

# Generali Deutschland Full Year 2009 Results

Presentation March 2010  
Investor Relations



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## Net profit of € 341 m affirms Generali Deutschland's positive development

- **Growth in new business life and health** in difficult market environment
  - **Life: Decrease in regular premiums** by € -108 m (without riester step) **compensated by strong single premiums € +548 m**
  - **Health: New business rose strongly** by +36.0%
- **Total premiums<sup>1</sup> grew** by +4.3%
  - **Life total premiums went up +5.1%**
  - **Health gross premiums increased** by +7.3%
  - **P&C gross premiums decreased slightly** by -0.8% as a result of intensified **focus on profit-oriented underwriting**
- **Improvements in operating business development**
  - **Further reduction in general expenses** by about € 31 m to € 1,610 m **despite continuous premiums growth**
  - **Combined ratio P&C with 95.6% in line with target** of <96%
- **Strong net investment income** of € 3,038 m (+ 2,180 m)
  - Lower level of **write-downs**
  - Level of **unrealised gains in dividend-bearing securities strongly increased**

**Net profit of € 341 m**  
**due to good operational development and rise in investment income**

## Almost all operational targets achieved

	Targets 2009	Market	Achievements 2009	
<b>Premium growth<sup>1</sup></b>				
- Life	above market level	+7.1%	+5.1%	
- Health	above market level	+3.8%	+7.3%	
- P&C	at market level	-0.0%	-0.8%	
<b>General expenses<sup>2</sup></b>	< € 1,620 m		€ 1,610 m	
<b>Combined ratio<sup>3</sup></b>	95-96%		95.6%	
<b>New Business Value<sup>4</sup></b>	increase without extraordinary effects <sup>5</sup>		€ 187 <sup>6</sup> m	
<b>Net profit</b>	significant increase		€ 341 m	

1 gross premiums German GAAP, direct business

2 German GAAP figures, excluding commissions and one-off restructuring expenses

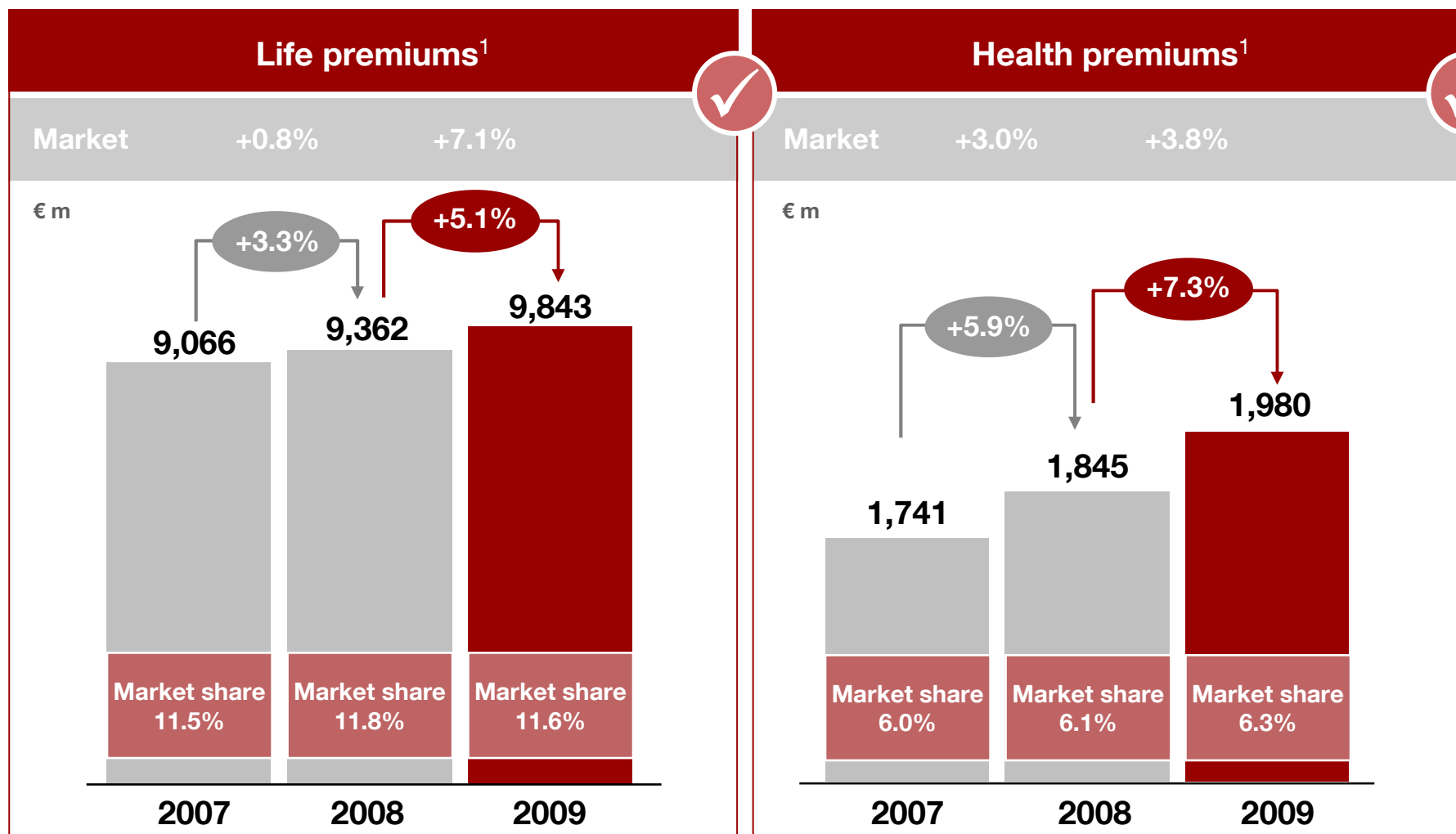
3 combined ratio of claims and expenses in property and casualty insurance; targets without consideration of extraordinary claims

4 life and health insurance; according to MCEV, after capital costs

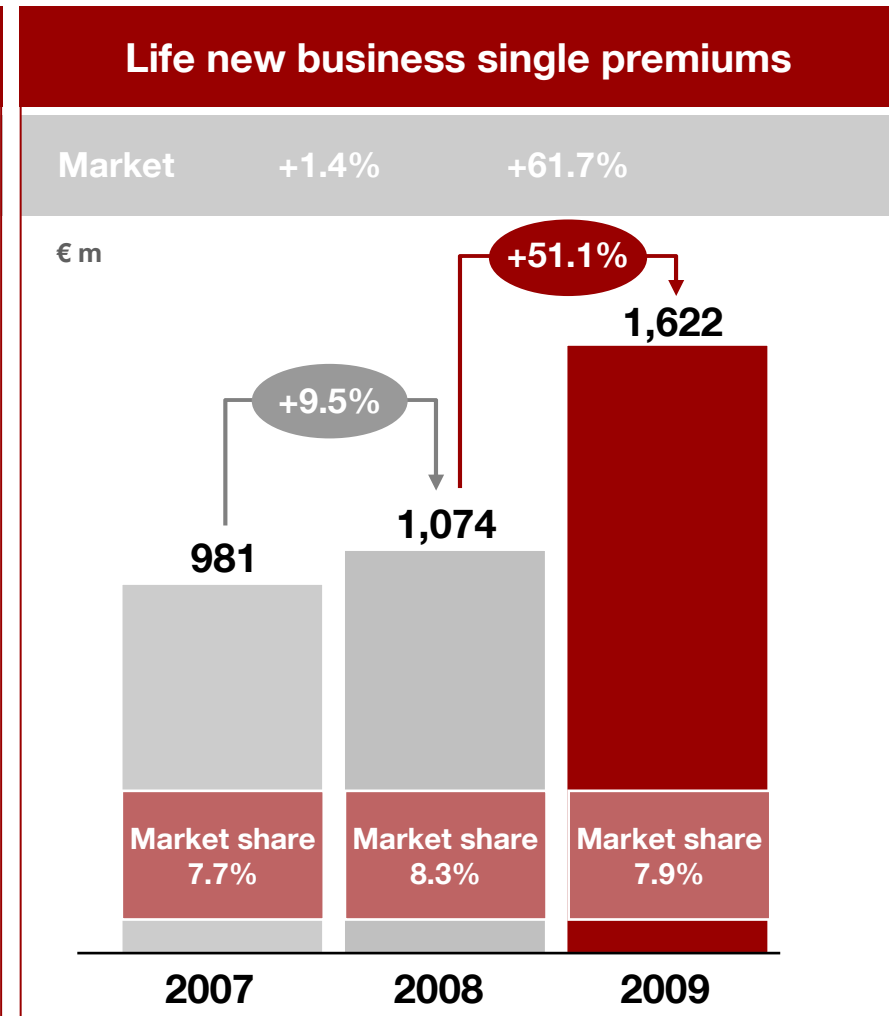
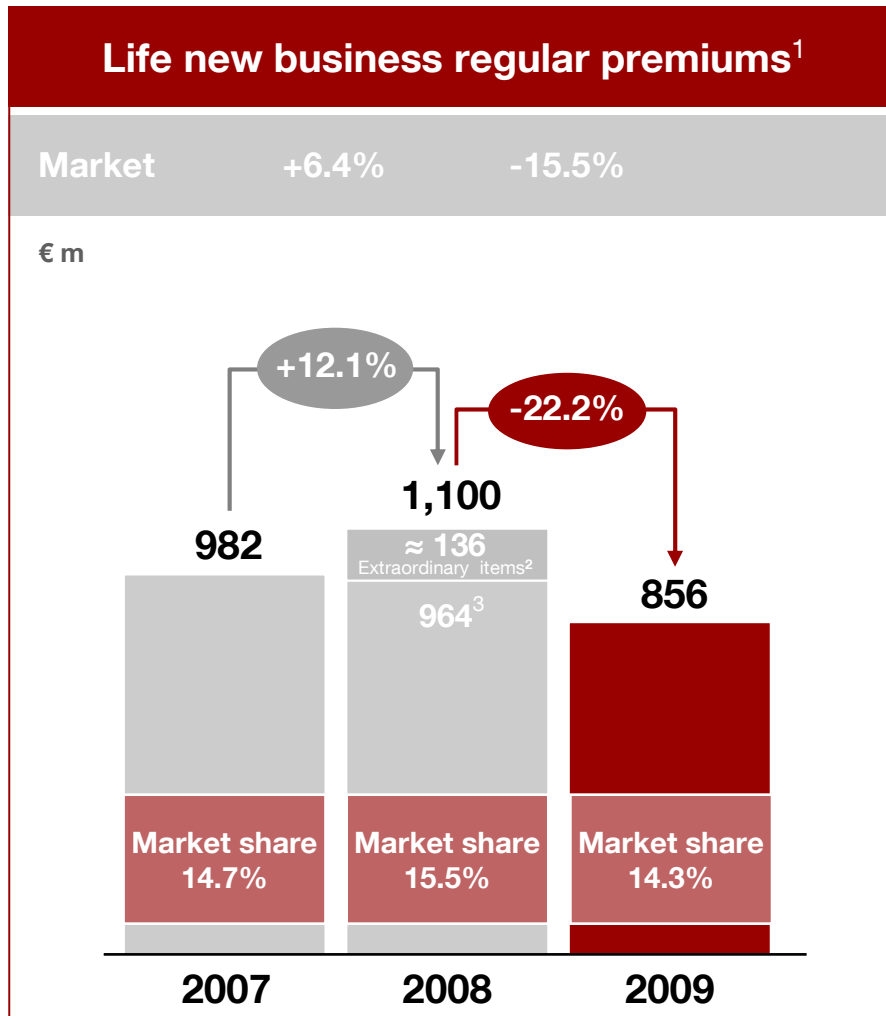
5 mainly 4th Riesterstep in previous year

6 before minorities; after minorities = 186

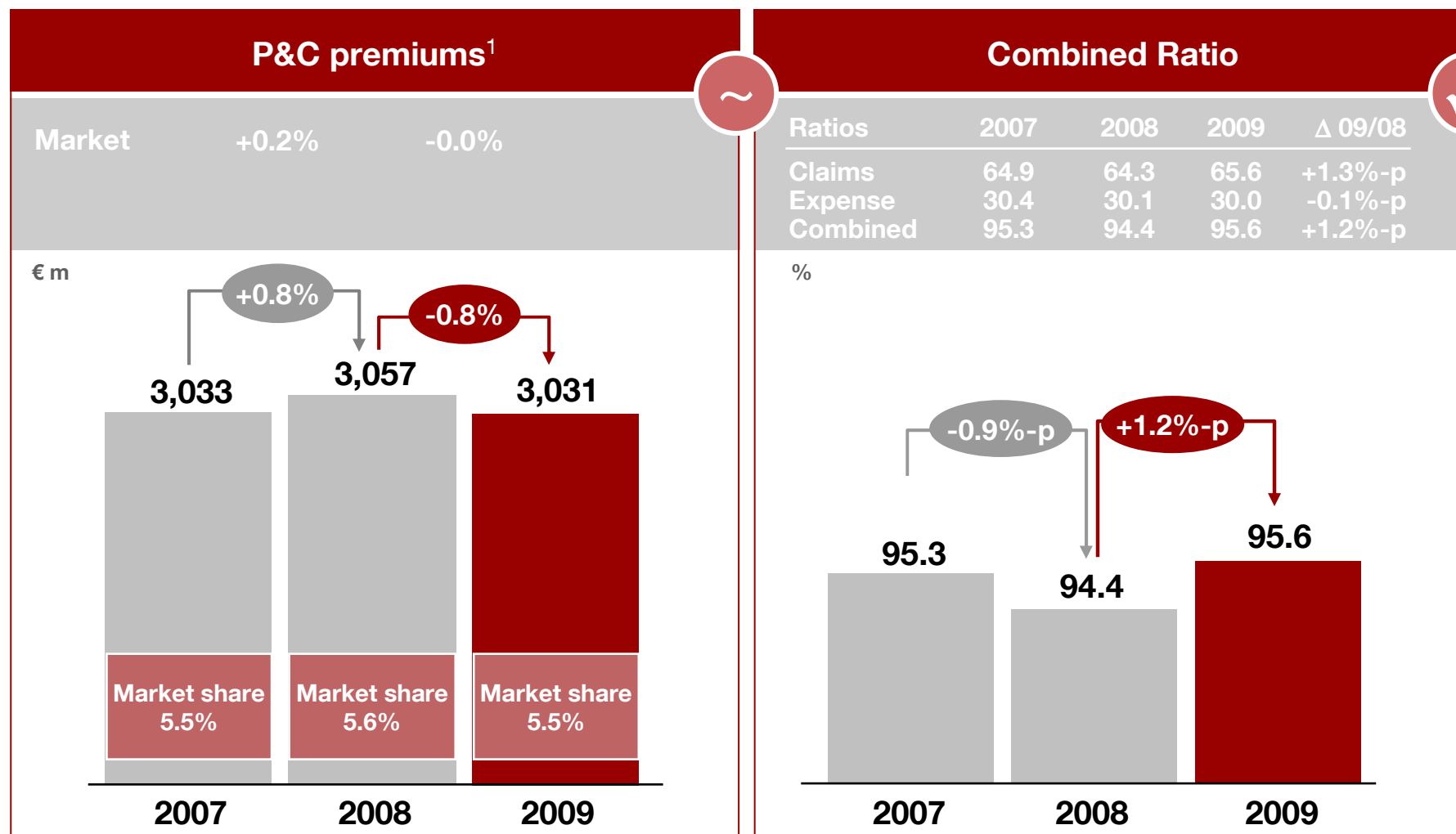
## Premiums in life and health grew significantly



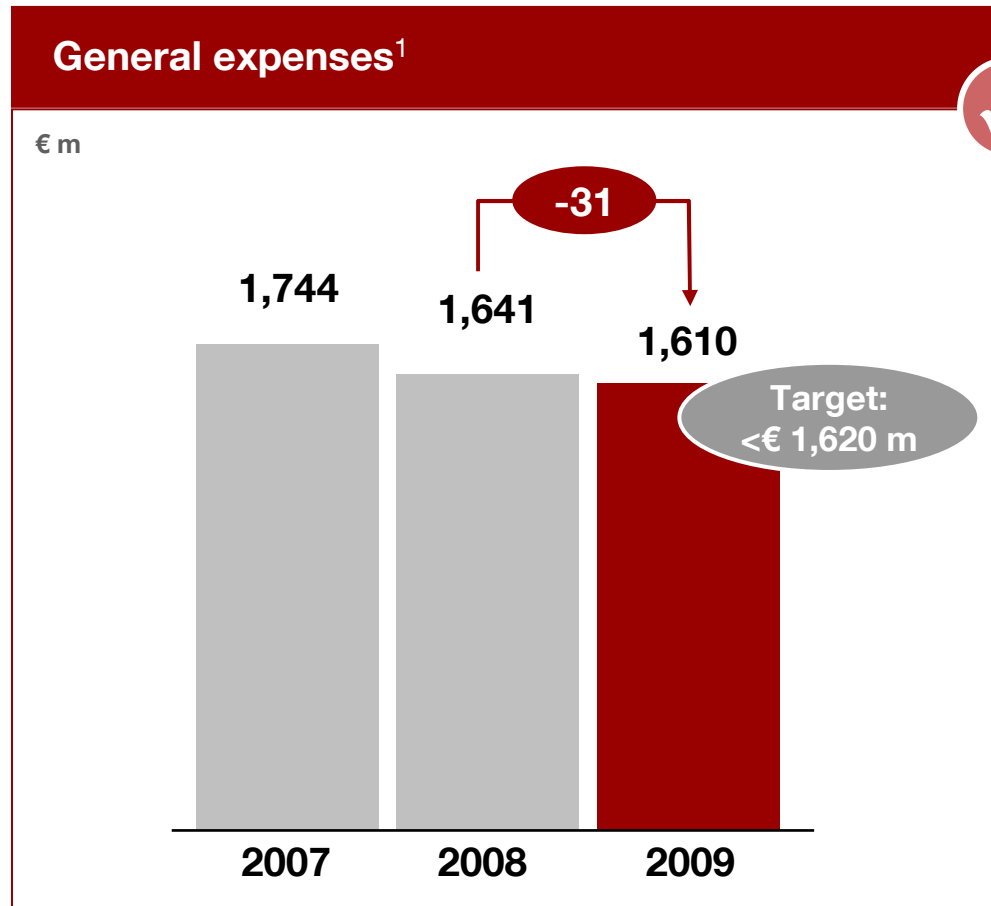
# Decline in regular premiums compensated by strong single premium growth



## In a difficult market environment CR in line with target <96% – Further improvement of Expense Ratio despite premium decrease

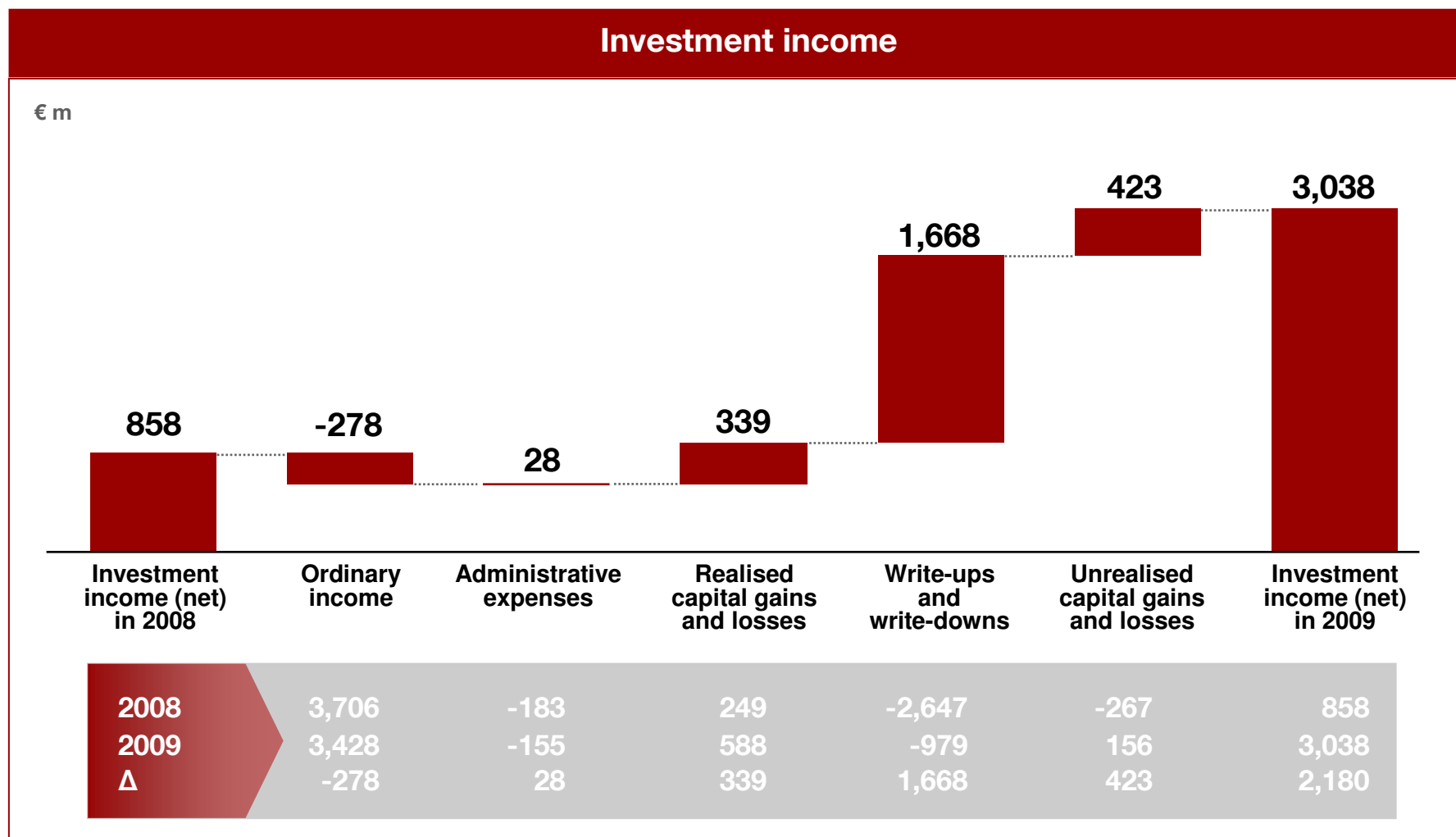


## Measures to strengthen profitability lead to significantly reduced general expenses



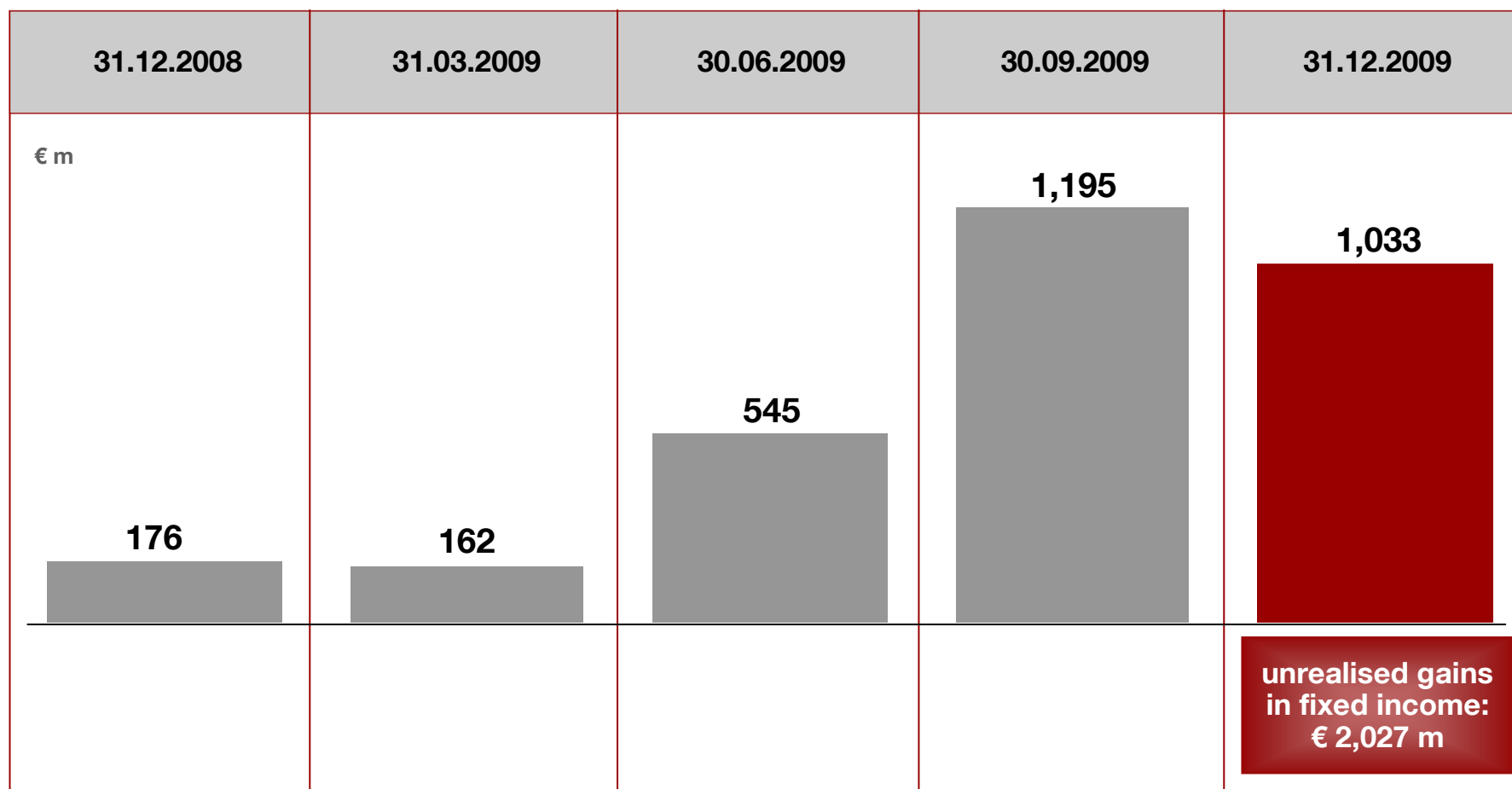
- **General expenses reduced by € -359 m since 2003 despite continuous premiums growth**
- **Improvement in 2009 by € -31 m**
- **Below target of € 1,620 m**

## Strong increase of Investment income due to better capital market conditions

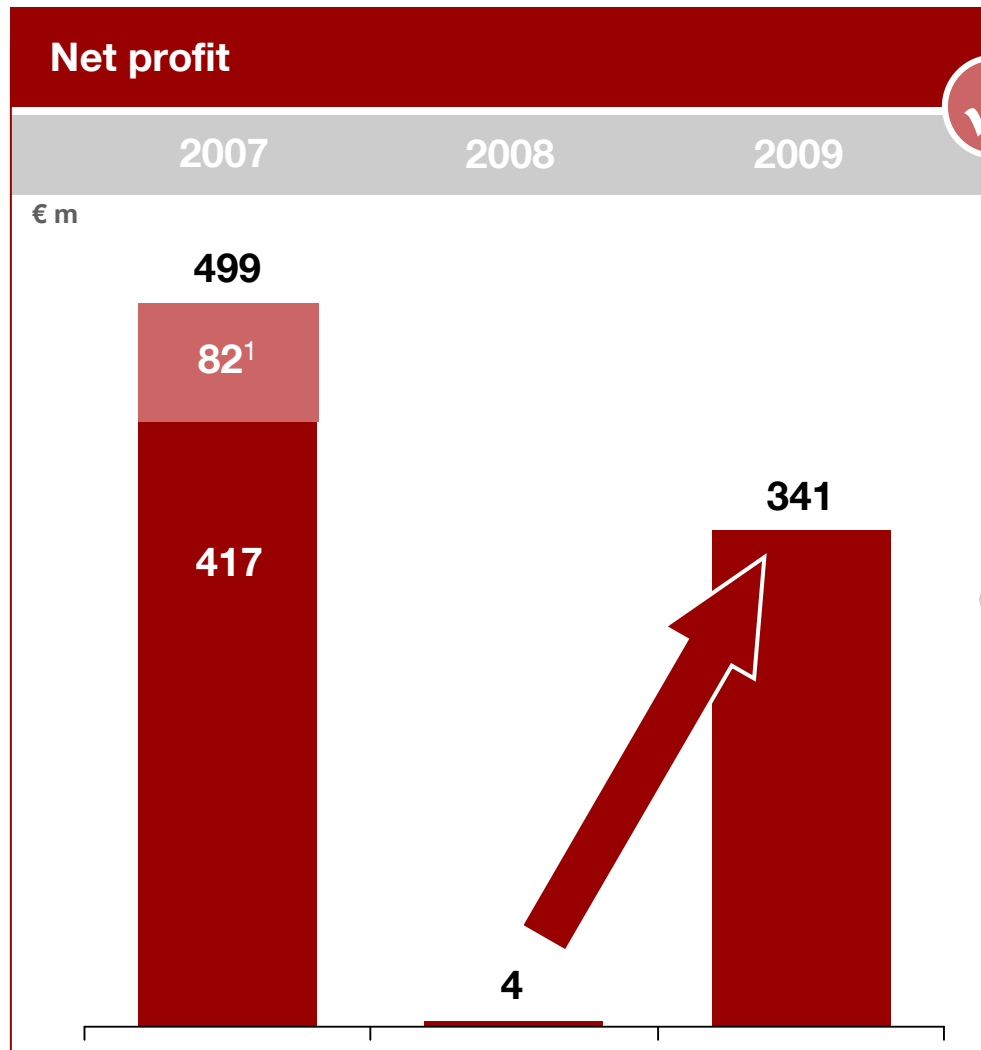


## Level of unrealised gains in dividend-bearing securities strongly increased in comparison to last year

### Unrealised gains/losses from shares, participating interests and fund units

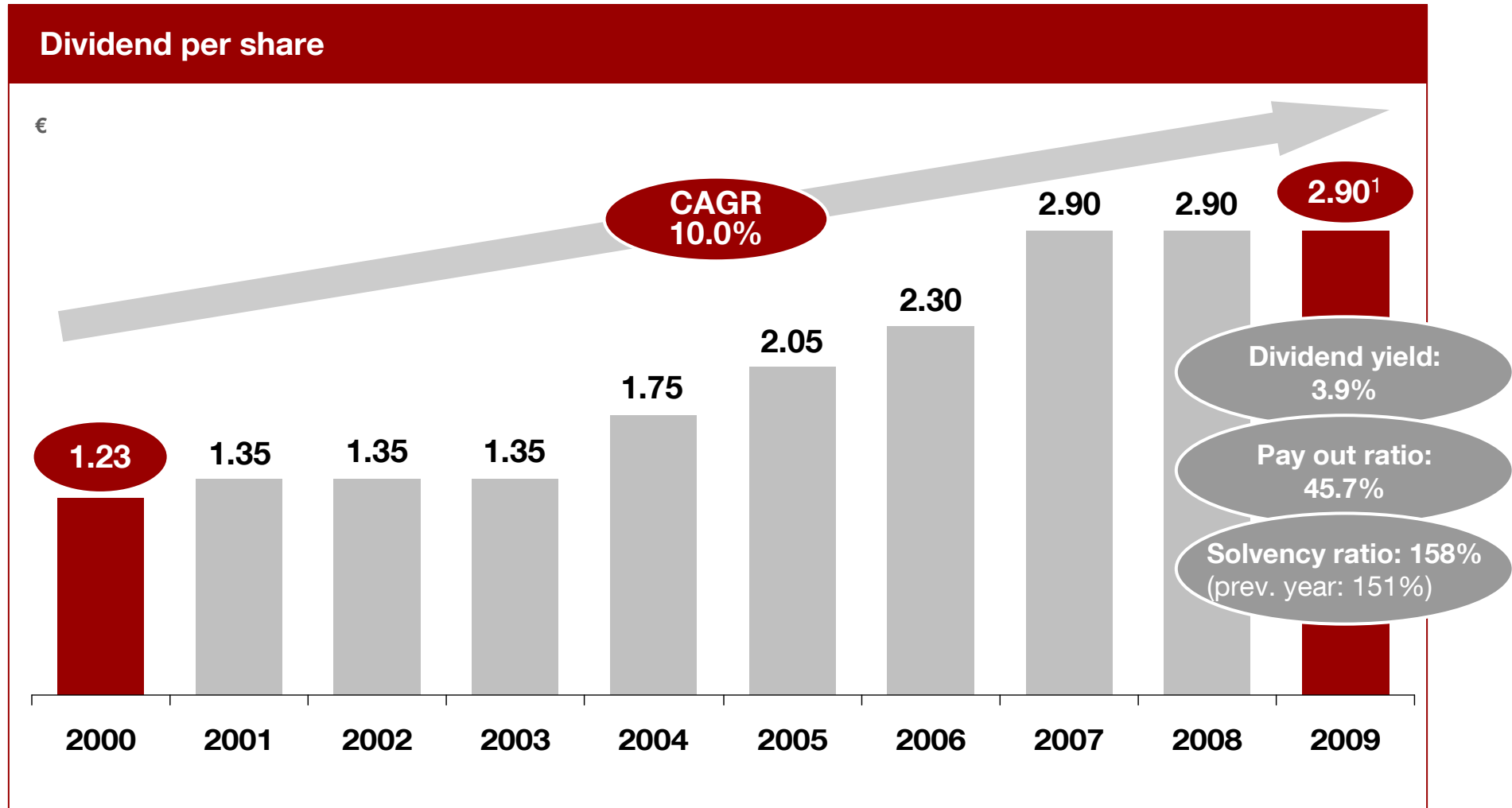


## In a challenging market Generali Deutschland could increase net profit to € 341 m

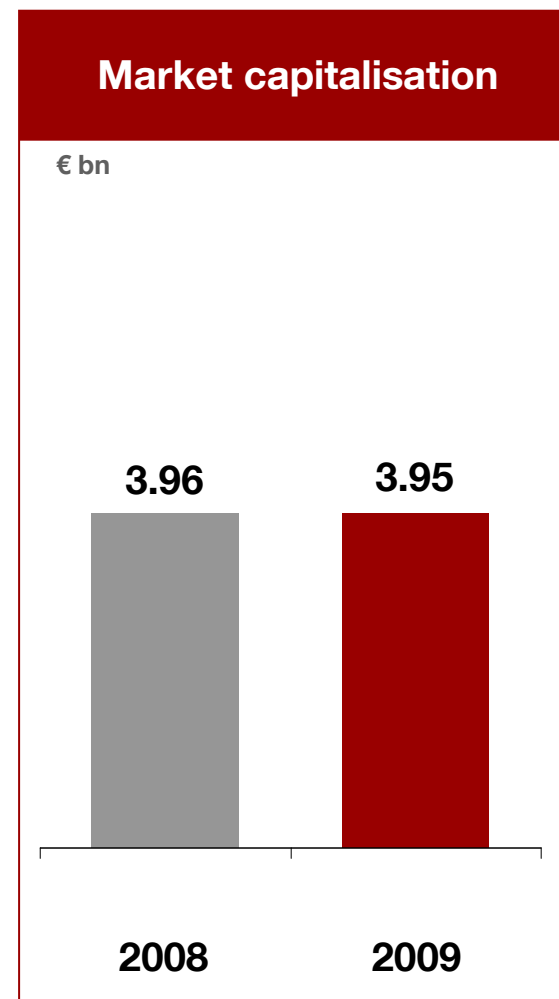
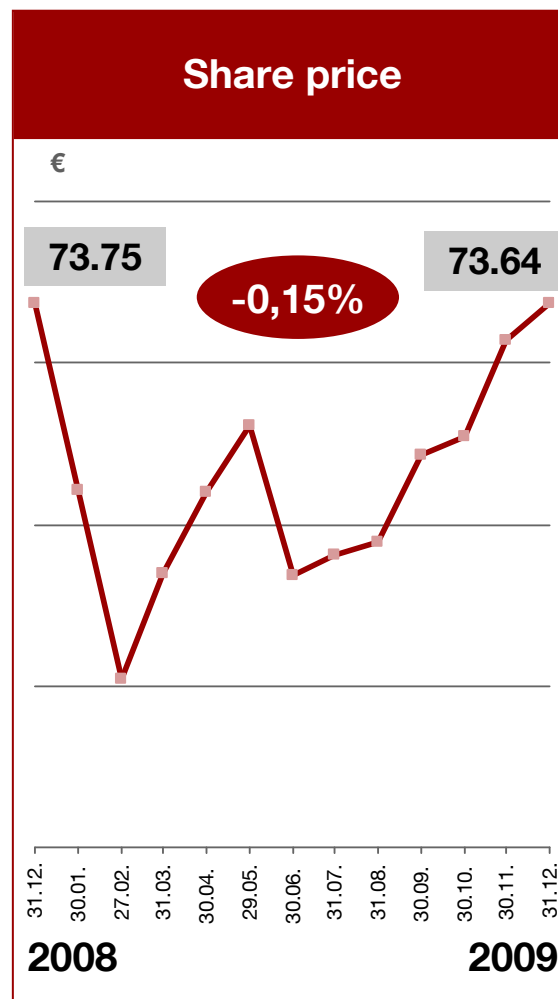
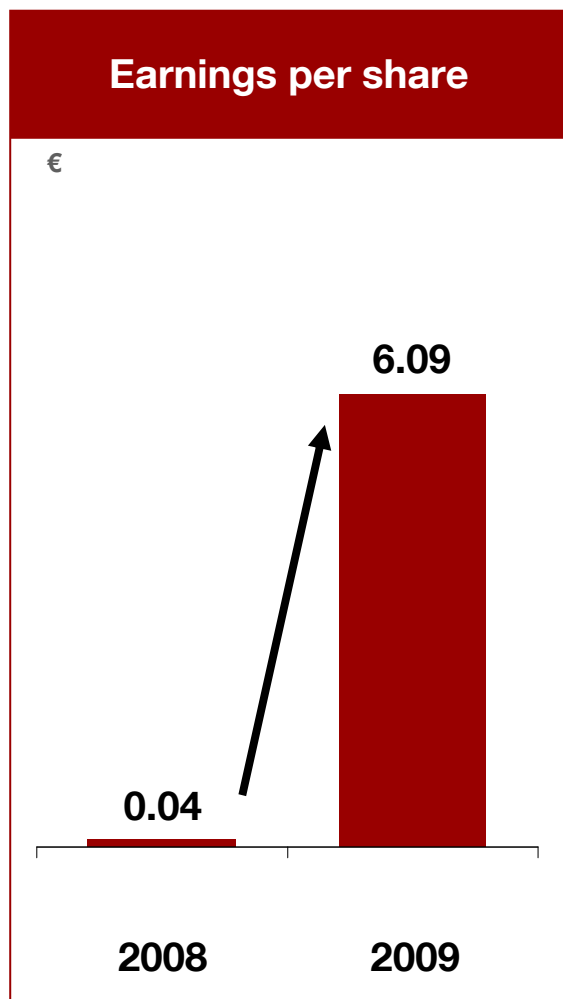


- **Despite the economic turn down net profit increased to € 341 m**
- **In 2008 cut of net profit due to impact of financial crisis**
- **Extraordinary item in 2007 resulting from the Corporate Tax Reform Act**

# Generali Deutschland with stable dividend policy – Net profit of € 341 m allows dividend proposal of € 2.90 per share



## Share price on previous year's level



# Generali Deutschland well positioned in German primary insurance market - Second highest rating category assigned by each agency

## STANDARD & POOR'S



- **Core entities** rated **AA-**
- Close **strategic fit** to the strategy of **international Generali Group**
- **Strong competitive position** based on various distribution channels, leading brand names and a full product range
- **Management's strong execution track record**
- **Strong operating performance**
- **Strong consolidated capitalization** of Generali Deutschland Group



## Moody's Investors Service

- **Generali Deutschland** and **all insurers of the Group** rated **Aa3**
- **Very strong market position**
- **Diversified and extensive distribution capability** as well as **excellent franchise value**
- **Conservative investment strategy** and **prudent reserving policy**

## FitchRatings

KNOW YOUR RISK



- **Core entities** rated **AA-**
- **Very well positioned** in the German insurance market due to its **focused multi-brand and multi-distribution channel strategy** in combination with **improved cost efficiency** and underlying **profitability**



- **Strong position** of the Group in the German market and a **resilient operating performance**
- The Generali Deutschland Group has an **excellent business profile** in the German insurance market

The Generali Deutschland Group is the only primary insurance group in Germany having interactive ratings from the four rating agencies of international renown.<sup>2</sup>

1 Information on the most current rating is available at [www.standardandpoors.com](http://www.standardandpoors.com) or from Standard & Poor's at +49 69 33 999 152. A rating is an opinion of an insurer's financial strength; it is not a recommendation of an insurer's products

2 Agency ratings are based on the situation as at a specific date and may be subject to change. An overview of current ratings is available on the Internet at [www.generali-deutschland.de/ratings](http://www.generali-deutschland.de/ratings). The websites of the rating agencies provide more detailed information referring to rating methodologies and to the definition of rating categories.  
updated December 31, 2009

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# Value-/risk-based management as prerequisite for continuous success

## Strategic framework

Value- and risk-based management as  
key steering dimensions

### Performance Management

#### Enhancing value creation

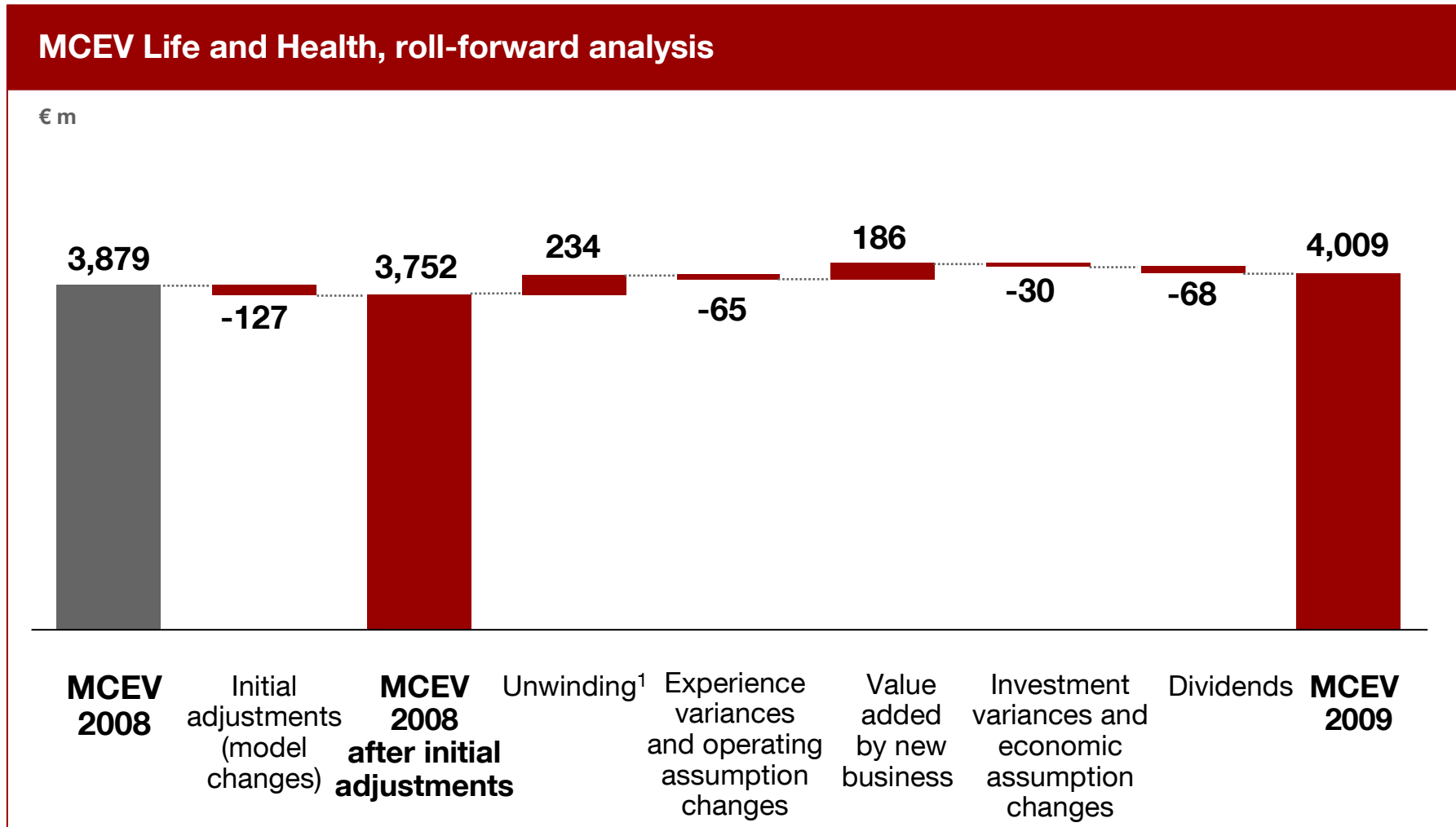
- Life/Health:
  - Measuring profitability within a market consistent approach
- P&C:
  - Using normalized returns as key performance indicators

### Capital Management

#### Ensuring financial strength

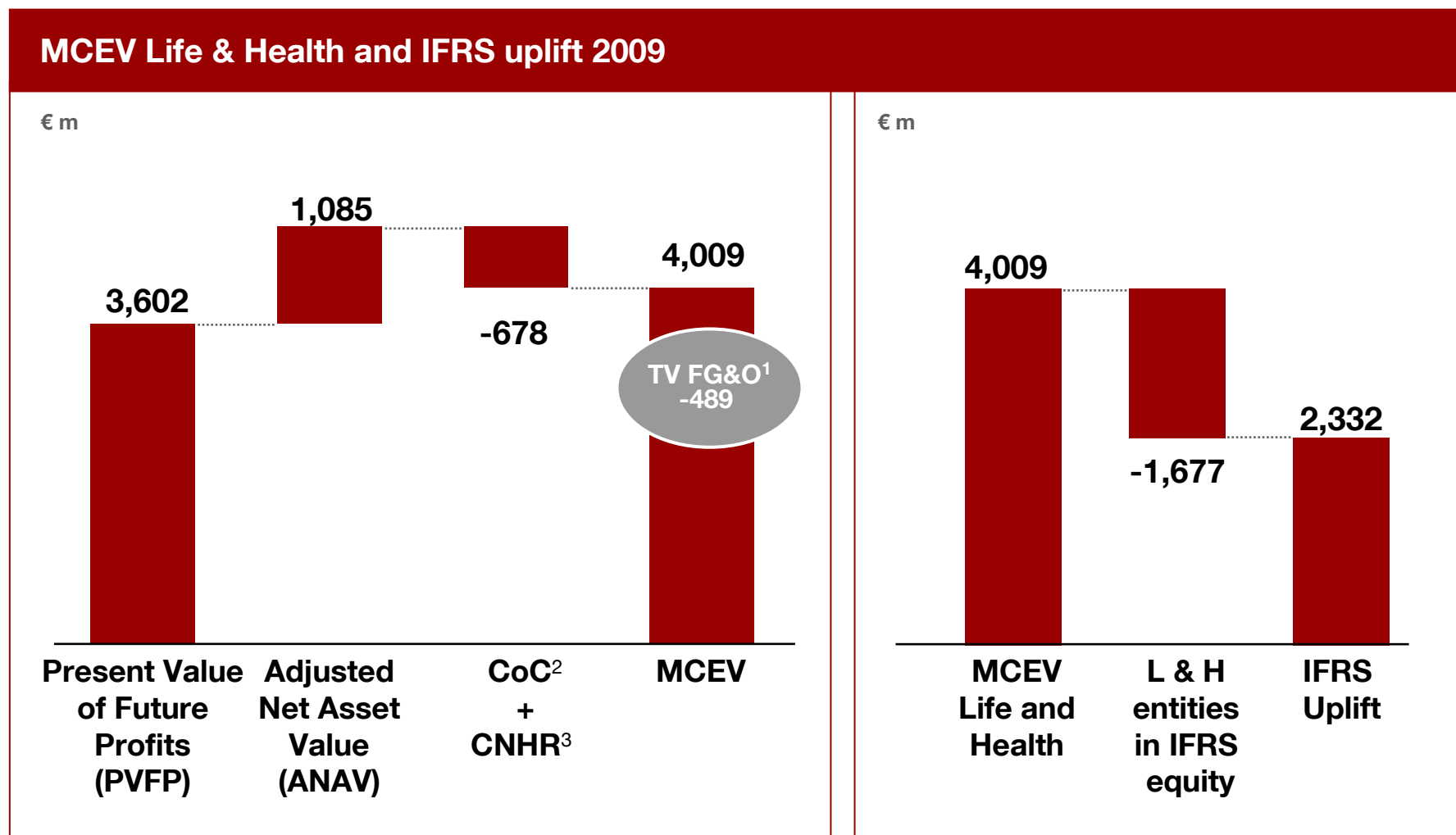
- Risk measurement:
  - Assessing allocated capital
  - Evaluating capital requirements
  - Deriving capital adequacy
- Risk management:
  - Streamlined and transparent definition of risk organisation and processes

# MCEV Life and Health 2009 roll-forward

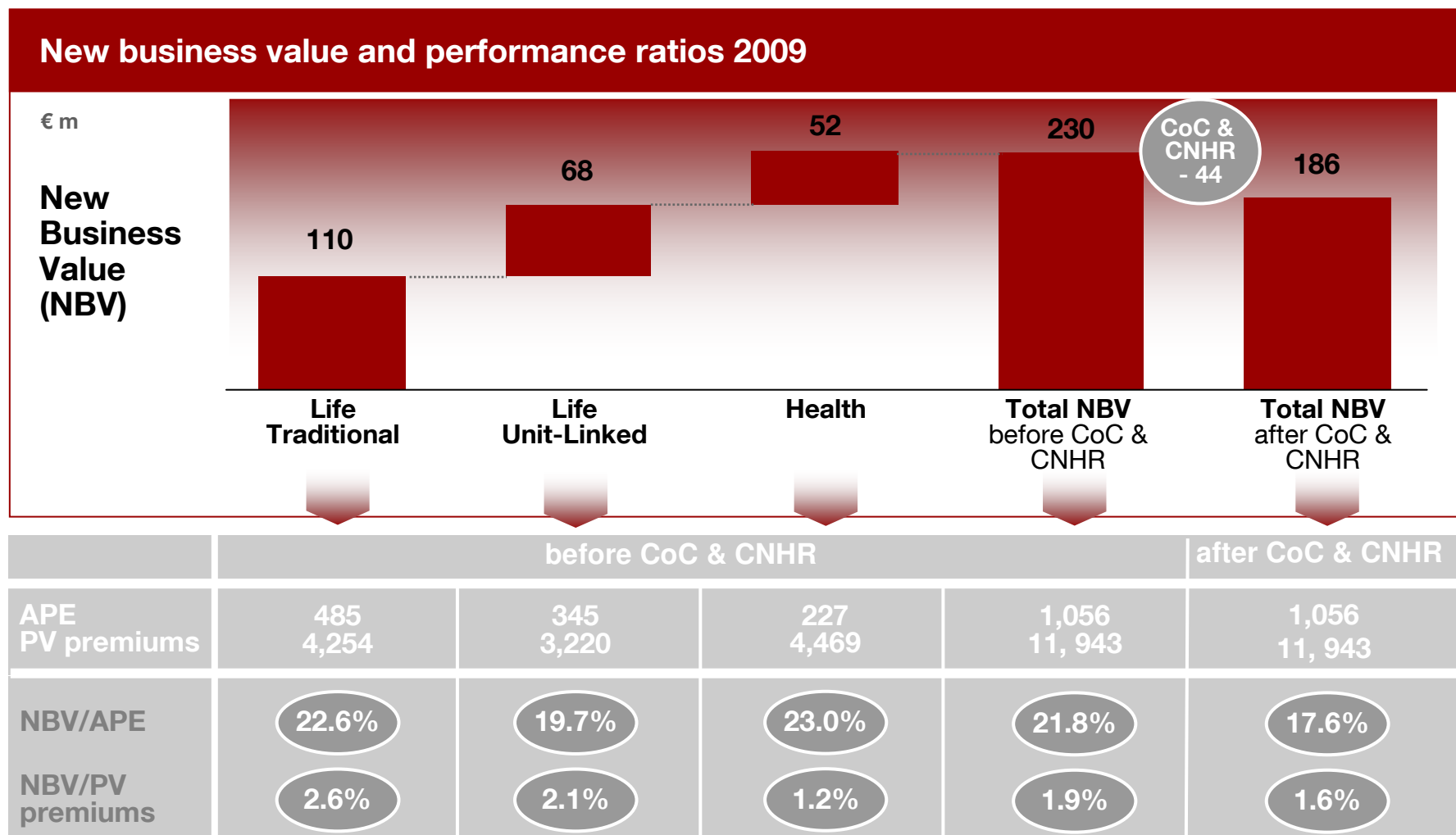


<sup>1</sup> Unwinding with implied discount rate MCEV 2008 after initial adjustments

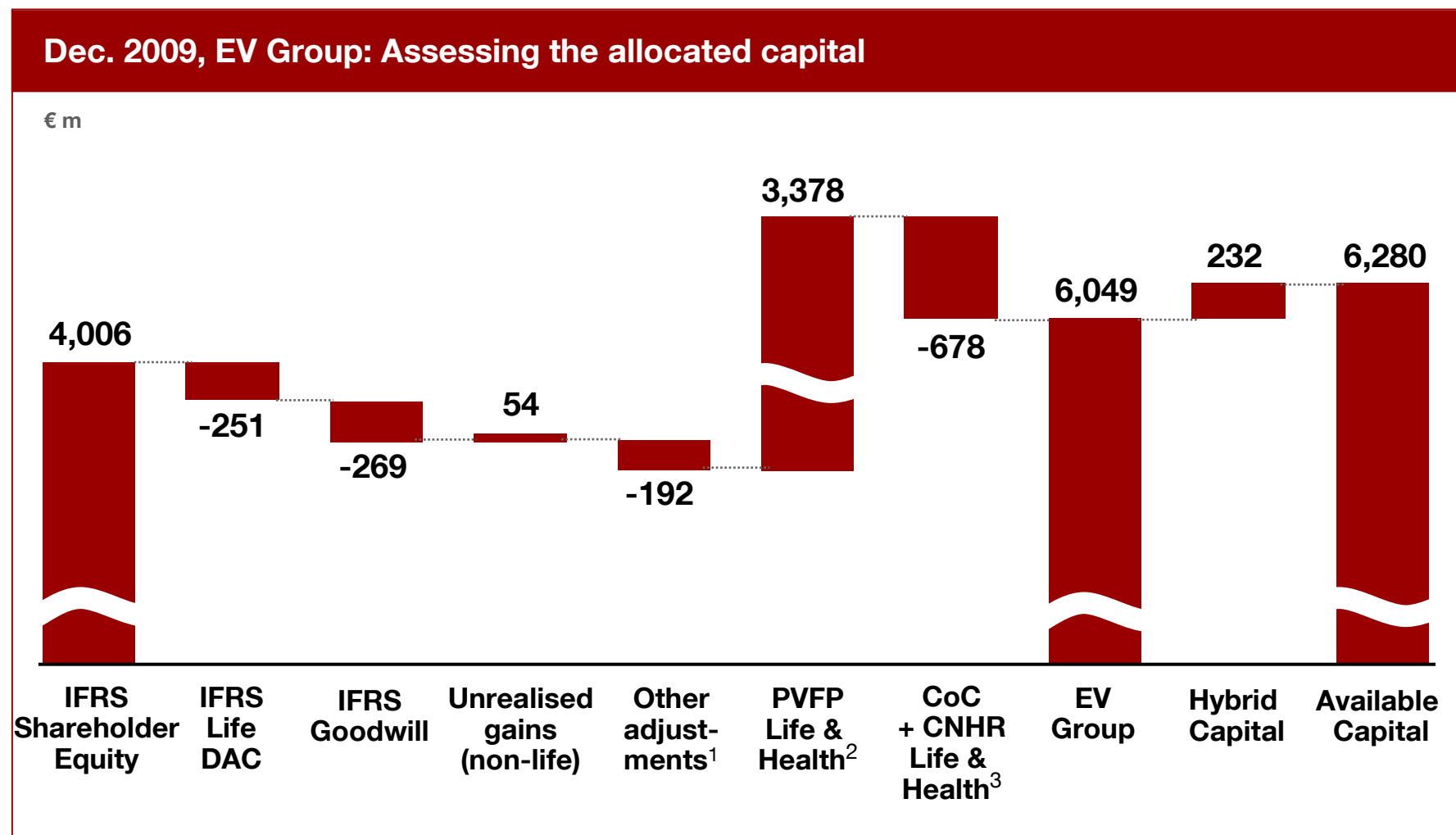
# MCEV Life and Health



## New Business Value and profitability

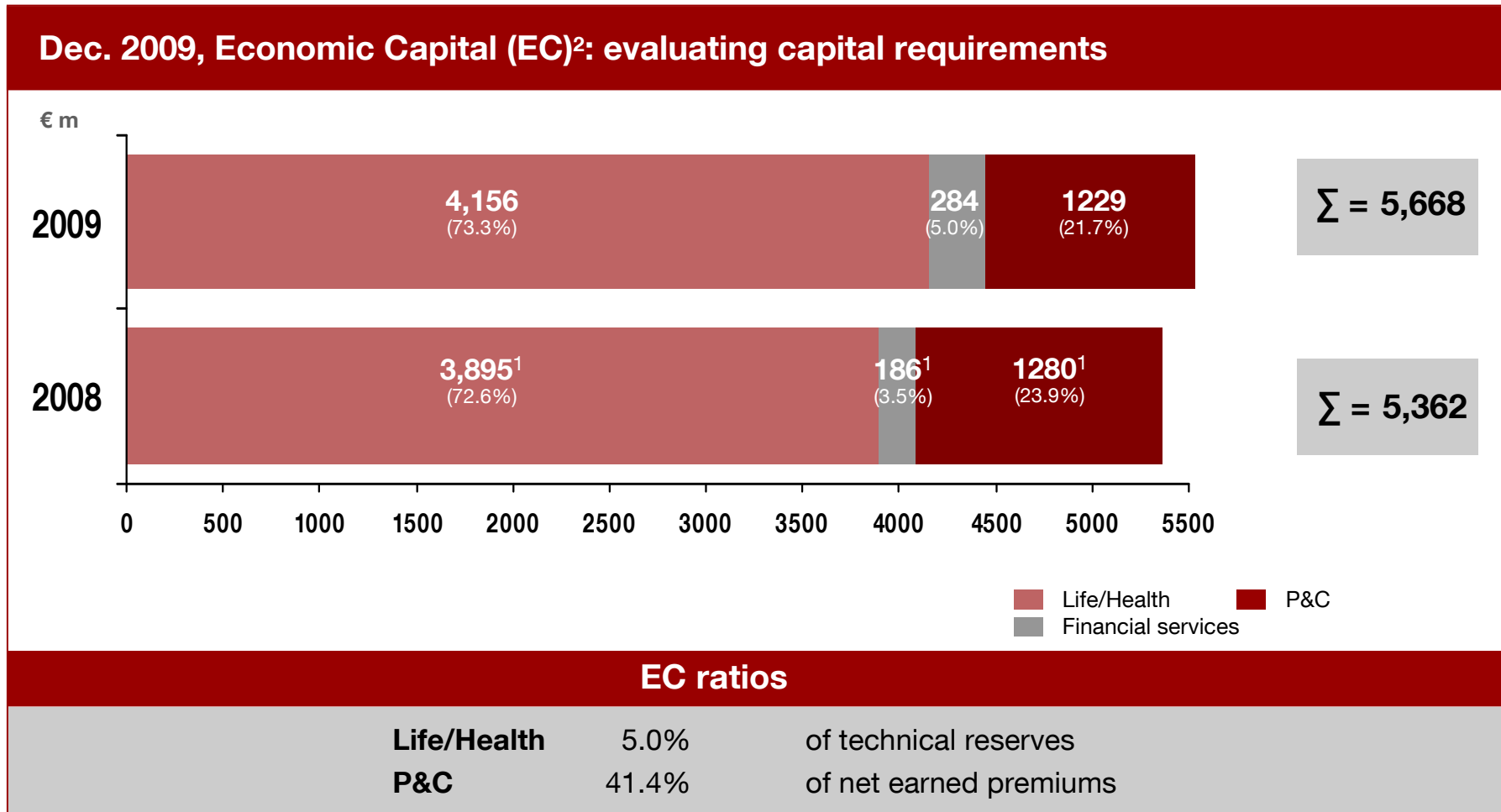


## EV Group reaches € 6,049 m driven by increases in IFRS Equity and PVFP despite higher Costs of Capital in Life & Health



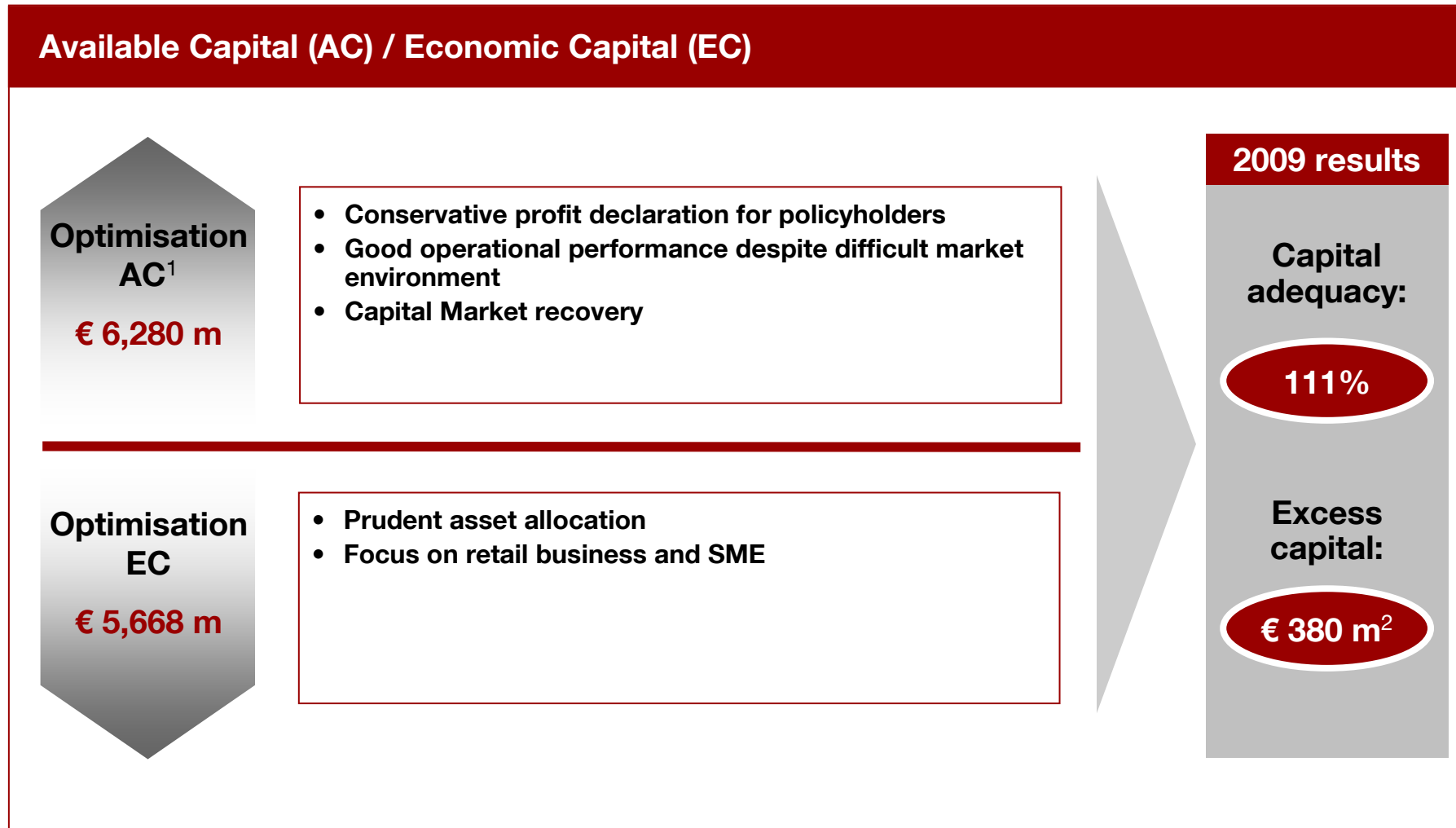
- 1 Unrealised gains life € -36 m and dividends to be paid € -156 m
- 2 PVFP before frictional Costs of Required Capital and Costs of Non-Hedgeable Risk excluding holding costs, the profit from Generali Investments, Volksfürsorge Vertriebsgesellschaft, and the profit from reinsurance of Generali Deutschland
- 3 Frictional Costs of Required Capital and Costs of Non-Hedgeable Risk

# Higher Economic Capital reflecting prudent valuation of credit risks and positive development of business-in-force

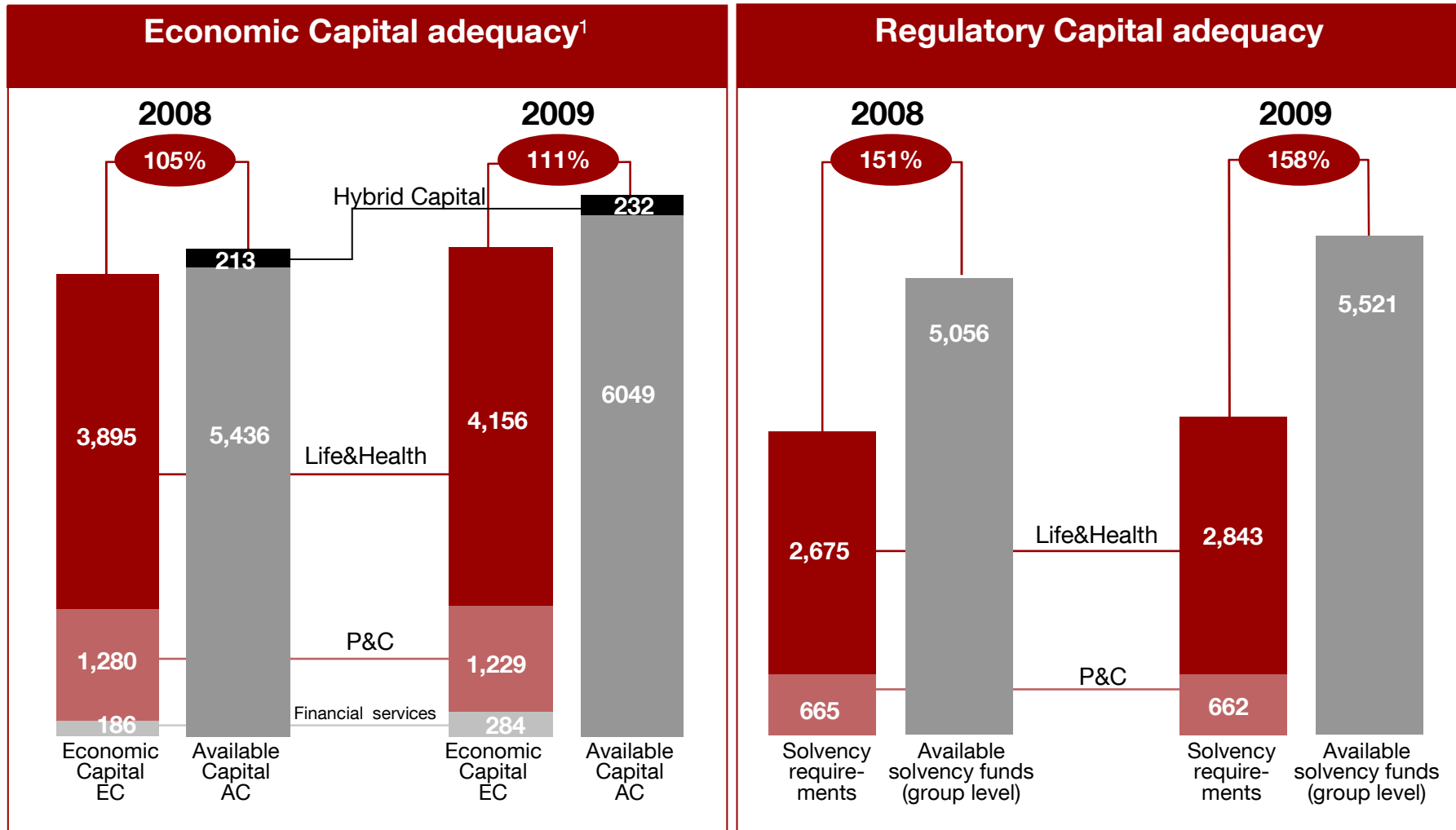


1 Economic Capital definition according to Generali Group methodology; figures 2008 restated  
 2 Consideration of capital components like PVFP and Fair Value adjustment on claims reserves reduces volatility of Economic Capital since they are partly available to cover the RAC but tied capital as well

# Available Capital rises more than Economic Capital



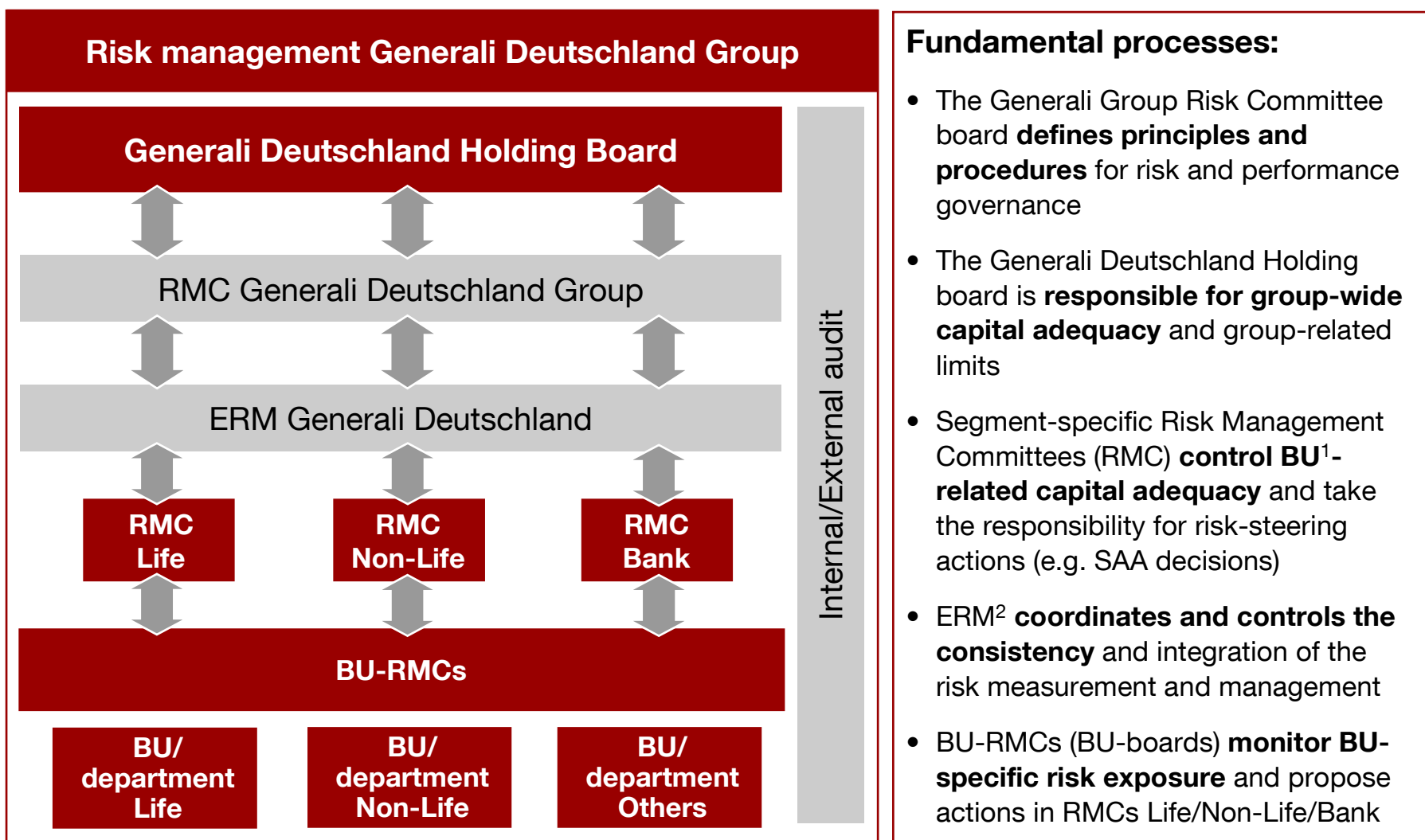
# Sufficient and further improved capitalisation also in regulatory environment



## Normalized returns impacted by unfavourable interest rate environment – RoEV on path of recovery from financial crisis

Return on Embedded Value (after tax)		Analysis and outlook	
	2008 <sup>1</sup>	2009	
Life/Health <sup>2</sup>	13.6%	10.6%	<ul style="list-style-type: none"> <li>• <b>Decrease in Life &amp; Health RoEC</b> due to more prudent operating assumptions and low interest rates; NBV only slightly lower</li> <li>• <b>Lower normalized investment returns</b> and slightly increased combined ratio trigger lower RoEC in P&amp;C</li> <li>• <b>Moderately higher RoEC in financial services</b></li> <li>• <b>Strong capital markets</b> as well as good operating performance support recovery of RoEV</li> </ul>
P&C <sup>3</sup>	16.1%	13.3%	
Financial services <sup>4</sup>	11.6%	11.9%	
<b>RoEC normalized</b>	<b>14.2%</b>	<b>11.3%</b>	
Excess capital	3.2%	2.9%	
<b>RoEV normalized</b>	<b>13.5%</b>	<b>10.6%</b>	
Costs of debt	-0.2%	-0.2%	
Investment & tax variances	-13,0%	3.7%	
<b>RoEV</b>	<b>0.3%</b>	<b>14,1%</b>	

# Risk management responsibilities



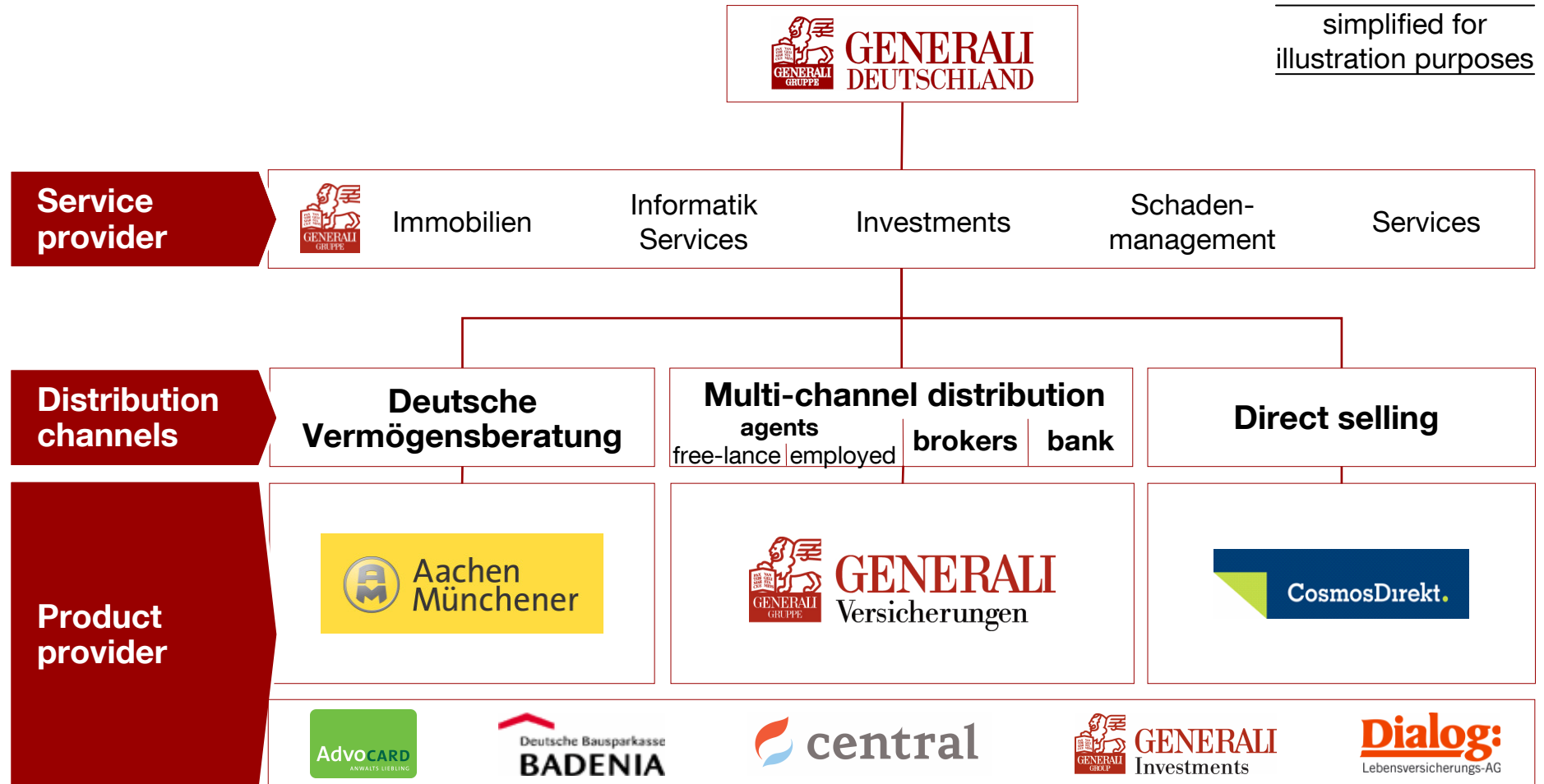
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# Generali Deutschland with clear structured business model



## 2010 with challenges for insurance market – positive outlook for Generali Deutschland

	Achievements 2009	Targets 2010	Outlook 2011/2012
<b>Premium development<sup>1</sup></b>			
- Life	+5.1%	above market level	
- Health	+7.3%	above market level	
- P&C	-0.8%	at market level	
<b>General expenses<sup>2</sup></b>	€ 1,610 m	< € 1,600 m	< € 1,570 m
<b>Combined ratio<sup>3</sup></b>	95.6%	95-96%	< 95%
<b>New Business Value<sup>4</sup></b>	€ 187 <sup>5</sup> m	>€ 170 m	slight increase in subsequent years
<b>Net profit</b>	€ 341 m	>€ 360 m	continuous increase in subsequent years

1 gross premiums German GAAP, direct business

2 German GAAP figures, excluding commissions and one-off restructuring expenses

3 combined ratio of claims and expenses in property and casualty insurance; targets without consideration of extraordinary claims

4 life and health insurance; according to MCEV, after capital costs

5 before minorities; after minorities = 186

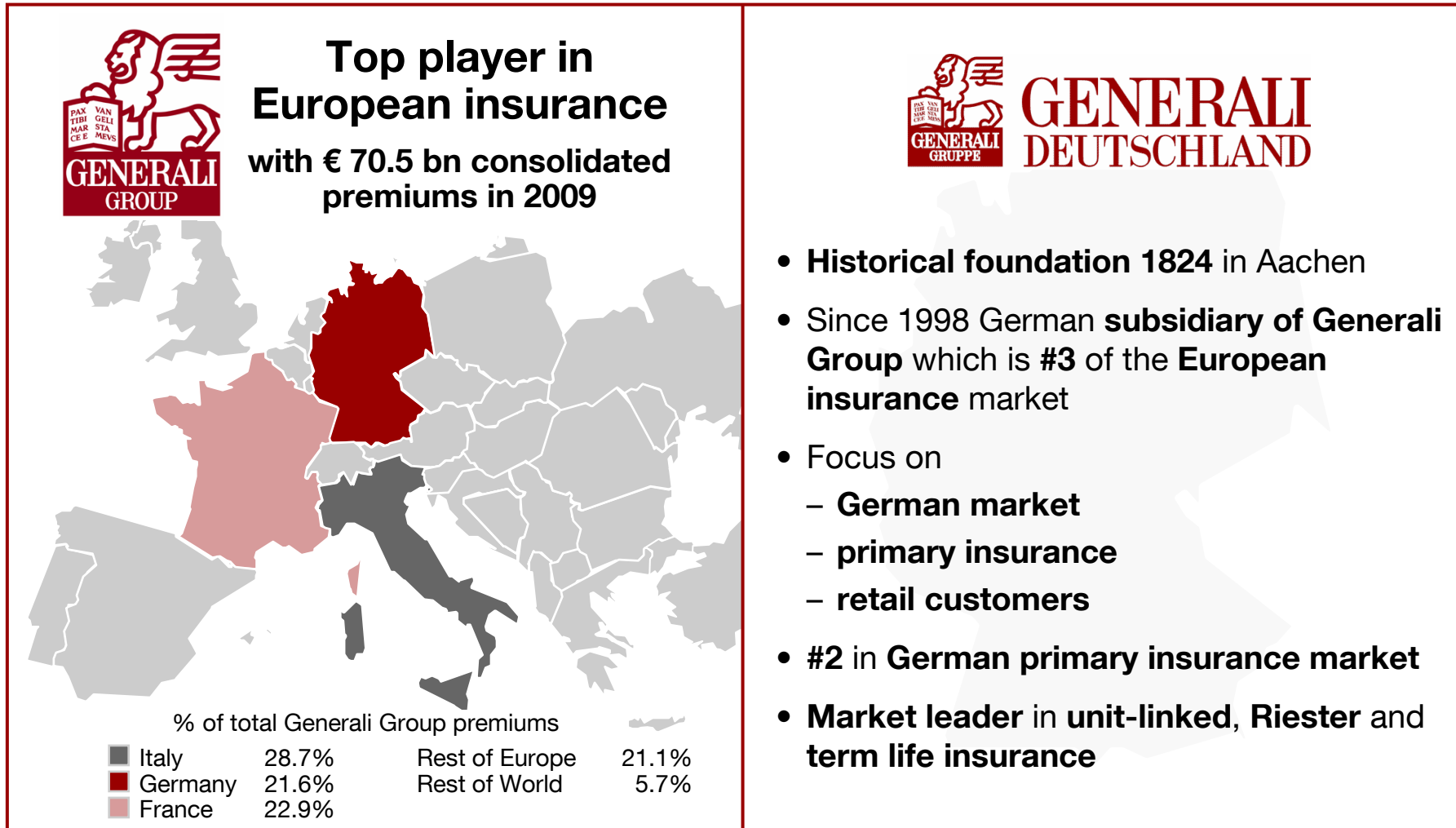
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# Generali Deutschland as the German section of the Generali Group





## Business development overview

€	2008	2009	Δ
<b>Total premiums (German GAAP)<sup>1</sup></b>	<b>14,240 m</b>	<b>14,850 m</b>	<b>4.3%</b>
<b>Consolidated gross premiums (IFRS)<sup>1</sup></b>	<b>11,908 m</b>	<b>12,419 m</b>	<b>4.3%</b>
• Life	7,000 m	7,403 m	5.7%
• Health	1,845 m	1,980 m	7.3%
• P&C	3,063 m	3,036 m	-0.9%
<b>Life new business regular premiums</b>	<b>1,100 m</b>	<b>856 m</b>	<b>-22.2%</b>
<b>Claims &amp; benefits</b>	<b>-9,083 m</b>	<b>-11,584 m</b>	<b>27.6%</b>
<b>Operating expenses</b>	<b>-2,621 m</b>	<b>-2,536 m</b>	<b>-3.2%</b>
<b>Investment income (net)</b>	<b>858 m</b>	<b>3,038 m</b>	<b>254.2%</b>
<b>Earnings before tax and finance costs</b>	<b>-4 m</b>	<b>499 m</b>	<b>503 m</b>
Finance costs	-17 m	-16 m	1 m
Tax	25 m	-142 m	-167 m
<b>Net profit<sup>2</sup></b>	<b>4 m</b>	<b>341 m</b>	<b>337 m</b>
Other comprehensive income	-183 m	201 m	384 m
<b>Total comprehensive income<sup>3</sup></b>	<b>-179 m</b>	<b>542 m</b>	<b>721 m</b>
<b>Shareholders' equity</b>	<b>3,753 m</b>	<b>4,024 m</b>	<b>7.2%</b>

<sup>1</sup> German GAAP incl. / IFRS excl. the savings portions of the life insurance products and premiums of investment contracts

<sup>2</sup> attributable to minority interest: € 13 m in 2009 and € 2 m in 2008

<sup>3</sup> For the first time we disclose a total comprehensive income according to IAS 1. This position is the sum of the net profit and the other comprehensive income (mainly change of revaluation reserve)

## Net profits by segments<sup>1</sup>

€ m	2008	2009	Δ
Life <sup>2</sup>	0	110	110
Health <sup>2</sup>	-5	17	22
P&C	-10	199	209
Financial services	26	22	-4
Other/Consolidation	-7	-7	0
<b>Consolidated net result</b>	<b>4</b>	<b>341</b>	<b>337</b>

## Development of segments<sup>1</sup>

€ m	Life <sup>2</sup>			Health <sup>2</sup>			P&C		
	FY 08	FY 09	Δ	FY 08	FY 09	Δ	FY 08	FY 09	Δ
<b>Total premiums (German GAAP)</b>	9,362 <sup>3</sup>	9,844 <sup>3</sup>	5.1%	1,845	1,980	7.3%	3,063	3,036	-0.9%
<b>Gross premiums written (IFRS)</b>	7,030 <sup>3</sup>	7,413 <sup>3</sup>	5.4%	1,845	1,980	7.3%	3,063	3,036	-0.9%
<b>Investment income (net)</b>	542	2,256	316.4%	105	300	186.4%	29	291	895.3%
<b>Claims &amp; benefits (net)</b>	-5,490	-7,671	39.7%	-1,690	-1,976	16.9%	-1,930	-1,952	1.2%
<b>Claims ratio</b>	-	-	-	57.5%	57.9%	0.4%-p	64.3%	65.6%	1.3%-p
<b>Expense ratio</b>	16.6%	14.9%	-1.7-p <sup>4</sup>	11.9%	10.4%	-1.5%-p	30.1%	30.0%	-0.1%-p
<b>Combined ratio</b>	-	-	-	69.4%	68.3%	-1.1%-p	94.4%	95.6%	1.2%-p
<b>Earnings before tax and finance costs</b>	-39	157	196	19	43	24	-18	268	286
Finance costs	0	0	0	-16	-16	0	0	0	0
Tax	39	-47	-86	-8	-10	-2	8	-69	-77
<b>Net profit</b>	0	110	110	-5	17	22	-10	199	209

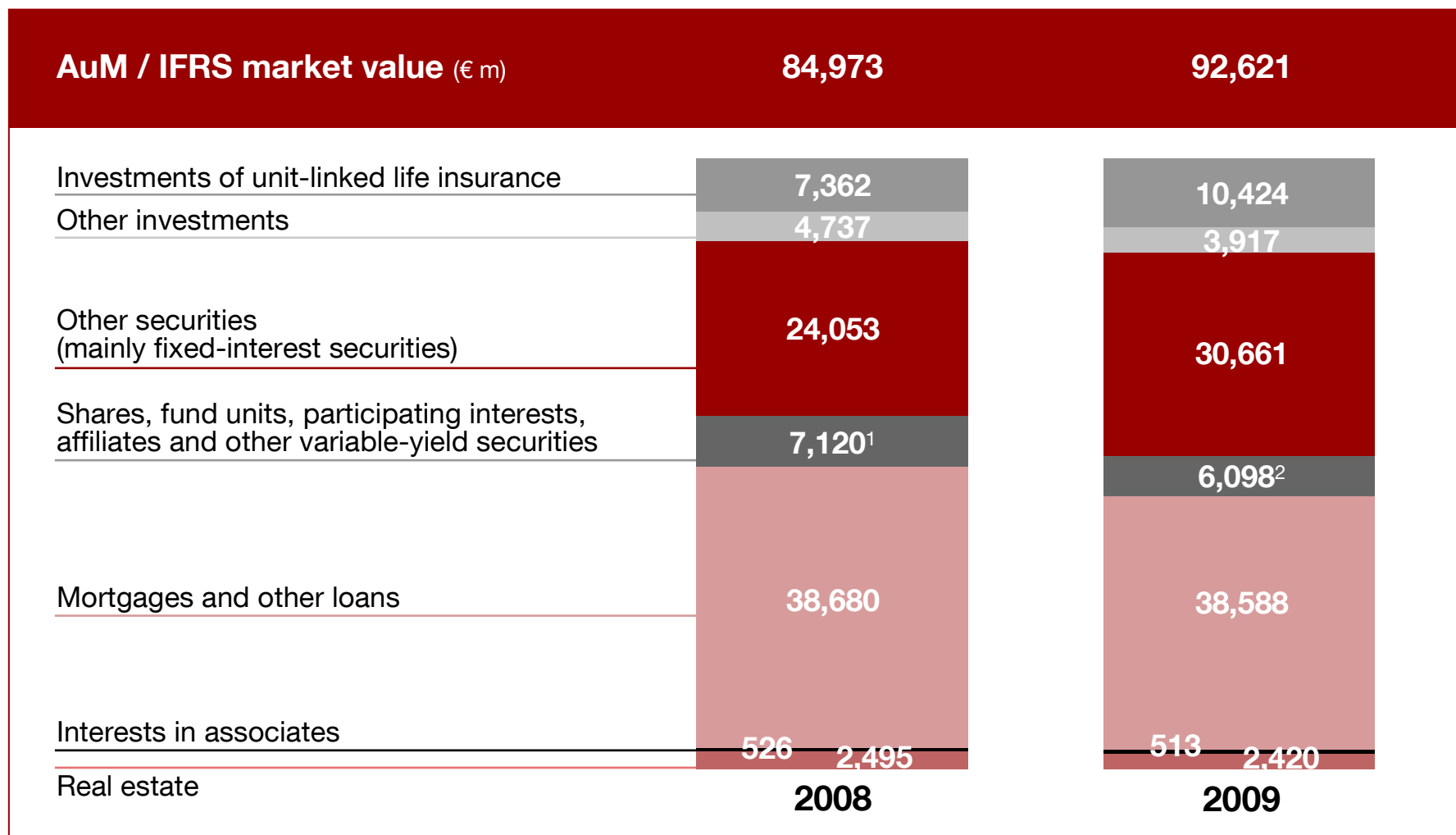
1 before elimination of intra-group transactions between segments

2 Life and health are sub-segments of the life and health segment

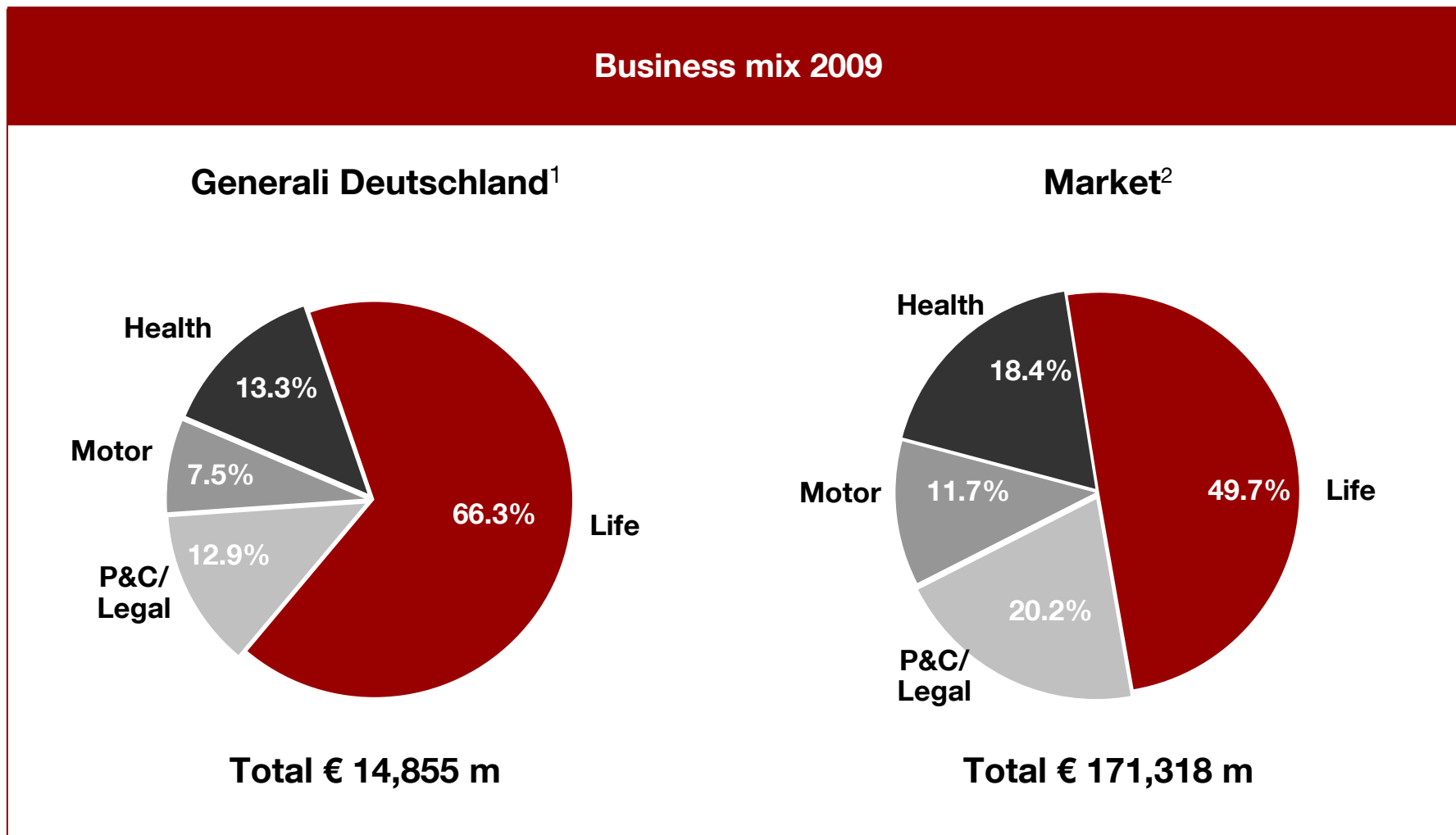
3 German GAAP incl. / IFRS excl. the savings portions of the life insurance products concerned and the premiums of investment contracts

4 mainly DAC effects

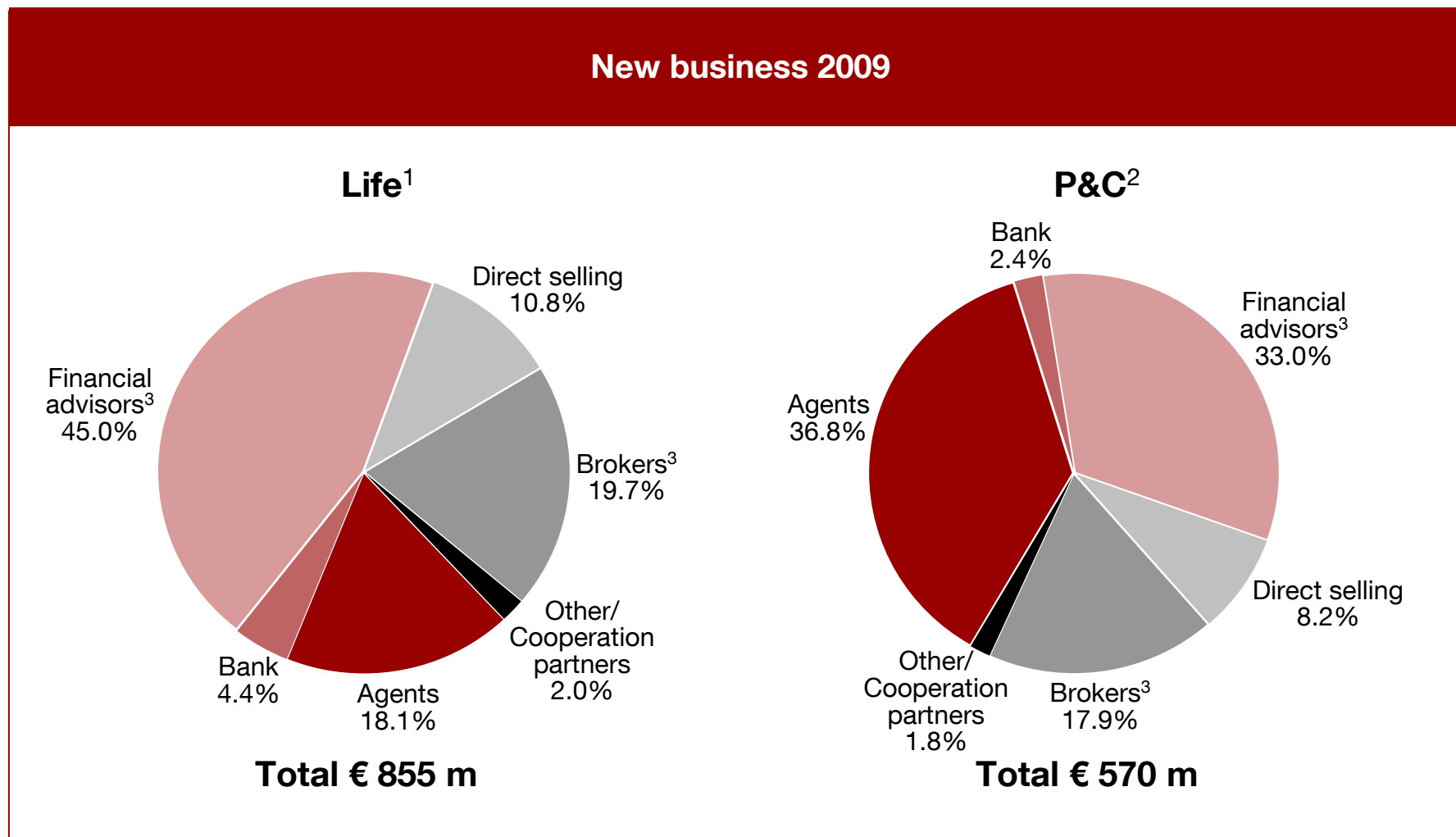
## Assets under management significantly increased



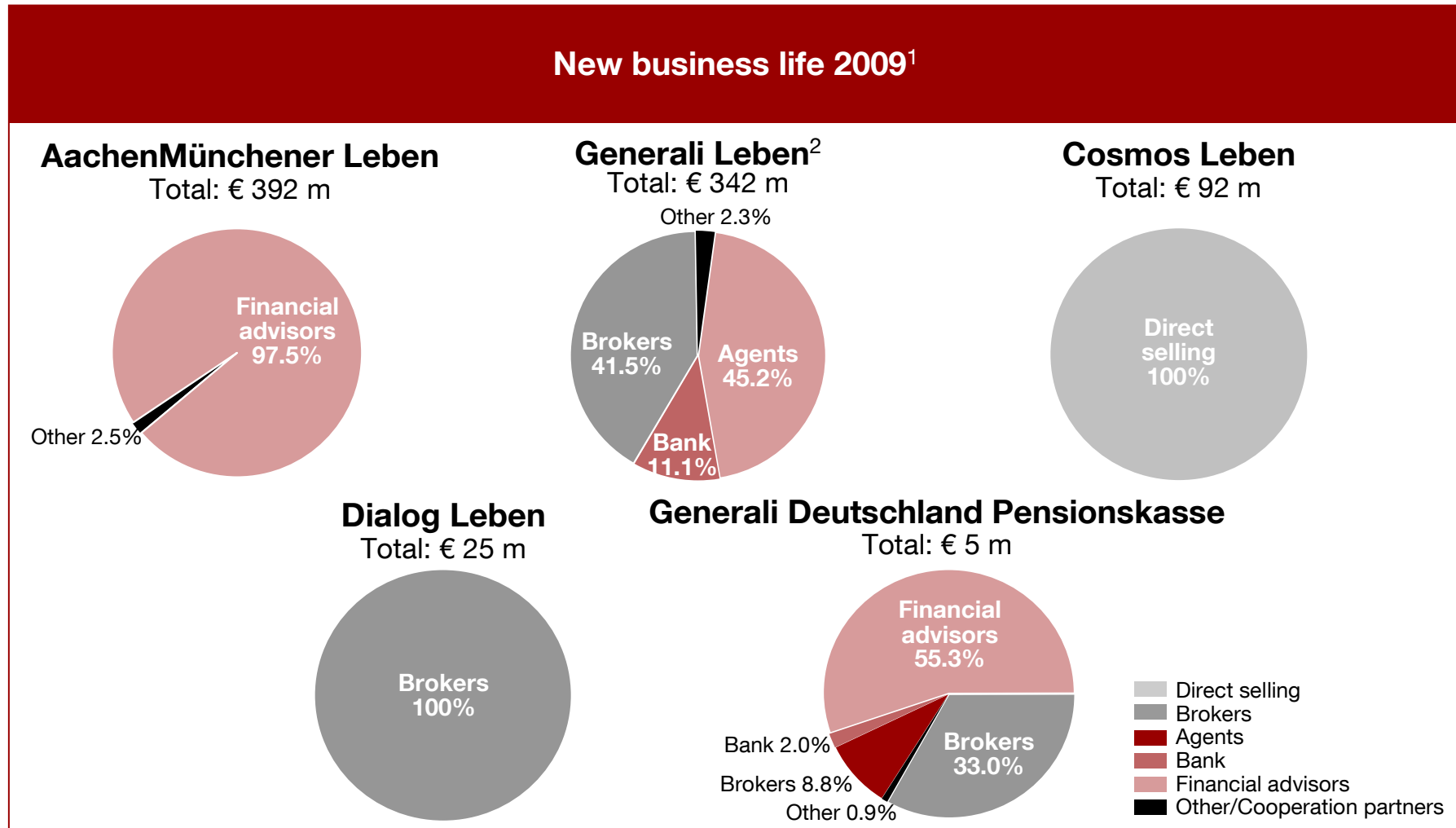
# Premiums by segments 2009



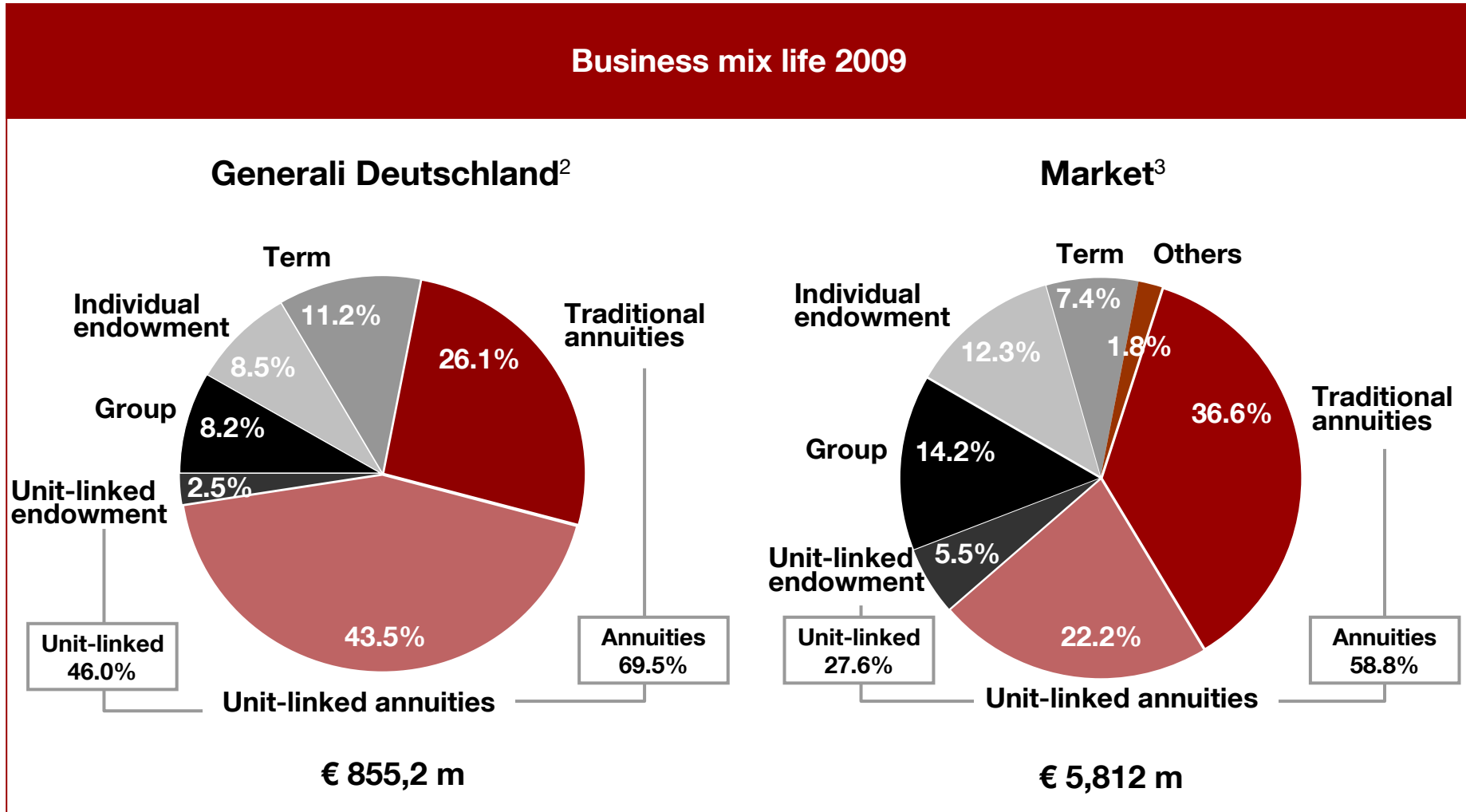
## New business by distribution channels 2009



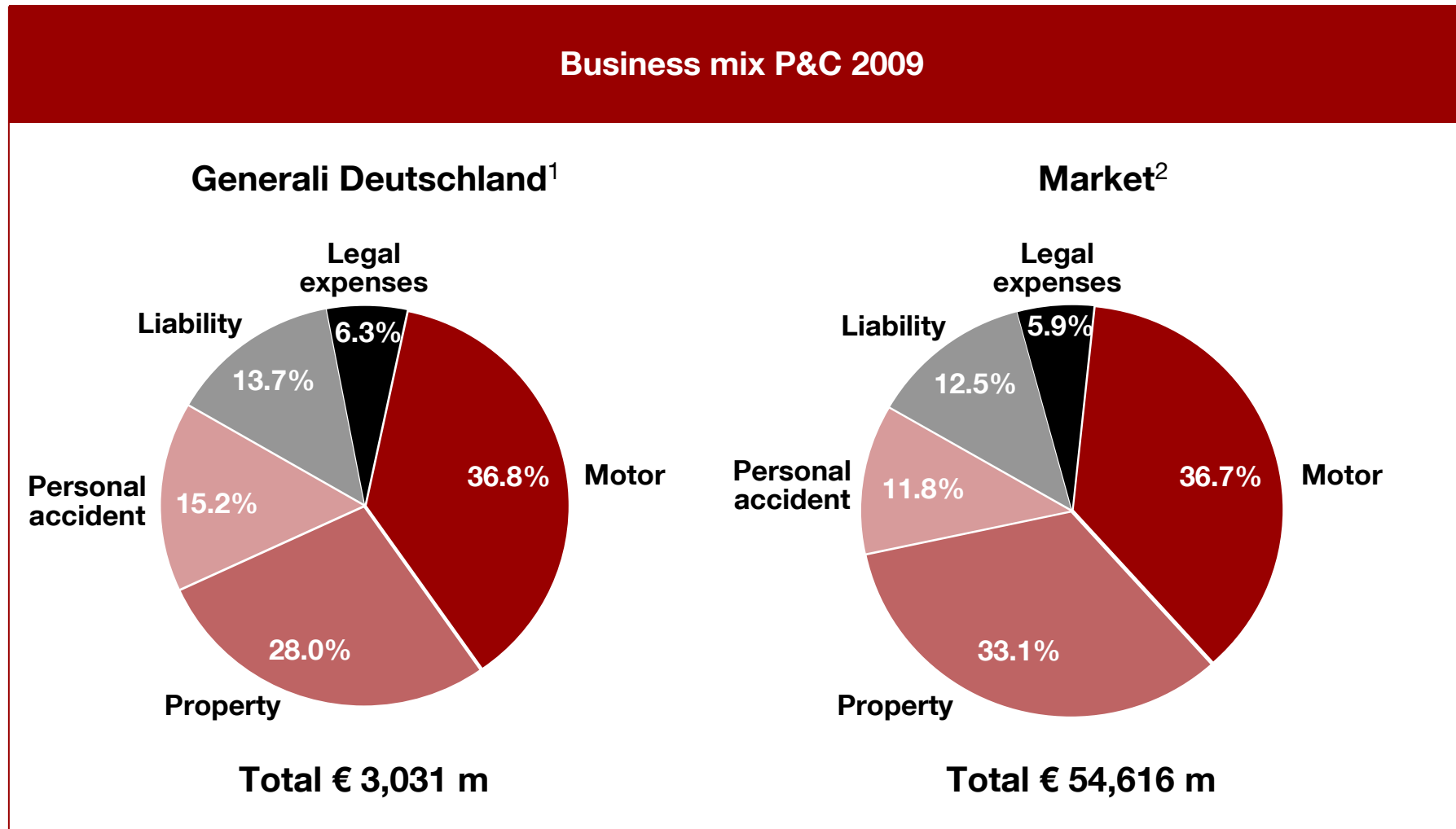
# Generali Deutschland's life new business benefits from distribution diversity



# Annuity products represent bulk of new business

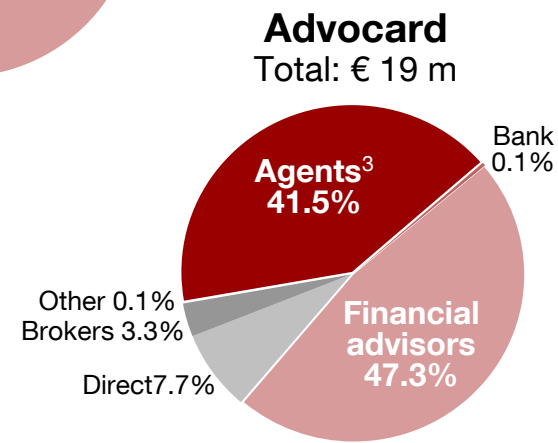
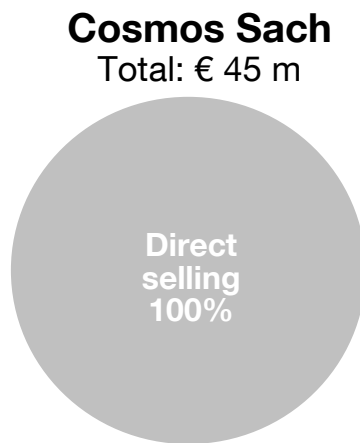
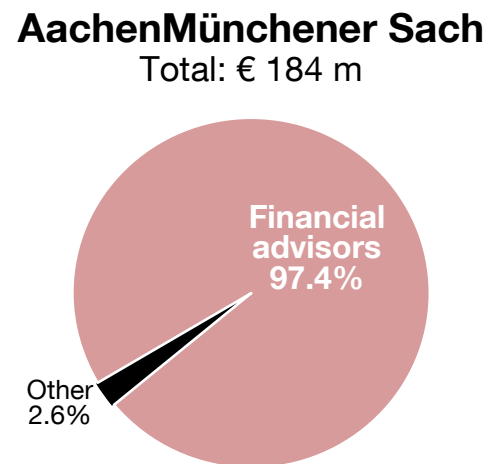
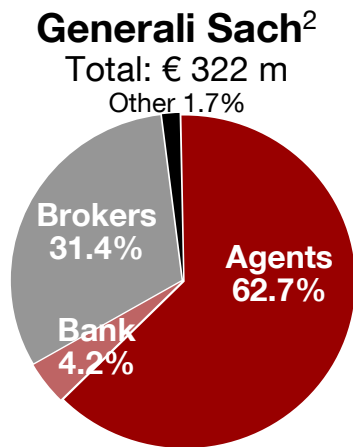


# P&C premium mix matches market structure



# Generali Deutschland's P&C business supported by variety of distribution channels

## New business P&C 2009<sup>1</sup>



- Direct selling
- Brokers
- Agents
- Bank
- Financial advisors
- Other/Cooperation partners

## MCEV methodology in line with worldwide Generali approach

<b>Market Consistent Embedded Value (MCEV)</b>	$= \text{Present Value of Future Profits (PVFP)} + \text{Adjusted Net Asset Value (ANAV)} - \text{Frictional Costs of Capital (CoC) and Costs of non hedgeable risks (CNHR)}$
<b>Methodology &amp; Covered business</b>	<ul style="list-style-type: none"> <li>• <b>Market consistent approach in compliance with EEV Principles</b></li> <li>• <b>Stochastic calculation</b> based on adjusted <b>market consistent scenarios</b><sup>1</sup></li> <li>• All <b>life and health insurance</b> business including full look-through approach</li> <li>• <b>External opinion</b> from <b>Towers Watson</b></li> </ul>
<b>Present Value of Future Profits</b>	<ul style="list-style-type: none"> <li>• <b>Statutory after-tax earnings</b> generated by <b>life and health business-in-force</b></li> <li>• Includes <b>automatic premium increases</b> of existing business (<b>life</b>) and <b>future premium increases</b> driven by <b>medical inflation (health)</b></li> <li>• Allows for the <b>costs of financial options and guarantees</b>, determined using <b>stochastic techniques</b></li> </ul>
<b>Adjusted Net Asset Value</b>	<ul style="list-style-type: none"> <li>• <b>Statutory shareholders' equity</b> reduced by the impact of measuring <b>employee pension-scheme liabilities</b> on an IFRS basis</li> </ul>
<b>Frictional Costs of Capital &amp; Costs of non hedgeable risks</b>	<ul style="list-style-type: none"> <li>• <b>Frictional costs of required capital</b> reflect the economic costs incurred by shareholders through investing the required capital in an insurance company rather than directly. The required capital is based on the maximum of <b>internal risk capital</b> requirements and Solvency I requirements.</li> <li>• The <b>costs of non hedgeable risks</b> is an explicit and separate <b>allowance which covers non hedgeable risks</b> not already allowed for in PVFP and TV FG&amp;O</li> </ul>

## Life and Health value reporting: Improved new business margins add value in Life & Health segment

Measuring the segment's performance			Remarks
€ m (net of tax)	2008 <sup>6</sup>	2009	<ul style="list-style-type: none"> <li>• <b>Improvement of new business margins</b> can not fully compensate <b>decreasing APE</b> resulting in <b>slightly lower New Business Value</b></li> <li>• <b>Lower short and medium term interest rates</b> are the <b>main driver for the decrease of RoEC</b></li> </ul>
APE <sup>1</sup> of new business	1,183	1,056	
New business margin <sup>2</sup>	15.3%	15.8%	
New Business Value <sup>2</sup>	<b>182</b>	<b>167</b>	
Full New Business Value <sup>3</sup>	205	186	
Expected in-force profits <sup>4</sup>	<b>305</b>	<b>248</b>	
<b>Net result post tax</b>	<b>487</b>	<b>415</b>	
<b>Economic Capital</b>			
<b>Life&amp;Health</b>	<b>3,577</b>	<b>3,895</b>	
<b>RoEC Life<sup>5</sup></b>	<b>13.6%</b>	<b>10.6%</b>	

1 APE: regular premiums plus 10% of single premiums

2 NBV and margins exclude holding costs, the profit from Generali Investments, Volksfürsorge Vertriebsgesellschaft and the profit from reinsurance of Generali Deutschland. This NBV is used since 2008 in order to calculate the economic result.

3 NBV includes holding costs, the profit from Generali Investments, Volksfürsorge Vertriebsgesellschaft and the profit from reinsurance of Generali Deutschland. This figure is the Full Group EV and was used until 2007 in order to calculate the economic result.

4 Including costs and biometric variances

5 RoEC based on previous year's EC

6 Figures 2008 restated

## P&C value reporting: Decrease of RoEC due to lower interest rates

Measuring the segment's performance			Remarks
€ m	2008 <sup>3</sup>	2009	
Net earned premiums	2,990	2,967	
Net combined ratio	94.4%	95.6%	
<b>Net technical result</b>	<b>166</b>	<b>130</b>	
Other income / expenses	-129	-111	
Normalized investment income <sup>1</sup>	296	232	
Net result pre tax	333	251	
Normalized tax	-107	-80	
<b>Net result post tax</b>	<b>226</b>	<b>171</b>	
<b>Opening Economic</b>			
<b>Capital P&amp;C</b>	<b>1,409</b>	<b>1,280</b>	
<b>RoEC P&amp;C<sup>2</sup></b>	<b>16.1%</b>	<b>13.3%</b>	

- **Normalized investment income decreased** due to **reduced interest rates** particularly in the maturities most relevant for P&C companies
- **Decreased technical result** driven by slightly **higher combined ratio**
- **Focus on retail business** leads to comparatively **low capital requirements**

## MCEV 2008 and 2009: Assumptions and implied discount rates

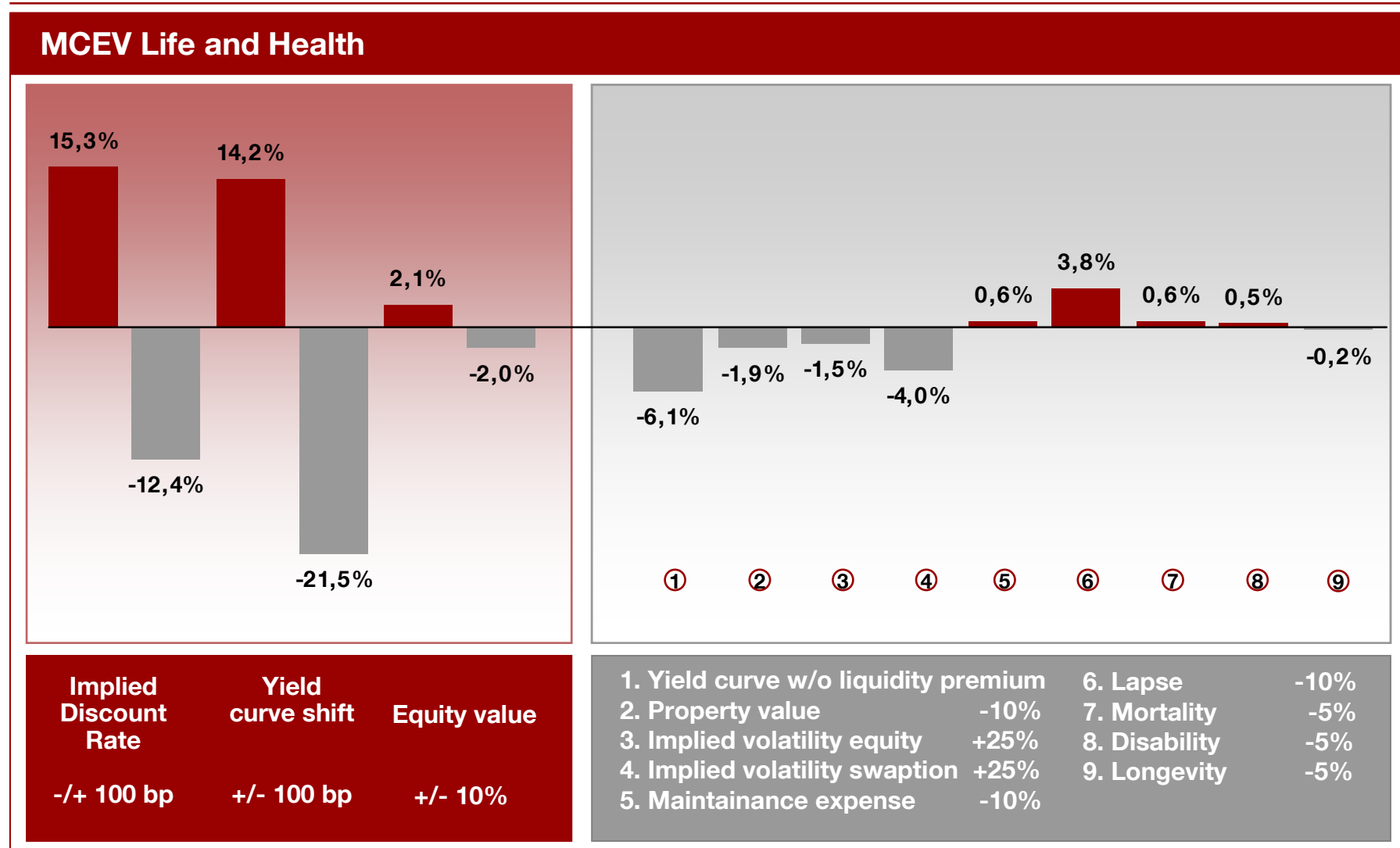
	MCEV 2008	MCEV 2009
<b>Par risk free rate (10y, based on swap rates)<sup>1</sup></b>	3.74%	3.59%
<b>Swaption implied volatilities (10y)<sup>2</sup></b>	11.8%	14.4%
<b>Equity option implied volatilities (10y)<sup>2</sup></b>	26.2%	28.6%
<b>Average asset mix at year end (FI/Eq/Other)</b>	86 / 8 / 6	89 / 7 / 4
<b>Book return</b>	includes emergence of UCG/UCL	
<b>Bonuses, demographic and expense assumptions</b>	company-specific experience	
<b>Long-term Tax rate</b>	32.0%	32.0%
<b>Implied discount rate<sup>3</sup> (IDR)</b>	5.71%	4.66%

1 For MCEV calculations, the given values are increased by a liquidity premium, +50 bp for 2008 (leading to 4.24%), and +20 bp for 2009 (leading to 3.79%).

2 For 2008: all scenarios have been calibrated with 30/06/2008 equity and swaption volatilities; For 2009: all scenarios have been calibrated with 31/12/2009 equity and swaption volatilities. The 10y swaption implied volatility refers to volatilities implied in options on a 10y swap at the money. In 2008, the published 12,20% referred to the 10y swaption implied volatility implied in options on 20y swap at the money.

3 Implied discount rate is derived as the rate needed to replicate the MCEV under a deterministic approach with best estimate assumptions.

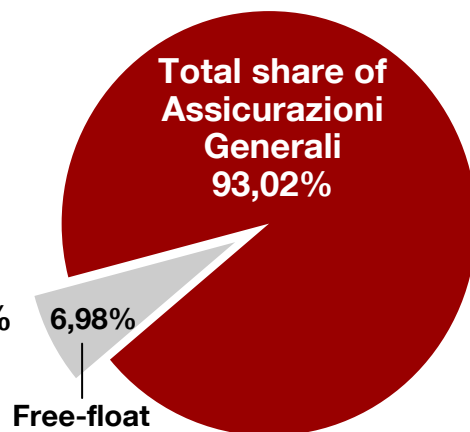
# Sensitivity tests for MCEV 2009



## Share – Key information

### Shareholder structure

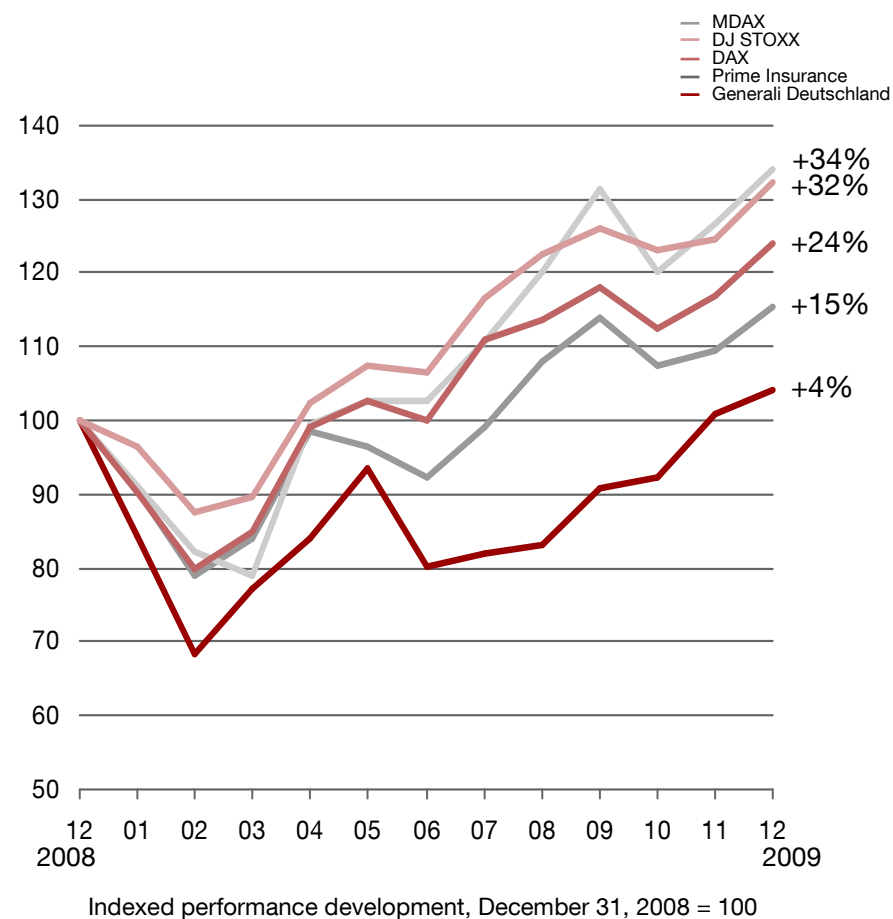
- At years end 2009 Assicurazioni Generali held **93,02%**
- Remaining **6,98%** held by investors with no individual stake exceeding 5%



### Key figures

	2008	2009
Number of shares	53,679,994	53,679,994
Highest price	€ 121.64	77.75
Lowest price	€ 65.00	41.70
Year-end price	€ 73.75	73.64
<b>Market capitalisation<sup>1</sup></b>	<b>€ m 3,958.9</b>	<b>3,953.0</b>
Dividend distribution	€ m 155.7	155.7 <sup>2</sup>
<b>Earnings per share</b>	<b>€ 0.04</b>	<b>6.09</b>
<b>Dividend per share</b>	<b>€ 2.90</b>	<b>2.90<sup>2</sup></b>

### Share performance in 2009



## Contact

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For further information please contact:



**Generali Deutschland Holding AG**  
**Investor Relations**  
**Tunisstr. 19-23**  
**50667 Köln, GERMANY**

**Dennis Foerster**  
*Assistent des Vorstandssprechers (CEO)*

**Telephone**        **+49 / 2 21 - 42 03 1776**  
**Telefax**           **+49 / 2 21 – 42 03 1486**  
**E-mail**             **investor.relations@generali.de**  
**Internet**           **<http://www.generali-deutschland.de>**

## Disclaimer

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**To the extent this paper includes prognoses or expectations or forward-looking statements, these may involve known and unknown risks and uncertainties. The actual results and developments may therefore differ materially from the stated prognoses or expectations. Besides other reasons not specified here, deviations may be the result of changes of the overall economy or of the competitive situation, especially in core activities and core markets. Deviations may also result from the extent and the frequency of claims, lapse ratios, mortality and morbidity rates or tendencies. The developments of financial markets and of the exchange rates of foreign currencies as well as amendments of national and international law, particularly in respect of tax rules, may have an influence. Terrorist attacks and their consequences may increase the probability and the extent of deviations. The company is under no obligation to update the statements made in this paper.**