



13/05/2011

**PRESS
RELEASE**

Generali Group: consolidated results at 31 March 2011

Q1 net profit up 16.8% to € 616 million

OPERATING RESULT RISES TO € 1,256 MILLION (+6.6%) DRIVEN BY RESULT IN NON-LIFE AND ASSET MANAGEMENT

- Excellent performance confirmed for Life result at € 881 million (+1.7%), one of the best quarterly performances of recent years
- Strong progress in Non-Life result at € 393 million (+26%)
- Non-Life combined ratio improves by 1.9 p.p. to 96.1% (98% in Q1 2010)
- Result in financial services improves to € 115 million (+16.7%)
- Life premiums € 12.3 billion (-13.2%), performance reflects high concentration of single premium income in Q1 2010. Growth continues in Life annual premiums (+3.2%)
- Non-Life premiums progress to € 6.8 billion (+2.1%)

GROUP SHAREHOLDERS' EQUITY RISES TO € 17.7 BILLION (+1.3%)

Generali Group CEO **Giovanni Perissinotto** said: *"The excellent results in the first quarter demonstrate once again the validity of our geographical and distribution diversification strategy. We have improved results in all segments. In the Life business our goal is to raise our already high profitability still further, through a tighter product policy. In Non-Life we are achieving our planned profitability increase. I'm also very satisfied with our results in asset management thanks to a favourable balance between growth and profitability. So everything is in place for the Group to report another significant improvement in its net profit in 2011."*

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Conference call on first-quarter results today at 15:00 hours CET at +39 02 8058827 (listen only), or via the website www.generali.com

Milan – At a meeting today chaired by Gabriele Galateri di Genola, the Assicurazioni Generali Board of Directors approved the consolidated results at 31 March 2011.

Generali closed the first quarter of the year with **strong growth in net profit** to € 616 million (+16.8%; € 527 million Q1 2010), driven in particular by operating profits in all three businesses: Life, Non-Life and asset management.

The Life segment posted a high operating result once again, one of the best quarterly performances of recent years, achieved thanks to the investment management result and also to the improvement in the technical margin. Strong progress was achieved in the Non-Life operating result (+26%), which reported excellent technical profitability, with the combined ratio improving by 1.9 p.p. to 96.1% (98% Q1 2010), thanks in particular to positive performances in Italy, France and Germany.

The contribution from the operating result in the financial segment also improved (+16.7%), driven by growth policies and by the improvement of the intermediation margin, due to the increase in net commissions and in the interest income.

The aggregate operating result thus rose by 6.6% to € 1,256 million (€ 1,178 million Q1 2010), reaching the levels reported before the financial crisis.

Operating profit

€ mln	31/03/2011	31/03/2010	Δ
Life operating profit	881	866	+1.7%
Non-life operating profit	393	312	+26%
Financial segment operating profit	115	98	+16.7%
Total operating profit¹	1,256	1,178	+6.6%

¹Total operating result includes operating holding expenses (-€74 mln) and consolidation adjustments (-€59 mln)

With premium income focused on maximisation of yield on the capital backing Life activities, the Group generated Life premiums of € 12.3 billion, a decrease of 13.2%. Aggregate gross premiums totalled € 19.1 billion (-8.3%; € 20.9 billion Q1 2010). The trend was influenced by the high concentration of single premium income in the first quarter of 2010.

In the Life business, annual premium income – characterized by higher profitability – continued to grow (+3.2%). Life premium income in the first quarter, at the level of both aggregate premiums and new business in terms of APE, was therefore not only of excellent quality, but also one of the best first-quarter figures of the recent years.

Non-Life premium income increased to € 6.8 billion (+2.1%), with growth in the Motor line (2.7%) as well as in the Non Motor lines (+1.3%).

With regard to distribution channels, direct-channel premiums increased in both the Life and the Non-life segments. In the Life business, direct-channel premiums increased by 19.1%, accounting for a larger share of the segment's portfolio (6.7%, from 4.8%). In the Non-life business, the growth reached 6.4% and the contribution to the portfolio was 3.8% from 3.6% a year ago.

In asset management, third-party assets reached € 92 billion (+4% on a like-for-like basis from 2010 year-end).

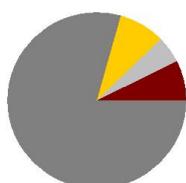
The Group also confirmed the strength of its **capital structure** in the first quarter, with shareholders' equity rising to € 17,725 million (+1.3%; € 17,490 million at the end of 2010).

The Solvency I ratio rose to 133% (132% at 31 December 2010). Including off-balance sheet unrealized gains on real estate subject to Authorities' authorization, the Solvency I ratio was 140%.

INVESTMENT POLICY

In the first quarter, the Group **investment strategy** prioritised investments supporting the current profitability of its insurance portfolios by selecting equities and fixed-income government and corporate securities from solid issuers. This kept current profitability stable on a quarterly basis (1%).

Own investments ¹



	31/03/2011	31/12/2010
Fixed-income instruments	79.3%	79.2%
Equities	8.4%	8.5%
Real estate	4.9%	4.9%
Other	7.3%	7.4%

Total	€324.2 billion	€321.7 billion
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¹ Own investments include own capital and insurance funds (e.g., excluding unit-linked)

As part of the strategy described above, the Group kept corporate and government securities in its bond portfolio stable (at 44.2% and 55.8% respectively), maintaining average duration at the 2010 end-of-year levels. With regard to the equities component, the portfolio was characterized by significant trading activity, generating an increase in capital gains with respect to the first quarter of 2010. Real estate investments accounted for a larger share of the quarter's result, with current profitability up to 2% on a quarterly basis.

OUTLOOK

In the Life sector, the Group expects to confirm the ambitious production levels of 2010, although it is giving priority to products with lower capital absorption and higher returns in terms of new business value. This, together with the cost containment policy, should enable it to maintain or improve new business margins.

In the Non-Life lines, the Group expects to confirm the premium growth rates of 2010, arising from performance in the Non Motor business and upturn in the Motor business. Assuming a normalized level of catastrophic events, an improvement is also expected in overall technical margins as a result of the shift in the portfolio composition towards Non Motor retail lines, the maintenance of current operating efficiency levels and the on-going effects of the Group tariff policies and claims management policies.

Given the scenario described above, the Group expects to report higher operating margins and a higher net profit compared with 2010.

LIFE SEGMENT

First quarter **Life operating result** remained at very high levels, at € 881 million (+1.7%; € 866 million Q1 2010). This was achieved through a higher technical and financial margin and control of operating expenses.

Life operating profit			
€ mln	31/03/2011	31/03/2010	Δ
Technical Margin	1,600	1,564	+2.3%
Investment Result	644	643	+0.3%
Expenses	(1,363)	(1,340)	-1.7%
Life operating profit	881	866	+1.7%

On a country basis, Italy reported a 1.2% improvement in operating performance, confirming the excellent result of the 2010 first quarter, thanks to the improvement in the technical margin and containment of expenses; France made strong progress as a result of the positive performance of its financial operations. The result in the Central East European countries was steady, confirming the previous good levels.

Life operating result - Geographic breakdown			
€ mln	31/03/2011	31/03/2010	Δ
Italy	354	350	+1.2%
France	196	130	+51.5%
Germany	103	129	-20%
CEE	58	59	-0.7%

Looking at production, Life premiums in the first quarter amounted to € 12,340 million, from € 14,214 million in Q1 2010 (-13.2%). As noted above, the downturn was due in particular to the high concentration of single premiums in Q1 2010, especially in Italy, France and Ireland. Production improved in Germany, with premiums rising to € 3,338 million (+5.7%) thanks to the performance of personal Life policies.

New business in terms of **APE** remained high, at € 1,311 million, confirming the period as one of the best first quarters of the last few years. Compared with the first three months of 2010 (€ 1,532 million), APE were down 14.4% as a result of the high concentration of single premiums in the first quarter of 2010 referred to above. Income from annual premiums in the first quarter maintained an excellent level, accounting for approximately 60.6% of total APE.

NON-LIFE SEGMENT

The Group reported excellent performance in the Non-Life segment, for both premium income and profitability. The Non-life **operating result** grew by 26% to € 393 million (€ 312 million in Q1 2010). On a country basis, the result was particularly strong in Germany (+173.6%), Italy (+18.7%), France (+9.9%), Spain (+78.7%) and Austria (+19.2%).

The segment's high profitability is mirrored by the excellent **combined ratio** at 96.1% (98% Q1 2010), benefiting from both the growth in premium income and the lower loss ratio in the first quarter. The reduction in the loss ratio, from 70.2% to 68.3%, is mainly attributable, thanks to the Group's geographic distribution and reinsurance structure, to the lower impact of claims for catastrophic events. Excluding catastrophic events, the current loss ratio improved by 0.9 p.p. reflecting the progress in the Motor business in the Group's key markets and in the Non Motor lines, especially in Italy. Central Eastern European countries are once again the Group's best markets in terms of technical margins, with a combined ratio of 87.6%.

Aggregate Non-Life premiums grew by 2.1% to € 6,792 million (€ 6,650 million Q1 2010), driven by higher premium income in all lines of business, with the exception of the corporate segment, which was affected more severely by the difficult macro-economic situation in some important countries where the Group operates.

Premium income reflected positive contributions from Germany (+2.6%), France (+3.3%), Central Eastern Europe (+0.7%) and Switzerland (+14.5%). In Italy, overall premium income was substantially stable (-0.9%), with growth in the Motor line (+1.7%).

Combined Ratio

%	31/03/2011	31/03/2010	Δ
Italy	96.2%	97.6%	-1.4 p.p.
France	98.2%	99%	-0.8 p.p.
Germany	95.3%	99.5%	-4.2 p.p.
CEE	87.6%	87.1%	+0.5 p.p.
Total	96.1%	98%	-1.9 p.p.

FINANCIAL SERVICES

The operating result in the financial services segment rose to € 115 million (+16.7%) thanks to healthy results at the **BSI Group** and **Banca Generali**.

The BSI Group's expansion programmes, especially in the Far East, are beginning to produce improvements in operating results: the increase in assets under management and in the related profitability led to a 36.3% increase in the Swiss group's operating income. Overall, Generali Group third-party assets under management increased to € 92 billion (+4% from the end of 2010 on a like-for-like basis).

The improvement in the operating result was driven by the net result on financial operations (intermediation margin less net operating measurement losses on financial instruments). Specifically, there was an increase in the intermediation margin, which is the sum of net commissions, net interest income and other financial components. The increase was generated by the rise in net commissions, buoyed in particular by higher third-party assets under management, and in the interest income, which benefited from the rise in market rates.

The Manager in charge of preparing the company's financial reports, Mr Raffaele Agrusti, declares, pursuant to paragraph 2 article 154 bis of the Consolidated Law on Finance, that the accounting information in this press release corresponds to the document results, books and accounting entries.

DEFINITIONS AND GLOSSARY

Annual Premium Equivalent (APE) = the sum of the initial premium on new annual-premium policies, plus one-tenth of premiums on new single-premium policies. This is the premium basis used to compute Life new business value.

Combined Ratio = loss ratio plus expense ratio: acquisition expenses + general expenses) divided by retained premiums.

Operating result was obtained by reclassifying the components making up the pre-tax profit for the year in each line of business on the basis of the specific characteristics of each segment, and taking account of the recurring expenses of the holding.

In particular, all profit and loss items were considered, with the exception of net non-operating costs: results of discontinued operations, corporate restructuring costs, amortisation of portfolios acquired directly or through acquisition of control of insurance companies or companies in the financial sector (value of business acquired or VOBA) and other net non-recurring costs. The following are also considered as non-operating items: in the **Life segment**, realised gains and losses and net impairment losses on investments on which the policyholder's profit sharing is not based on; in the **Non-Life segment**, all realised gains and losses and net impairment losses, including gains and losses of foreign currency; in the **Financial segment**, realised gains and losses and net impairment losses on strategic equity investments and investments. The total operating result does not include non-operating holding costs such as interest expense on borrowings and costs arising from implementation of parent company stock option plans and stock grants.

Attachments: significant data, consolidated income statement and balance sheet for the first quarter of 2011.

ABOUT GENERALI GROUP

The Generali Group is one of Europe's largest insurance providers and the biggest European Life insurer, with 2010 total premium income of more than €73 billion. It is also one of the world's top asset managers with assets of over € 400 billion in 2010, and a unique real estate operator with a property portfolio of more than € 24 billion.

With 85,000 employees worldwide and 70 million clients in more than 60 countries, the Group occupies a leadership position on Western European markets and an increasingly important place in Eastern Europe and Asia.

The parent company Assicurazioni Generali is listed on the Milan Stock Exchange (GASI.MI, G.IM) and has an AA- Standard & Poor's rating, an Aa3 Moody's rating, an AA- Fitch rating and an A+ A.M. Best rating.

Group highlights

Economic highlights

(€ million)	31/03/2011	31/03/2010	Change	Change like for like ^(*)
Group				
Gross written premiums ^(**)	19,131.3	20,864.1	-8.3%	-9.0%
Expense ratio	16.0%	14.2%	1.8	
Consolidated operating result^(***)	1,255.6	1,178.3	6.6%	
Result of the period	615.5	527.0	16.8%	
Life segment				
Gross life written premiums ^(**)	12,339.6	14,214.2	-13.2%	-13.8%
Net cash inflows	2,819.3	6,111.1	-53.9%	-54.3%
APE	1,310.9	1,531.8	-14.4%	-14.5% (****)
Expense ratio - life segment	10.9%	9.3%	1.6	
Operating result - life segment	880.9	865.9	1.7%	
Non-life segment				
Gross non-life written premiums	6,791.8	6,649.9	2.1%	1.2%
Expense ratio - non-life segment	27.8%	27.8%	0.0	
Loss ratio - non-life segment	68.3%	70.2%	-1.9	
Combined ratio - non-life segment	96.1%	98.0%	-1.9	
Operating result - non-life segment	393.1	312.0	26.0%	
Financial segment				
Asset under management	91,816.9	84,126.5	9.1%	
Cost income ratio	67.0%	68.7%	-1.7	
Operating result - financial segment	114.7	98.3	16.7%	

(*) On equivalent terms: on equivalent exchange rates and consolidation area compared to the same period of the previous financial year.

(**) Taking into account premiums related to investment contracts.

(***) Net of holding expenses and consolidation adjustments.

(****) On equivalent terms: on equivalent exchange rates, consolidation area and share attributable to the Group.

Financial highlights

(€ million)	31/03/2011	31/12/2010	Change
Total investments	374,408.6	372,073.5	0.6%
Insurance provisions ⁽¹⁾	346,820.0	343,583.7	0.9%
Shareholders' equity attributable to the Group	17,725.0	17,489.8	1.3%
Solvency I ratio	133%	132%	1.0

⁽¹⁾ Taking into account financial liabilities related to policies of the life segment and excluding deferred policyholders liabilities.

BALANCE SHEET - ASSETS

		31/03/2011	31/12/2010
1	INTANGIBLE ASSETS	10,606.4	10,670.4
1.1	Goodwill	7,388.6	7,415.4
1.2	Other intangible assets	3,217.8	3,255.1
2	TANGIBLE ASSETS	3,747.8	3,796.2
2.1	Land and buildings (self used)	3,177.2	3,211.7
2.2	Other tangible assets	570.6	584.5
3	AMOUNTS CEDED TO REINSURERS FROM INSURANCE PROVISIONS	5,756.3	5,765.3
4	INVESTMENTS	365,882.6	364,243.3
4.1	Land and buildings (investment properties)	13,498.7	13,232.7
4.2	Investments in subsidiaries, associated companies and joint ventures	2,436.1	2,439.2
4.3	Held to maturity investments	4,269.6	4,544.9
4.4	Loans and receivables	79,058.5	79,740.4
4.5	Available for sale financial assets	192,128.4	188,928.5
4.6	Financial assets at fair value through profit or loss of which financial assets where the investment risk is borne by the policyholders and related to pension funds	74,491.3	75,357.6
		50,247.6	50,344.0
5	RECEIVABLES	13,903.1	11,468.0
5.1	Receivables arising out of direct insurance operations	10,528.3	8,643.1
5.2	Receivables arising out of reinsurance operations	1,152.7	889.1
5.3	Other receivables	2,222.1	1,935.9
6	OTHER ASSETS	15,552.5	15,505.8
6.1	Non-current assets or disposal groups classified as held for sale	190.5	198.2
6.2	Deferred acquisition costs	1,894.1	1,885.6
6.3	Deferred tax assets	3,809.2	3,596.3
6.4	Tax receivables	2,499.6	2,626.8
6.5	Other assets	7,159.0	7,198.9
7	CASH AND CASH EQUIVALENTS	11,352.2	10,990.3
	TOTAL ASSETS	426,800.9	422,439.4

BALANCE SHEET - SHAREHOLDERS' EQUITY AND LIABILITIES

		31/03/2011	31/12/2010
1	SHAREHOLDERS' EQUITY	20,367.7	20,064.5
1.1	Shareholders' equity attributable to the Group	17,725.0	17,489.8
1.1.1	Share capital and reserves	17,483.9	15,972.3
1.1.2	Reserve for unrealized gains and losses on available for sale financial assets	-374.5	-184.4
1.1.3	Result of the period	615.5	1,701.9
1.2	Shareholders' equity attributable to minority interests	2,642.7	2,574.7
2	OTHER PROVISIONS	1,490.4	1,496.5
3	INSURANCE PROVISIONS	331,261.5	329,616.3
	of which insurance provisions for policies where the investment risk is borne by the policyholders and related to pension funds	38,903.4	38,956.1
4	FINANCIAL LIABILITIES	54,577.2	53,903.8
4.1	Financial liabilities at fair value through profit or loss	13,299.0	13,702.1
	of which financial liabilities where the investment risk is borne by the policyholders and related to pension funds	11,302.7	11,206.1
4.2	Other financial liabilities	41,278.2	40,201.7
	of which subordinated liabilities	6,486.4	6,492.9
5	PAYABLES	8,682.1	7,650.0
5.1	Payables arising out of direct insurance operations	4,383.6	3,917.0
5.2	Payables arising out of reinsurance operations	903.4	691.7
5.3	Other payables	3,395.0	3,041.3
6	OTHER LIABILITIES	10,422.0	9,708.4
6.1	Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0.0	0.0
6.2	Deferred tax liabilities	3,802.5	3,753.3
6.3	Tax payables	1,811.3	1,607.1
6.4	Other liabilities	4,808.3	4,348.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		426,800.9	422,439.4

INCOME STATEMENT

		31/03/2011	31/03/2010
1.1	Net earned premiums	16,462.9	17,800.4
1.1.1	Gross earned premiums	17,145.5	18,410.8
1.1.2	Earned premiums ceded	-682.6	-610.4
1.2	Fee and commission income and income from financial service activities	350.5	311.2
1.3	Net income from financial instruments at fair value through profit or loss of which net income from financial instruments where the investment risk is borne by the policyholders and related to pension funds	-363.0	1,512.4
		-394.0	757.7
1.4	Income from subsidiaries, associated companies and joint ventures	10.2	8.8
1.5	Income from other financial instruments and land and buildings (investment properties)	4,044.0	3,768.9
1.6	Other income	710.7	613.5
1	TOTAL INCOME	21,215.2	24,015.2
2.1	Net insurance benefits and claims	-15,310.6	-18,285.7
2.1.1	Claims paid and change in insurance provisions	-15,594.6	-18,668.4
2.1.2	Reinsurers' share	284.0	382.7
2.2	Fee and commission expenses and expenses from financial service activities	-110.0	-97.7
2.3	Expenses from subsidiaries, associated companies and joint ventures	-19.4	-6.1
2.4	Expenses from other financial instruments and land and buildings (investment properties)	-819.5	-868.6
2.5	Acquisition and administration costs	-3,010.2	-2,981.3
2.6	Other expenses	-937.5	-870.8
2	TOTAL EXPENSES	-20,207.1	-23,110.2
	EARNINGS BEFORE TAXES	1,008.1	905.0
3	Income taxes	-305.5	-294.5
	EARNINGS AFTER TAXES	702.6	610.5
4	RESULT OF DISCONTINUED OPERATIONS	0.0	15.0
	CONSOLIDATED RESULT OF THE PERIOD	702.7	625.5
	Result of the period attributable to the Group	615.5	527.0
	Result of the period attributable to minority interests	87.2	98.5
	EARNINGS PER SHARE:		
	Earnings per share (in €)	0.40	0.34
	from continuing operation	0.40	0.34
	Diluted earnings per share (in €)	0.40	0.34
	from continuing operation	0.40	0.34