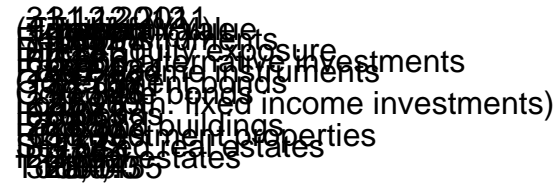


Printer-friendly PDF

Financial risks

Non-Segment financial segment

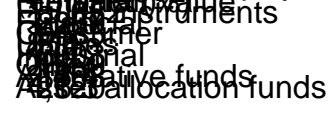
The analysis of market risks indicated within the IFRS 7 framework, in relation to price changes of financial instruments. Financial risks include equity risk, interest rate risk, foreign exchange risk, real estate and concentration risk. Unexpected movements of interest rates, equities, real estate and exchange rates can negatively impact the economic performance of the Group. Assets subject to market movements are invested to profitably employ the capital subscribed by shareholders and to generate value. Within the processes of investment management, Group companies are required to apply the Group Risk Guidelines. At year-end 2012 the investments whose market risk affects the Group were of € 320 billion at market value.



The exposure to fixed income instruments, expressed as percentage of investments bearing market risks, as detailed above. As mentioned above, the economic impact of changes in interest rate, equity values and the related volatilities is absorbed in life business this absorption is generally based on the level and structure of minimum return guarantees and on the Group's credit and tactical asset allocation guidelines are being updated to the changing market conditions and matching strategies, at net cash flow level or duration matching strategies, for the management of the hedging strategies with approaches of dynamic hedging or through the use of derivatives instruments portfolio and pricing management rules, coherent with sustainable guarantee level.

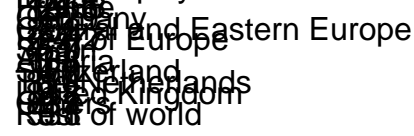
The Group uses a data warehouse to collect and consolidate the financial investments, which guarantees a homogeneous data. The currency risk arising from the recent issuance of subordinated debts in British pound sterling has been mitigated. Group's exposures to investments in equities - detailed by sector and country of risk of investees - as well as to

Breakdown of equity investments by sector of location



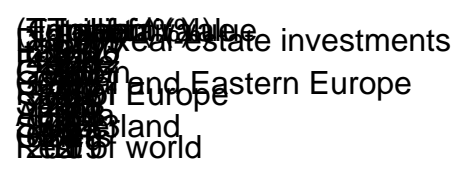
The total exposure to equity instruments at the end of the period amounted to € 15,652 million. With reference to

Breakdown of direct equity investments by country of risk



The direct equity exposure totalled € 9.123 million, principally invested in Italy (32.4%), France (21.6%) and Germany (20.8%).

Breakdown of direct real estate investments by country of location



The direct exposure to Real estate investments was of € 21,686 of which € 18,209 million of investment property. Life Segment

Taking into consideration the specific characteristics of the Life business, the impact of negative changes in the Embedded Value is an actuarially determined estimate of the Group value, net of any value attributable to future business. With reference to the covered business at the date of valuation, and to the relevant consolidation perimeter (i.e. the Adjusted Net Asset Value corresponds to the market value of the consolidated shareholders' fund and the Value In-Force corresponds to the present value of the projected stream of after-tax industrial profits).

Regarding the market risk the Group performs the following sensitivities on its Embedded Value, according to the following assumptions: Yield curve +1%: sensitivity to an upward parallel shift of 100 basis points in the underlying market risk; Yield curve -1%: sensitivity to a downward parallel shift of 100 basis points in the underlying market risk; Equity value -10%: sensitivity to a 10% market value simultaneous reduction at valuation date for equity instruments; Property value -10%: sensitivity to a 10% market value simultaneous reduction at valuation date for property.

The changes in embedded value (%) at 31 December 2011 and 31 December 2010 are reported in the table below.

Life embedded value sensitivities: Market Risks

Market Risk	2011 (%)	2010 (%)
Interest rate +1%	~0.5	~0.5
Interest rate -1%	~-0.5	~-0.5
Property price +10%	~1.0	~1.0
Property price -10%	~-1.0	~-1.0

When analyzing the data from a general point of view, it is straightforward to observe that the decrease in equity

Similarly to the previous year, data at 31 December 2012 showed that the Company suffered the interest rate d

Non-life and financial segment

According to the requirements of IFRS 7, the impact on the non-life and financial segment of possible changes

Market risk evaluation has been performed, for both non-life and financial segments, following a bottom up app

The market risk evaluation was done on all the financial instruments in the portfolios at the end of the year, both

Valuation of impact on Group's financial statements deriving from possible changes in interest rate was asses

The stress test of +/- 100bp on the yield curve and of +/-10% of equity value changes shows:

- a potential impact on the Group's result of the period attributable to the consequent change in the fair v
- a potential impact on the Group's result of the period related to the re-computation on coupon and ac

Changes in interest rates and equity prices, net of the related deferred taxes, may have a potential impact on s

Sensitivity on non-life and financial Shareholders' equity

- Interest rate +10%
- Equity price +10%

(a) the sensitivity analysis is assumed not to reach the defined impairment triggers.

(b) Generali Group publishes annually also a separate Embedded Value report for life segment.

(c) Investments whose market risk affects the Group are total investments excluded investments back to policies w
