

**PRESS RELEASE**

**THE GENERALI GROUP ENTERS BULGARIA  
WITH THE ACQUISITION OF A 51% SHAREHOLDING IN OREL- G HOLDING**

**Generali Group's expansion in international markets continues**

**Following the entry in Bulgaria, Generali is present in ten countries in CEE with 4 million clients**

**The Orel-G Group is a leading player in the Bulgarian insurance market, holding top positions in life and health insurance**

Trieste, July 10, 2006. The Generali Group, through Generali Holding Vienna, has signed an agreement for the acquisition of a 51% shareholding in Orel-G Holding AD from Orel-Consult AD.

The acquisition is part of the international development strategy that has been pursued over the past few years. The strategy has contributed to the progressive expansion of the Generali Group, not only in important Southeast Asian markets, but also in Central and Eastern European markets where the Group now operates in ten countries - Hungary, the Czech Republic, Romania, Slovenia, Slovakia, Poland, Croatia, Serbia, Ukraine and Bulgaria - with nearly 4 million clients. This strategy has been developed by focusing on countries where there is growth potential combined with a benevolent social and regulatory environment promoting the insurance business.

Commenting on the agreement Generali CEO **Sergio Balbinot** said: "The entry in Bulgaria with the acquisition of Orel-G is part of the international growth strategy of Generali, which in just a few months has significantly strengthened its presence in some of the markets with the world's highest growth potential. The widening of our operations in countries such as India, Serbia, Ukraine, as well as the strengthening of our position in Croatia, are the latest steps in this process."

**The Orel-G Group: Strong premium income growth in 2005. Leading health insurance provider**

The Orel-G Group closed 2005 with a premium income of approximately € 28 million, recording strong growth on a like-for-like basis against 2004 (+22%). The result was driven principally by health insurance (+ 34% from 2004) and by life business (+30% from 2004).

CEO Balbinot added: "I am certain that Orel-G - thanks to its diversified portfolio covering life, elementary lines and health, combined with a wide presence throughout the territory - will be the ideal vehicle for the implementation of our growth plan in an extremely dynamic sector such as the Bulgarian insurance market."

The Orel-G Group operates in the Bulgarian market through three companies: Orel AD in the non-life sector, Orel Life AD in the life, and Zakrila in the health insurance business.

Zakrila AD is by far the top player in health insurance, holding a 60% share of the market thanks to a polyclinic it owns and to agreements with 270 health institutions across the country. Orel Life AD, holding a market share of 10%, ranks fourth in Bulgarian life insurance with a premium portfolio largely consisting of endowment policies (86%). Orel-G AD, on the other hand, focuses on non-life business with auto insurance representing 64% of its portfolio. The company has a high level of actuarial and underwriting expertise.

The Orel-G Group's sales network is evenly distributed across the country with 87 territorial offices and approximately 8,000 salesmen. Besides the traditional selling channels, the Orel-G Group has a series of bancassurance agreements for the distribution of mainly its life insurance products.

### **The Bulgarian insurance market: + 25% annual growth in the past five years**

Following the reforms implemented from 1989, Bulgaria's GDP and industrial output have grown at a rate higher than that recorded on average in the European Union, with an inflation rate that is lower than that in the other countries of central and eastern Europe. Against this backdrop, average premium growth in the Bulgarian market over the past five years is 25% p.a., with an insurance penetration that compared to European averages is still very low (2.54% compared to an average of 7.88% in Europe).

### **Generali in central and eastern Europe**

In 2005, the Generali Group ranked fourth among foreign players in central and eastern Europe, closing the year with a premium income of € 936,8 million, up 22% from the previous year. Currently Generali has a significant presence in eastern Europe with approximately 4 million clients, operating in ten countries with a historically known brand (Hungary 1989, Czech Republic and Romania 1993, Slovenia 1996, Slovakia 1997, Poland 1999, Croatia 2002, Serbia and Ukraine 2006).

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