

Annual Report 2006

Generali Asigurări



Under the Wings of the Lion



Results

Generali Vienna Group

Financial results (mil. EUR)	2006		2005
	2006	2006 percentage	
Income from written premiums (gross)	3383.5	16.5	2903.4
Of which from property/accident insurance	2015	9.5	1840.8
Of which from life insurance	1368.5	28.8	1062.6
Percentage of premiums written outside Austria	31.6%	3.0 pp	28.6%
Earned premiums (net)	2783.2	13.7	2448.1
Claims and benefits from insurance	2318.6	7.5	2156.7
Underwriting costs	768.7	10.2	697.4
Profits from investments	551.2	(13.5)	636.9
Profit from regular activities	189.9	8.7	174.7
Net consolidated profit for year	160.2	0.7	159.2
Equity	1299.3	26.4	1028
Underwritten provisions (gross)	9018.8	6.2	8488.9
Investments	9558.6	4.1	9181.3
Total balance sheet	14137.9	9.3	12940
Claim and benefit ratio (gross)	80.50%	(3.9 pp)	84.40%
Expenditure rate (gross)	25.50%	(1.1 pp)	26.60%
Commission rate and other purchasing rates (gross)	20.60%	(0.6 pp)	21.20%
Combined ratio (property/accident insurance; gross)	92.80%	(0.8 pp)	93.60%
Combined ratio (property/accident insurance; net)	96.90%	(2.2 pp)	99.10%
ROE	16.40%	(6.4 pp)	22.80%
Number of employees, as of 31 st of December	12893	30	9914

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Generali Vienna Group Profile

Generali: more than an insurer

The *Generali Vienna Group* is a modern financial service provider operating in Central and Eastern Europe. It is continuing a tradition that goes back 175 years. The group does business under the umbrella of Generali Holding Vienna AG, Vienna. It consists of more than 50 companies in Austria and Central and Eastern Europe, comprising 21 insurance companies and 38 other subsidiaries.

They include above all real estate, investment, finance and investment fund companies as well as service enterprises, finance leasing companies, pension funds and a bank.

Generali is more than "just" an insurer. It is a provider of security. The Generali Vienna Group's line of products and services is correspondingly diverse:

- Life insurance
- Pensions
- Health insurance
- Long-term care insurance
- Accident insurance
- Rehabilitation management
- Property insurance
- Risk management
- Travel insurance
- Corporate insurance
- Staff benefit plans and pension funds
- Emergency assistance services
- Banking products
- Investment fund products
- Finance leasing
- Building and loan services
- Real estate management

A. Presence in 11 Countries

Besides Austria, which is its traditional home market, the *Generali Vienna Group* is active in 10 countries in Central and Eastern Europe. Over 160 million people live in its markets, which stretch from the Alps to the Black Sea and from the Baltic to the Adriatic.

B. Market Leader

The Generali Vienna Group's insurance subsidiaries in Austria, Hungary, the Czech Republic, Slovenia, Slovakia, Poland, Romania, Croatia, Serbia, Bulgaria and the Ukraine recorded premium income of EUR 3.2 billion in 2006.

The group is one of Austria's three leading insurers, and it ranks second in Hungary. The group's members are also expanding strongly in its other national markets. High rates of growth in the emerging markets of Central and Eastern Europe bear out the Generali Vienna Group's strategy of investing in the region.

The Global Generali Group

The *Generali Vienna Group* is a part of the global Generali Group, which has been headquartered in Trieste since being founded in 1831. The Generali Group includes over 100 insurance companies on all five continents as well as numerous holding, finance, real estate and service companies. The Generali Group's global premium income advanced by 2.4 per cent to EUR 63.1 billion in 2006, making Generali Europe's third-largest insurer.

More information is available in the Internet

www.generali-holding.at

www.generali.com

The Generali Vienna Group – international financial services provider in Central and Eastern Europe and part of the worldwide Generali Group. Eleven countries with over 160 million people who share the same goal: to live in peace, security and prosperity. To enjoy life. Under the wings of the lion.

Financial results

Of the Generali Vienna Group

Generali Vienna on a profitable growth path

The Generali Vienna Group's premium grows by 16.5% to € 3.4 billion. Premium in Central and Eastern Europe tops € 1 billion for the first time. Another substantial increase in profit from ordinary activities.

The premium income of Generali Vienna Group reached € 3.4 billion.

Setting new records, the Generali Vienna Group – an international financial services provider operating in Austria and 10 countries in Central and Eastern Europe – was able to continue on its profitable growth path in 2006. There was growth in all key performance indicators as the group surpassed its already excellent results in 2005.

In the year under review, the group's premium income from insurance grew by 16.5 per cent to a new record high of € 3.4 billion. Every line of insurance and every one of the group's 11 national markets contributed to this remarkable increase in a highly competitive insurance market. Generali grew much faster than the market as a whole and in every country in which it operates apart from Poland and Hungary. As a result, nearly all its market shares increased.

Growing boom in the life insurance segment

Generali's life insurance products were particularly well received by consumers. Customers invested a total of about € 1.4 billion in their Generali life insurance policies during 2006. As a result, even the boom year of 2005 was surpassed by nearly 30 per cent. The main "best sellers" were unit-linked life insurance and single-premium policies. There was two or three digit growth in every country in the region. The proportion of the Generali Vienna Group's aggregate premium income accounted for life insurance increased from 36.6 to 40.4 per cent. Generali also recorded very satisfactory growth of 9.5 per cent in the property/casualty insurance segment, as against growth of 3.1 per cent in 2005. For the first time, premium income in this key segment exceeded € 2 billion.

Profit from ordinary activities grows by 9 per cent to € 190 million

This massive growth in insurance business took place within the context of the group's strict profit orientation. It is paying off, with profit from ordinary activities (i.e. profit before tax) growing by nearly 9 per cent to € 190 million.

Gains in market share in Austria; profit from ordinary activities grows by 24%

Austria remained the Generali Vienna Group's largest market in 2006. The group's consolidated premium income in Austria grew by 12 per cent to € 2.3 billion. Whereas its property/casualty insurance operations grew by 3.6 per cent, premium income in the life insurance segment advanced strongly, increasing by 24 per cent to over € 1 billion. In this segment, Generali in Austria recorded massively better growth than the market as a whole, which expanded by less than 1 per cent.

The income of Generali CEE exceeded € 1 billion

In the words of the group's Austrian CEO Luciano Cirinà, "Our innovative single-premium products enabled us to buck the trend in the market, which slumped dramatically because of the way interest rates developed. Not least for this reason, our market share in Austria grew from 13.2 per cent to 13.6 per cent, further reinforcing our position as this country's third-largest insurance group." Indeed, the group's market share in the life insurance segment increased substantially, rising from 8.8 per cent to as much as 9.5 per cent. Generali remained the second largest player in the property/casualty insurance segment with a market share of 18.0 per cent. In Austria, which is its home market, the Generali Vienna Group recorded profit from ordinary activities of over € 100 million, which translates into growth of 24 per cent. This was primarily attributable to the positive development of the underwriting and investing results recorded by the group's two insurance companies in Austria (*Generali Versicherung* and *Europäische Reiseversicherung*). However, the other group-members in Austria also produced good results overall.

Central and Eastern Europe: Strong growth in premium; two more countries reach break-even point

Generali added three countries to its markets in Central and Eastern Europe in 2006, namely Bulgaria, Serbia and the Ukraine. Before that, Generali was already operating in Hungary, the Czech Republic, Slovakia, Slovenia, Romania, Poland and Croatia. Generali's premium income in the region topped a billion euros for the first time. Premium grew by 29 per cent as customers paid a total of € 1.1 billion for their Generali insurance policies. The rate of growth in the life insurance market, at 44 per cent, was twice as high as in the property/casualty insurance segment. As Generali's COO for Central and Eastern Europe Werner Moertel stressed, "The CEE region continued to demonstrate its importance as a growth market during 2006. I am convinced that these countries will remain the European growth markets in the next 10 to 20 years". The CEECs are also making an increasingly important contribution to profit. Generali recorded pre-tax profit in the region of € 60.5 million in 2006, beating its 2005 profit by 15 per cent. Of the CEECs, Hungary and the Czech Republic contributed most to the group's consolidated profit. Slovakia and Poland reported profits for the first time in 2006, and newcomer Serbia also delivered a profit from ordinary activities.

New markets and new sales channels stimulate growth

The Generali Vienna Group's ongoing expansion in Central and Eastern Europe was already beginning to stimulate further growth in 2006. By taking over or acquiring majority stakes in well-established companies, Generali has gained footholds in Serbia, the Ukraine and Bulgaria, creating the potential for added growth in the future. Generali also bought a Croatian life insurance company, strengthening its position in that market and realizing major structural benefits. Alongside China and India, Generali Group has defined Central and Eastern Europe as strategic growth markets. In accordance with its Strategic Plan for 2006 – 2008, Generali is striving to achieve organic growth in this region as well as to carry out acquisitions that will generate additional momentum. One of the other highlights of 2006 was undoubtedly the group's successful participation as a bidder during the sale of Austrian bank *BAWAG P.S.K.* Its membership of the consortium led by *Cerberus* will enable the group to use the nationwide sales channels of *BAWAG P.S.K.* and *Österreichische Post* (Austrian Mail). This is a key strategic milestone, as it will give Generali access to about 1.3 million *BAWAG P.S.K.* customers as well as the customers of *Österreichische Post*. At the beginning of 2007, the group reached an agreement with *BAWAG P.S.K.* and its new principal shareholder *Cerberus* under which it will be acquiring majority stakes in insurers *BAWAG-Versicherung* and *P.S.K.-Versicherung*.

Generali Asigurări S.A.

Structure of the Organization

1. Management Committee

Position	Name and Surname
General Manager	Tudor Moldovan
Deputy General Manager - non-life insurance	Luciano Cagnato
Chairman of the BD	Emil Bolduş
Director, Economic Department	Elena Grecu
Director, Non-Life Insurance	Dănuţ Jecan
Director, IT Department	Sorin Dragomir
Director, Commercial Department	Dragoş Călin
Director, Administrative Department	Dan Centea

2. Subordinated Departments

General Manager

Internal Audit Division	Ştefan Laurenţiu
Legal Division	Radu Petrescu
Human Resources Office	Lidia Marin
General Secretariat	Marius Robu

Deputy General Manager

Non-Life Insurance

Motor Claim Settlement Division	Ion Moise
External Claim Office	Dan Simion
Agricultural Insurance Division	Radu Constantinescu
Methodology Division	Theodor Dinulescu

Non-Life Insurance Department

Non-motor Claim Settlement Division	Ovidiu Hurjui
Corporate Insurance Division	Răzvan Popescu
Reinsurance Office	Monica Dungă
Engineering Risk Office	Dinu Constantin

Life Insurance Department

Technical Life Insurance Division	Ovidiu Racoveanu
Financial Underwriting Office	Cristina Damian
Data Processing Division	Liliana Cireaşă
Actuarial and Product Development Office	Alexandru Şerban

IT Department

IT Division	Florica Răduţoi
Hardware and Communication Division	Cristian Burcuş
Help Desk Office	Bogdan Purcăroiu
Group Applications Office	Viorel Ivan
Software Integration Office	Edwin Brânză

Commercial Department

Marketing and Communication Division
Brokers – Leasing Division
Training Office
Banks Office

Daniela Casapu
Violeta Pârvuțoiu
Emilian Onesciuc
Diana Popescu

Economic Department

Financing and Investment Division
Accounting Division
Incasso Office

Ionuț Baci
Ana Dumitru
Teodor Flamaropol

Administrative Department

Administrative Division

Omero Patit

Shareholders and Registered Capital

Shareholding structure at Generali Asigurări:

Generali Holding Vienna - 83.565967%
Astra S.A - 15.984957%
Centrocoop - 0.130615%
Cooperative Units - 0.312269%
Lending Units - 0.006192%

Registered Capital

On the date the Annual Report 2006 is issued, the registered and paid up capital of Generali Asigurari is of RON 50,000,000.

Products

Generali Asigurări

Individuals

Life Insurance

- Savings Insurance for Children – Majorat
- Death Insurance – Clasic Plus
- Mixed Life Insurance – Practic Plus
- Savings and Pension Insurance – Orizont
- Health Insurance – Focus Plus
- Endowment Insurance – Generali Investment Unit Solution

Home and Office Insurance

- Home Insurance – Eurocasa
- Fire Insurance for Home and Office
- Theft and Robbery Insurance for Home and Office
- Construction Risk Insurance for Home and Office

Motor Insurance

- Motor Hull
- MTPL and Green Card
- Roadside Assistance

Liability Insurance

- Family Liability Insurance
- Professional Liability Insurance for Accountants
- Professional Liability Insurance for Notaries
- Professional Liability Insurance for Medical Doctors – Medic Gold
- Professional Liability Insurance for Lawyers

Accident Insurance

- Accident Insurance
- Travel Insurance – Travel
- Accident Insurance for Passengers

Agricultural Insurance

- Fire Insurance for Farms
- Crop Insurance
- Livestock Insurance

Legal Entities

Life Insurance

- Vital Plus – Private Health Insurance for Employees
- Clasic Grup – Life Insurance
- Saving Plan – Savings Plan

Insurance for Commercial and Industrial Operations

- Fire Insurance for Commercial and Industrial Operations
- Material Damage Insurance for SMEs
- Theft and Robbery Insurance for Commercial and Industrial Operations
- All Risk Insurance for Major Industrial Operations

Technical Insurance

- All Risk Insurance for Constructions and Assembly
- Contractor's Plant and Machinery Insurance
- Electronic Equipment Insurance

Liability Insurance

- General Liability Insurance
- Professional Liability Insurance
- Carrier's Liability Insurance

Transport Insurance (Cargo)

- Cargo Insurance for Road, Railroad, Maritime and Air Transport
- Insurance of Valuables and Art Objects during Transportation
- Hull Risk Insurance

Motor Insurance

- Motor Hull Insurance for Vehicle Fleets
- MTPL and Green Card
- Roadside Assistance for Vehicle Fleets

Accident Insurance

- Group Insurance for Accidents
- Travel Insurance – Travel

Agricultural Insurance

- Fire Insurance for Farms
- Crop Insurance
- Livestock Insurance

Generali Asigurări Activity

in 2006

Administrators' Report for 2006

1. Development of the Insurance Market in Romania

In 2006, the upward trend was maintained, being sustained, among other factors, by the 7.9% increase in the GDP and the relative stability of the exchange rate for euro and US dollar. According to recent evaluations, the volume of gross underwritten premiums was € 1.6 billion in 2006, a nominal increase in euro of 33.2%, compared to the previous year.

However, the percentage of insurance premiums in the GDP only increased by 1.65%, from 1.54% in 2005. The total volume of gross underwritten premiums for non-life represents € 1.3 billion, an increase by 40%, while underwritten premiums for life insurance amount to € 0.3 billion, an increase by 13%.

The non-life insurance market continued its high share in the total insurance operations, namely 80%, compared to life insurance, with only 20%.

At the end of 2006, the number of existing insurance contracts was 12.9 million, of which 7.6 million come from non-life insurance and 5.3 million from life insurance.

The value of paid claims, amounting to € 740 million, increased by 43% compared to 2005, of which € 700 million for non-life activity and € 40 million for life insurance. The average claim rate for non-life was 65%.

The value of underwritten premiums ceded for reinsurance was € 430 million, 98% being for non-life activity.

The insurance market reached a level of € 1.6 billion in 2006

2. Company's Activity and Results

The company's management continued to implement the projects started in 2005, with activities applicable in 2006, and launched new projects.

Among the most important ones, we outline the following:

- the "own sales force" project, intended to increase the number of insurance agents, to train and guide them, as well as to set up new agencies that can generate additional production. As a result, the total production of the own sales force amounts to 23% of the written premiums for non-life;
- the project "compulsory motor third party liability for damage caused by car accidents (Green Card included)", involving the application for required licenses and the actual start of activity in November 2005, so as to give our customers the opportunity to get this insurance as well for 2006 and, of course, for the following years. We had a good start, the planned figures for 2006 being doubled by the results;
- the project for the new sales force in life insurance, which led to a 22% in the new planned production for life insurance;
- the "unit-linked" project, by launching the "Genius" product (the unit's solution for Generali investments), materialized in over RON 1 million income, compared to RON 0.2 million, as planned;
- in non-life commercial insurance classes, the insurance conditions were reviewed and improved, resulting in sales of 57,000 such policies, compared to the planned 32,000.

Development projects over the entire year

These activities were preceded and accompanied by training programs, per categories of sales personnel, the sales managers included.

The measures taken and applied by the company's management produced the following results:

Gross underwritten premiums	2006	
	2006 (RON ml)	2005 (RON ml)
Total volume of gross underwritten premiums	299	131
Gross underwritten premiums, non-life	258	110
Gross underwritten premiums, life	41	21

Increase in the market share to 5.12%

We can say we had excellent results in 2006 in terms of underwritten premiums. The increase in RON compared to 2005 was of 130%, much higher than the insurance market average. This growth comes both from non-life insurance activity (135%) and from life insurance (97%). For comparison purposes, we should mention that, expressed in RON, the nominal market growth was of 30%, consisting of a nominal growth of 36% in non-life and 10% in life insurance.

The increase was seen in all insurance classes, but mainly in liability insurance, fire, loan and collaterals, Motor Hull insurance and individual life insurance.

Also, the increase in the premium volume was seen in all sales channels, starting with the head office and continuing with the Bucharest Branch, the 64 composite agencies and the 14 agencies specialized in life insurance. The number of insurance agents with valid contracts increased over the year from 1,552 to 3,000, and the number of contracts with brokers, from 148 to 218.

We must also outline the fact that we launched three new products in 2006, one in unit-linked, for life insurance, and two more, Green Card and ASSIST PLUS Extra, roadside assistance services, for non-life insurance.

As a result, the company's market share increased, from 3% in 2005 to 5.2% in 2006, a target that was planned for 2007.

The following factors also contributed to the above mentioned results:

- the operations of the Bucharest Branch started at the end of 2005, and the portfolio developed, in terms of underwritten premiums, representing 33% of the premium volume at the end of 2006;
- the increase in the number of agencies and agents, leading to an increase in the number of contracts;
- a higher number of banks and brokers on collaboration contracts, as well as a better quality partnership with them;
- marketing, advertising and product promotion campaigns, by attending more fairs, exhibitions and other such events, which reflected in wider knowledge about the "Generali" brand;

- better quality of services provided for the society, especially in underwriting and claim settlement, as a result of promotion and performance rewarding perspective, backed by an annual evaluation of the personnel;
- cross-selling of products from life and non-life insurance classes;
- increased in-house competition among the sales channels, counties, agencies, as well as motivation of the sales force from agencies;
- cooperation with ING Bank for the distribution of Eurocasa and Motor Hull insurance.

3. The Profit and Loss Account

Despite our focused efforts, the company had a negative final result, of RON 31 million, double than planned for 2006.

The negative result is almost equally split among the two insurance categories: life and non-life. This is reflected in a higher claim rate, from 57% in 2005, to almost 70% in 2006, which, together with the related costs, generate a combined ratio of 110%.

Regarding non-life insurance, the negative result is almost entirely due to the motor hull insurance.

It's true, measures have been taken, especially in the second half of 2006, consisting of reviewing the insurance conditions, the premium tariffs and the memoranda of understanding with major clients, however the time was too short for it to lead to improved results for the entire year. This is why we expect this to be reflected in the activity and results for 2007.

However, the rates for administrative costs and purchase costs decreased in 2006, compared to the previous year, although the number of full time or part time employees increased from 263 to 317.

According to the legal provisions, the negative results shall be carried forward for the next years, on a period of 5 years.

Claim rate increase of up to almost 70%

4. The Financial Standard

The company's financial stability is determined by the registered capital brought in by the shareholders, capital reserves and technical reserves accumulated by the company during its operations, as well as by the support from the reinsurance contracts.

At the end of 2006, the registered capital was RON 50 billion, of which RON 35 billion for life insurance and RON 15 billion for non-life insurance.

The increase of the capital, by Ron 20 million for life insurance was approved by the Shareholders' General Assembly in April 2006. However, due to delays in meeting the formalities, which were suspended for more than half a year, the company succeeded in registering the new capital only in January 2007, which had negative repercussions on its financial income.

Registered capital of RON 50 million

The reserves were as follows:

- a) capital reserves in non-life insurance, consisting of:
 - legal reserves: RON 613,607.73
 - legal reserves from re-evaluations: RON 8,806,138.46
 - other reserves: RON 2,763.526
- b) capital reserves for life insurance:
 - changes in the market value of state securities: RON 88,112
- c) gross technical reserves for:
 - life insurance: RON 41,676,950.82;
 - non-life insurance: RON 225,066,631.66, of which catastrophe reserves RON 27,215,019.74

The added value, of RON 3,724,056.53, of which RON 1,538,459.83 for buildings and RON 2,185,596.70 for land, as seen in the re-evaluation of the company's real estate, conducted at the end of last year, was included in the legal reserves from re-evaluations.

The Auditors' Report

Pricewaterhouse Coopers

The report of the independent auditors to the Board of Directors of SC Generali Asigurări SA

Report on the financial statements

We audited the attached financial statements of SC Generali Asigurari SA ("The Company"), consisting of the balance sheet on the 31st of December 2006, the profit and loss account, the changes of the equity and the situation of the treasury flows for the financial year that ended on this date and the summary of the significant accounting policies, as well as other explanatory notes, numbered from page 1 to page 60. The financial statements concern:

Total equity: RON 12,318,392;

Net result of the financial year: RON 30,998,672, loss

Management's responsibility for the financial statements

The Company's management is responsible for the drafting and accurate description of these financial statements in accordance with the Order of the Insurance Supervisory Commission no. 3129/2005 and with the accounting policies described in the notes to the financial statements. This responsibility includes: the design, implementation and maintaining of a relevant internal control for the drafting and accurate description of the financial statements which should not contain any significant distortion, due to fraud or error; a selection of the appropriate accounting policies; the drafting of reasonable accounting estimates, under given circumstances.

The auditor's responsibility

Our responsibility, based on the audit we conduct, is to issue an opinion on these financial statements. We conducted the audit in accordance with the audit standards adopted by the Court of Financial Auditors from Romania. These standards require that we observe the Court's ethical requirements, plan and conduct the audit in order to be reasonably sure that the financial statements contain no significant distortions.

An audit consists of conducting procedures in order to get audit evidence regarding the amounts and the information included in the financial statements. The procedures are selected based on the auditor's professional judgment, including the assessment of the risks for significant distortions of financial statements, due to fraud or error. In assessing these risks, the auditor considers the relevant internal audit for the drafting and the accurate description of the Company's financial statements in order to set the relevant audit procedures for the given circumstances, but not in order to express an opinion on the efficiency of the Company's internal control. An audit also assesses the adequacy of the accounting policies used and how reasonable the accounting estimates of the management are, as well as the layout of the financial statements as a whole.

We consider that the audit evidence we gathered is sufficient and appropriate to represent the basis for our audit opinion.

Opinion

In our opinion, the financial statements were drafted properly, in all significant aspects, in accordance with the Order of the Insurance Supervisory Commission no. 3129/2005 and with the accounting policies described in the notes to the financial statements.

Highlighting certain issues

Without expressing an opinion with reservations, we draw the attention on the following aspects: On the 31st of December 2006, the Company's net assets, calculated as the difference between the Company's total assets and total liabilities, represented less than half the registered capital. In accordance with the law on commercial companies no. 31/1990, republished, when this happens, the Company's administrators must convene immediately for an extraordinary shareholders' general assembly and decide the increase of the registered capital, its decrease by a quantum at least equal to the losses that cannot be covered from reserves or the dissolution of the Company.

Other issues

This report is exclusively meant for the Company's shareholders. Our audit was conducted in order to be able to report to the Company's shareholders the issues we need to report in a financial audit report, and not for other purposes. To the extent allowed by the law, we do not accept and do not take any responsibility but in front of the Company and its shareholders, as a whole, for our audit, for this report or for the opinion we expressed.

The attached financial statements are not intended to present the financial position, the results of the operations and a full set of notes to the financial statements in accordance with the accounting regulations and principles accepted in countries and jurisdictions other than Romania. Therefore, the attached financial statements are not drafted for the use of persons who do not know the accounting and legal regulations from Romania, including the Order of the Insurance Supervisory Commission no. 3129/2005.

Report on the administrators' report compliance with the financial statements.

In accordance with the Order of the Insurance Supervisory Commission no. 3129/2005, article 312, we have read the administrators' report attached to the financial statements. The administrators' report is not part of the financial statements. In the administrators' report, we did not identify any financial information significantly inconsistent with the information presented in the attached financial statements.



PricewaterhouseCoopers Audit SRL
registered at the Court of Financial Auditors of Romania
under no. 6/25th of June 2001

Bucharest, 19th of March 2007

Gross Underwritten Premiums

Gross written premiums (life)

	2006	
	December 31, 2006 (RON)	December 31, 2005 (RON)
Gross written premiums (life)		
Individual	32,703,849	13,337,561
Group	7,048,832	3,844,393
Capitalization Contracts	-	3,519,567
Complementary Insurance	-	3,101
Unit Linked	1,018,764	-
	40,771,445	20,704,622

Gross written premiums (non-life)

	2006	
	December 31, 2006 (RON)	December 31, 2005 (RON)
Gross written premiums (non-life)		
Personal and Health Insurance	2,970,608	2,524,941
Liability Insurance	17,694,758	3,446,186
Property Insurance	20,044,738	9,754,322
Fire and other damages	34,669,490	28,419,648
Goods in transit	3,539,149	2,739,668
Loans and Collaterals	20,551,617	1,447,721
Motor Hull	153,103,506	60,687,499
Motor Liability	5,392,412	857,518
	257,966,278	109,877,503

Gross Paid Claims

2006

Insurance classes	Gross paid claims on December 31, 2006 (RON)	Gross paid claims on December 31, 2005 (RON)
Personal and Health Insurance	689,396	537,867
Liability Insurance	383,733	57,280
Property Insurance	2,483,235	1,486,004
Fire and other damages	2,903,780	21,736,478
Goods in transit	1,079,821	233,302
Loans and Collateral	1,605,140	452,116
Motor Hull	83,654,604	42,274,878
Motor Third Party Liability	4,470,780	-
Total non-life insurance	97,270,489	66,777,925
Life Insurance	3,232,752	625,950
Grand Total	100,503,241	67,403,875

Balance Sheet – Assets

on December 31, 2006

		2006	
	Row Note	December 31, 2006 (RON)	December 31, 2005 (RON)
A. Intangible Assets			
Intangible Assets			
Transfers, patents, licenses, marks, similar rights and securities	03	301,079	280,133
Other intangible assets	06	301,138	110,517
Total	07	602,217	390,650
B. Placements			
I. Placements in tangible assets and in progress			
Land and buildings	08	12,573,717	7,368,492
Advance payments and placements in tangible assets in progress	09	12,944	769,431
Total	10	12,586,661	8,137,923
II. Placements in affiliated companies and as profit sharing and other placements in financial assets			
Other placements in financial assets	15	760,882	827,347
Total	16	760,882	827,347
III. Other placements in financial assets			
Shares, other securities with variable income and units with mutual placement funds	17	318,107	-
Bonds and other securities with fixed income	18	133,765,408	83,517,364
Deposits in lending institution	22	28,495,707	8,283,933
Total	24	162,579,222	91,801,297
C. Placements related to life insurance for which the exposure to investigation risks is transferred to the contractors	26	977,138	-
Total placements	27	176,903,903	100,766,567
D. Part of the technical reserves related to contracts, ceded for reinsurance			
I. Part of technical reserves related to contracts, ceded for reinsurance in non-life insurance			
1. Premium reserves related to contracts ceded for reinsurance	28	71,035,374	30,939,002
3. Claim reserves related to contracts ceded for reinsurance	30	34,352,105	12,593,050
4.b) Catastrophe reserves related to contracts ceded for reinsurance	32	1,709,378	1,709,378
Total (row 28 to 33)	34	107,096,857	45,241,430
II. Part of technical reserves related to contracts ceded for reinsurance in life insurance			
2. Premium reserves related to contracts ceded for reinsurance	36	332,553	256,299
4. Claim reserves related to contract ceded for reinsurance	38	33,760	-
Total (row 35 to 39)	40	366,313	256,299
Total (ROW 34+40+41)	42	107,463,170	45,497,729

2006

	Row	Note	December 31, 2006 (RON)	December 31, 2005 (RON)
E. Debts				
I. Debts from direct insurance operations				
1. Policy Holders	46		105,674,273	53,312,592
3. Other debts from direct insurance operations	48		251,726	624,585
Total	49		105,925,999	53,937,177
II. Debts from reinsurance operations				
50			18,436	65,259
III. Other debts				
51			3,752,614	2,647,611
F. Other assets items				
I. Tangible assets and stocks				
1. Technical equipment and machinery	53		6,177,450	4,238,104
2. Other equipment, machinery and furniture	54		1,385,385	871,268
3. Advance payments and tangible assets in progress	55		-	601,676
Total (row 53 to 55)	56		7,562,835	5,711,048
Stocks				
4. Supplies	57		405,935	152,605
Total	59		405,935	152,605
II. Cash and bank accounts				
60			5,037,704	3,121,544
G. Expenditure in advance				
I. Interest and rents registered in advance				
62			502,651	406,875
II. Purchasing expenses, carried forward				
Total (row 64 to 65)	63		90,521	161,444
1. Purchasing expenses, carried forward, for non-life insurance	64		90,521	161,444
III. Other expenses, registered in advance				
66			302,481	879,875
Total	67		895,653	1,448,194
Total assets	68		408,568,466	213,738,384

Balance Sheet – Liabilities

on December 31, 2006

		2006	
	Row Note	December 31, 2006 (RON)	December 31, 2005 (RON)
A. Capital and reserves			
I. Capital			
Registered capital, of which:	69	50,000,000	30,000,000
- registered and paid up capital	70	50,000,000	30,000,000
III. Reserves from re-evaluation	72	8,806,138	5,147,267
IV. Reserves			
1. Legal reserves	73	613,608	613,608
3. Reserves as surplus realized from reserves from re-evaluation	75	162,911	83,468
4. Other reserves	76	2,763,525	1,962,649
Total	78	3,540,044	2,659,725
B. Result, carried forward			
1. Result carried forward as non-distributed profit or uncovered loss, Balance D	80	19,783,622	4,716,620
2. Result carried forward, from adopting IAS for the first time, except IAS 29, Balance C	81	754,503	754,503
VI. Result for the year Balance D	88	30,998,672	15,067,002
Total equity	90	12,318,391	18,777,873
C. Technical reserves			
I. Technical reserves for non-life insurance			
1. Premium reserves in non-life insurance	93	132,092,498	56,601,314
2. Reserves for profit sharing and risks in non-life insurance	94	343,083	-
3. Claim reserves in non-life insurance	95	64,667,459	22,825,140
a) Reserves for approved claims	96	58,176,121	20,787,185
b) Reserves for unapproved claims	97	6,491,338	2,037,955
4. Other technical reserves for non-life insurance (row 99+100+101)	98	27,215,020	20,850,844
b) Catastrophe reserves	100	27,215,020	20,850,844
II. Technical reserves for life insurance (row 103+104+105+106+109)			
1. Mathematical reserves	103	19,522,148	12,928,724
2. Reserves for life insurance premiums	104	19,180,031	10,802,554
3. Reserves for profit sharing and ristorno on life insurance	105	801,743	624,546
4. Reserves for claims in life insurance (row 107+108)	106	1,197,700	232,650
a) Reserves for approved claims	107	1,146,949	232,650
b) Reserves for unapproved claims	108	50,751	-
III. Reserves for equalization	110	748,572	748,572
Total (row 92+102+110)	111	265,768,254	125,614,344

		2006	
	Row Note	December 31, 2006 (RON)	December 31, 2005 (RON)
D. Mathematical reserves for life insurance for which the exposure to investment risk is transferred to the contractors	112	975,329	
E. Provisions			
2. Provisions for taxes	114	4,327	88,337
3. Other provisions	115	24,646	24,647
Total (row 113 to 115)	116	28,973	112,984
F. Deposits received from reinsurers	117	48,560,480	22,021,357
G. Debts			
I. Debts from direct insurance operations	120	194,541	-
II. Debts from reinsurance operations	121	35,997,596	28,979,950
V. Other debts, including fiscal debts and debts for social security	124	13,776,420	8,162,684
Total (row 118 to 124)	125	49,968,557	37,142,634
H. Income in advance			
II. Income registered in advance	127	30,948,482	10,069,192
Total (row 126 +127)	128	30,948,482	10,069,192
Total liabilities	129	408,568,466	213,738,384

Technical Account

for life insurance

for the financial year that ended on December 31, 2006

		2006	
	Row	Financial year end of December 31, 2006 (RON)	Financial year end of December 31, 2005 (RON)
1. Income from net insurance premiums			
a) income from gross underwritten premiums (+)	01	40,771,445	20,704,622
b) premiums ceded for reinsurance (-)	02	1,412,461	910,755
c) variation of the reserves for net insurance premiums (+/-)	03	8,301,224	4,486,103
Total (row 01 – 02 – 03)	04	31,057,760	15,307,764
2. Income from placements			
b) income from other placements with separate presentation of income from placements with affiliated companies, of which:	07	76,218	100,235
income from other placements	09	76,218	100,235
d) Income from realization of placements	11	1,733,014	1,569,792
Total (row 05 +07 + 10+ 11)	12	1,809,232	1,670,027
3. Added value non-realized from placements	13	52,541	-
5. Expenses for net reinsurance claims			
Total (row 16 + 19)	15	3,700,261	222,404
a) paid amounts (row 17 - 18)	16	2,768,971	581,709
- gross amounts	17	3,232,752	625,950
- reinsurers' part (-)	18	463,781	44,241
b) variation of the reserves for claims (+/-) (row 20 - 21)	19	931,290	(359,305)
- gross amount	20	965,050	(367,080)
- reinsurers' part (-)	21	33,760	(7,775)
6. Variation of the technical reserves for life insurance			
Total (row 23 + 26 + 29)	22	6,770,620	5,961,362
a) variation of the mathematical reserves (row 24 - 25)	23	6,593,424	5,670,614
- gross amount	24	6,593,424	5,670,614
- reinsurers' part (-)	25	-	-
b) variation of reserves for participation to benefits and ristorno (row 27 - 28)	26	177,196	290,748
- gross amount	27	177,196	290,748
- reinsurers' part (-)	28	-	-
7. Variation of mathematical reserves related to life insurance for which the exposure to investment risks is transferred to the contractor, ceded in reinsurance (+/-)			
Total (row 33 - 34)	32	975,329	-
- gross amount	33	975,329	-
- reinsurers' part (-)	34	-	-

		2006	
	Row	Financial year end of December 31, 2006 (RON)	Financial year end of December 31, 2005 (RON)
8. Net expenses from operation			
a) expenses from purchasing	35	24,846,959	14,019,857
c) administration expenses	37	6,611,305	4,569,326
d) commissions received from reinsurers and profit sharing (-)	38	215,013	128,169
Total (row 35 + 36 + 37 - 38)	39	31,243,251	18,461,014
9. Expenses with placements			
a) expenses for placement management, including interest expenses	40	2,748,629	50,766
Total (row 40 +41 +42)	43	2,748,629	50,766
10. Minus value not realized from placements	44	6,743	-
11. Other technical expenses, net from reinsurance	45	2,189,213	594,065
12. Percentage from the net income of placements, transferred in the non-technical account			
13. Technical result of life insurance			
Profit (row 04 + 12 + 13 + 14 - 15 - 22 - 32 - 39 - 43 - 44 - 45 - 46)	47	-	-
Loss			
(row 15 + 22 + 32 + 39 + 43 + 44 + 45 + 46 - 04 - 12 - 13 - 14)	48	14,714,513	8,311,820

Technical Account

for non-life insurance

for the financial year that ended on December 31, 2006

		2006	
	Row	Financial year end of December 31, 2006 (RON)	Financial year end of December 31, 2005 (RON)
1. Income from net reinsurance premiums			
a) income from gross underwritten premiums (+)	01	257,966,278	109,877,503
b) premiums ceded for reinsurance (-)	02	138,330,644	64,905,179
c) variation of the reserves for premiums (+/-)	03	75,491,184	13,490,811
d) variation of the reserves for premiums, ceded for reinsurance (+/-)	04	40,788,209	7,015,421
Total (row 01 - 02 - 03 + 04)	05	84,932,659	38,496,934
2. Percentage from net income (difference between income and expenses from placements) of placements transferred from the non-technical account			
3. Other technical income, net of reinsurance (+)	07	1,586,559	34,715
4. Expenses with claims, net of reinsurance			
a) paid claims (row 9 - 10)	08	44,660,621	19,437,386
gross amounts	09	88,631,907	59,966,415
reinsurers' part (-)	10	43,971,286	40,529,029
b) variation of claim reserves, net of reinsurance (+/-)	11	20,083,265	3,988,199
Total (row 8 + 11)	12	64,743,886	23,425,585
5. Variation of other technical reserves, net of reinsurance, of which:			
b) Variation of catastrophe reserves (+/-)	14	6,364,176	4,165,849
Total (row 13 + 14 + 15)	16	6,364,176	4,165,849
6. Variation of reserves for profit sharing to benefits and ristorno (+/-)	17	343,083	-
7. Net operational expenses			
a) purchasing expenses	18	43,564,850	19,919,063
c) administration expenses	20	9,284,514	5,548,720
d) commissions received from reinsurers and profit sharing (-)	21	22,965,487	11,519,260
Total (row 18 + 19 + 20 - 21)	22	29,883,877	13,948,523
8. Other technical expenses, net of reinsurance	23	4,342,213	5,817,780
10. Technical result of non-life insurance			
Profit (row 05 + 06 + 07 - 12 - 16 - 17 - 22 - 23 - 24)	25	-	-
Loss (row 12 + 16 + 17 + 22 + 23 + 24 - 05 - 06 - 07)	26	19,158,017	8,826,088

Non-Technical Account

for the financial year that ended on December 31, 2006

		2006	
	Row	Financial year end of December 31, 2006 (RON)	Financial year end of December 31, 2005 (RON)
1. Technical result of non-life insurance			
- Profit	01	-	-
- Loss	02	19,158,017	8,826,088
2. Technical result of life insurance			
- Profit	03	-	-
- Loss	04	14,714,513	8,311,820
3. Income from placements			
b) Income from other placements with separate presentation of income from placements with affiliated companies	07	1,110,764	711,225
income from land and buildings	08	353,520	454,914
income from other placements	09	757,244	256,311
d) Income from realization of placements	11	4,207,623	2,742,071
Total (row 05 + 07 + 10 + 11)	12	5,318,387	3,453,296
6. Expenses with placements			
Total (row 16 + 17 + 18)	15	2,890,471	2,063,759
a) expenses for placement management, including interest expenses	16	2,890,471	1,972,593
c) losses from realization of placements	18	-	91,166
9. Other non-technical income	21	445,942	681,369
11. Current result			
- Profit (row 01 - 02 + 03 - 04 + 12 + 13 + 14 - 15 - 19 + 20 + 21 - 22)	23	-	-
- Loss (row 02 - 01 + 04 - 03 - 12 - 13 - 14 + 15 + 19 - 20 - 21 + 22)	24	30,998,672	15,067,002
15. Total income	29	569,684,131	222,422,352
16. Total expenses	30	600,682,803	237,489,354
17. Gross result			
- Profit (row 29 - 30); (23 - 24 + 27 - 28)	31	-	-
- Loss (row 30 - 29); (row 24 - 23 + 28 - 27)	32	30,998,672	15,067,002
20. Net result of the year			
Profit (row 31 - 33 - 34)	35	-	-
Loss (row 32 + 33 + 34)	36	30,998,672	15,067,002

Situation

of the treasury flows (life + non-life)

for the financial year that ended on December 31, 2006

	2006	
	Financial year end of December 31, 2006 (RON)	Financial year end of December 31, 2005 (RON)
Cash flows from operations		
- net result	(30,998,672)	(15,067,002)
- changes during the period of the current capital	6,468,877	(2,788,926)
- adjustments for non-monetary items and other items included in investment activities	89,591,091	33,567,284
Net cash from operational activities	65,061,296	15,711,356
Cash flows from investments		
- cash payments for purchasing of land, buildings and other tangible and non-tangible assets on long term	(15,348,684)	(3,616,203)
- cash receivables from selling land, buildings and other tangible and intangible assets on long term	3,329,191	553,922
- cash payments for purchasing of equity and debt instruments of other companies	(62,833,985)	(91,340,569)
- cash receivables from selling equity and debt instruments of other companies	16,393,985	53,808,393
Net cash from investment activities	(58,459,493)	(40,594,457)
Cash flows from financing activities	-	-
- cash income from issuing of shares and other equity instruments	20,000,000	24,068,802
Net cash from financing activities	20,000,000	24,068,802
Net increase of cash and cash equivalents	26,601,803	(814,299)
Cash and cash equivalents at the start of the period	10,880,883	11,695,182
Cash flow – total - life	1,238,677	(1,592,136)
Cash flow – total – non-life	25,383,126	777,837
Cash and cash equivalents at the end of the period (Note 8)	37,482,686	10,880,883

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