ASSICURAZIONI GENERALI

CONSOLIDATED FIRST-QUARTER REPORT

MARCH 31, 2005

174TH year

GENERALI GROUP

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This 2005 first quarter issue
contains some pictures
of Generali's Hong Kong Branch offices

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 1.275.999.458,00
Fiscal code and Trieste Companies Register 00079760328
Authorized to transact insurance business
Per Article 65 of RDL April 29, 1923 No. 966

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VICE- CHAIRMAN	Gabriele Galateri di Genola
MANAGING DIRECTORS	Sergio Balbinot / Giovanni Perissinotto
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GENERAL MANAGERS	Raffaele Agrusti / Sergio Balbinot / Fabio Buscarini / Giovanni Perissinotto
DEPUTY GENERAL MANAGERS (**) Secretary of the Board of Directors	Aldo Minucci / Vittorio Rispoli (**)

CORPORATE BODIES
AS OF MAY 13, 2005

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Group highlights

(in million euro)	31.03.2005	31.03.2004
Gross premiums	18,330	15,183
Change on equivalent terms (1) (2)	21.8%	14.1%
Acquisition and administration costs	2,194	2,117
Impact on premiums	12.5%	14.8%
Life gross premiums	12,192	9,132
Change on equivalent terms (1) (2)	35.3%	24.2%
Acquisition and administration costs	1,044	946
Impact on premiums	8.8%	10.6%
Non-life gross premiums	6,138	6.051
Change on equivalent terms (1)	1.5%	2.2%
Acquisition and administration costs	1,150	1,171
Impact on premiums	20.6%	21.5%
Non-life loss ratio (3)	73.4%	75.0%
Non-life net combined ratio (3)	94.0%	96.5%
Current financial result	2,758	2,615
Technical result	249	184
Net profits	385	313

(1) At equivalent exchange rates and consolidation area compared to the previous year.
(2) Without considering premiums deriving from profit-sharing in Germany.
(3) Net of health in Germany and life complementary assurance in France, non-life loss ratio and combined ratio correspond to 69.6% and 91.5% respectively.

(in million euro)	31.03.2005	31.12.2004
Technical provisions	252,070	243,924
Investments	262,153	252,105

Introduction

The consolidated report for the quarter ending on 31 March 2005 has been prepared in compliance with CONSOB's resolution dated 14 May 1999 and subsequent amendments.

The valuation criteria and principles of consolidation adopted for drawing up the quarterly financial statements are consistent with those used for the 2004 consolidated financial statements, in compliance with CONSOB resolution no. 14990 dated 14 April 2005. Bearing in mind the limited time period and the extensive size of the consolidation area, statistical estimates were used to calculate certain entries. In all such cases, the criteria adopted in the financial reporting were preserved.

Below is a list of the exchange rates used for the conversion into euros of foreign currencies of particular significance for Generali operations. Percentage changes to 31 December and 31 March 2004 exchange rates are listed.

Currency	Exchange rate at: 31.03.2005	Change (%) on: 31.12.2004	31.03.2004
US Dollar	1.2964	-4.8	6.1
Swiss franc	1.5486	0.4	-0.7
Israeli shekel	5.6547	-4.1	2.2
Argentine peso	3.7833	-6.7	8.4

In order to ensure correct comparisons, any variations with respect to the previous financial year are always expressed at equivalent exchange rates and consolidation areas, unless explicitly noted otherwise.

Implementation of the IAS/IFRS International Accounting Standards

Pursuant to the European Community Regulation 1606/2002, the financial year 2005 marks the first year that listed companies traded on regulated EU markets must adopt the new international accounting standards in preparing consolidated financial statements.

In compliance with CONSOB resolution no. 14990 dated 14 April 2005 and consistent with the press release Generali issued last 30 April, the Generali Group will begin publishing its financial information based on the international accounting standards starting with publication of the consolidated half-yearly report as of 30 June 2005.

The Generali Group

The Generali Group's consolidated quarterly report illustrates the balance sheet and the profit and loss accounts of 184 companies: 105 insurance companies, 51 holding and financial companies, 21 real estate companies and 7 service companies.

To meet its objective of constantly improving profitability, the Group continued to consolidate its presence in the main countries where it is already active and to expand into other markets showing strong growth potential, particularly in Eastern Europe and the Far East.

In **China**, Generali China Life, recently authorised to operate also in the group life insurance sector, signed an important immediate annuity contract in the early part of the year, destined to cover 395,000 policyholders for a single premium of approximately 1.8 billion euro. The transaction places the company in the top spot among the 21 foreign joint-ventures currently doing business in China.

In February, Generali sold its subsidiary Generali Perù, which was not considered a strategic investment for its size and market share.

Business performance

Data relating to the first quarter of 2005 seem to indicate that the year in progress will be another year of growth for the world economy, albeit at a slightly slower pace than last year. There continues to be a gap between the growth of the American economy (+3.1%) and the growth in other industrialized areas, especially the Euro zone, where analysts expect growth of less than 2%.

The main emerging economies have maintained high levels of development, led by China, which reported the same growth rate as last year (+9.5%), and Argentina, which posted even better economic development (+9.1%).

In the United States, consumption continued to increase in the early months of this year, despite economic indicators that suggest a downturn in the confidence index of households. Industrial production at the start of the year quickened its pace in the United States, Germany and Japan.

On the global marketplace, raw materials prices increased again due to rising demand after the brief downturn at the end of 2004. The price of crude oil in particular soared throughout the first quarter of 2005, reaching new record price levels.

To prevent the danger of triggering the onset of inflation, American monetary authorities continued their policy of moderate hikes, taking the interest rate from 2.25% to 2.75% in two stages during the first quarter of 2005. In Europe, on the other hand, where economic growth is less vigorous and there is no inflationary pressure, the ECB kept the interest rate at 2%.

The euro is expected to remain strong against the dollar in the foreseeable future, thus attenuating the effects on inflation of increases in raw material costs, while at the same time affecting European exports.

As regards the bond markets, in the first quarter, fears – subsequently quelled – of an increase in inflation pushed up the yield on US ten-year treasury notes. European bonds followed a trend similar to their American counterparts, but less striking. The equity markets posted different performances, recording negative results in the US, especially accentuated for the technological stocks, while the European stock market indices improved.

On the insurance market, performance in the various world markets in the first quarter of 2005 confirmed the trends underway at the end of 2004. In particular, life business continued to record good growth rates, partly owing to the performance of pension policies and to the renewed interest in unit-linked policies, in a context of positive equities markets. Non-life business continues to report a downward trend in premium rates, more accentuated in the corporate lines.

As far as the Group's performance is concerned, in the first quarter inflows were in line with market trends, showing good growth rates in the life business and more moderate growth in the non-life business. The good technical results achieved in both life and non-life lines of business brought about an increase of over 20% in profit compared to the same period in 2004.

Reclassified financial statements

Main assets and liabilities

(in million euro)	31.03.2005	31.12.2004
INVESTMENTS		
Land and buildings	12,180	12,001
Investments in Group companies and Companies in which a significant interest is held	7,614	7,565
Bonds and other fixed-yield securities	136,960	130,485
Equities	14,154	13,793
Units of common investment funds (*)	18,358	18,374
Loans	28,413	28,195
Other financial investments	8,400	6,610
Deposits with ceding companies	372	315
Total	**226,451**	**217,338**
Investments for the benefit of life assurance policyholders who bear the investment risk and relating to the administration of pension funds	35,702	34,767
Total	**262,153**	**252,105**
TECHNICAL PROVISIONS (**)		
NON-LIFE INSURANCE BUSINESS		
Provision for unearned premiums	5,215	4,124
Provision for outstanding claims	25,969	25,428
Equalisation provision	1,223	1,180
Other provisions	544	621
Total	**32,951**	**31,353**
LIFE INSURANCE BUSINESS		
Mathematical reserves	175,959	169,900
Provision for outstanding claims	2,045	1,851
Other provisions	5,911	6,176
Total	**183,915**	**177,927**
Provisions for policies where the investment risk is borne by the policyholder and relating to the administration of pension funds	35,204	34,644
TOTAL	**252,070**	**243,924**
SUBORDINATED LIABILITIES	**1,349**	**1,349**
FINANCIAL DEBT	**5,991**	**6,005**

(*) 5,015 million euro of which in equities and 13,343 million euro in bonds
(**) Net of shares due from reinsurers

Profit and Loss Account

(in million euro)	31.03.2005	31.03.2004
LIFE BUSINESS		
Gross premiums	12,192	9,132
Net premiums	11,918	8,925
Change to technical provisions (*)	-6,941	-4,819
Claims, maturities and surrenders	-6,303	-5,508
Operating costs	-1,044	-946
Interest transferred out of technical account	2,069	1,956
Other technical income and charges	637	682
Life technical result	**336**	**290**
NON-LIFE BUSINESS		
Gross premiums	6,138	6,051
Net premiums	5,578	5,468
Change to technical provisions (*)	-1,148	-1,134
Claims, maturities and surrenders	-3,281	-3,191
Operating costs	-1,150	-1,171
Other technical income and charges	-86	-78
Non-life technical result	**-87**	**-106**
Net investment return	2,354	2,252
Net value adjustments	-58	15
Net profits from sale of assets	462	348
Current financial result	**2,758**	**2,615**
Interest transferred to the Life technical account	-2,069	-1,956
Other income and charges	-107	-88
Interest charges on financial debt	-85	-86
Operating result	**746**	**669**
Extraordinary income and charges	45	40
Pre-tax result	**791**	**709**
Tax	-296	-290
Consolidated profit	**495**	**419**
Minority shareholders' interest in the period result	-110	-106
GROUP PROFIT	**385**	**313**

(*) Changes in life mathematical reserves and non-life premium reserves

The result as at 31 March 2005 amounted to 385 million euro, compared with a 313 million euro profit in the corresponding period last year.

The Group's **ordinary business** ended the period with a profit of 746 million euro, marking an 11.5% increase compared to the first quarter of 2004.

The overall technical result increased by 35.3%, from 184 million euro to 249 million euro thanks to improvements in the life business -– 46 million euro – and non-life business – 19 million euro.

Overall gross premium income rose to 18,330 million euro, corresponding to a 21.8% growth rate on equivalent terms; life business premium income totalled 12,192 million euro (+35.3%), and non-life business generated 6,138 million euro (+1.5%). The strong growth in life business was also due to the above-mentioned premium underwritten by the subsidiary Generali China Life.

The impact of acquisition costs on net premiums decreased from 11% in the corresponding period last year to 9.7% this year. The expense ratio, net of reinsurance, continued to decrease on the whole from 14.8% to 12.5% (8.8% in the life business and 20.6% in non-life).

The non-life business loss ratio, after reinsurance, diminished from 75% to 73.4%; the combined ratio decreased from 96.5% to 94%. Without considering the elements concerning German health insurance and the French supplementary life assurance – managed in accordance with the criteria of the life business – the aforementioned ratios would be 69.6% and 91.5% respectively.

Net technical provisions totalled 252,070 million euro (219,119 million euro in the life business, 32,951 million euro in the non-life business), as against 243,924 million euro at year-end 2004. Provisions for contracts where the risk is borne by the policyholders amounted to 35,204 million euro (34,644 million euro as at 31 December 2004).

The current financial result totalled 2,758 million euro (2,615 million euro in the corresponding period of 2004). In this context, ordinary income on investments – net of associated charges – was 2,354 million euro (2,252 million euro in the first quarter of 2004). Gains from securities trading amounted to 462 million euro (348 million euro in the first quarter of 2004). Losses from revaluation, net of reversal value, amounted to 25 million euro (55 million euro in reversal value, net of adjustments in the first three months of 2004).

Extraordinary business contributed 45 million euro, essentially in line with last year.

Taxes increased from 290 million euro to 296 million euro. The average tax rate was 37.4%.

Investments amounted to 262,153 million euro (252,105 million euro as at 31 December 2004), 35,702 million euro of which related to internal funds. Gains on the securities portfolio not reported in the accounts were 11,837 million euro as against 10,845 million euro as at 31 December 2004.

Underwriting activity

Overall gross written premiums – worth 18,330 million euro – were represented by 18,062 million euro in premiums (+22.1%) from direct business and 268 million euro (+3%) from reinsurance.

In the **direct business**, life insurance premiums came to 12,064 million euro (+35.8%), made up of 10,034 million euro in traditional policies and 2,030 million euro in unit-linked policies.

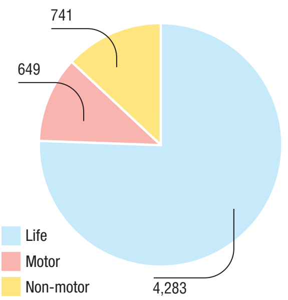
Non-life premium income amounted to 5,998 million euro, marking an increase of 1.5%, of which 2,462 million euro from motor insurance premiums and 3,536 million euro from non-motor insurance.

In the **reinsurance business**, life premiums amounted to 128 million euro (+4.5%), whereas non-life premiums amounted to 140 million euro (+1.7%).

Below is an overview of the performance of the direct business broken down by the Group main geographical areas.

Italy

Breakdown of direct business premiums by LOB



Business underwritten in Italy

(in million euro)

	Life		Non-life		Total	
	2005	2004	2005	2004	2005	2004
Premiums	4,283	3,986	1,390	1,387	5,673	5,373
Change (%)	7.4	40.5	0.2	3.4	5.6	28.6
Expense ratio (%)	6.0	5.2	22.7	22.0	9.8	9.4
Loss ratio (%)	–	–	74.6	74.7	–	–
Combined ratio (%)	–	–	97.3	96.7	–	–

In **Italy**, growth in the premiums underwritten in this country by Group companies in the life business was lower than the increase recorded in the same period last year, due to seasonality in the premium income, concerning in particular the financial advisers' networks. In this framework, premium development especially involved higher-value products, such as recurrent single premiums (+54%), mainly in the sector of individual policies, and was determined by the good performance of the traditional networks and banks. Linked product premiums, which grew by 94%, also made a significant contribution to the premium income.

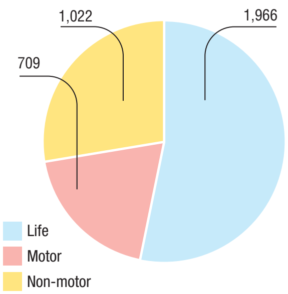
In the non-life business, Group inflows remained at the levels of the corresponding period in 2004, due to Assitalia's continuing effort to overhaul its motor insurance

and general third-party liability portfolios, and, at the Parent Company level, to a decrease – caused by lower premium rates – in corporate risks, which offset the satisfactory performance in individual risks (+5%). Satisfactory growth was reported in the accident and health lines of business.
The loss ratio remained essentially unchanged compared to the first quarter of 2004, whereas the combined ratio increased slightly due to the performance of production.

The overall expense ratio did not change significantly.

Germany

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	1,966	1,805	1,731	1,739	3,697	3,544
Change (%)	8.9	7.8	-0.5	-2.1	4.3	2.7
Expense ratio (%)	20.4	20.0	20.0	19.5	19.9	19.6
Loss ratio (%)	–	–	64.3	65.6	–	–
Combined ratio (%)	–	–	84.3	85.0	–	–

Single premiums from profit-sharing included, premiums amount to 2,042 million euro (1,886 in the first quarter of 2004).
Non-life ratios do not include health

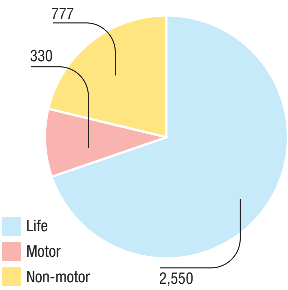
In **Germany**, inflows for the first quarter benefited from the significant underwriting activity recorded at the end of 2004 and related in particular to recurrent premium products. This, combined with the positive growth of the individual and group pension policies sector, led to a development higher than that recorded by the market.

In the non-life sector, the volume of premiums continued to be slightly lower than in the first quarter of 2004 due to the continuing effects of the overhaul – by now concluded – of the motor and industrial risks portfolios. However, production showed signs of an upturn, with the substantial contribution of the motor business. The trend in the health business remained positive (+5.1%).
The considerable improvement in the loss ratio led to a reduction in the combined ratio.

The overall expense ratio was basically unchanged as compared to March 2004.

France

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	2,550	1,882	1,107	1,090	3,657	2,972
Change (%)	35.5	42.9	1.5	15.2	23.1	31.3
Expense ratio (%)	5.8	8.0	22.4	23.6	10.5	13.2
Loss ratio (%)	–	–	73.1	73.5	–	–
Combined ratio (%)	–	–	95.5	97.1	–	–

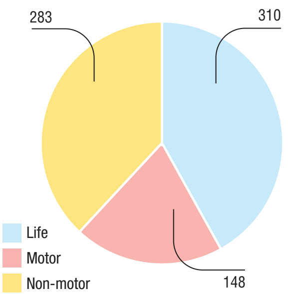
Non-life ratios do not include life riders

In **France**, life premiums income increased considerably, thanks to high growth in individual and group policies. A strong increase was posted in unit-linked products, which benefited from the recovery in financial markets and increased their share in the insurance portfolio.
The limited growth of non-life business can be ascribed to the downturn posted in corporate business at a time of falling premium rates, while there was an increase in individual risks on which the Group focuses its activities.
The loss ratio remained essentially unchanged with respect to the first quarter of 2004, whereas the combined ratio decreased.

The overall expense ratio showed a significant reduction.

Spain

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	310	295	431	385	741	680
Change (%)	4.9	-34.4	12.0	6.0	8.9	-16.4
Expense ratio (%)	4.9	4.6	19.5	19.3	12.6	12.0
Loss ratio (%)	–	–	60.5	66.2	–	–
Combined ratio (%)	–	–	80.0	85.5	–	–

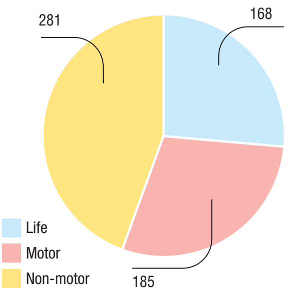
In **Spain**, life business income reported an increase this quarter, due to the brisk sales in group risk insurance and in individual risk policies, thanks to the boost given by the agency sales network and the noteworthy contribution made by Cajamar Vida. At the same time, premium income in the area of group pension policies posted a slight decrease.

In the non-life business sector, overall income was substantially higher due to better sales of individual policies – where the upward trend continued in motor insurance – and in the corporate sector, thanks to the underwriting of several new important contracts. The loss ratio decreased in all business lines, bringing with it a further combined ratio improvement.

The overall expense ratio is slightly on the increase.

Austria

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	168	148	466	469	634	617
Change (%)	13.4	8.7	-0.6	1.1	2.8	2.8
Expense ratio (%)	20.7	23.6	24.3	24.7	23.4	24.5
Loss ratio (%)	–	–	70.7	72.0	–	–
Combined ratio (%)	–	–	95.0	96.7	–	–

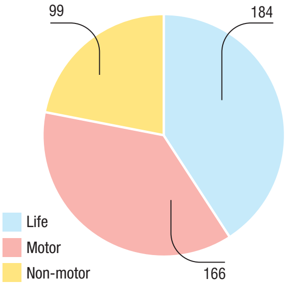
In **Austria**, life premium income increased as a result of the development of a new index-linked product, characterized by high average premiums and medium- to long-term contract durations. Recurrent premium policies also posted good results in terms of premium income.

Non-life premium income reported a decrease in the motor insurance sector due to the portfolio overhaul efforts carried out in previous financial years. On the other hand, premium income increased in other non-life lines of business, both in corporate and individual risks. The measures undertaken to overhaul the portfolio have led to an additional reduction in the loss ratio, with the resulting decrease in the combined ratio.

The overall expense ratio decreased, mainly as a result of the reduction in personnel and IT expenses.

Switzerland

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	184	205	265	244	449	449
Change (%)	-10.7	-2.0	8.0	5.5	-0.6	2.0
Expense ratio (%)	22.9	19.5	10.1	10.5	15.2	14.6
Loss ratio (%)	–	–	76.9	75.9	–	–
Combined ratio (%)	–	–	87.0	86.4	–	–

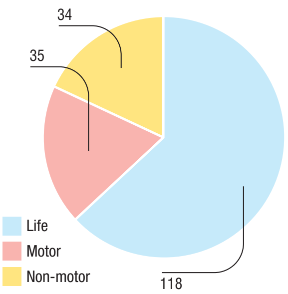
In **Switzerland**, the downward trend in life business income was due to a decrease in the contribution of traditional policies as well as the ongoing run-off programme for group pension policies. By contrast, the growth of recurrent premium unit-linked policies continued, a sector in which the Group's market share has been further consolidated.

Development in the non-life business was driven again by motor insurance, which reported a substantial increase compared with the first quarter of 2004. This was partly due to the concentration of contract renewals at the beginning of the year. Accident and health insurance posted a strong increase in sales.
The loss ratio and the combined ratio reported slight increases.

The overall expense ratio posted a slight increase.

Belgium

Breakdown of direct business premiums by LOB



(in million euro)

	Life 2005	Life 2004	Non-life 2005	Non-life 2004	Total 2005	Total 2004
Premiums	118	98	69	68	187	166
Change (%)	19.9	27.7	2.1	7.9	12.6	18.8
Expense ratio (%)	6.0	8.6	28.9	25.3	12.9	14.4
Loss ratio (%)	–	–	52.1	55.7	–	–
Combined ratio (%)	–	–	81.0	81.0	–	–

The significant increase in the life business in **Belgium** was due to the very positive performance of individual policies.

The non-life premium growth also increased, despite the decrease posted in the motor insurance sector resulting from mounting competition in this market.

The loss ratio decreased while the combined ratio remained stable.

The overall expense ratio decreased owing to lower acquisition costs

In the **Netherlands**, Group business amounted to 108 million euro (-5.4%). In the life business, premiums came to 55 million euro (-6.8%) and premium income in the non-life business amounted to 53 million euro (-4%). The loss ratio improved considerably, falling from 53.9% in the first quarter of 2004 to 45.3%, with a subsequent reduction in the combined ratio (74.3% as against 82.3% in the same period last year).

In **China**, Group business amounted to 1,874 million euro. The first quarter of 2005 marked a milestone in the development of Generali China Life, thanks to the start-up of underwriting activities in the group policy sector, through the signing of a pension plan for payment of life annuities to 395,000 former employees of our partner. The relevant single premium, equal to approximately 1.8 billion euro – preventing a meaningful comparison with the figures of the first quarter of 2004 – positions Generali China Life in the top spot among the 21 foreign joint ventures operating in China, despite the fact that Generali China Life is currently authorized to operate in three regions only. Net of the aforementioned single premium, the Company registers in at third place. This placement is due to the dynamic activity in the bancassurance sector and in agency network.

In **Eastern Europe**, the Group premium income amounted to 231 million euro, marking 8% growth. Life premiums worth 65 million euro were underwritten (+17.8%), primarily due to unit-linked products recently introduced on various markets; non-life premiums amounted to 166 million euro (+4.6%), with the highest growth in individual lines. Among the main markets, Hungary's premium income amounted to 115 million euro (+1.5%), while Poland's amounted to 33 million (+43.9%).
Technical results are essentially in line with the same period in 2004.

In **Latin America** direct business income was 200 million euro (+14.8%), 78 million euro of which (+13.1%) in the life business and 122 million euro (+16%) in the non-life business.

In Mexico, overall premiums totalled 106 million euro (+33.1%), 46 million euro of which in the life business (+19.5%) and 60 million euro in the non-life area (+46%). Again this year, the Group reported one of the highest increases on the market in the sector of disability and widow's pensions. Excellent progress continued to be recorded in the pension funds sector. In the non-life sector, strong underwriting in the health business was responsible for the significant increase, whereas growth in the motor insurance business was affected by greater competition in tariffs. The loss ratio, while slightly higher compared with the corresponding period in 2004, maintained good levels in all the sectors, and the combined ratio improved (78.9% as against 83.2% in the first quarter of 2004).

In Argentina, the Group's income came to 52 million euro (+2.2%), 16 million euro of which in the life business (-3.3%) and 36 million euro in the non-life business (+4.9%). The life business was affected by the overhaul of the portfolio. In the non-life business, where production concentrates on the motor insurance sector, the sales in the car segment were particularly good. The loss ratio, while slightly higher compared with the corresponding period in 2004, maintained good levels. The combined ratio came to 95.4% (84% in the first quarter of 2004), due to higher acquisition costs and wage adjustments introduced pursuant to legal provisions.

Overall written premiums in **other geographic areas** came to 534 million euro (-19.3%), 337 million euro of which in the life business (-28.7%) and 197 million euro in the non-life business (-5.4%).

Financial and asset management

As outlined in the introduction, in an economic scenario of sustained growth, albeit at levels lower than last year, to prevent the danger of triggering again inflation, American monetary authorities continued their policy of moderate hikes, taking the interest rate from 2.25% to 2.75% in two stages during the first quarter of 2005. In Europe, on the other hand, where growth was less brisk and there was no inflationary pressure, the ECB kept the interest rate at 2%.

As regards the bond markets, in the first quarter, the increase in the prices of oil and raw materials prompted fears – subsequently quelled – of an increase in inflation, pushing up the yield on US ten-year treasury notes from 4.25% at year-end to 4.6%. The revenue curve continued to flatten with a substantial decrease in the spread between the yields of ten-year and two-year treasury notes. European bonds followed a trend similar to their American counterparts, but less striking, with European ten-year treasury note yields of 3.6% at the end of March. The yield spread between government bonds and the bonds issued by European companies has continued to dwindle in the early part of the first quarter, after which it began to widen.

In the first three months of the year, the equity markets posted different performances, recording negative results in the US where the S&P500 index dropped by 2.7% and the NASDAQ was down 8.2%. On the other hand, the indices of the European markets improved, with the Euro Stoxx up 4.3% and the S&P MIB up 4.5%; the latter was driven primarily by the banking sector. The index of the insurance sector in the Euro zone rose by 4.6%.

In this market context, the objective of the Generali Group investment policy in the bond sector was to maintain stability in the average financial duration of the fixed yield portfolios in France and Italy, whereas in Germany the duration was increased with a view to balancing the average duration of technical assets and liabilities.

The share of equities investments in the portfolio was kept constant, while taking advantage of several securities that had positively performed, to reinvest the value in high-yield securities issued by major companies.

The balance sheet at the end of the quarter showed investments of 262,153 million euro (+4% compared with 31 December 2004) and net technical reserves of 252.070 million euro.

Investments

(in million euro)	31.03.2005	31.12.2004	Change (%)	Impact (%) 31.03.2005	Impact (%) 31.12.2004
Land and buildings	12,180	12,001	1.5	5.4	5.5
Investments in Group companies	7,614	7,565	0.6	3.4	3.5
Fixed-interest securities	150,303	143,839	4.5	66.4	66.2
Shares	19,169	18,813	1.9	8.5	8.7
Loans	28,413	28,195	0.8	12.5	13.0
Other investments	8,772	6,925	26.7	3.8	3.1
Total	**226,451**	**217,338**	**4.2**	**100.0**	**100.0**
Internal funds investments	35,702	34,767	2.7	–	–
Total	**262,153**	**252,105**	**4.0**	**–**	**–**

Net income from investments amounted to 2,354 million euro (as against 2,252 million euro in the first three months of 2004).

Net income from trading transactions generated substantial gains, increasing from 348 million euro in the first quarter of 2004 to 462 million euro this year, due to more vigorous trading to take advantage of the good performance on the stock markets.

In the context of extraordinary income and charges, net gains realized on the sale of durable investments came to 142 million euro (102 million euro in the same period last year), of which 17 million euro related to equities, 39 million euro to bonds and 86 million euro to real estate investments.

Valuation of the securities portfolio – other than those related to internal funds – reported a balance of 25 million euro between unrealized losses and reversal value adjustments (55 million euro in reversal value, net of value adjustments as at 31 March 2004), 92 million euro of which in reversal value related to equities, 21 million euro in adjustments on bonds, and 96 million euro in adjustments on other financial investments.

Unrealized gains on the securities portfolio amounted to 11,837 million euro (against 10,845 million euro at year-end 2004), 2,939 million euro of which in equities, 7,570 million euro in bonds and 1,328 million euro in other investments.

Group financial debt amounted to 7,340 million euro (7,354 million euro at year-end 2004), 4,148 million euro of which referring to bond loans and 3,192 million euro in other loans. Associated interest charges amounted to 85 million euro in the first three months of 2005.

Business outlook for the year

With reference to the outlook for Group business in the current year, considering the technical performance in the life and non-life lines of business and assuming that the financial markets continue the performance recorded in the first quarter, the Group expects to attain the objectives set in the Business Plan for 2005, barring the occurrence of any exceptional events.

Direct business premiums by lines of business and geographical area

Direct business premiums by line of business

(in million euro)	31.03.2005
Life L.O.B.	
Life insurance	8,814
Policies where the investment risk is borne by policyholders and pension funds	2,065
Capital redemption	1,185
Total	**12,064**
Non-life L.O.B.	
Accident and health	1,276
Motor TPL	1,644
Motor, other classes	818
Marine, aviation and transport insurance	193
Fire and property other than fire	1,294
General liability	520
Other (*)	48
Legal protection	109
Assistance	96
Total	**5,998**

(*) Includes Credit and suretyship as well as Sundry pecuniary losses

Direct business premiums by geographical area

(in million euro)	Life Amount	(%)	Non-life Amount	(%)	Total Amount	(%)
Italy	4,283	23.7	1,390	7.7	5,673	31.4
Germany	2,042	11.3	1,731	9.6	3,773	20.9
France	2,550	14.1	1,107	6.1	3,657	20.2
Austria	168	0.9	466	2.6	634	3.5
Spain	310	1.7	431	2.4	741	4.1
Great Britain	22	0.1	27	0.1	49	0.2
Belgium	118	0.7	69	0.4	187	1.1
Netherlands	55	0.3	53	0.3	108	0.6
Other countries	77	0.4	212	1.2	289	1.6
Total European Union	**9,625**	**53.2**	**5,486**	**30.4**	**15,111**	**83.6**
Switzerland	184	1.0	265	1.5	449	2.5
Other countries	85	0.5	17	0.1	102	0.6
Total Europe outside EU	**269**	**1.5**	**282**	**1.6**	**551**	**3.1**
China	1,874	10.4	-	-	1,874	10.4
Latin America	78	0.4	122	0.7	200	1.1
Other countries	218	1.2	108	0.6	326	1.8
Total countries outside Europe	**2,170**	**12.0**	**230**	**1.3**	**2,400**	**13.3**
Total	**12,064**	**66.7**	**5,998**	**33.3**	**18,062**	**100.0**

Milan, 13 May 2005

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OF DIRECTORS

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