





Generali Group

“Growth opportunities post crisis?”

Mel Carvill – Deputy General Manager



-  **I. The crisis we are facing**
-  **II. Generali: a sound financial position...**
-  **III. ...and a consistent business model**
-  **IV. CEO final remarks**

■ I. The crisis we are facing

Financial system: revolution or evolution?

„These are exceptional times..“
(Dominique Strauss Kahn, *IMF Managing Director*)

- The end of a financial model based on high leverage, excesses & opacity in exchange of short term record profits
- Crisis of investment banking, brokerage
- What should we expect:
 - Less leveraged, better capitalized, smaller financial system;
 - Tighter regulatory environment + more state intervention;
 - Need for increased literacy/transparency;
 - A more inclusive model of development.
- Sovereign Funds may play an important role in providing liquidity.

Some questions arise:

- ✓ *How?*
- ✓ *At what price?*
- ✓ *What about governance?*
- ✓ *Is the system ready for new shareholder structures?*



Macro environment, financial markets, insurance industry

Has the crisis reached its bottom?

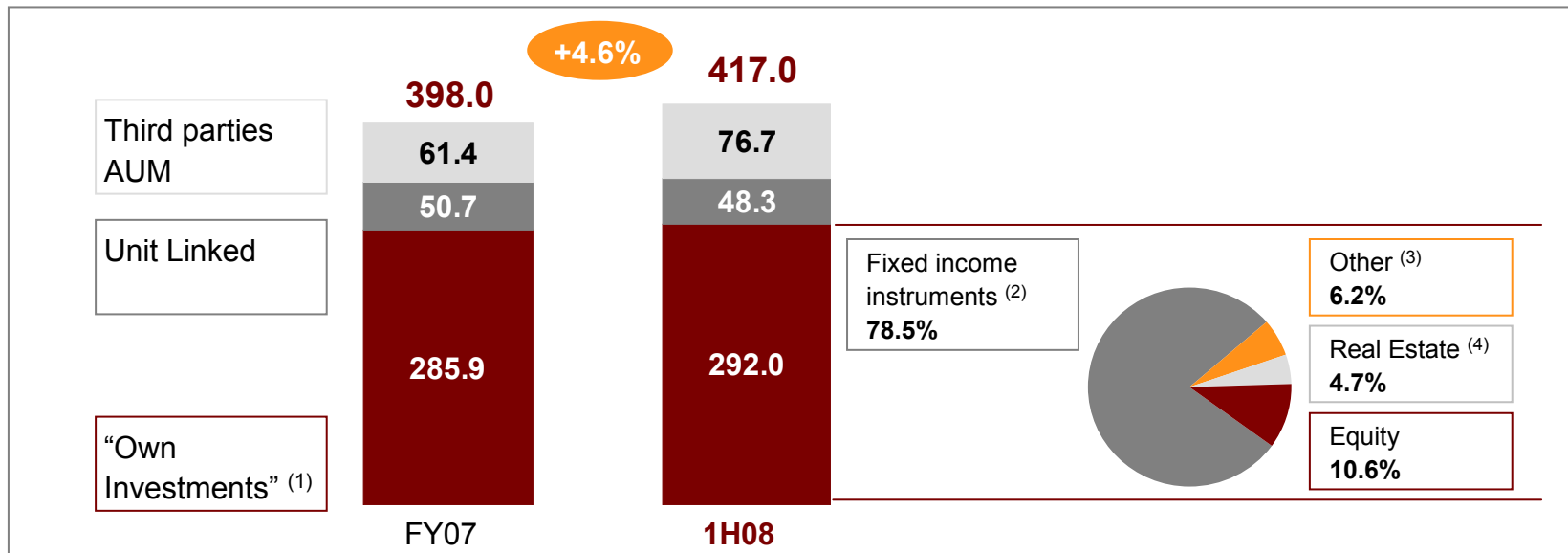
- Real economy: prolonged slowdown with some positive macro signs (lower commodity prices, lower inflation)
- Financial crisis still developing after more than one year
- Insurance industry – generally a sound business model, after the experience of 2002-2003:
 - ✓ Sounder risk culture, better ALM
 - ✓ Thus: no rationing of insurance coverage, unlike credit
 - ✓ Provider of protection, secure products
 - ✓ Shock Absorber
 - ✓ Growth Enhancer

■ II. Generali: a sound financial position...

Investment strategy vs. risk strategy

What happened in 1H08

- During 1H08, our corporate bond portfolio increased by about 1 percentage point vs. 2007 (42.7% of total bond portfolio at FY07);
- Our equity exposure decreased more than 2 percentage points vs. 2007 (12.9% of own investments⁽¹⁾ at FY07);
- Equity hedging initiatives, implemented through options and futures, generated Euro 240 m gross profit.



(1) "Own Investments" exclude real estate for own use. With this asset class "Own Investments" would amount to Euro 295.1 bn, compared to Euro 288.7 bn at the end of 2007

(2) Including mortgage loans, policy loans, deposits under reinsurance business accepted, term deposits with credit institutions and other financial investments, other loans

(3) Including investments in subsidiaries, associated companies and JVs, derivatives, receivables from banks or customers

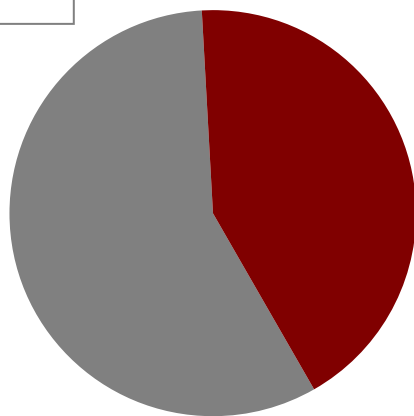
(4) Including real estate mutual funds

Quality of bond portfolio at 31/08/2008

Bond Portfolio Breakdown

By issuer (%)

Government
56.1



Corporate
43.9

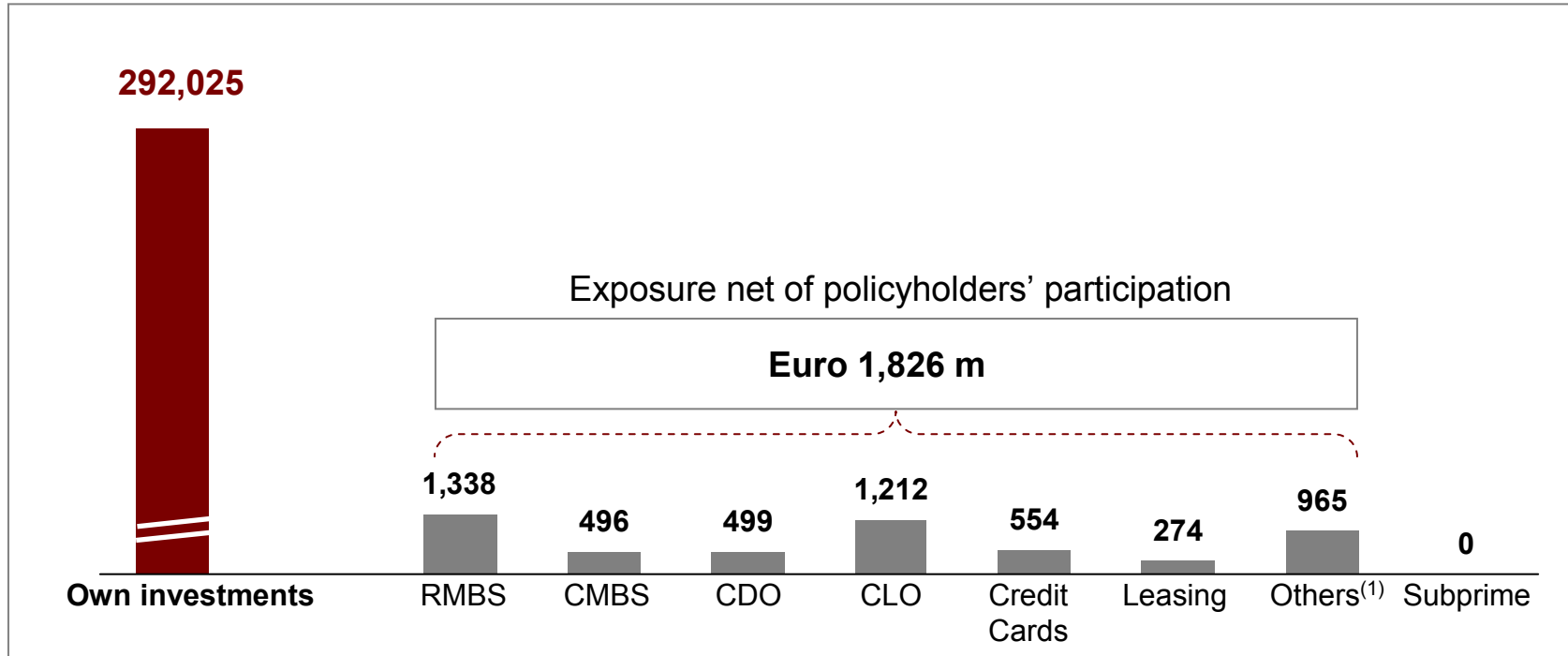
By rating (%)

(%)	Total	Government	Corporate
AAA	38.0	44.3	30.6
AA	33.6	41.1	24.8
A	22.4	13.2	33.1
BBB	4.6	0.3	9.6
Non investment grade	0.4	0.0	0.9
Not rated	1.0	1.1	1.0

Structured finance exposure

(Euro m)

As at 30.06.08

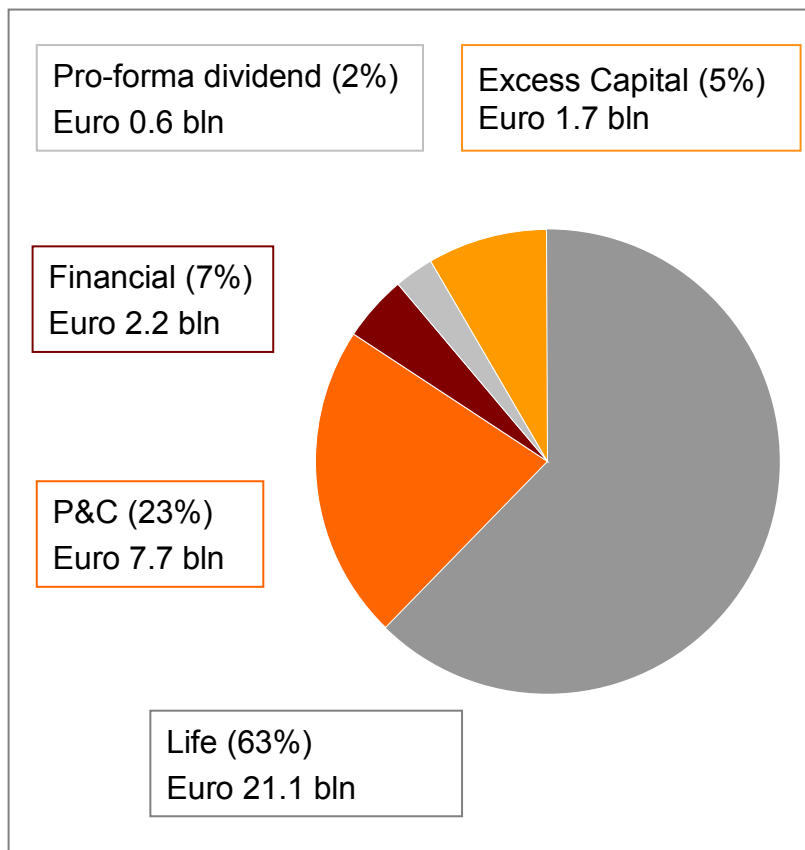


(1) Including auto loans, consumer loans, real estate, student loans, social security, whole business and non performing loans

- Total exposure (net of policyholders' participation) is Euro 1,826 m
- No exposure to US sub-prime assets
- Negligible exposure (net of policyholder's participation) to US mono-line insurers: Euro 1.4 m on MBIA bond and Euro 30.2 m to assets wrapped by mono-line insurers
- No off-balance sheet conduits or SIVs

Capital allocation and adequacy at 1H08⁽¹⁾

Capital Allocation: Available Capital Euro 33.4 bln



Excess Capital

(Euro bln)	1H 08
Embedded Value	26.7
Subordinated Debt⁽²⁾	6.7
Available Capital	33.4
Economic Capital⁽³⁾ + dividend to be paid⁽⁴⁾	31.7
Excess Capital	1.7

Economic Solvency

- Economic solvency ratio 1H 08 at 210% (from FY07 at 220%)
- Calculated as Available Capital (net of dividend to be paid) divided by Risk Capital (Euro 15.6 bln) according to our internal model aligned to Solvency II framework

(1) For further details, see our Economic Balance Sheet presentation (September 16, 2008)

(2) Already allowing for taking out, through hybrid, of Euro 1 bln bridge loan financing acquisition of Banca del Gottardo

(3) Economic capital and risk capital based on FY07 full bottom-up calculations (Economic Balance Sheet), updated to reflect new market conditions and assets/liabilities development

(4) Pro-forma dividend to be paid (Euro 0.6 bln) assumed equal to half of dividend paid in 2008

■ **III. ...and a consistent business model**

Our business model

Our strengths

- Retail business represents around 80% on Group P&C;
- A widespread customer base, with around 50 m clients;
- Proprietary channels are the main pillar of our distribution strategy:
 - ✓ more than 17,000 agents;
 - ✓ more than 50,000 FAs.
- Traditional business (60% of gross direct premiums in 1H08) guarantees our policyholders against markets swings;
- Low exposure to products where underlying assets are not managed by Generali (index linked: 0.5% on gross direct premiums in 1H08);
- Negligible exposure to troubled financial institutions confirms the soundness of our risk management policy.



Focus on our core markets

(1/2)

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Italy

- Proprietary networks continue to record satisfactory performance (APE +40% vs. 1H07);
- Continuing growth trend in pension products sales (gross premiums +95% vs. 1H07);
- Innovative product offer based on our core insurance knowledge:
 - ✓ Third Age products to be extended to all Italian distribution networks within second half 2009;
 - ✓ VAs products design, based on Generali's core client propositions (strength and protection), characterized by direct capital guarantee and clear disclosure of protection costs;
 - ✓ Internet channel to meet young people needs and aspirations
- Thanks to our high quality offer, our client base is not materially impacted by present market conditions.



Focus on our core markets

(2/2)

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France

- Resilient life sales performance in a receding market (APE +8.1% vs. 1H07);
- Continued growth in the non-life retail and middle-segments (GWP +3.0% vs. 1H07), vs. reduced exposure in the corporate segment;
- Continued leadership in Life Internet; first pilots in non Life retail launched since Summer;
- Generali France to launch new generation products (VA, Third Age) in the course of 2009.



Germany

- Distribution as a strong competitive advantage:
 - 6.400 full-time agents
 - more than 15.000 brokers
 - 35.000 financial advisors
 - #1 in direct distribution with CosmosDirekt
- Proven track record in efficiency savings: restructuring projects well on track:
 - -3.102 FTE since end of 2002 (-23,8% of initial workforce)
 - +55% productivity from 31.12.2002 to 31.12.2007
- Continuous above market growth, now ranking # 2



■ IV. CEO final remarks

Final remarks

Lack of confidence in financial markets is *the* challenge to governments and institutions

Strong franchise, high-quality offer & low-risk ALM are key to our future growth

Clients' protection is the cornerstone of our business model

Generali: a safe harbour for all stakeholders



October 30, 2008

3Q 2008 Results (Conference call)

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