.A.	071	10	a		100.00%	100.00%	62.34%		3,731	
SIL Società Immobiliare Lugano S.A.	071	10	b		44.20%	44.20%	44.20%	27.55%	0	
Thalia S.A.	071	9	a		100.00%	100.00%	100.00%		723	
Citadel Ins. Co. PLC	105	2	b		21.00%	21.00%	21.00%		978	
Assicurazioni Generali (Insurance Managers) Ltd	201	11	a	99.94%		99.94%	99.94%		29	
BSI Administrators (Channel Islands) Ltd	201	11	a		100.00%	100.00%	100.00%		0	
BSI Corporate Service (Guernsey) Ltd.	201	11	a		100.00%	100.00%	100.00%		0	
BSI Generali Capital Markets (CI) Ltd.	201	4	a		100.00%	100.00%	100.00%		0	
BSI Nominees (Guernsey) Ltd	201	11	a		100.00%	100.00%	100.00%		0	
BSI Trust Corp. (Channel Island) Ltd	201	11	a		100.00%	100.00%	100.00%		1,456	
City Nominees Limited	201	11	a		100.00%	100.00%	100.00%		0	
Europ Assistance CEI 000	262	11	a		100.00%	100.00%	99.90%		0	
Europ Assistance Vostok 000	262	11	a		60.00%	60.00%	59.94%		0	
S.C. Aqua Mures S.r.l.	061	11	a		100.00%	100.00%	100.00%		0	
S.C. Genagricola Romania S.r.l.	061	11	a		100.00%	100.00%	100.00%		113	
S.C. San Pietro Romania S.r.l.	061	11	a		100.00%	100.00%	50.21%		103	
Genamerica Management Corporation	069	11	a	100.00%		100.00%	100.00%		8	
General Securities Corporation of North America	069	9	a		100.00%	100.00%	100.00%		1,516	
Generali Claims Solutions LLC	069	11	a		100.00%	100.00%	100.00%		0	
Generali Consulting Solutions LLC	069	11	a	100.00%		100.00%	100.00%		133	
Prime USA Inc.	069	11	a		100.00%	100.00%	100.00%		1,170	
Worldwide Assistance Services Inc.	069	3	a		100.00%	100.00%	99.90%		1,949	
Europ Assistance Argentina S.A.	006	11	a		100.00%	100.00%	50.93%		190	
Instituto del Seguro de Misiones S.A.	006	3	a		99.95%	99.95%	47.03%		1,463	
La Caja Aseguradora de Riesgos del Trabajo ART S.A.	006	3	b		50.00%	50.00%	23.51%		6,649	
Ritenere S.A.	006	11	a		100.00%	100.00%	47.50%		3	
Tradición Seguros S.A.	006	3	a		100.00%	100.00%	47.49%		14	
BSI Serviços Ltda	011	11	a		100.00%	100.00%	100.00%		0	
Worldwide Assistance Servicios de Asistencia Personalizados S.A.	011	11	a		100.00%	100.00%	31.77%		0	
BSI Servicios Internacionales S.A.	015	11	a		100.00%	100.00%	100.00%		0	
Europ Assistance SA (Chile)	015	11	a		51.00%	51.00%	38.98%		109	
La Nacional Compañía Inmobiliaria (Lancia) C.A.	024	10	a		100.00%	100.00%	51.74%		0	
Asistencia Banorte Generali S.A. de C.V.	046	11	a		100.00%	100.00%	49.00%		4	
Comercial Banorte Generali S.A. de C.V.	046	11	a		100.00%	100.00%	49.00%		462	
Europ Assistance de México S.A.	046	11	b		49.00%	49.00%	48.95%		0	
Servicios Banorte Generali S.A. de C.V.	046	11	a		100.00%	100.00%	49.00%		183	
BSI Servicios S.A.	080	11	a		100.00%	100.00%	100.00%		0	
BSI Trust Corp. (Bahamas) Ltd	271	11	a		100.00%	100.00%	100.00%		0	
Access Health Africa (Proprietary) Limited	078	11	a		100.00%	100.00%	56.94%		0	
Care Assist Pty Ltd	078	11	a		100.00%	100.00%	56.94%		0	
Europ Assistance Worldwide Services (South Africa) Ltd	078	3	a		57.00%	57.00%	56.94%		240	
LawCall Marketing Pty Ltd	078	11	a		100.00%	100.00%	56.94%		0	
MRI Criticare Medical Rescue (Pty) Limited	078	11	a		100.00%	100.00%	56.94%		0	
Anglo-Saxon Real Estate Agency (Israel 1992) Ltd	182	11	b		49.00%	49.00%	29.33%		0	
Avgad Yahalom Management and Services Ltd	182	10	b		47.45%	47.45%	28.41%	47.00%	0	

## Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
CSC (1983) Management and Trusteeship Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Data Car Israel Ltd	182	11	b		50.00%	50.00%	29.93%		44	
Europ Assistance Israel Ltd	182	11	a		100.00%	100.00%	79.88%		355	
Fredi & Ilan Beck Insurance Brokerage Ltd	182	11	b		30.00%	30.00%	17.96%		0	
Generali Realities Ltd	182	10	a	99.95%		99.95%	99.95%		0	
Gilat D.B.S. Ltd	182	11	b		27.16%	27.16%	16.26%		0	
Hamagen Properties Ltd	182	10	a		100.00%	100.00%	59.86%		0	
Ihud Insurance Agencies Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Ihud Peltours Diamonds Insurance Agency (2002) Ltd	182	11	a		100.00%	100.00%	51.86%		0	
Ihud-David Berman Insurance Agencies Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Karden Financial Instruments 2001 Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Leibowitz Streichman Consultants (1998) Ltd	182	11	a		100.00%	100.00%	43.86%		0	
Maestro Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Migdal (Merkazit) Trust Fund Management Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Migdal Alumim Investment House Ltd	182	11	a		100.00%	100.00%	29.93%		0	
Migdal Asset and Securities Management Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Migdal Business Underwriting Promotion Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Migdal Capital Markets (1965) Ltd	182	9	a		50.00%	50.00%	29.93%		0	
Migdal Credit Services Ltd	182	11	a		100.00%	100.00%	59.86%		2,265	
Migdal Financial Services Ltd	182	11	a		100.00%	100.00%	59.86%		276	
Migdal Forex Matach Services Ltd	182	11	a		58.92%	58.92%	17.64%		0	
Migdal Global Asset Management Ltd	182	9	a		100.00%	100.00%	29.93%		0	
Migdal Holdings & Management of Insurance Agencies Ltd	182	4	a		100.00%	100.00%	59.86%		2,128	
Migdal Investments Management 2001 Ltd	182	9	a		100.00%	100.00%	59.86%		0	
Migdal Leasing Ltd	182	11	a		100.00%	100.00%	59.86%		2,200	
Migdal Management of Provident Funds Ltd	182	3	a		100.00%	100.00%	59.86%		245	
Migdal P.E. Ltd	182	9	a		100.00%	100.00%	59.86%		0	
Migdal Platinum Provident Ltd	182	11	a		100.00%	100.00%	29.93%		0	
Migdal Real Estate Holdings Ltd	182	10	a		100.00%	100.00%	59.86%		0	
Mivtach Gonen Pension Insurance Life Assurance Agency (2002) Ltd.	182	11	a		75.00%	75.00%	44.90%		0	
Mivtach Granot Assurance Agency (2000) Ltd	182	11	b		40.00%	40.00%	23.94%		0	
Mivtach Rom Insurance Agency Limited Partnership	182	11	a		64.00%	64.00%	38.31%		0	
Mivtach Simon Rubinstein Mor (Insurance Agency) 2000 Ltd	182	11	a		64.00%	64.00%	38.31%		0	
Mivtach-Peltours Insurance Agency (2002) Ltd	182	11	a		100.00%	100.00%	51.86%		0	
Mivtach-Simon Agencies Management Ltd	182	9	a		100.00%	100.00%	59.86%		0	
Mivtach-Simon Insurance Agencies Ltd	182	9	a		100.00%	100.00%	59.86%		0	
Municipalit Insurance Agency (2000) Ltd	182	11	b		50.00%	50.00%	21.93%		0	
Pel - Hamagen House Ltd	182	10	a		100.00%	100.00%	59.86%		0	
Peltours Insurance Agencies Ltd	182	11	a		73.27%	73.27%	43.86%		0	
Pension Fund Management Co. Ltd	182	3	a		70.00%	70.00%	41.90%		0	
Rav Ofek Ltd	182	11	b		25.00%	25.00%	14.97%		0	
Reshef Insurance Agencies 2004 Ltd	182	11	a		50.00%	50.00%	29.93%		0	
Sagi Yogev Life Assurance Agency (1988) Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Shaham Insurance Agencies (1997) Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Shamgad Claims Management Co. Ltd	182	11	a		100.00%	100.00%	59.86%		0	
Te'utza Tsua Ve Sherut Ltd	182	3	a		100.00%	100.00%	59.86%		0	
The Central Stock Exchange Services (NE) Ltd	182	11	a		100.00%	100.00%	29.93%		0	
TIP - Planning and Pension Consulting Ltd	182	11	a		100.00%	100.00%	59.86%		0	

## Non-consolidated subsidiaries and associated companies

Company	Country	Activity (1)	Type (2)	Shareholding %			Group equity ratio (3)	Votes exercisable at shareholders' general meeting % (4)	Book value (in thousand euro)	Fair value
				Direct	Indirect	Total				
Tvuna Life Assurance Agency (1988) Ltd	182	11	b		33.33%	33.33%	19.95%		0	
Yeud Life Assurance Agency (1999) Ltd	182	11	a		75.00%	75.00%	44.90%		0	
Yosef Fridman Insurance Agency (1986) Ltd	182	11	b		33.33%	33.33%	19.95%		0	
Carthage Assistance Services S.A.	075	11	b		49.01%	49.01%	48.96%		271	
Europ Assistance Medical Services Internationals S.A.	075	11	b		44.00%	44.00%	43.96%		31	
Maghreb S.A.	075	3	b		44.17%	44.17%	44.17%		2,629	
Société d'Assistance et de Transport Médical S.A. - Tunisie Assistance	075	11	b		33.00%	33.00%	32.97%		268	
GFA Haiti S.A.	034	3	b		30.00%	30.00%	29.78%		4	
Europ Assistance (Taiwan) Ltd	022	11	a		100.00%	100.00%	99.90%		0	
BSI Bank Limited	147	7	a		100.00%	100.00%	100.00%		5,084	
Europ Assistance Worldwide Services Pte Ltd	147	11	a		100.00%	100.00%	99.90%		112	
Worldwide Assistance (Singapore) Pte Ltd	147	11	a		100.00%	100.00%	99.90%		0	
International Inheritance Planning Limited	049	9	a		100.00%	100.00%	100.00%		0	
BSI-Generali Asia Limited	103	9	a	10.00%	90.00%	100.00%	100.00%		55	
Europ Assistance Travel Assistance Services (Beijing) Co Ltd	016	11	a		100.00%	100.00%	99.90%		750	
Total									802,927	

(1) 1=italian insurance companies; 2=other 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 companies

(2) a=non-consolidated subsidiaries (IAS27) ; b=associated companies (IAS28); c=joint venture (IAS 31)

(3) net group participation percentage

(4) it represents the percentage of votes exercisable at shareholders' general meeting if it differs from that of direct or indirect shareholding







BOARD OF AUDITORS' REPORT









## Report of the Board of Auditors on the consolidated accounts for 2005

To the Shareholders:

The consolidated accounts of the Generali Group were drafted according to the IAS/IFRS international accounting standards issued by the IASB and approved by the European Union, under Community regulation 1606 of 19 July 2002 and Italian Legislative Decrees 38/2005 and 209/2005.

Therefore, the new layouts for the consolidated accounts and notes to the accounts required by ISVAP regulation 2404 of 22 December 2005 have been adopted. As that regulation permits, the Generali Group elected to supplement the consolidated accounts tables with specific additional items, with no repercussions on their clarity, and to provide greater detail in the notes to the accounts, meeting the requirements of the main IAS/IFRS standards.

The profit and loss account and balance sheet figures at 31 December 2004 have been reclassified according to the new standards, by reasonable estimate where necessary. Comparison is generally on a prudential basis and gives a reliable picture of business developments in the two years.

The Board also attests that the management report offers complete information on the main effects of the transition to IAS/IFRS on the consolidated accounts of the Generali Group.

The Board has further ascertained:

- the adequacy of the Parent Company's organisation as regards the inflow of information and the consolidation procedures;
- compliance with the standards for consolidation and the other provisions of the law, in particular the determination of the consolidation perimeter and the reference date for the accounts items;
- the correspondence of the accounting standards and valuation methods with the legislation and regulations in force.

Finally, the Board reports that the certification of the accounts of the Group's subsidiaries is consistent with Legislative Decree 58/1998 (repeatedly cited) and with Consob resolution 11971 of 14 May 1999. In particular, the Board attests that the voluntary certification of the accounts of the subsidiaries not subject to compulsory auditing under local law is also consistent with those measures.

Trieste, 24 March 2006

THE BOARD OF AUDITORS,  
ASSICURAZIONI GENERALI





## INDEPENDENT AUDITOR'S REPORT





**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LAW  
DECREE N° 58 DATED 24 FEBRUARY 1998 AND WITH ARTICLE 102 OF THE  
LAW DECREE N° 209 DATED 7 SEPTEMBER 2005**

To the Shareholders of  
Assicurazioni Generali SpA

**CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2005**

- 1 We have audited the consolidated financial statements, which comprise the balance sheet, the income statement, the statement of changes in shareholders' equity, the cash flow statement and the related notes of Assicurazioni Generali SpA and its subsidiaries (the "Generali Group") as of 31 December 2005. These consolidated financial statements are the responsibility of Assicurazioni Generali SpA's directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The aforementioned consolidated financial statements have been prepared for the first time in accordance with the International Financial Reporting Standards as adopted by the European Union.
- 2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed companies and the Stock Exchange. In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the accounting principles used and the reasonableness of estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The responsibility for the audit of the financial statements of certain subsidiaries and associated companies, for amounts representing 24.3 per cent of the consolidated assets and 24.3 per cent of consolidated gross earned premiums, is that of other auditors.

The consolidated financial statements present for comparative purposes the corresponding prior year figures prepared in accordance with the same accounting principles. Furthermore, "Part I – Transition to the International Accounting Standards and International Financial Reporting Standards" of the notes explains the effects of the transition to International Financial Reporting Standards as adopted by the European Union. As disclosed in the introductory paragraph of Part I, directors have reclassified the information on the effects of the transition to the International Financial Reporting Standards furnished in the reconciliation schedules required by IFRS 1, which have been previously approved by the Board of directors and have been published together with the consolidated half year report as of 30 June 2005, on which we have issued our audit report dated 25 October 2005, to ensure full comparability with the first IFRS consolidated financial statements following the promulgation of ISVAP's Regulation N° 2404 dated 22 December 2005. This information has been examined by us for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2005.

- 3 In our opinion, the consolidated financial statements of Assicurazioni Generali SpA as of 31 December 2005 comply with IFRSs as adopted by the European Union; accordingly, they give a true and fair view of the consolidated financial position, the consolidated results of operations, the changes in the consolidated shareholders' equity and the consolidated cash flows of Generali Group for the year then ended.

Milan, 4 April 2006

(This report has been translated from the original which was issued in accordance with Italian legislation)

PricewaterhouseCoopers SpA

Ezio Bassi  
(Partner)



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