

AMB Generali

From Stabilisation to Continuous Improvement

**German Investment Conference
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September 28 and 29, 2005**

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Chief Financial Officer**

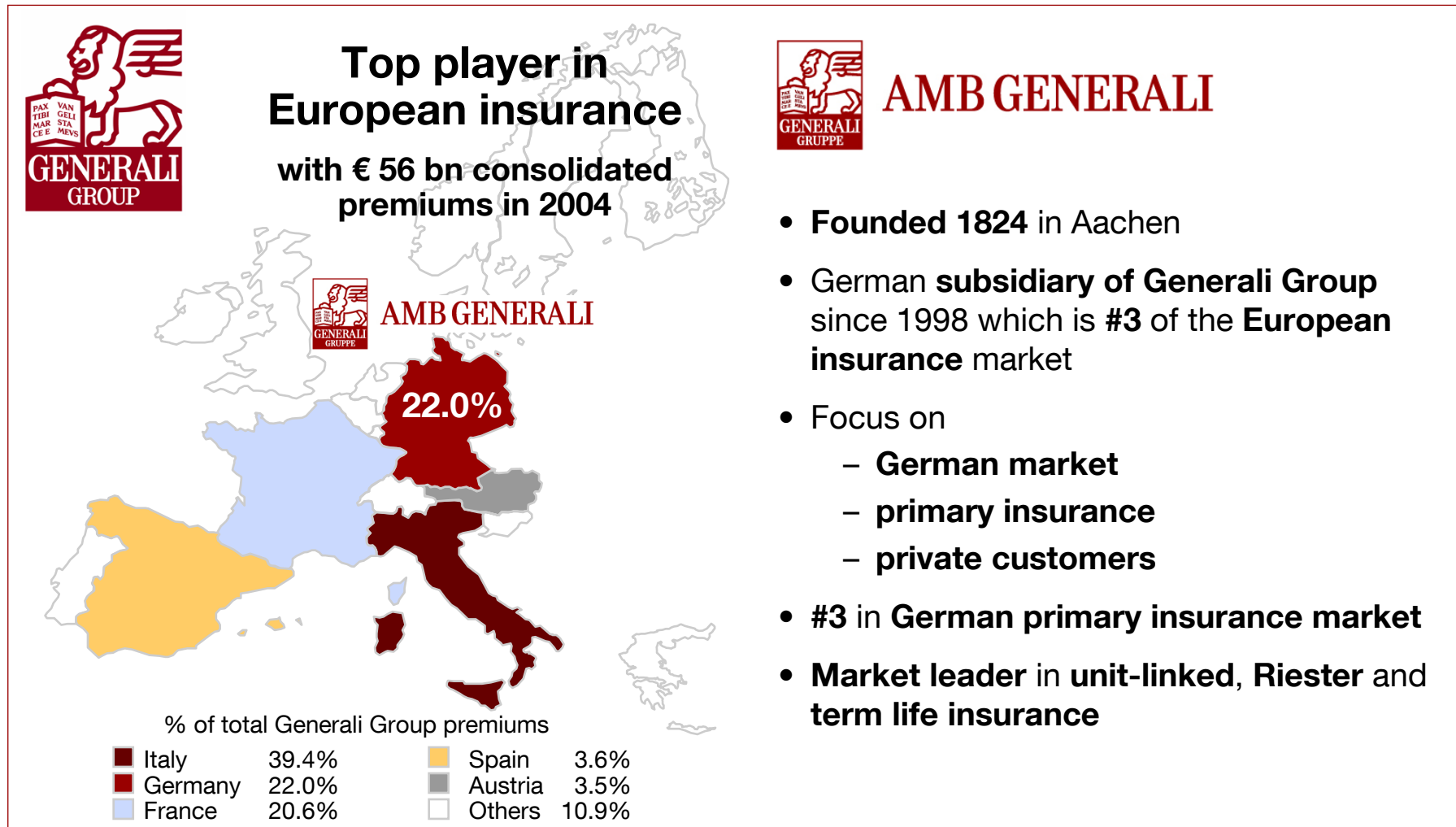


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AMB Generali as the German section of Generali Group



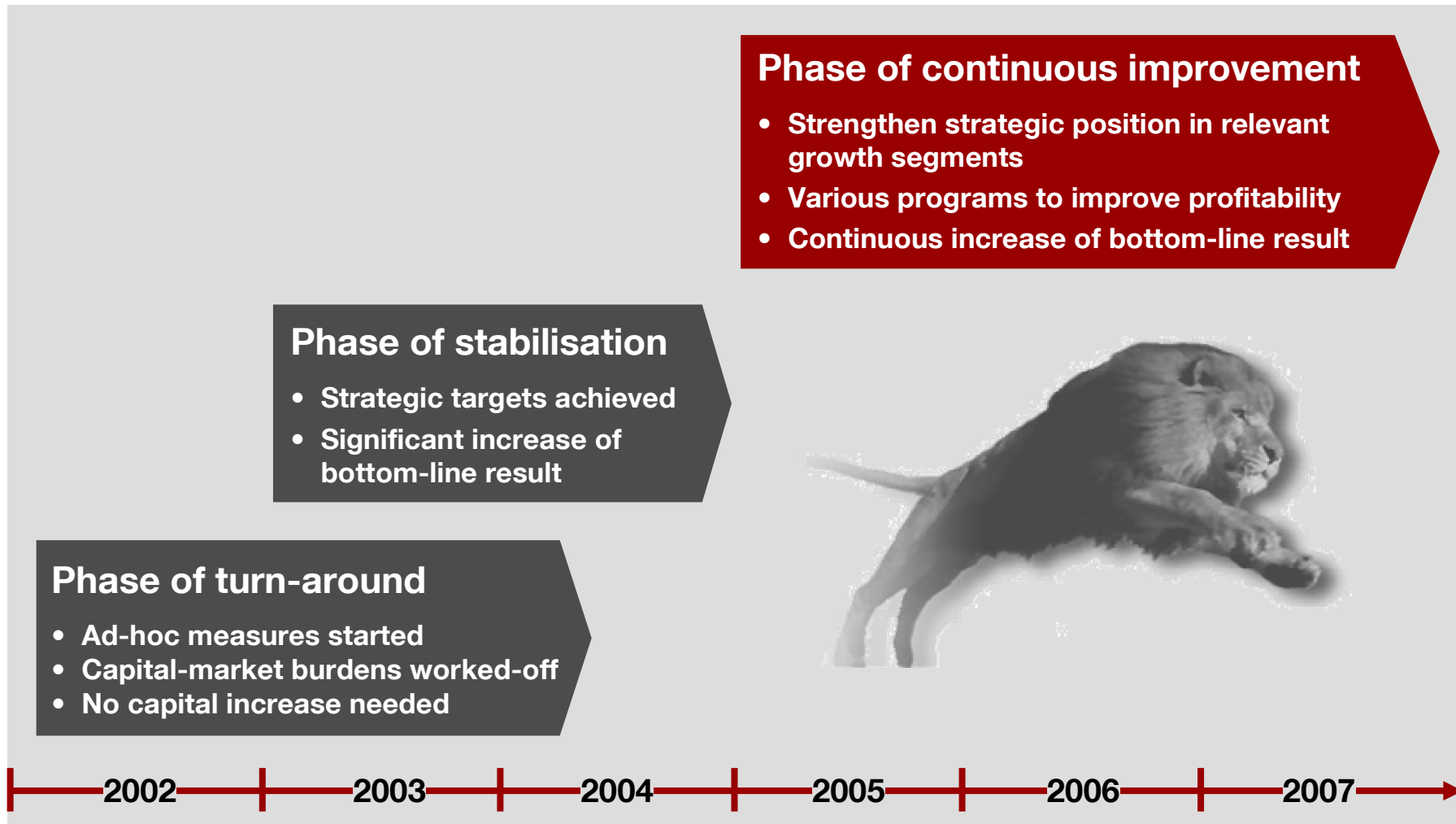
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- **Founded 1824** in Aachen
- German **subsidiary of Generali Group** since 1998 which is **#3** of the **European insurance** market
- Focus on
 - **German market**
 - **primary insurance**
 - **private customers**
- **#3** in **German primary insurance market**
- **Market leader** in **unit-linked, Riester** and **term life insurance**

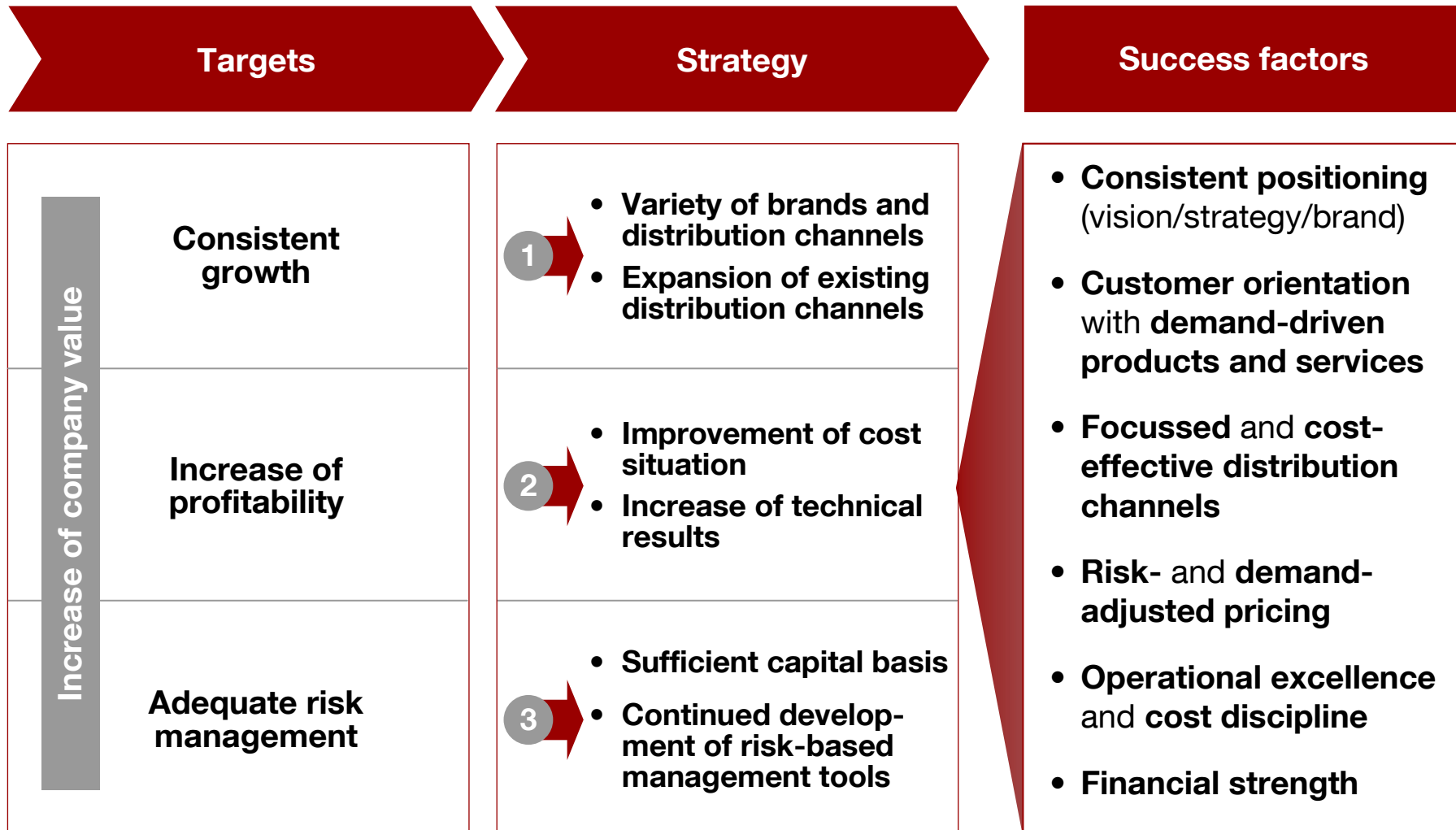


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On track to continuous improvement



Consistent business model



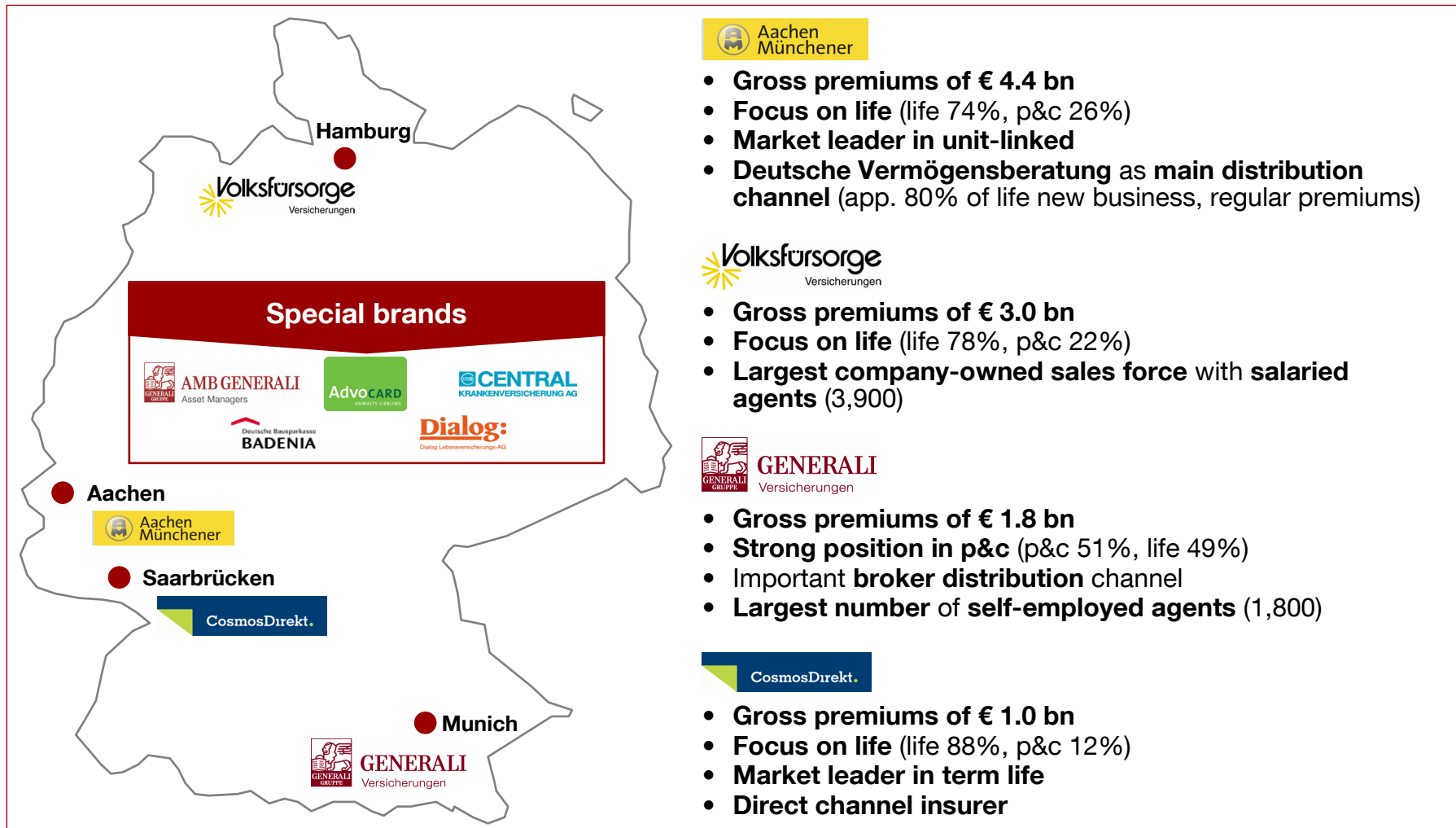
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Profitable growth as main strategic focus

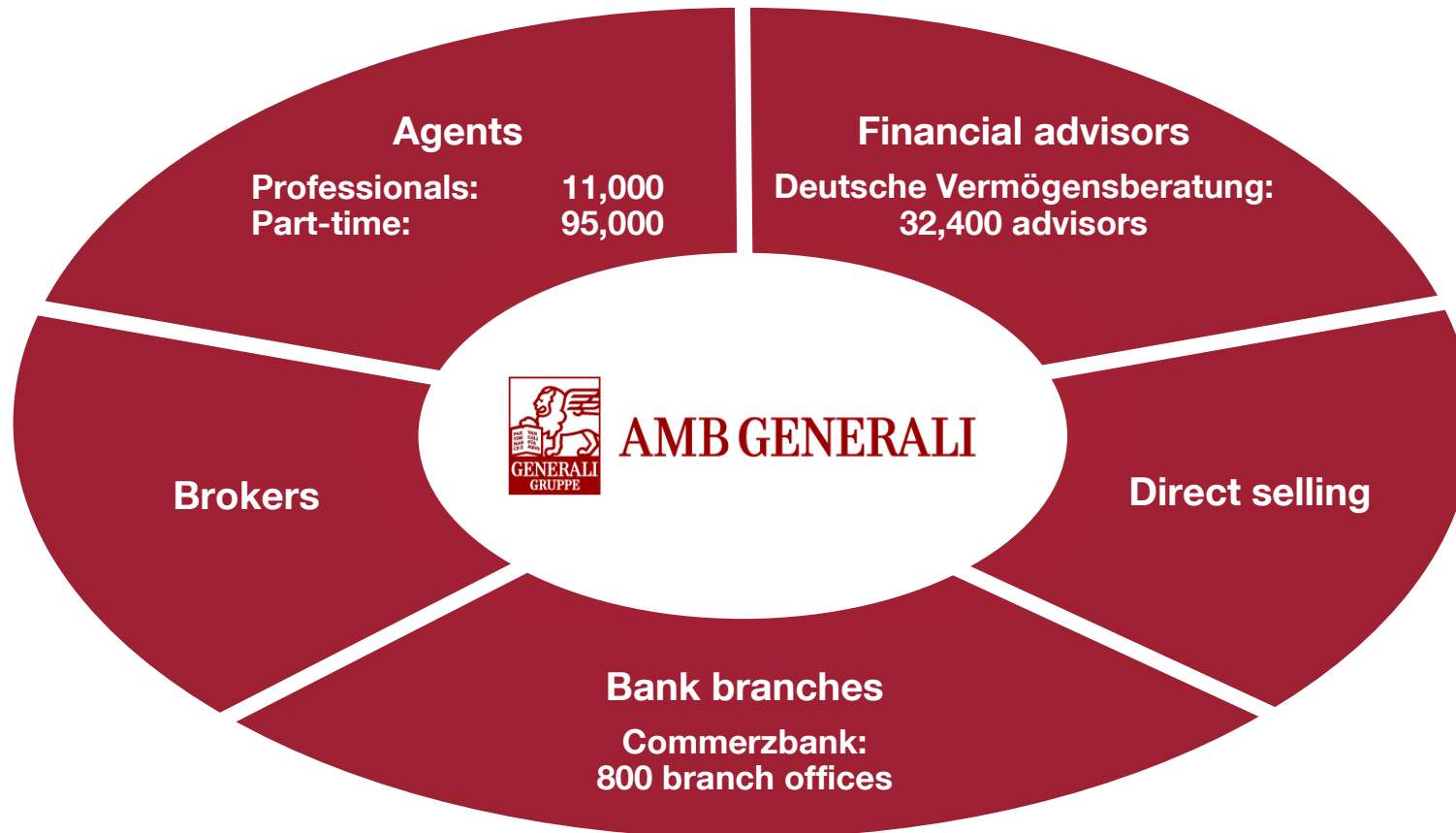


Diversity of brands as characteristic element



Gross premiums and percentage figures German GAAP direct business

Variety of distribution channels as core asset



Growth market life: changes from Retirement Income Act

Market

Legal changes...

- **"Alterseinkünftegesetz"** (Retirement Income Act) with new retirement arrangement in **3 tiers**
 - Tier 1: **basic provision**
 - Tier 2: **private (Riester) + corporate pension**
 - Tier 3: **conventional life insurance (endowment + annuity)**
- Significant **changes in taxation** since 2005
 - Gradual change to **taxation of benefits** with **extended tax exemption in tier 1+2**
 - **Abolishment of full tax exemption for endowments** and **improvement of tax situation for annuities**

...lead to:

- **year-end boom of life insurance in 2004**
- **higher awareness for private provision leads to impulses for growth**
- **change of product mix from 2005 onwards**

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- **Benefits from tax-induced year-end boom**
- **Strategic position in all relevant life growth segments**
 - Placement of **broad product portfolio** from 1.1.2005, **coverage of all 3 tiers with innovative products**
 - **Focus on tax-improved annuities in all 3 tiers (unit-linked and classic); life new business with 69% annuities** already in 2004
 - **Market leader in unit-linked with focus on annuities** (app. **85% annuities of unit-linked new business in 2004**)
 - Focus on **unique selling position** of insurance products

AMB Generali well positioned for new situation in life business



AMB Generali expands its position in pension markets

Private "Riester" pension

- Only 3.8 million contracts market-wide until 2004, but **high potential of 30 million employees**
- **Product to become easier and more flexible** from 2005 onwards which should **increase broad acceptance**
- **Imminent unisex-tariffs** from 2006 will lead to **additional growth in 2005**
- **Doubled savings amount** in 2004 with **positive effect** on life new business; **next Riester-step in 2006**

AMB Generali with top position:

784,000 contracts until 2004
2004 market share \approx 20%, nb 34%

**Medium-term target for market share:
>15%**

Corporate pension

- **Corporate pension as growth market**
 - **High market growth** of new business (+33%) in 2004
 - **Small and medium-sized companies market (SME)** with **late start but good development**
- **AMB Generali with focussed strategy**
 - **SME market with competitive edge in specialised segments**
 - **Pensionskasse very successful** with over 82,000 new contracts
 - **Launching new flexible products**

AMB Generali with improved growth:

Nb 2004 up +56% to € 288 m
2004 nb market share \approx 8%

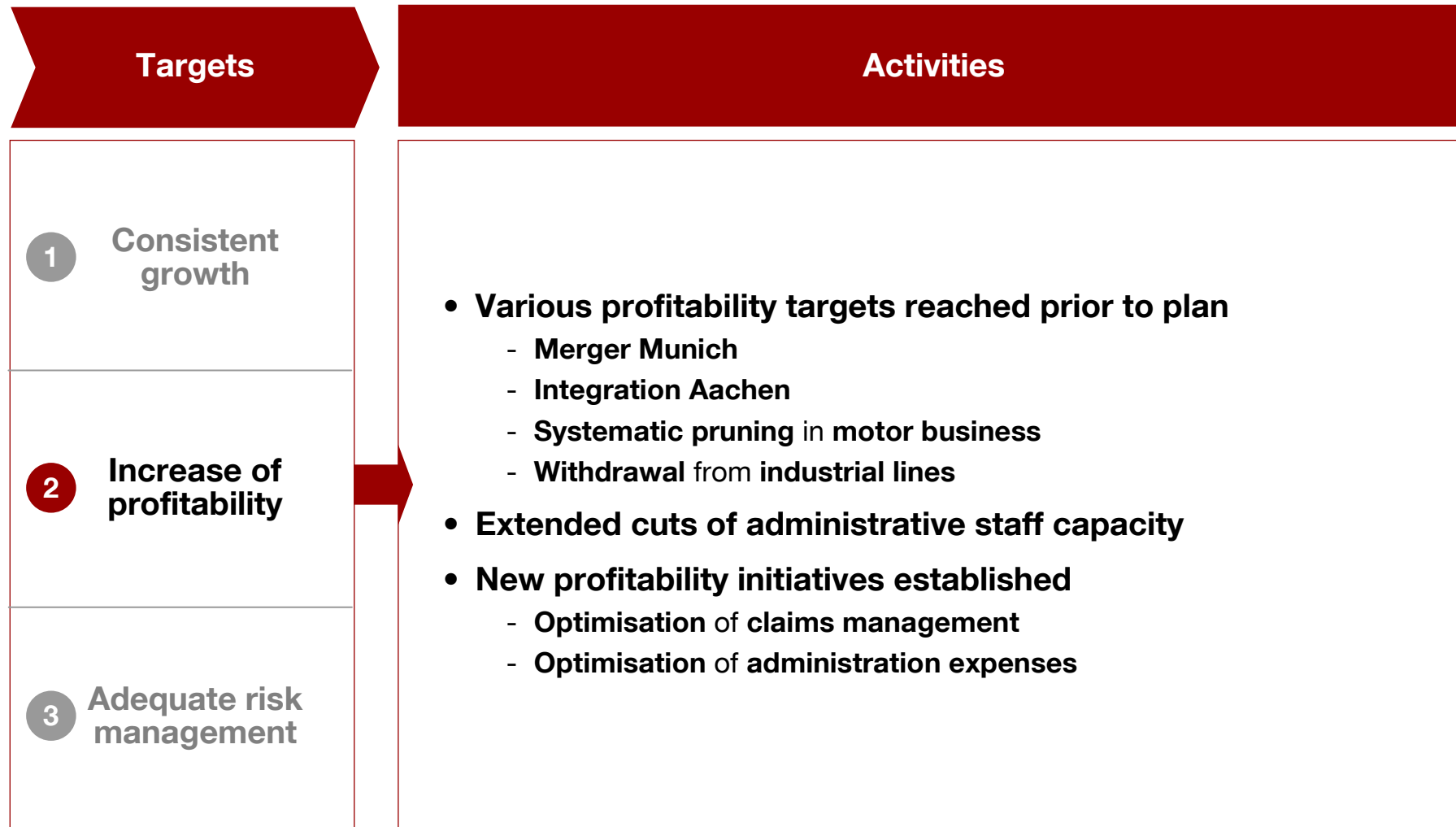
**Medium-term target for nb market share:
 \approx 15%**



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Sustainable profitability due to efficiency measures



Various profitability targets reached prior to plan

Initiatives	Savings	
	Achievements 2004	Targets
Reduction of administrative staff capacity <ul style="list-style-type: none"> Target reached one year in advance of plan New: reduction of a total of 2,000 FTE by 2007 	Reduction of 1,287 FTE ¹⁾	1,250 FTE by 2005
Merger in Munich (Generali Versicherungen) <ul style="list-style-type: none"> Reorganisation completed prior to plan 3rd-biggest location established with powerful traditional sales network for p&c 	Cost reduction of € 88 m ²⁾	app. € 90 m p.a. from 2006
Integration in Aachen (AachenMünchener) <ul style="list-style-type: none"> Reorganisation completed ahead of schedule Efficient customer-service structure established 	Cost reduction of € 29 m ²⁾	app. € 30 m p.a. from 2005
Pruning in motor <ul style="list-style-type: none"> Target reached one year ahead of plan New tariff launched in 07/2004 	Increase of underwriting result by € 178 m	app. € 175 m p.a. from 2005
Withdrawal from industrial business <ul style="list-style-type: none"> Completed one year prior to plan Focus on profitable private and commercial business 	Increase of underwriting result by € 25 m	app. € 25 m p.a. from 2005
Full year 2004: combined ratio again improved to 99.4% General expenses decreased from € 1,965 m to € 1,886 m ³⁾		

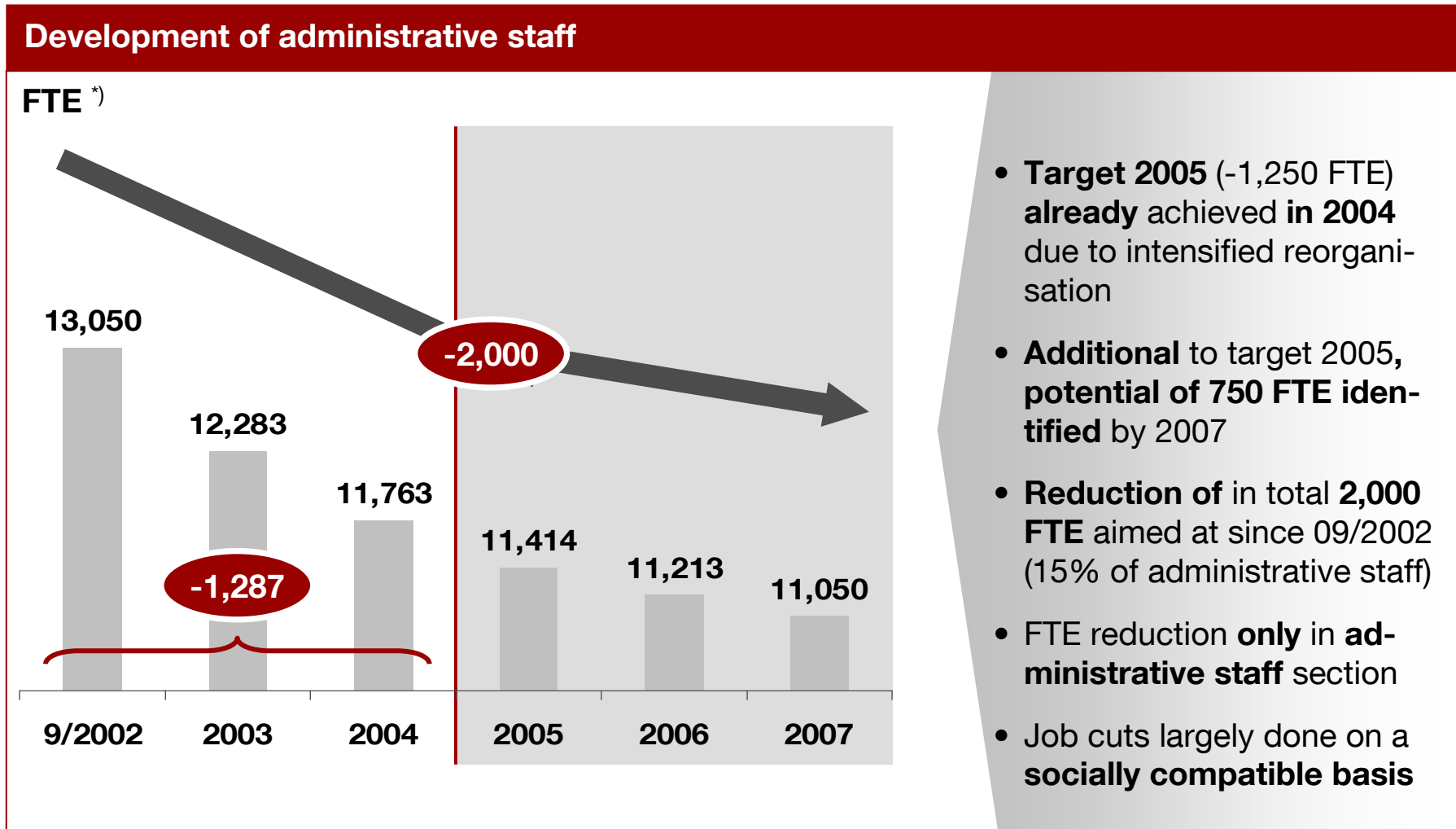
1) since September 2002; in 2004 reduction of 520 FTE

2) indicated cost-reduction fully effective in 2005

3) German GAAP figure, excluding commissions



Extended cuts of administrative staff capacity



*) full-time equivalents



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New profitability initiatives established

Optimisation of claims management

Identified potential of app. € 90 m p.a. from 2007

Utilisation of all levers to optimise claims expenditure:

- **Decrease of claims payments**
 - Extending networks with service providers
 - Intensification of management of bodily-injury claims
- **Reduction of settlement expenses**
 - Optimise duration of claims settlement
 - Claims handling across lines of business
- **Intensification of efficient claims controlling**

➔ Part of potential realised is used to maintain competitive level

Optimisation of administration expenses

Identified potential of app. € 35 m p.a. from 2007

Increases in efficiency and quality in administrative functions of the Group:

- **Realignment of organisational structures**
 - Concentration of responsibilities
 - Optimisation of insourcing-/outsourcing-alternatives
- **Reorganisation of processes/operations**
 - Optimisation of logistics
 - Improvement of facility management
 - Development of Group-wide strategic purchase department

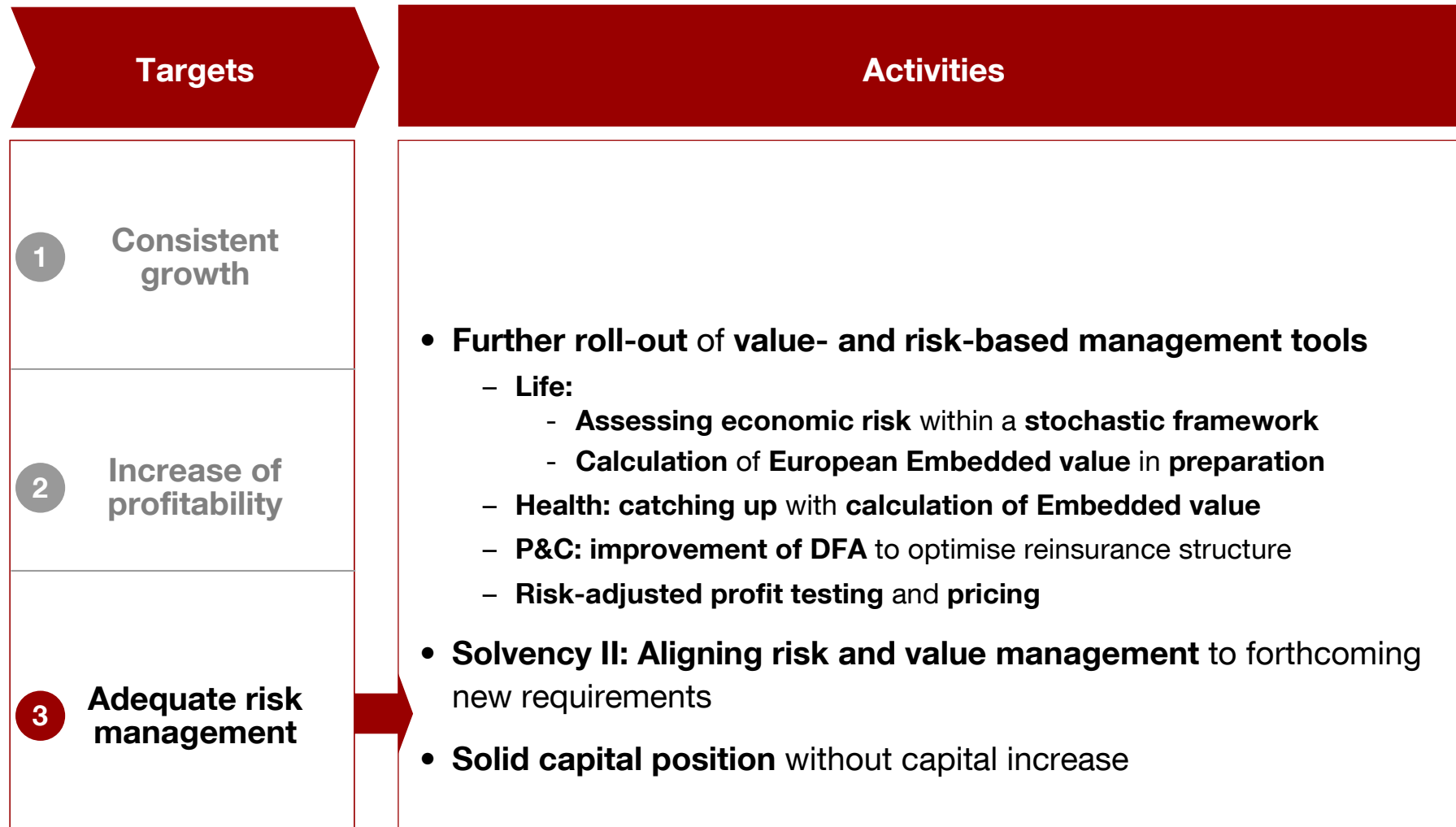
➔ Cost optimisation in all administrative areas



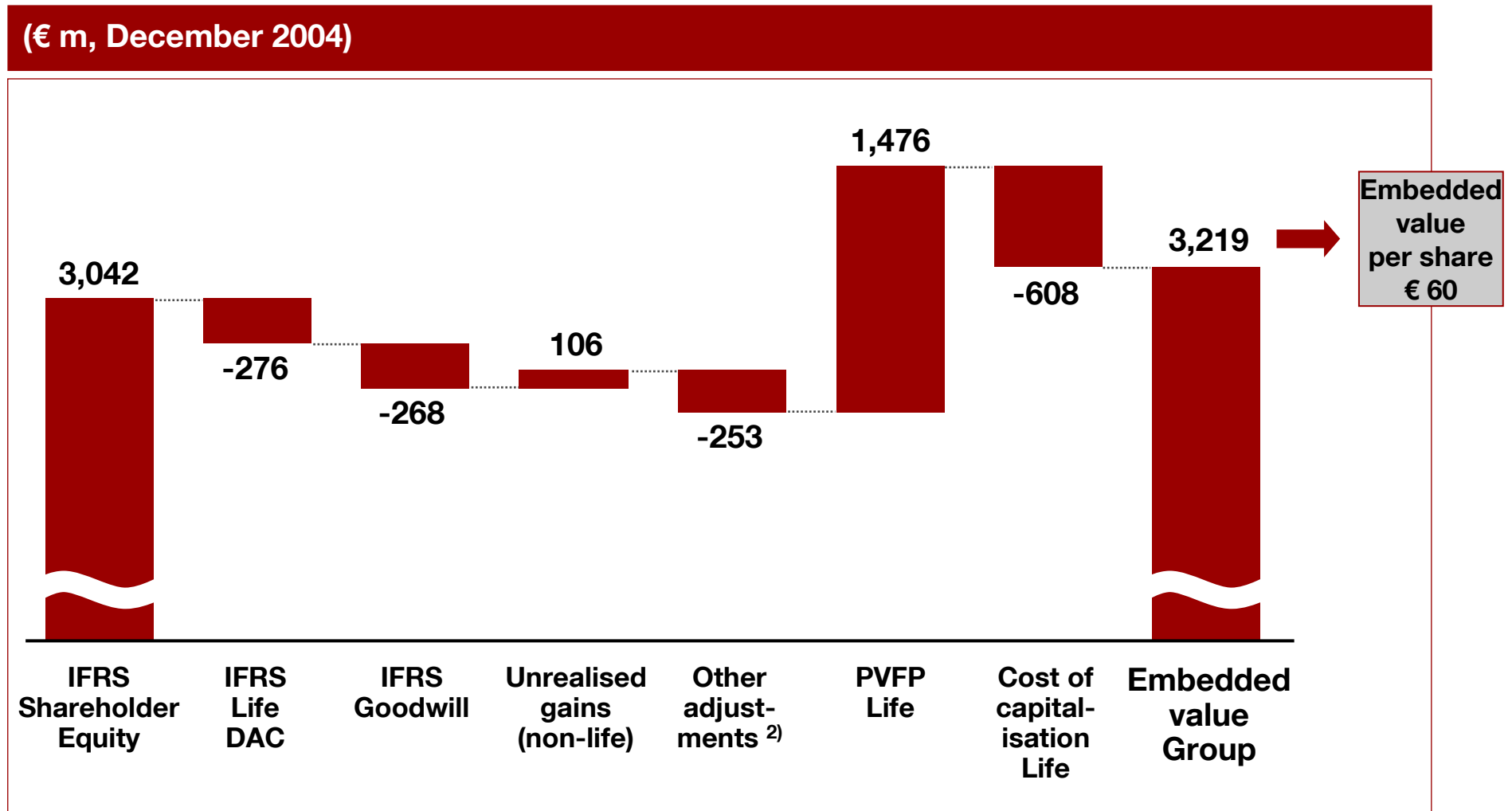
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Strategic risk-management focus ensures risk-adjusted profitability



Embedded value Group – share price at app. 1.2x ¹⁾ of EV Group



1) as at September 15, 2005

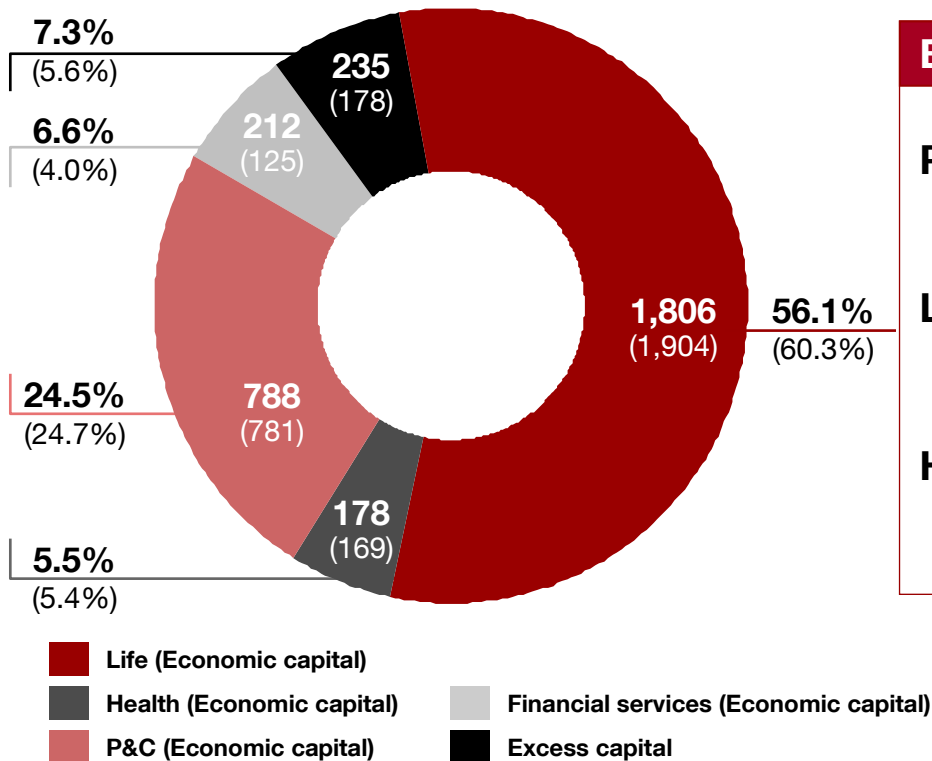
2) unrealised gains (life) € 159 m and dividends to be paid € 94 m



Excess capital improved to more than 7% of EV Group

Allocation: € 2,984 m Economic capital + € 235 m Excess capital = € 3,219 m EV Group

Business year versus previous year in brackets



Economic capital ratios

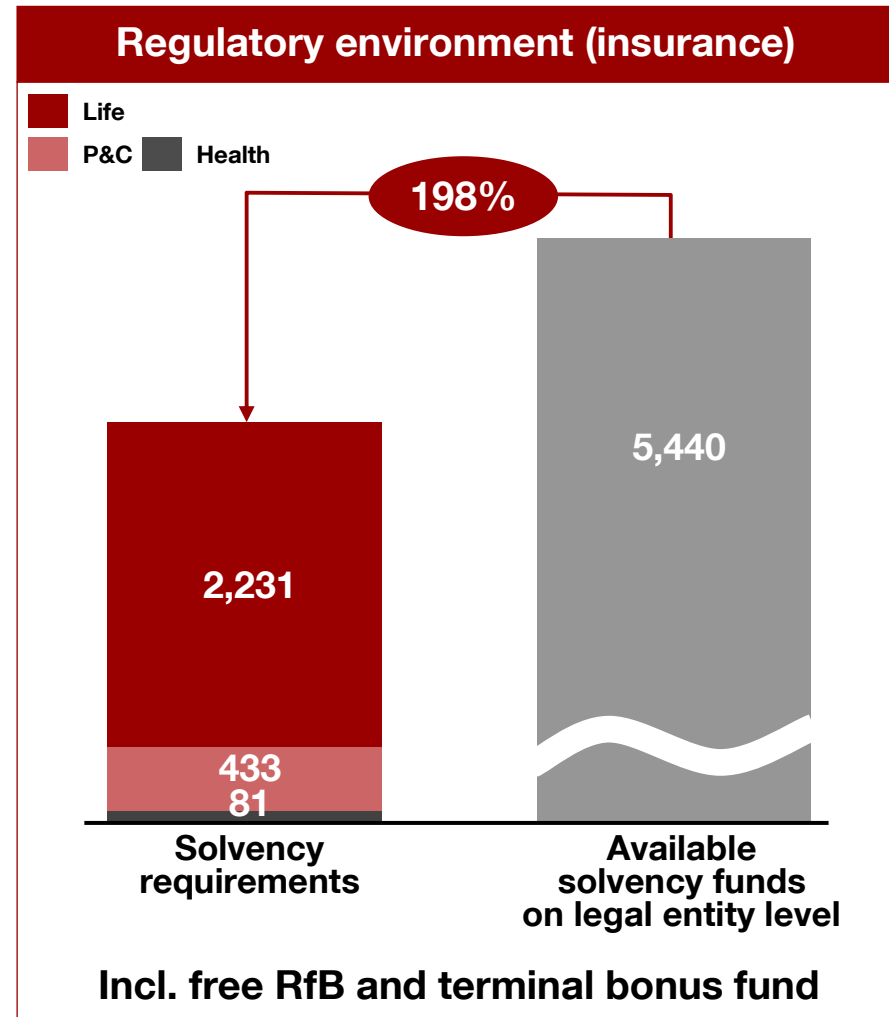
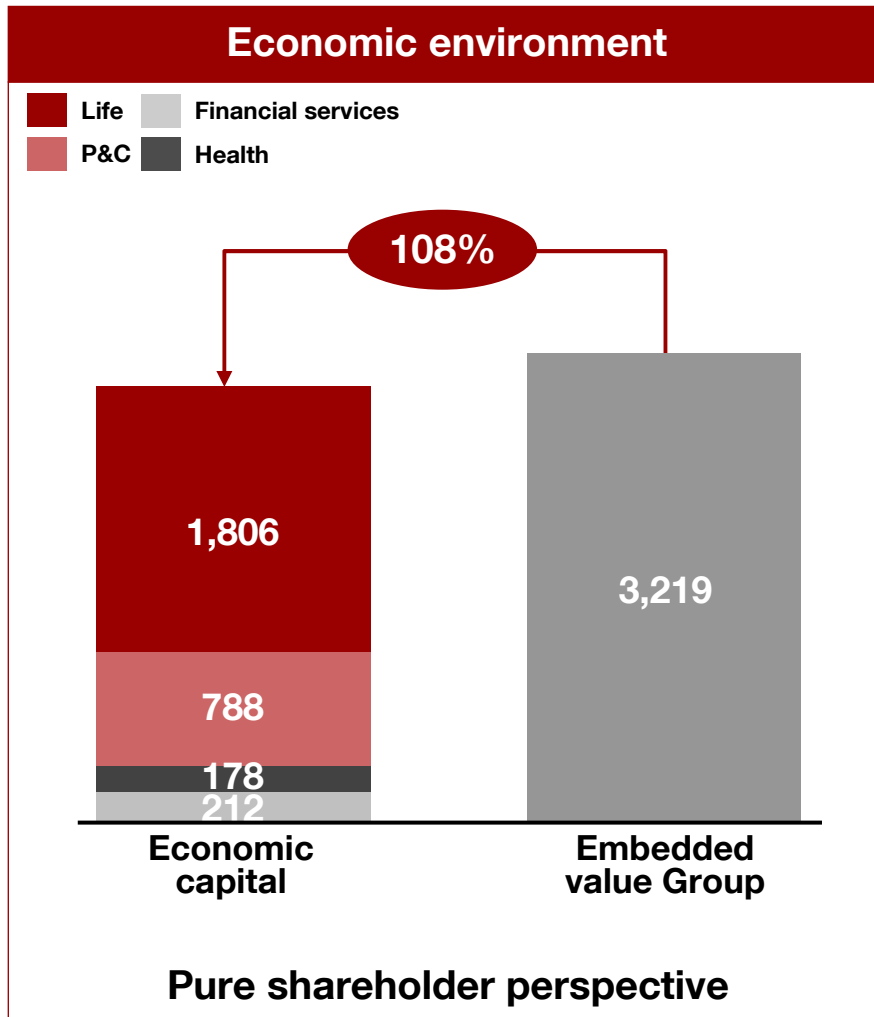
P&C	28.1% (27.0%) of net earned premiums
Life	2.6% (2.5%) of technical reserves + € 280 m (€ 504 m) VIF uplift life *)
Health	3.2% (3.7%) of net technical reserves

*) uplift of EV life over IFRS equity life



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Adequate capitalisation within economic and regulatory environment



Key performance indicators: operational improvement on track

Return on Embedded value (after tax)				Analysis
	2004	2003	2002	
Life ¹⁾	12.5%	9.6%	9.4%	<ul style="list-style-type: none"> • Operational improvement driven by excellent life NBV and high profitability of health business • Decrease in interest-rates and spreads result in lower normalised investment income which reduces RoEC in p&c • Negative investment variances caused by change in economic VIF assumptions (lower interest rates in the long-term projection) • Overall significant improvement of RoEV by 8.9%-points to 4.9% compared to previous year
Health ²⁾	17.9%	10.9%	9.3%	
P&C ³⁾	8.9%	9.1%	-8.7%	
RoEC normalised	11.8%	9.1%	3.9%	
Excess capital	2.5%	2.8%	2.8%	
RoEV normalised	11.2%	9.1%	3.8%	
Cost of debt	-0.2%	-0.2%	-0.2%	
Investment & tax variances	-6.1%	-12.8%	-13.1%	
RoEV	4.9%	-4.0%	-9.5%	

1) based on new business value, expected return (VIF roll-forward) and operating variances

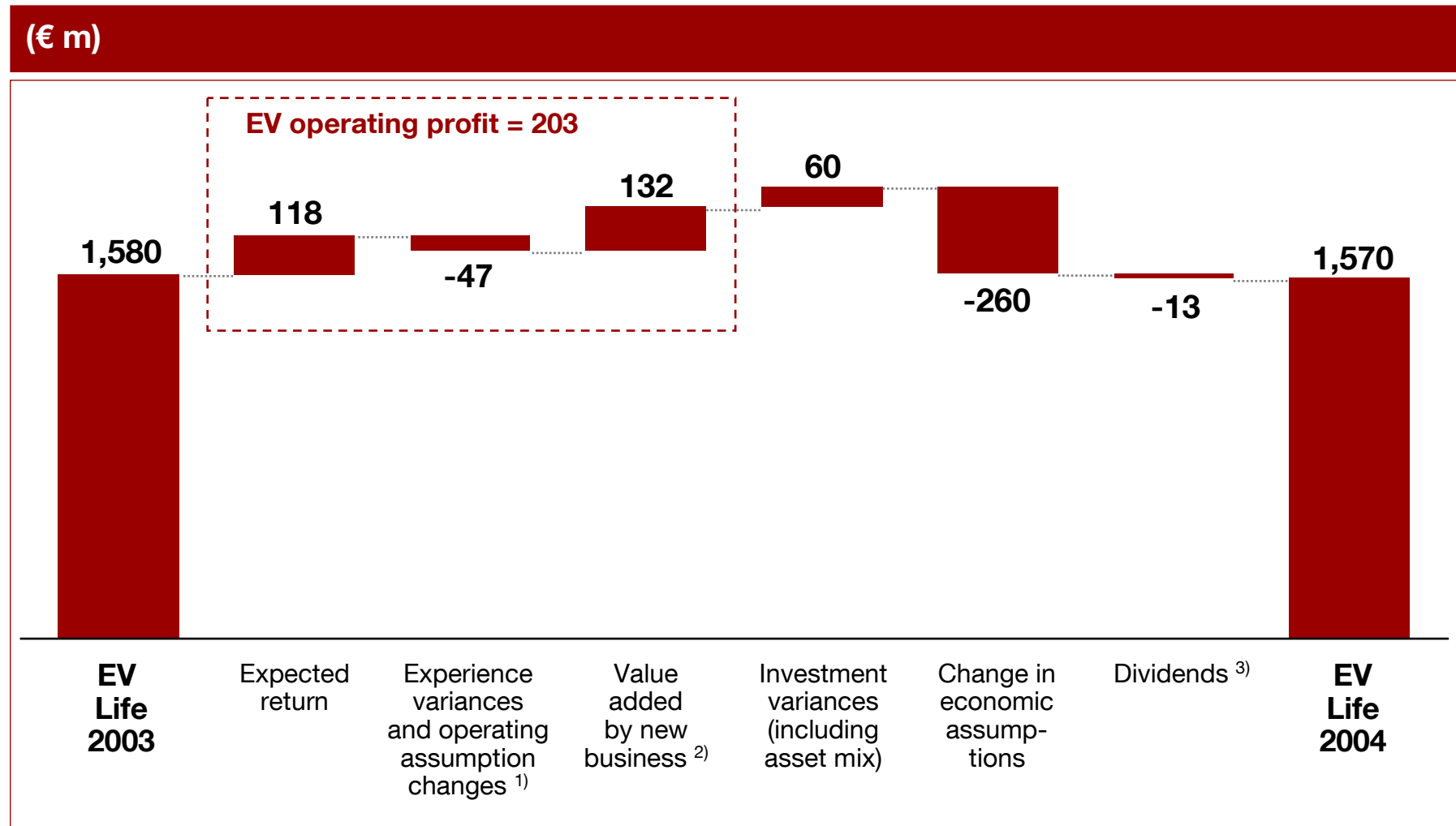
2) based on IFRS profit (excluding extraordinary effects)

3) based on combined ratio, other income/expenses and normalised investment income



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Embedded value Life – high EV operating profit driven by NBV



1) of which cost and biometric variances of € -11 m
 2) on 2004 assumptions

3) of which dividends of € -83 m and capital contributions of € 70 m



Life NBV backed by substantial increase in APE volume

(€ m, December 2004)

	Traditional life (incl. "Riester")	Unit- linked ¹⁾	Total new business value
New business value	79	53	132
APE ²⁾	760	463	1,223
PV premiums	5,359	3,109	8,468
Value / APE	10.4%	11.4%	10.8%
Value / PV premiums	1.5%	1.7%	1.6%

1) incl. net fund management fees

2) regular premiums plus 10% of single premiums on new policies issued in 2004; without dynamics and minorities



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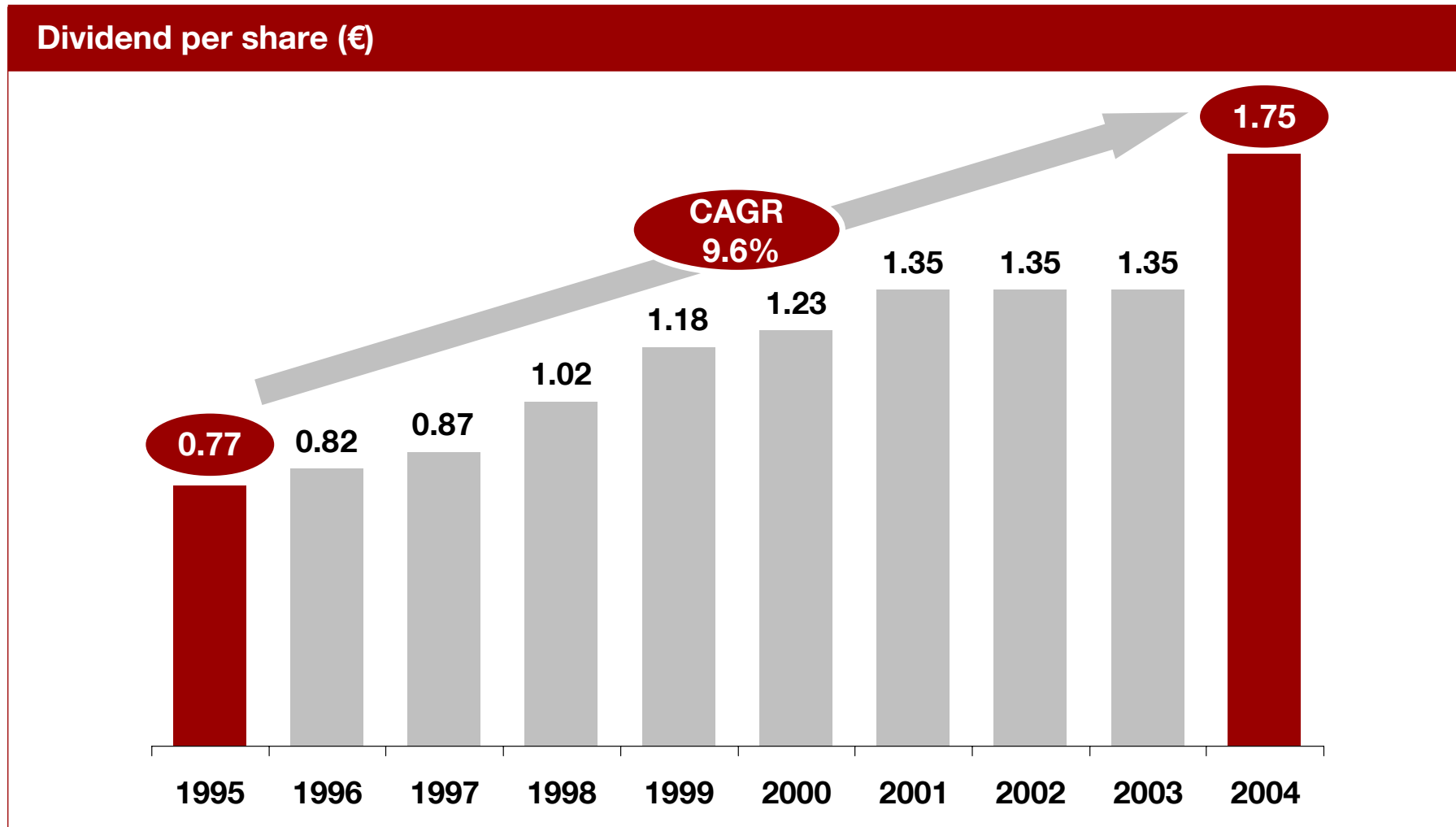
FY 2004 with significantly improved growth and bottom-line result

- **Life / health**
 - **Outstanding +41.7% growth** in **life new business** regular premiums
 - **Growth in health** of **+10.8%** clearly **above market** level
- **P&C**
 - Consistent **focus on profitable business fields** leads to **-3.3% premium income** in direct business
 - **Combined ratio of 99.4%** slightly below 2003 level despite adverse transitory reinsurance effects
- **Improvements in operating profitability across the Group**
 - **Job cuts of 1,287 FTE** above plan
 - **Expense ratio decreased** from 20.7% to **20.3%**
- **Tax expenditure** in 2004 **significantly reduced** by € 522 m to **€ 209 m**

Net result after tax FY 2004 leaps by € 211 m to € 218 m



Policy of continuously rising dividend for our shareholders



All 2004 strategic targets reached - future targets ambitiously adjusted

		2004		2005	
		Achievements	Targets	Targets Old	Targets New
Life/Health	• Premium growth – Life regular – Health	+7.4% +10.8%	above market level	above market level	above market level
	• Life NBV	€ 132 m	€ 120 m	€ 120 m	€ 120 m
P&C	• Premium growth	-3.3%	slight decrease	market level	market level
	• Combined ratio	99.4%	< 100%	< 100%	< 99%
Overall	• General expenses ¹⁾	€ 1,886 m	€ 1,900 m	€ 1,900 m	€ 1,900 m
	• Net income	€ 218 m	> € 200 m	> € 250 m	> € 300 m before goodwill amortisation ²⁾

1) German GAAP figure, excluding commissions

2) under IFRS 3, goodwill will no longer be amortised on a scheduled basis



H1 2005 with ongoing profitable growth

- **Life and health business with continuously strong growth rates**
 - **Life regular premiums go up +9.0%**
 - **Health gross premiums increase by +5.4%**
- **P&C premiums go down -1.2% due to selective profit-oriented underwriting**
- **Improvements in operative profitability**
 - **Reduction by 290 administrative-staff FTE in first six months**
 - **Combined ratio improves significantly to 97.4%**
- **Further increase of investment income by +16.8% to € 1.8 bn**

Net profit of € 148 m in H1 2005

In line with 2005 target of > € 300 m (before goodwill amortisation)



Business development overview H1 2005

(€)	H1 05	H1 04 ¹⁾	Δ H1 05/04
Total premiums (German GAAP) ²⁾	6.5 bn	6.2 bn	4.8%
Consolidated gross premiums (IFRS) ³⁾	5.9 bn	5.7 bn	3.4%
• Life	3.2 bn	3.0 bn	5.9%
• Health	0.8 bn	0.8 bn	5.4%
• P&C	1.9 bn	1.9 bn	-1.3%
Life new business regular premiums	529 m	586 m	-9.6%
Claims & benefits	5.3 bn	5.1 bn	4.5%
Operating expenses	1.1 bn	1.1 bn	7.5%
Investment income (net)	1.8 bn	1.5 bn	16.8%
Operating profit before goodwill amortisation	328 m	187 m	141 m
Tax	-176 m	-90 m	-86 m
Net profit before goodwill amortisation ⁴⁾	148 m	92 m	56 m
Goodwill amortisation	0 m	-16 m	16 m
Net profit ⁴⁾	148 m	77 m	71 m
• Attributable to minority interests	1.8 m	1.3 m	0.5 m
Shareholders' equity	3.5 bn	3.2 bn ⁵⁾	10.4% ⁶⁾

1) retrospective adjustments

2) consolidated gross premiums incl. savings portions of unit-linked and Riester contracts

3) excl. savings portions of unit-linked and Riester contracts;

without effect on profit

4) net of finance costs

5) balance-sheet position shown as at 31.12.2004

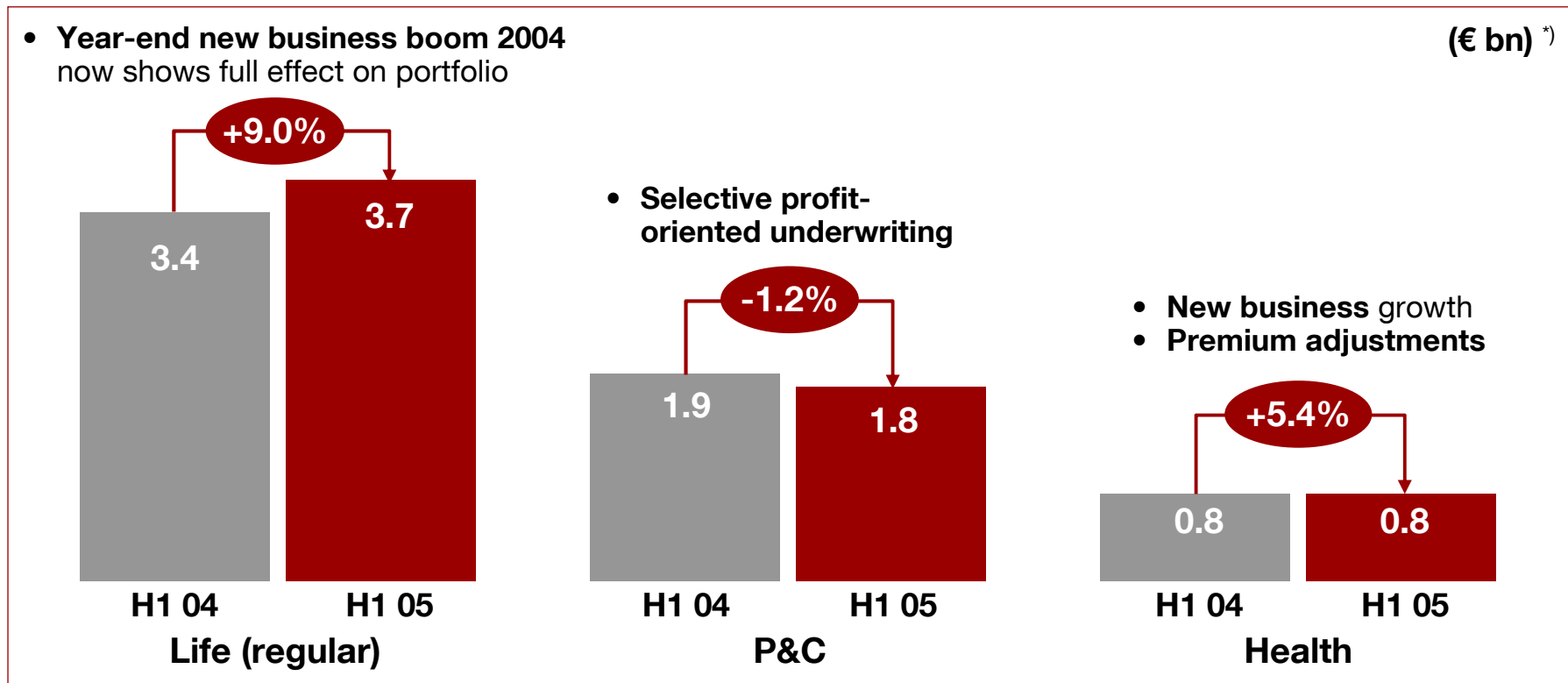
6) in relation to 31.12.2004



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Above-average premium growth rates in life and health business

(€ bn)	H1 05	H1 04	Δ H1 05/04
Total premiums (German GAAP)	6.5	6.2	4.8%



*) gross premiums German GAAP, direct business



Strong improvement of combined ratio mainly due to better claims experience

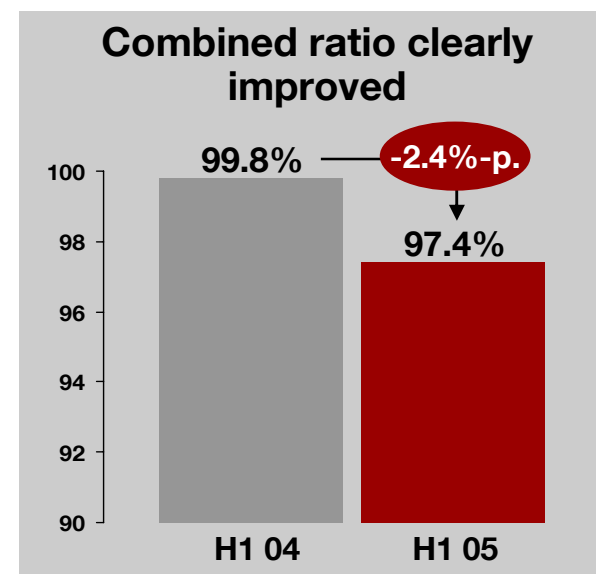
(%)	H1 05	H1 04	Δ H1 05/04
Claims ratio	64.5	66.5	-2.0%-p
Expense ratio	32.9	33.3	-0.4%-p
Combined ratio	97.4	99.8	-2.4%-p

Claims ratio

- **Better claims experience** across the market and a **higher level of net premiums** earned due to higher retentions lead to **significant decrease of claims ratio** by 2 percentage points

Expense ratio

- **Administrative expenses** go down by 2.8% as a result of measures taken to increase **efficiency**
- **Total operating expenses** increase slightly by 1.7% due to **lower income from reinsurance commissions** in the wake of **higher retentions**
- Nevertheless **expense ratio decreases** by 0.4 percentage points as a result of higher level of net premiums earned



Combined ratio in line with 2005 target



AMB Generali on good track to reach 2005 targets

		Achievements H1 04	Achievements H1 05	Targets 2005
Life/Health	•Premium growth ¹⁾ – Life regular – Health	+7.0% +10.7%	+9.0% +5.4%	above market level
	•Life NBV	€ 59.5 m	€ 49.8 m	€ 120 m
P&C	•Premium growth ¹⁾	-4.4%	-1.2%	market level
	•Combined ratio	99.8%	97.4%	< 99%
Overall	•General expenses ²⁾	€ 925 m	€ 923 m	€ 1,900 m
	•Net profit before goodwill amortisation ⁴⁾	€ 92 m ³⁾	€ 148 m	> € 300 m

1) gross premiums German GAAP, direct business

2) German GAAP figure, excluding commissions

3) retrospective adjustments

4) under IFRS 3 goodwill will no longer be amortised on a scheduled basis



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