

# **AMB Generali Full Year 2004 Results**

## **From Stabilisation to Continuous Improvement**

**Presentation 2005  
Investor Relations**



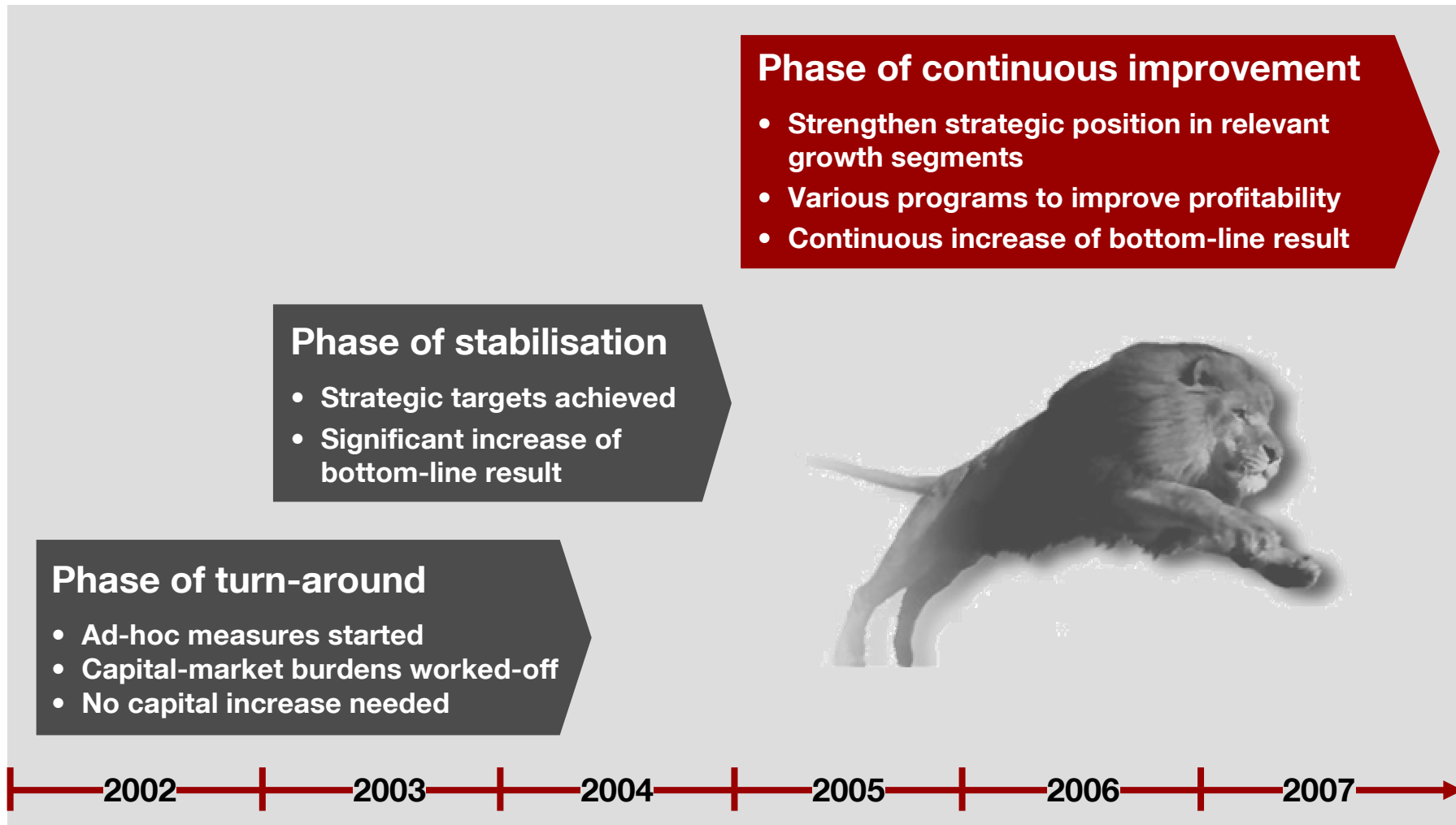
**AMB GENERALI**

# Contents

---

<b>I. Persistent strategy for continuous improvement</b>	
<b>1. Overview</b>	<b>1</b>
<b>2. Consistent growth</b>	<b>7</b>
<b>3. Increase of profitability</b>	<b>17</b>
<b>4. Adequate risk management</b>	<b>22</b>
<b>II. Performance 2004</b>	<b>35</b>

# AMB Generali on track to continuous improvement



## 2004 with significant growth and marked increase of net result

Strategic targets	
<b>Growth</b> ✓	<ul style="list-style-type: none"><li>• <b>Premium growth</b> in <b>life</b> regular premiums (+7.4%) and <b>health</b> (+10.8%) clearly <b>above market</b></li><li>• <b>High growth</b> of <b>life new business</b> regular premiums by +41.7%</li><li>• <b>Premium decrease</b> in <b>p&amp;c</b> direct business of -3.3% due to strategic <b>pruning of motor</b> business and <b>withdrawal from industrial lines</b></li><li>• <b>Combined ratio</b> of 99.4% <b>on track</b> despite <b>adverse transitory effects</b> due to <b>structural reinsurance changes</b></li></ul>
<b>Profitability</b> ✓	<ul style="list-style-type: none"><li>• <b>Cost target achieved</b> in spite of increased business volume; significant <b>reduction of total costs</b> (general expenses down from € 1,965 m to € 1,886 m) and of <b>number of FTE's</b> (-1,287) <sup>1)</sup></li><li>• <b>Total work-off</b> of <b>capital-market burdens</b> of € 5 bn in <b>dividend-bearing securities</b> since 2002; <b>no capital increase</b> needed</li></ul>
<b>Risk management</b> ✓	<ul style="list-style-type: none"><li>• Extended <b>development</b> and <b>application</b> of <b>value-based management</b> tools</li></ul>
<b>Bottom-line result</b> ✓	<ul style="list-style-type: none"><li>• <b>Significant increase of net result</b> to € 218 m after difficult years</li><li>• <b>Shareholders</b> participate by <b>dividend increase</b> to € 1.75 <sup>2)</sup></li></ul>
✓ <b>All strategic targets achieved in 2004</b>	

1) since September 2002  
2) dividend proposal



## German market environment still challenging

### Environment

#### Macro-economic scenario

- **GDP growth** remains at low level (+1.6%) in 2004, mainly driven by export activities (2005e: +1.0%)
  - **Stagnating private consumption** in 2004 to remain lacklustre in 2005
  - **Unemployment** figure of 4.4 million **still very high** (2005e: close to 5 m)

#### Legislation

- **Abolishment of full tax-exemption for endowments** and **improvement of tax situation for annuities** start in 2005
- Switch to **IFRS, Solvency II** and **European Embedded value** imminent
- **No decision** expected for **health reform** before elections in 2006

#### Capital markets

- **Year-end rally** makes 2004 a **decent equity year** (2005e: performance in the upper single-digit range)
- **Long-term yields** to **remain low**, some normalisation up from current levels expected

**Overall market situation still challenging  
No stimulating impulses besides life**



## Various impacts on German insurance markets...

### Effect on insurance companies

#### Life

- **Demographic situation and cuts of social-security benefits** as basis for **sustainable growth**
- **"Alterseinkünftegesetz"** (Retirement Income Act)
  - Year-end **boom in 2004, further impulses** for new business **expected**
  - **Restructuring of product-mix** and increasing **importance of customer advice**
- **Financial strength** of insurance companies as additional **success factor**

#### P&C

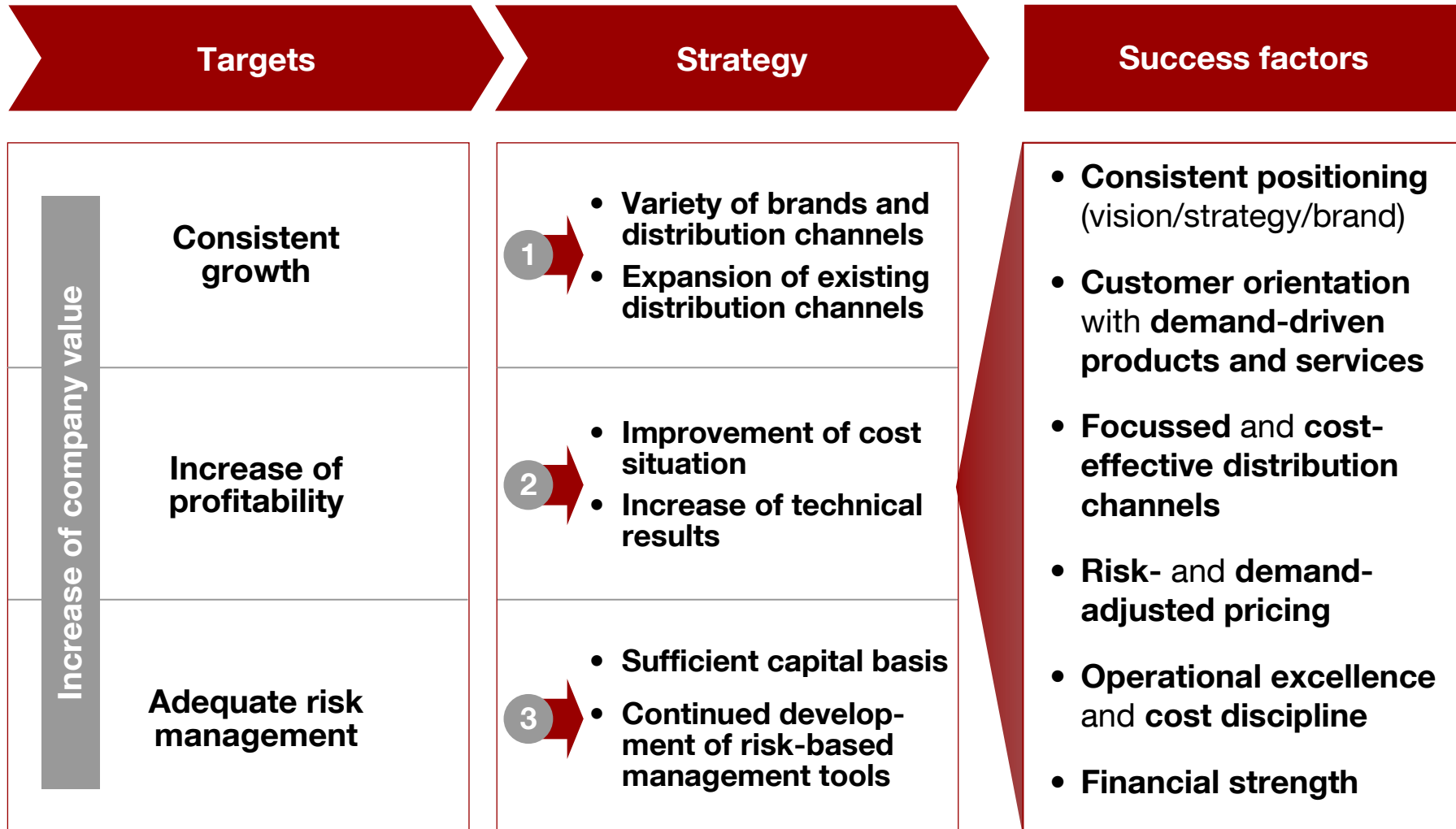
- **Motor** as commodity product with **high price sensitivity** and **market volatility** indicates **turning of price life-cycle**
- Non-motor: **nearly saturated market** with **increasing competition**

#### Health

- **Potential growth market...**
- **...but political circumstances remain uncertain**
- Further **premium increase** due to **rising medical costs** and **corresponding premium adjustments**



## ...require consistent business model



# Contents

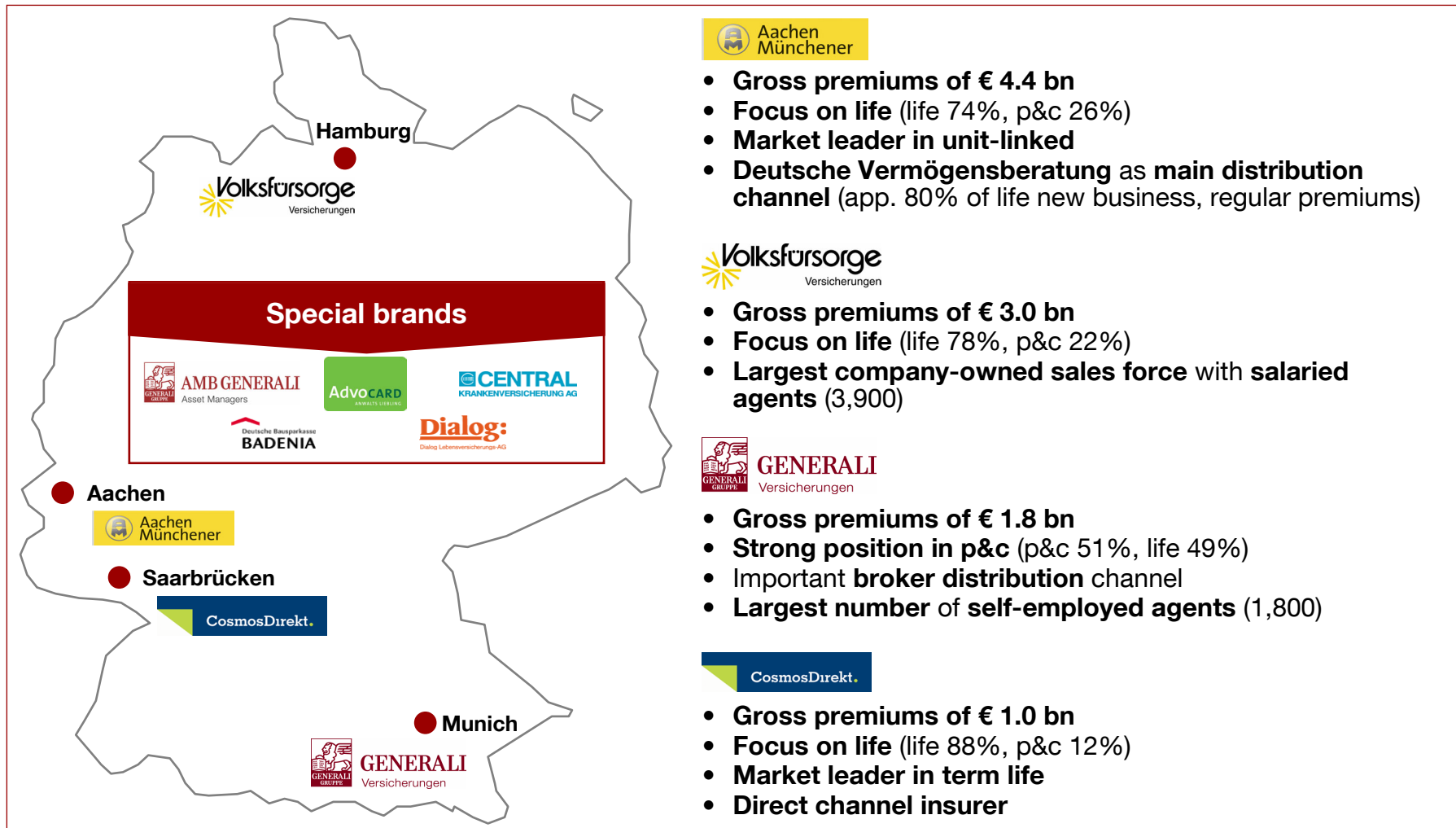
---

<b>I. Persistent strategy for continuous improvement</b>	
1. Overview	1
2. Consistent growth	7
3. Increase of profitability	17
4. Adequate risk management	22
<b>II. Performance 2004</b>	<b>35</b>

# Profitable growth as main strategic focus



## Diversity of brands as characteristic element



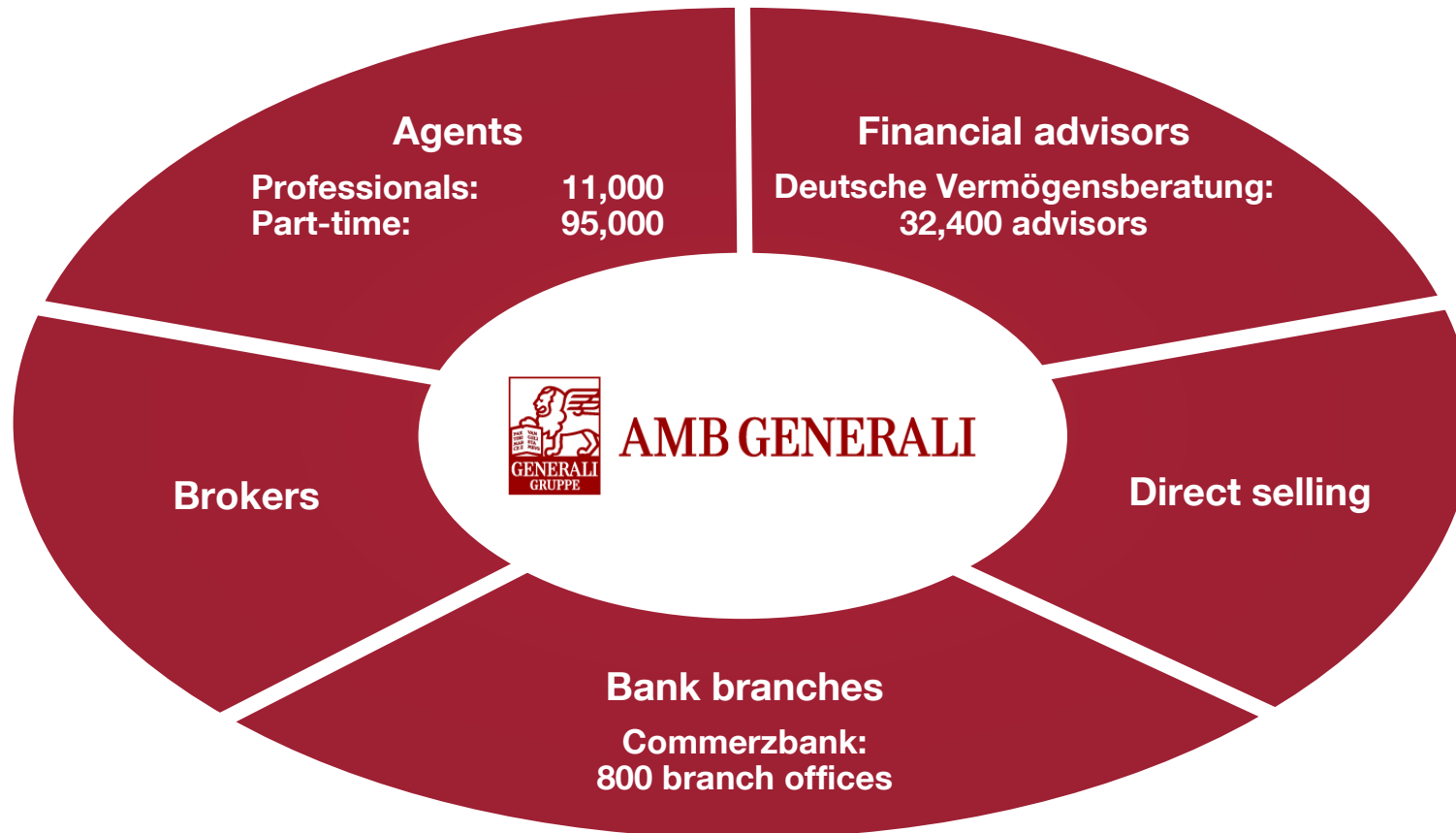
Gross premiums and percentage figures German GAAP direct business



**AMB GENERALI**

## Variety of distribution channels as core asset

---



## Deutsche Vermögensberatung - most successful year since foundation

Concept	Results and potentials		
<ul style="list-style-type: none"> <li>• <b>Exclusive co-operation for insurance and building society with the world's largest financial advisor organisation</b></li> <li>• <b>Partner contract for unlimited period; AMB Generali's stake nearly 50%</b></li> <li>• <b>Focus on growth markets</b> <ul style="list-style-type: none"> <li>- <b>Market leader in Riester new business</b></li> <li>- <b>Reinforced efforts in corporate pension</b></li> <li>- <b>Experts in unit-linked business</b></li> </ul> </li> <li>• <b>Support from AMB Generali by development of specific products and by providing product specialists</b></li> <li>• <b>High level of advisor qualification leads to outstanding marketing success</b></li> </ul>	<b>2004</b>	<b>€ m</b>	<b>Δ 04/03</b>
	Portfolio volume <sup>1)</sup>	117,383	+11%
	Life portfolio <sup>2)</sup>	81,308	+13%
	Life new business <sup>3)</sup>	581	+80%
	P&C new business <sup>4)</sup>	88	-8%
	Health new business <sup>5)</sup>	69	+31%
	Building society nb <sup>6)</sup>	1,652	-11%
	Customers (no. in m)	3.8	+7%
	Advisors (no.)	32,400	+8%
	<b>42% of AMB Generali's life new business in 2004</b>		

1) contract sum incl. building loans  
 2) sum insured  
 3) regular premiums

4) annualised insurance premium  
 5) in terms of annual premiums written  
 6) new business in terms of target contract sums

## Advanced co-operation model with Commerzbank


Concept	Results and potentials																		
<ul style="list-style-type: none"> <li>• <b>Exclusive 10-year co-operation</b> until 2010 for <b>insurance and building society business</b> with the #4 in German banking market</li> <li>• <b>Start of new business model in 2005</b> (mix of generalists and specialists)                             <ul style="list-style-type: none"> <li>- <b>Increase of sales</b> planned due to <b>intensified integration of generalists' network</b> (Commerzbank staff in branch offices) with focus on suitable <b>retail life products</b></li> <li>- Further development of <b>Commerz Partner</b> as <b>specialist sales network</b> <ul style="list-style-type: none"> <li>- Systematic <b>co-operation</b> in <b>corporate pension business</b></li> <li>- Besides <b>life</b>, extended product focus on <b>health and p&amp;c business</b></li> </ul> </li> </ul> </li> </ul>	<table border="1"> <thead> <tr> <th style="border-bottom: 1px solid black;">€ m <sup>1)</sup></th> <th style="border-bottom: 1px solid black;">2003</th> <th style="border-bottom: 1px solid black;">2004</th> <th style="border-bottom: 1px solid black;">2005e</th> </tr> </thead> <tbody> <tr> <td>Life new business <sup>2)</sup></td> <td style="text-align: center;">715</td> <td style="text-align: center;">1,298</td> <td style="text-align: center;">1,140</td> </tr> <tr> <td>Building society <sup>3)</sup></td> <td style="text-align: center;">504</td> <td style="text-align: center;">531</td> <td style="text-align: center;">720</td> </tr> <tr> <td>Specialists</td> <td style="text-align: center;">300</td> <td style="text-align: center;">290</td> <td style="text-align: center;">275</td> </tr> </tbody> </table>	€ m <sup>1)</sup>	2003	2004	2005e	Life new business <sup>2)</sup>	715	1,298	1,140	Building society <sup>3)</sup>	504	531	720	Specialists	300	290	275	<div style="background-color: #cccccc; padding: 10px; border: 1px solid black;"> <p><b>4% of AMB Generali's life new business in 2004</b></p> </div>	
€ m <sup>1)</sup>	2003	2004	2005e																
Life new business <sup>2)</sup>	715	1,298	1,140																
Building society <sup>3)</sup>	504	531	720																
Specialists	300	290	275																
	<ul style="list-style-type: none"> <li>• <b>Life new business again significantly increased</b> in 2004 (+82%)</li> <li>• <b>Targets 2005 adjusted</b> due to <b>reorganization of business model</b> <ul style="list-style-type: none"> <li>- High <b>medium-term potential in life</b> (well above € 1.5 bn)</li> <li>- <b>Specialists' capacity adjusted</b> due to <b>increased integration of generalists' network</b></li> </ul> </li> </ul>																		

1) new business model induced switch of base from gross to net; gross figures 2003: life: € 768 m, building society: € 644 m

2) premiums for total policy duration  
3) submitted new business in terms of contract sum



## Direct selling as important distribution channel

Concept	Results and potentials		
<ul style="list-style-type: none"> <li>• <b>Cosmos as low-price direct insurer</b> without field staff, branch offices and agents</li> <li>• <b>Critical and well-informed customers</b> are main target group</li> <li>• <b>Relaunch of marketing strategy</b> <ul style="list-style-type: none"> <li>- <b>New corporate design</b> with modified brand and marketing campaign</li> <li>- <b>Coverage of newly targeted customer segments</b> having a potential affinity for direct insurance</li> </ul> </li> <li>• <b>Focus on growth markets</b> <ul style="list-style-type: none"> <li>- <b>Term life insurance</b> and <b>occupational disability insurance</b></li> <li>- <b>Riester products</b> and establishment of <b>new old-age provision products</b></li> <li>- <b>Extension range of non-life products</b></li> </ul> </li> </ul>	<b>2004</b>	<b>€ m</b>	<b>Δ 04/03</b>
	Life new business *)	143	+49%
	Life premiums	848	+14%
	P&C premiums	120	+5%
	<b>10% of AMB Generali's life new business in 2004</b>		
	<ul style="list-style-type: none"> <li>• <b>Largest German direct insurer</b></li> <li>• <b>Largest German term life insurer</b></li> <li>• <b>Best rating performances</b> confirming quality of products and management</li> </ul>		
			

\*) regular premiums



## Expanding the 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  
Current 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 (+36%)
  - **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  
Current nb market share  $\approx$  6%

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



## Retirement Income Act leads to changes in life business

### 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**
- **change of product mix from 2005 onwards**

### AMB Generali

- **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 responds to changes in life with broad portfolio mix

### Tier 1: Basic provision

- **Offer of new basic annuities (traditional and unit-linked)** similar to statutory pensions
- **Attractive supplementary products offset disadvantages of legal restrictions**
  - **Term insurance** and **surviving dependants'** insurance
  - **Occupational disability** insurance
  - Other **supplementary non-life insurance** (e.g. unemployment, accident)

### Tier 2: Private and corporate pension

- Adjustment of **Riester products** to include **new features**
  - **Abolition of annual audit** and **simplified criteria** to qualify for state incentives
  - Up to **30%** of the maturity payment in **one-off lump sum payment**
  - **Unisex tariffs** as of **2006**
- All **five vehicles of corporate pension business** offered with **special focus on tax-improved "Direktversicherung"**
- **Special modular products** for mid-sized **corporate pension business** (e.g. pension schemes, commutation of pension commitments)

### Tier 3: Conventional life insurance

- **High focus on tax-improved annuities**
- **"Universal life"** product approach for **endowments**
  - **Flexible product contributions, benefits and bonus schemes**
  - **Tailor-made policies**, particularly for 48+
- Extended product portfolio for **term and occupational disability** insurance

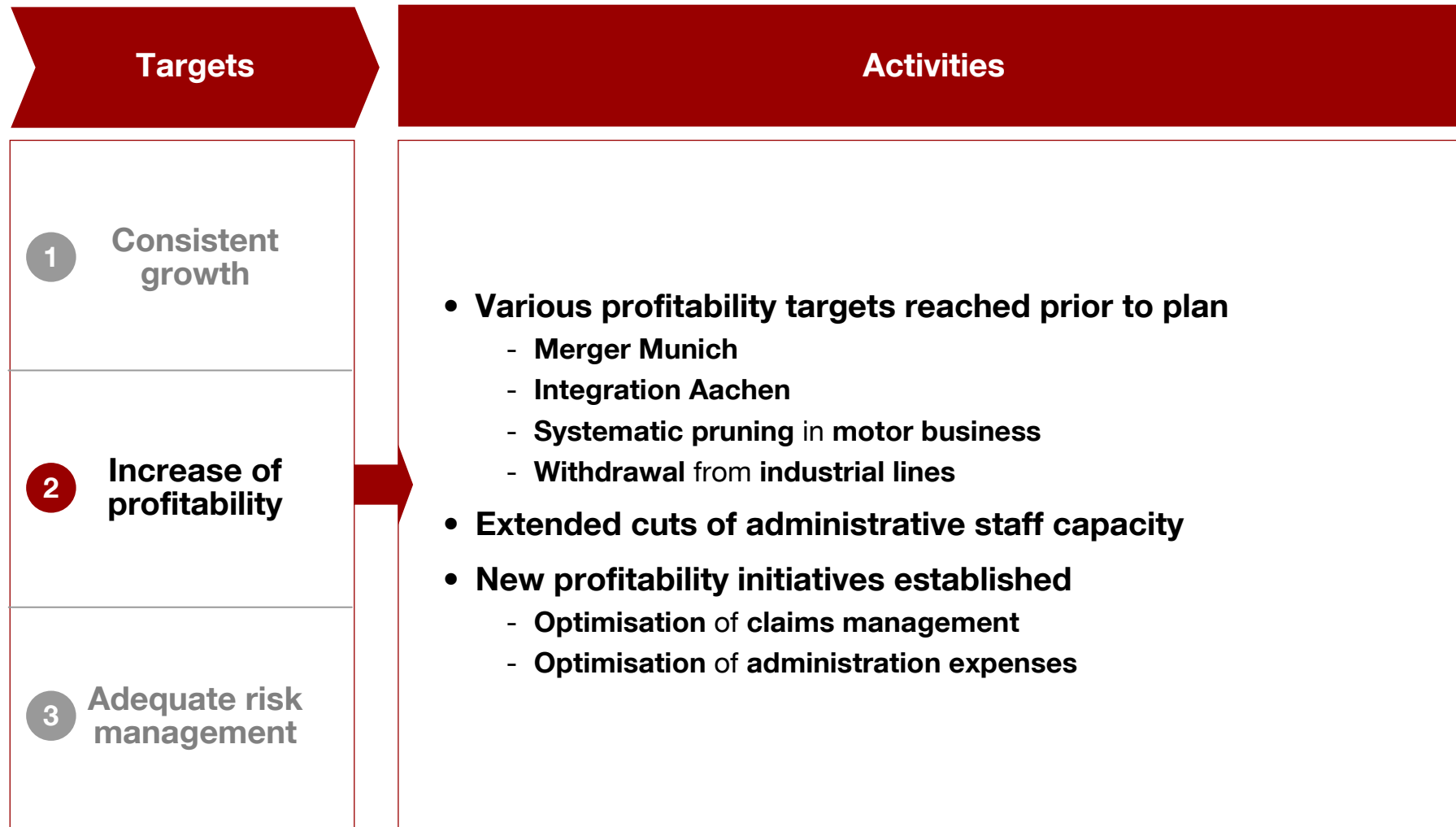


# Contents

---

<b>I. Persistent strategy for continuous improvement</b>	
1. Overview	1
2. Consistent growth	7
<b>3. Increase of profitability</b>	<b>17</b>
4. Adequate risk management	22
<b>II. Performance 2004</b>	<b>35</b>

## Sustainable profitability due to efficiency measures



## Various profitability targets reached prior to plan

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

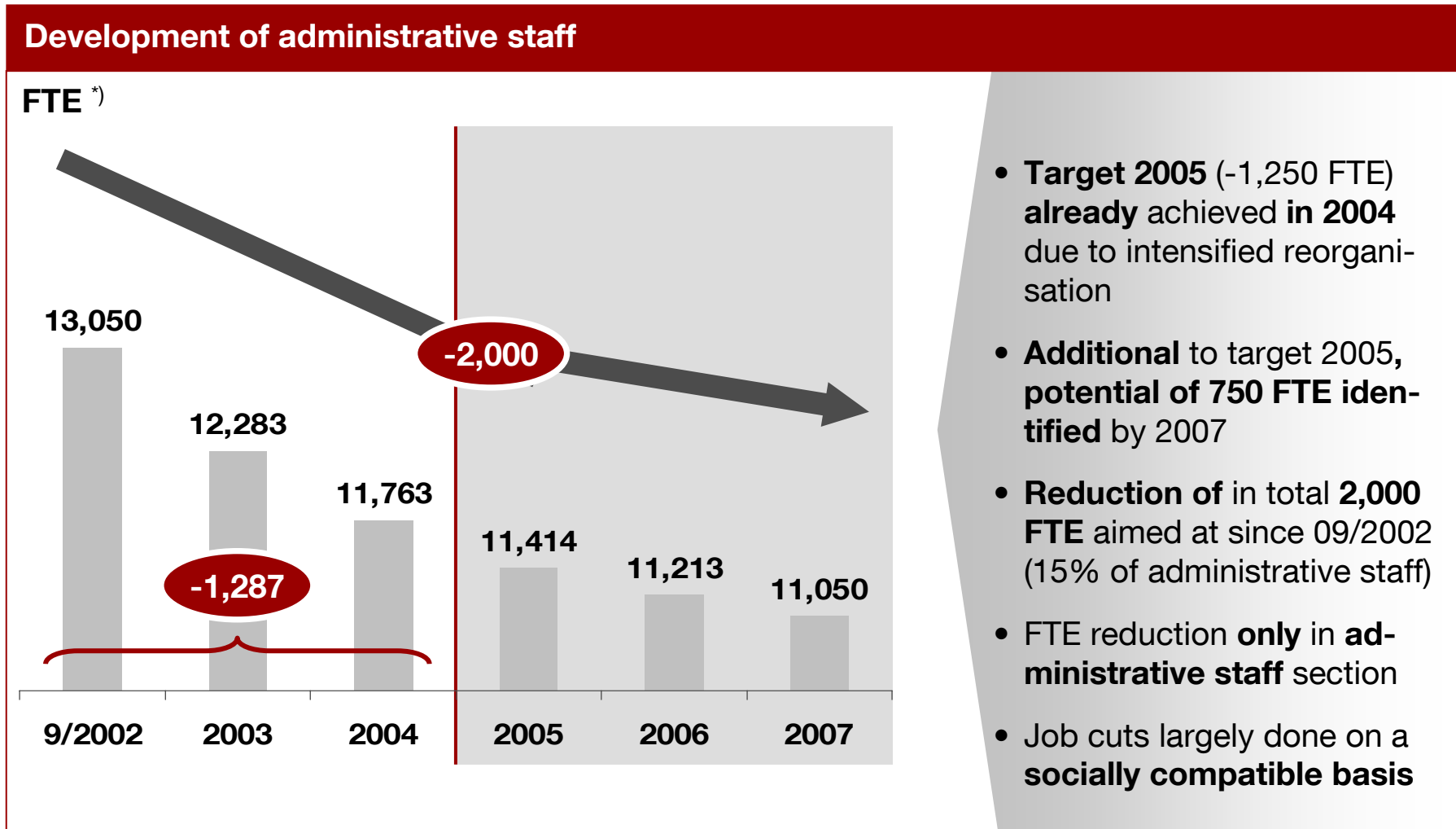
1) since September 2002; in 2004 reduction of 520 FTE

2) indicated cost-reduction fully effective in 2005

3) German GAAP figure, excluding commissions



## Extended cuts of administrative staff capacity



\*) full-time equivalents



AMB GENERALI

## 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

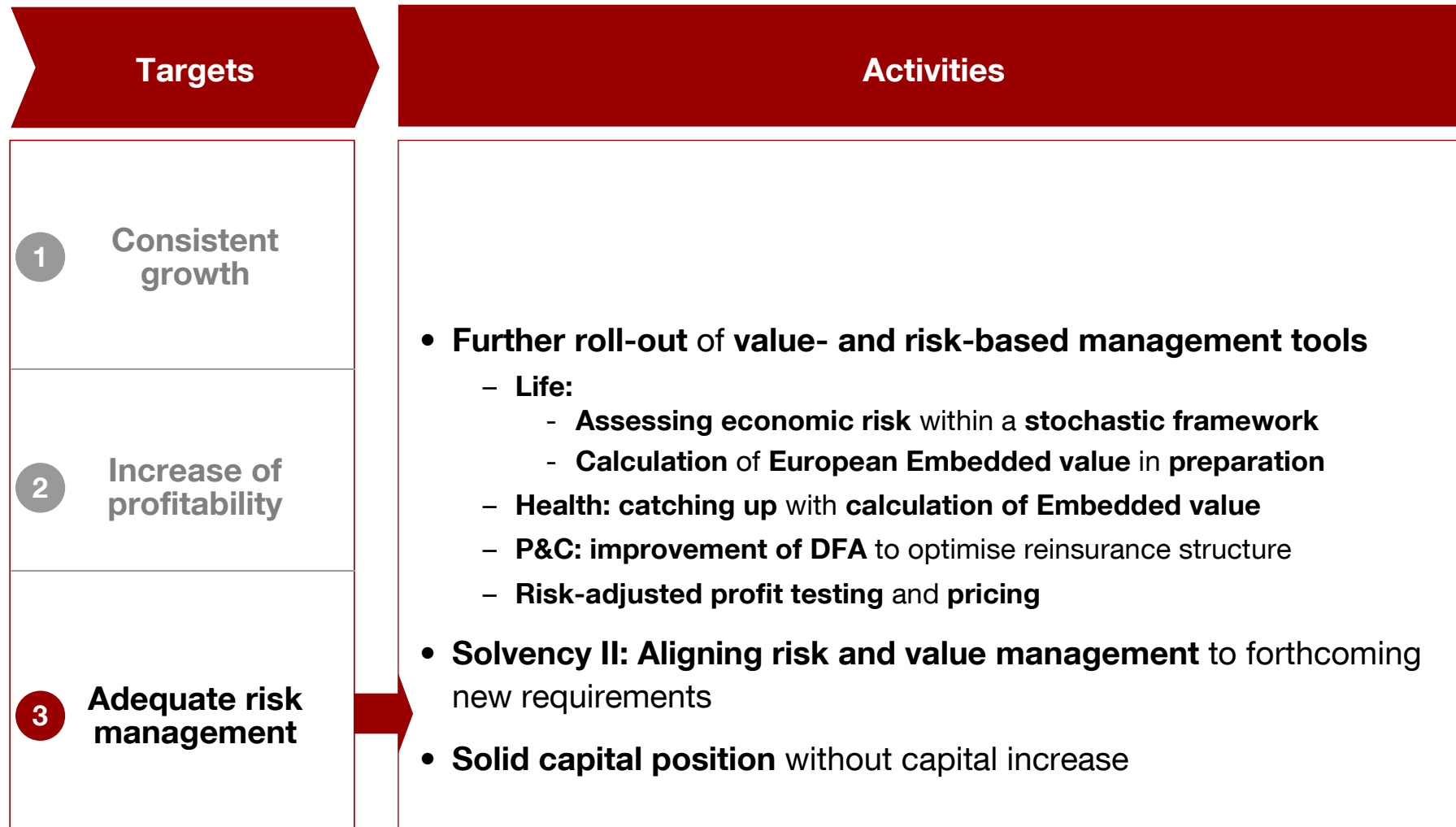


# Contents

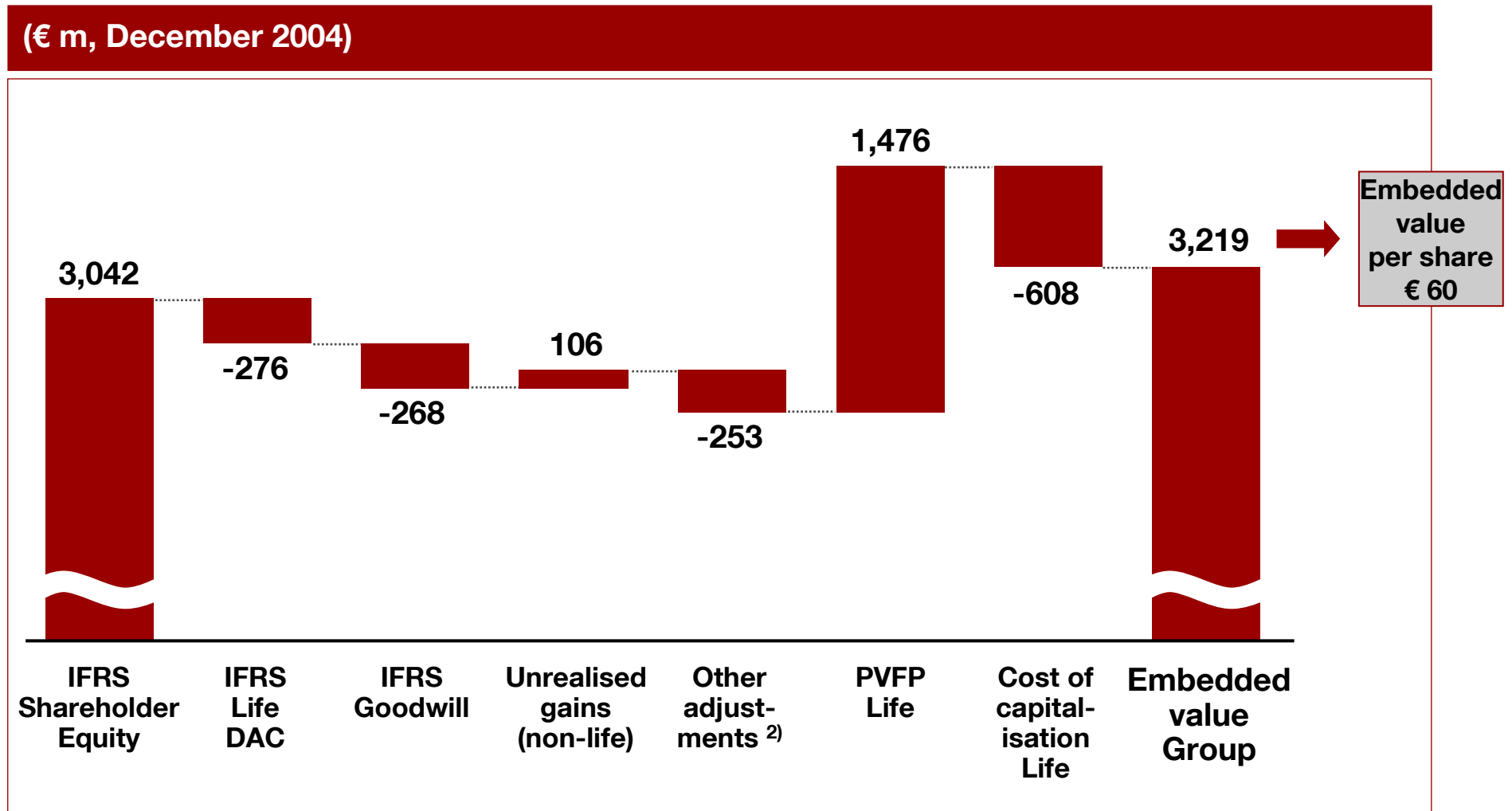
---

<b>I. Persistent strategy for continuous improvement</b>	
1. Overview	1
2. Consistent growth	7
3. Increase of profitability	17
4. Adequate risk management	22
<b>II. Performance 2004</b>	<b>35</b>

## Strategic risk-management focus ensures risk-adjusted profitability



## Embedded value Group – share price at app. 1.1x <sup>1)</sup> of EV Group

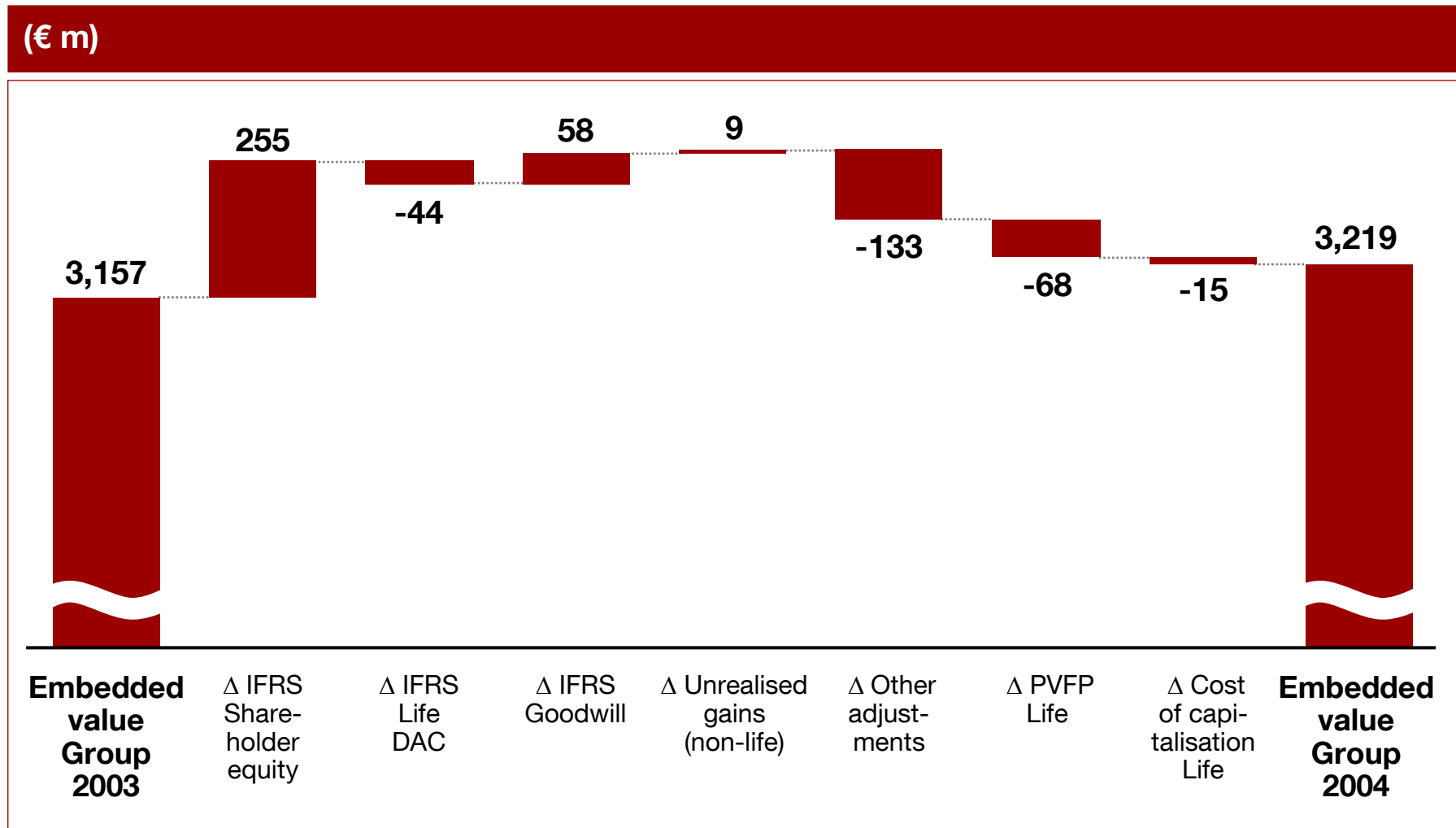


1) as at February 2005

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



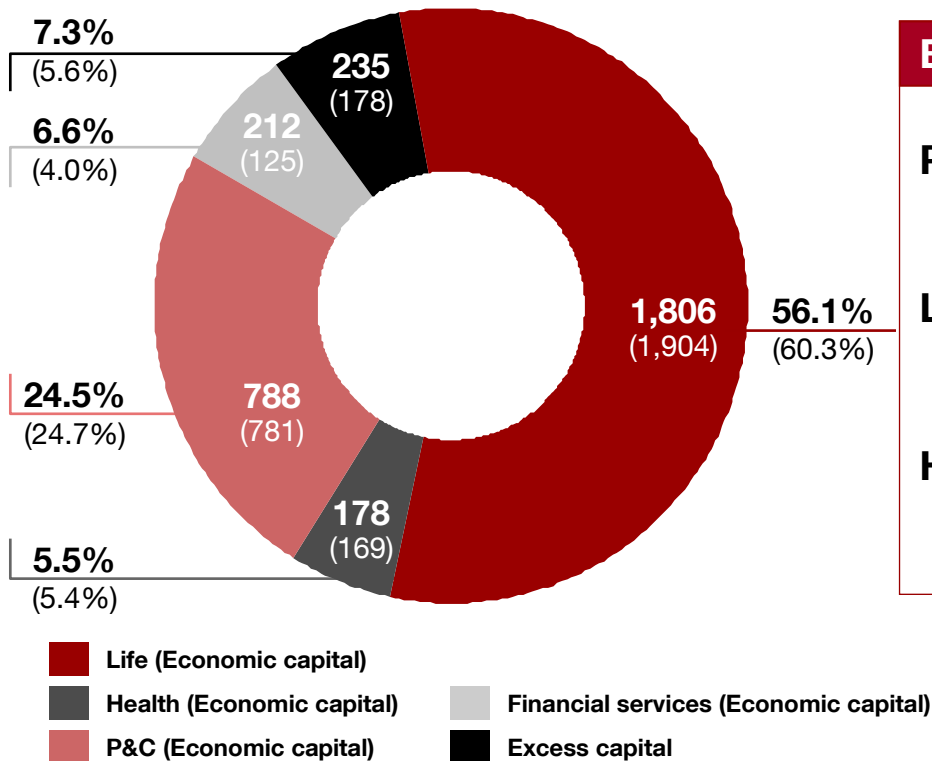
## EV Group – decrease in VIF offset by increase in shareholder equity



## 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



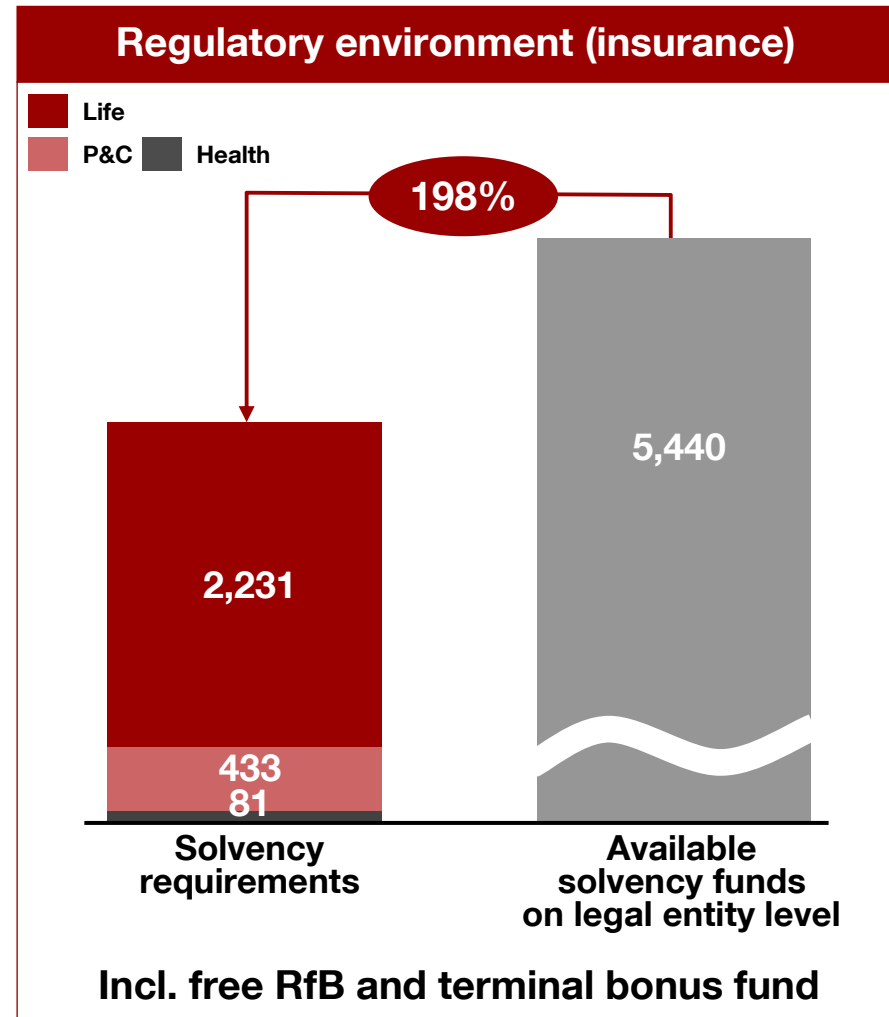
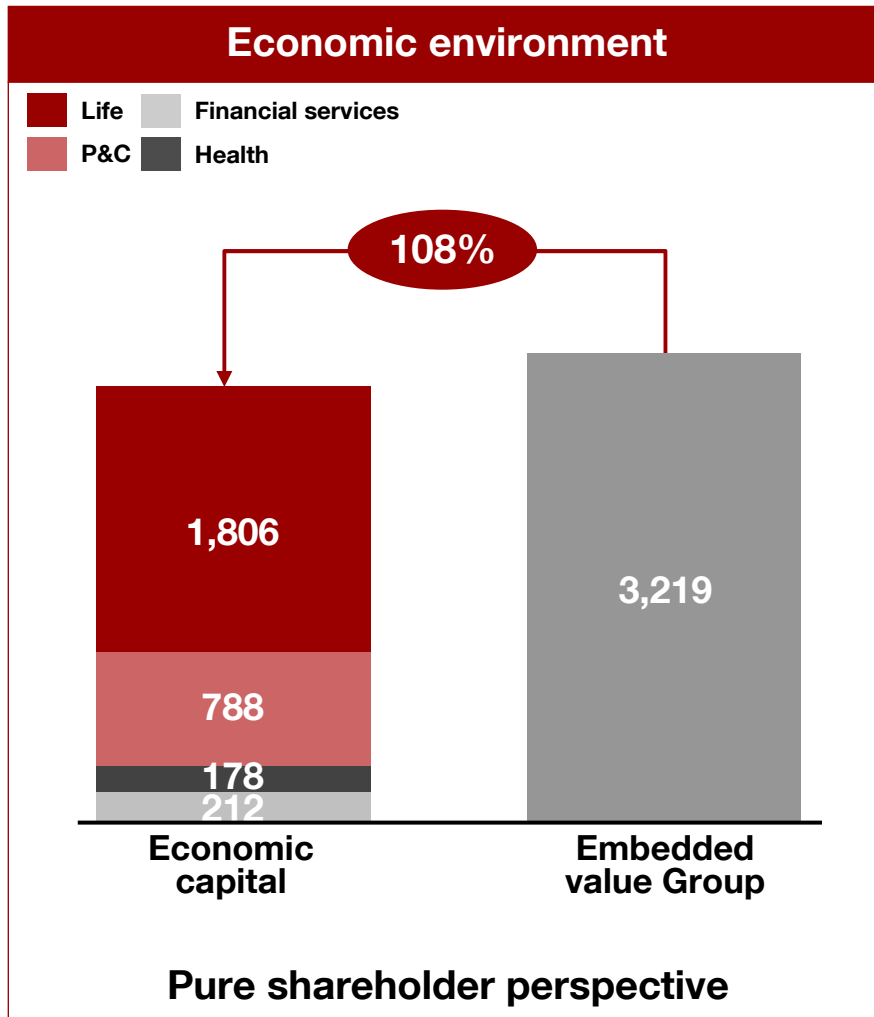
### Economic capital ratios

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

\*) uplift of EV life over IFRS equity life



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

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

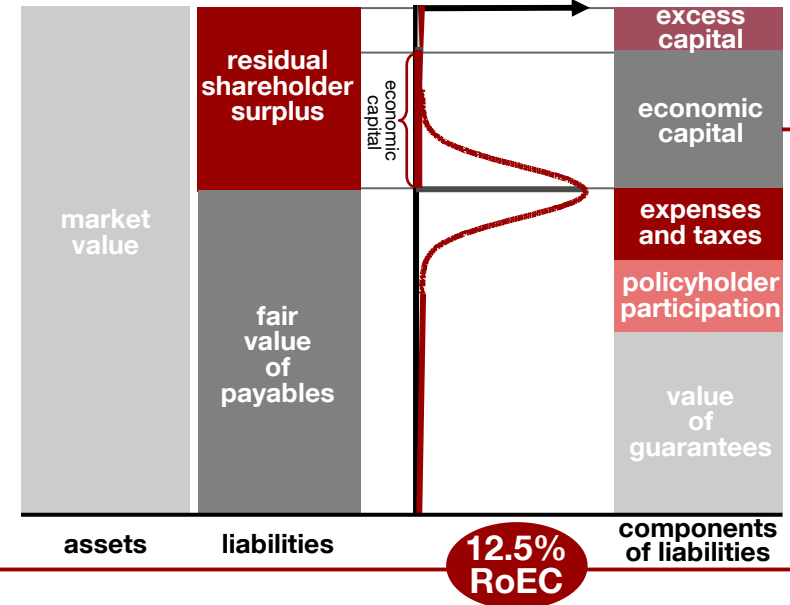


# Life value reporting: high profitability driven by excellent NBV

## Measuring the segment's performance

€ m (net of tax)	2004	2003
APE <sup>1)</sup> of new business	1,223	766
New business margin	10.8%	12.1%
<b>New business value</b>	<b>132</b>	<b>93</b>
Expected in-force profits	118	125
Operational variances <sup>2)</sup>	-11	-11
<b>Net result post tax</b>	<b>239</b>	<b>207</b>

## Assessing the segment's risk profile



## Evolution of risk-management methodologies

- **Economic risk** assessed within a stochastic **simulation framework**
- **Derivation of the realistic balance-sheet** as initial **starting point**; realistic balance-sheet **captures market value of assets, fair value of payables** including guarantees and, as the difference, the **residual shareholder surplus** on a net present value basis
- **Stressing the shareholder surplus** to required security level **indicates economic capital requirements**

1) APE: regular premiums plus 10% of single premiums  
 2) only cost and biometric variances

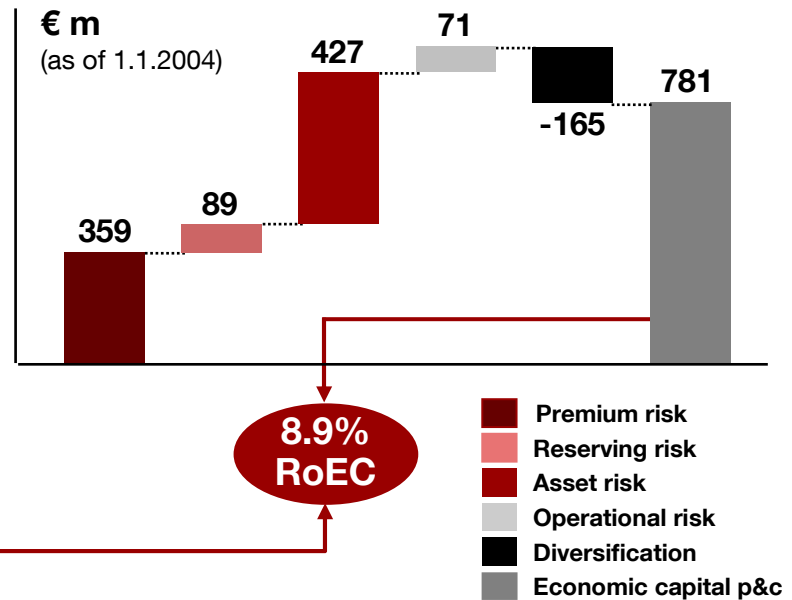


## P&C value reporting: RoEC influenced by lower interest rates

### Measuring the segment's performance

€ m	2004	2003
Net earned premiums	2,810	2,894
Net combined ratio	99.4%	99.5%
<b>Net technical result</b>	<b>18</b>	<b>14</b>
Other income / expenses	-128	-127
Normalised investment income *)	225	245
Net result pre tax	115	132
Normalised tax	-46	-53
<b>Net result post tax</b>	<b>69</b>	<b>79</b>

### Assessing the segment's risk profile



### Evolution of risk management methodologies

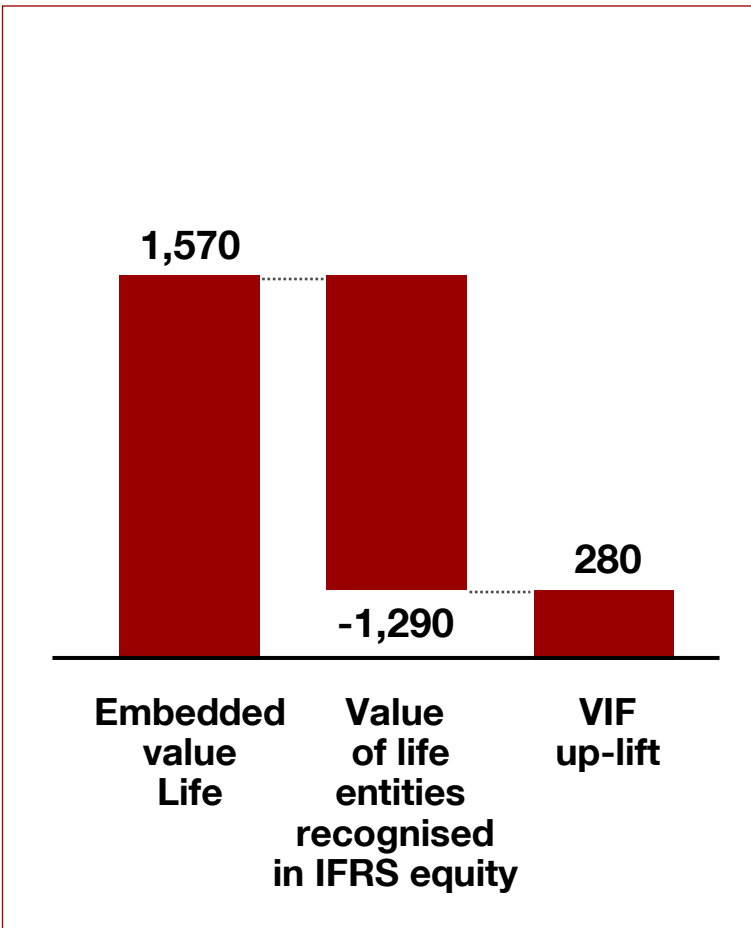
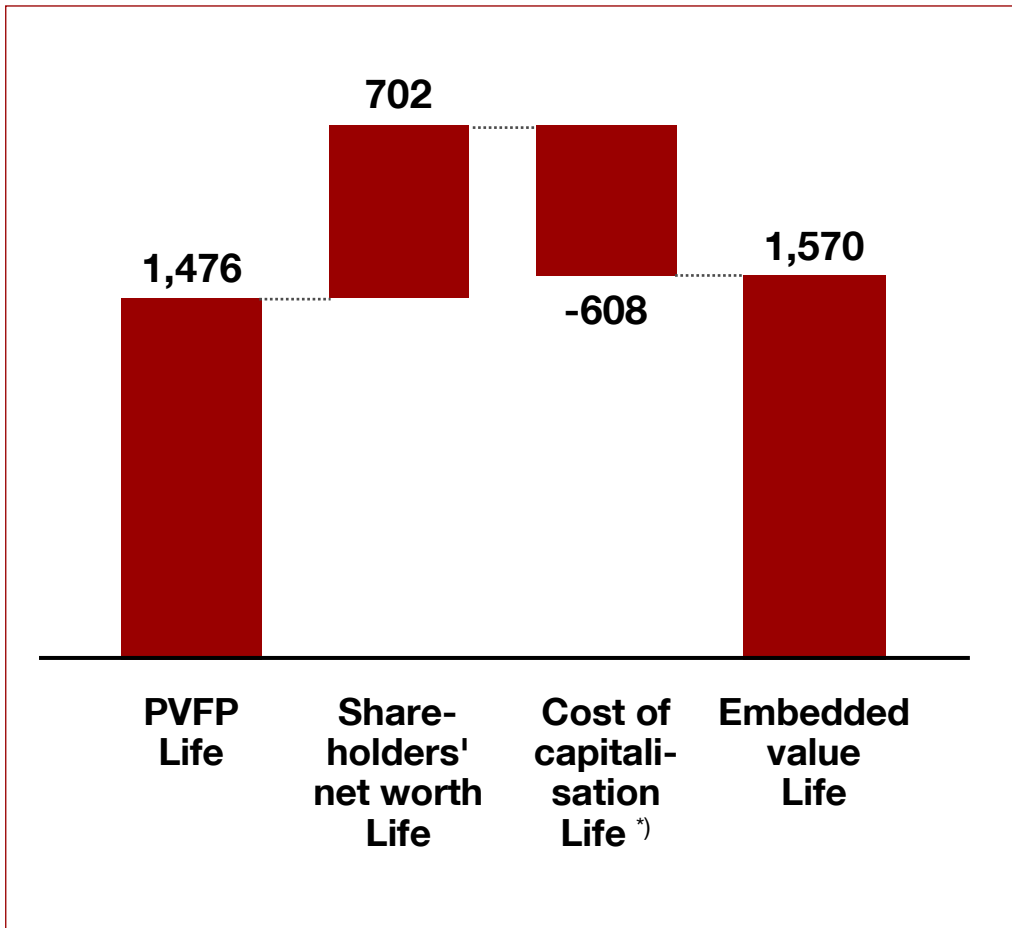
- **Economic risk assessed** within a bottom-up stochastic simulation of asset classes, claims frequency and severity, large claims and natural catastrophes; reinsurance structure completely considered
- As a result, **market-value oriented income statements, balance sheets and risk/return profiles** of single lines of business and entities are derived

\*) considering average reserves and a normalised investment return of 4.4%



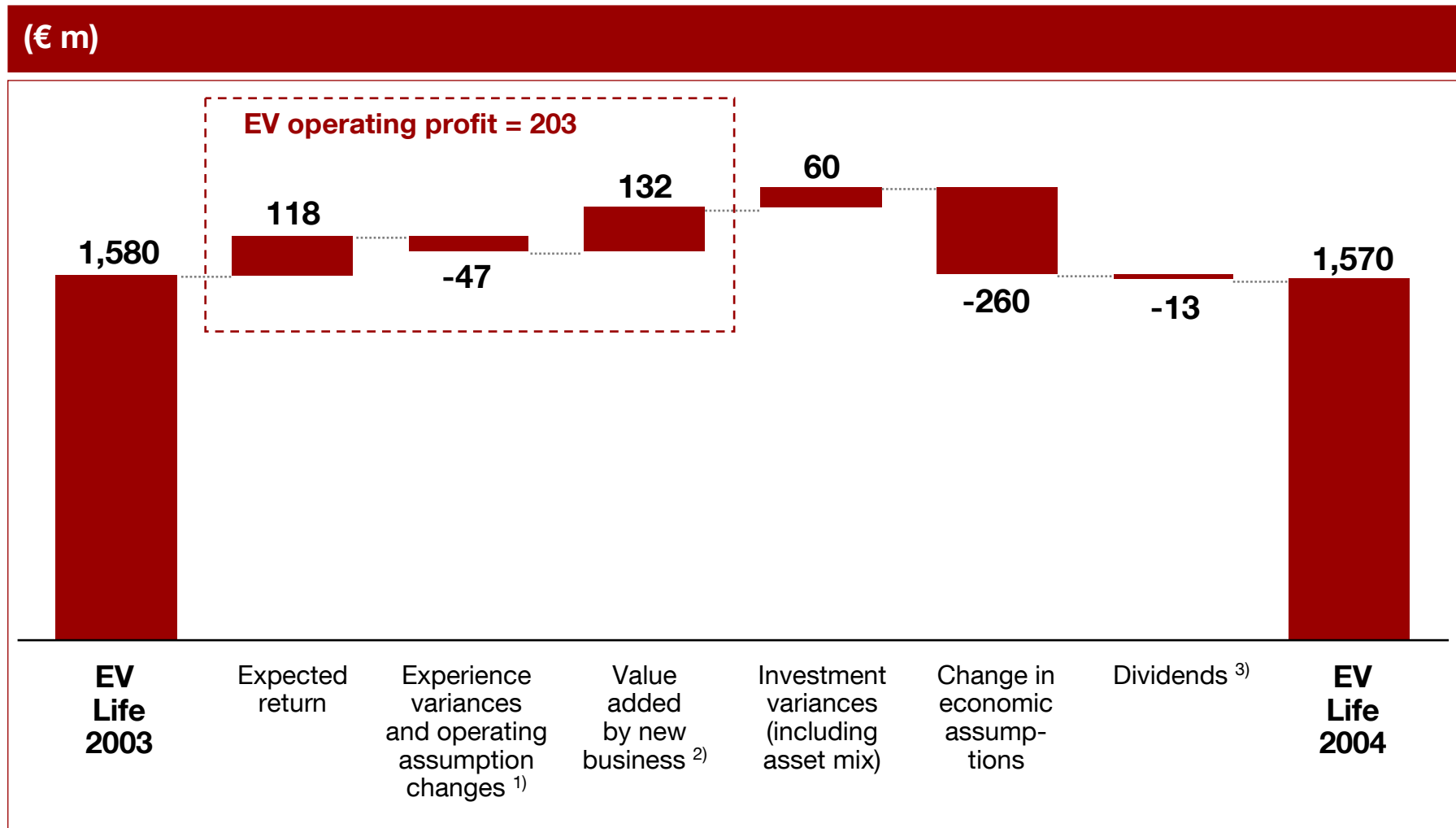
# EV Life almost stable despite low long-term projected interest-rates

(€ m, December 2004)



<sup>\*)</sup> based on locked-in shareholders' net worth of € 640 m needed for solvency requirements

## EV 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 <sup>1)</sup>	Total new business value
<b>New business value</b>	79	53	132
<b>APE <sup>2)</sup></b>	760	463	1,223
<b>PV premiums</b>	5,359	3,109	8,468
<b>Value / APE</b>	10.4%	11.4%	10.8%
<b>Value / PV premiums</b>	1.5%	1.7%	1.6%

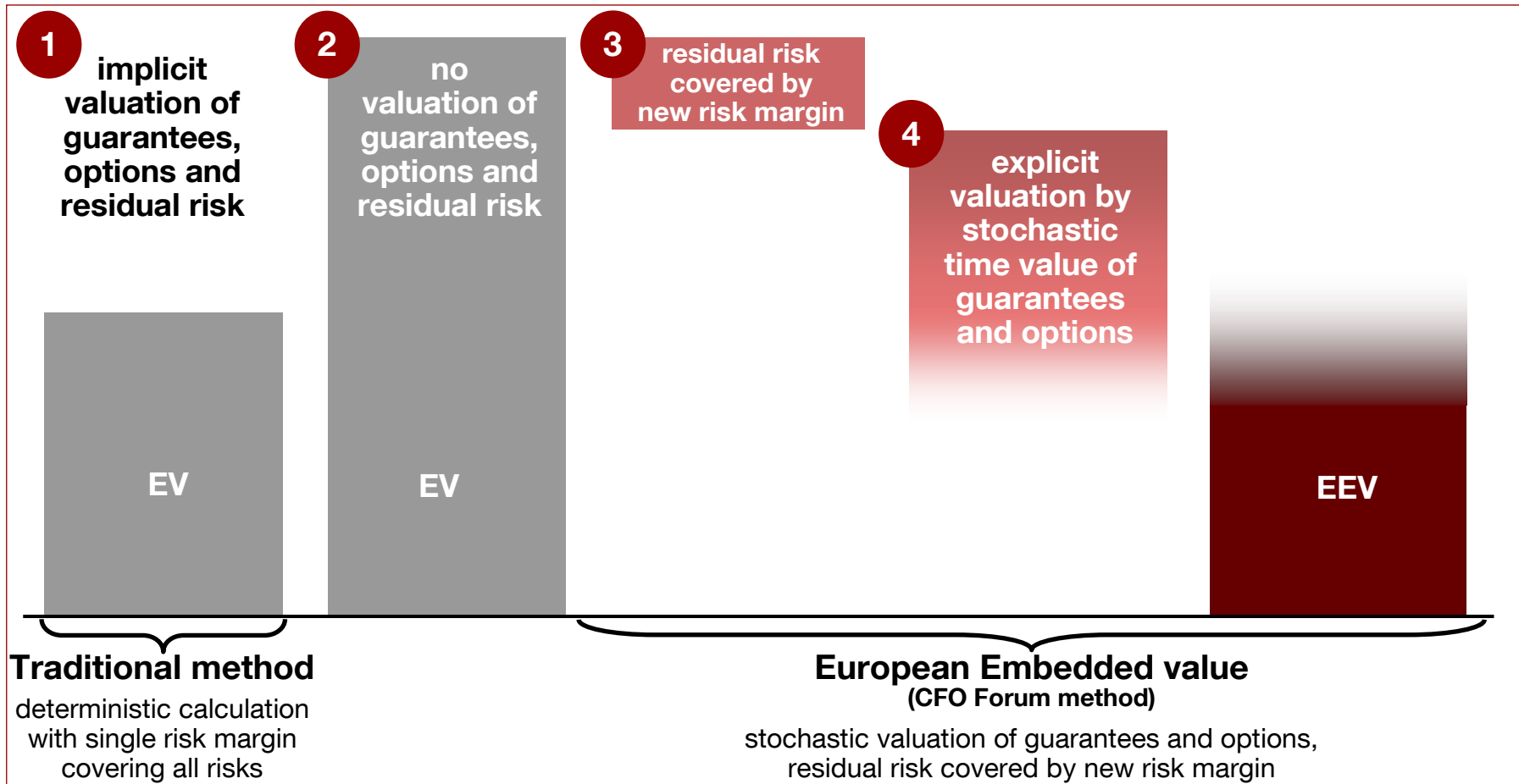
1) incl. net fund management fees

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



# Outlook: European Embedded value to be published in 2006

## CFO Forum-consistent risk pricing derived from stochastic simulations



# Contents

---

<b>I. Persistent strategy for continuous improvement</b>	
1. Overview	1
2. Consistent growth	7
3. Increase of profitability	17
4. Adequate risk management	22
<b>II. Performance 2004</b>	<b>35</b>

## Significant improvement of growth and bottom-line result in 2004

- **Life:**
  - **Outstanding +41.7% growth** in life new business regular premiums
  - **Group profit life increased** from € 89 m to **€ 144 m**
- **Health:**
  - **Growth of +10.8%** clearly **above market** level
  - **Group profit health of € 30 m**, after previous year's loss of € 3 m
- **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
  - **Markedly higher p&c Group result of € 110 m** (2003: € 6 m)
- **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**



## Business development overview

(€)	2004	2003	Δ 04/03
<b>Total premiums (German GAAP) <sup>1)</sup></b>	<b>12.1 bn</b>	<b>11.7 bn</b>	<b>3.5%</b>
<b>Consolidated gross premiums (IFRS) <sup>2)</sup></b>	<b>10.9 bn</b>	<b>10.7 bn</b>	<b>2.3%</b>
• Life	6.4 bn	6.1 bn	4.9%
• Health	1.5 bn	1.4 bn	10.8%
• P&C	3.0 bn	3.2 bn	-6.2%
<b>Life new business regular premiums</b>	<b>1,370 m</b>	<b>967 m</b>	<b>41.7%</b>
<b>Claims &amp; benefits</b>	<b>10.7 bn</b>	<b>9.8 bn</b>	<b>9.2%</b>
<b>Operating expenses</b>	<b>2.1 bn</b>	<b>2.1 bn</b>	<b>1.4%</b>
<b>Investment income (net)</b>	<b>3.3 bn</b>	<b>3.2 bn</b>	<b>4.4%</b>
Result of ordinary operations	431 m	740 m	-309 m
Tax	-209 m	-731 m	522 m
<b>Consolidated net income</b>	<b>218 m</b>	<b>7 m</b>	<b>211 m</b>
<b>Shareholders' equity</b>	<b>3.0 bn</b>	<b>2.8 bn</b>	<b>9.1%</b>

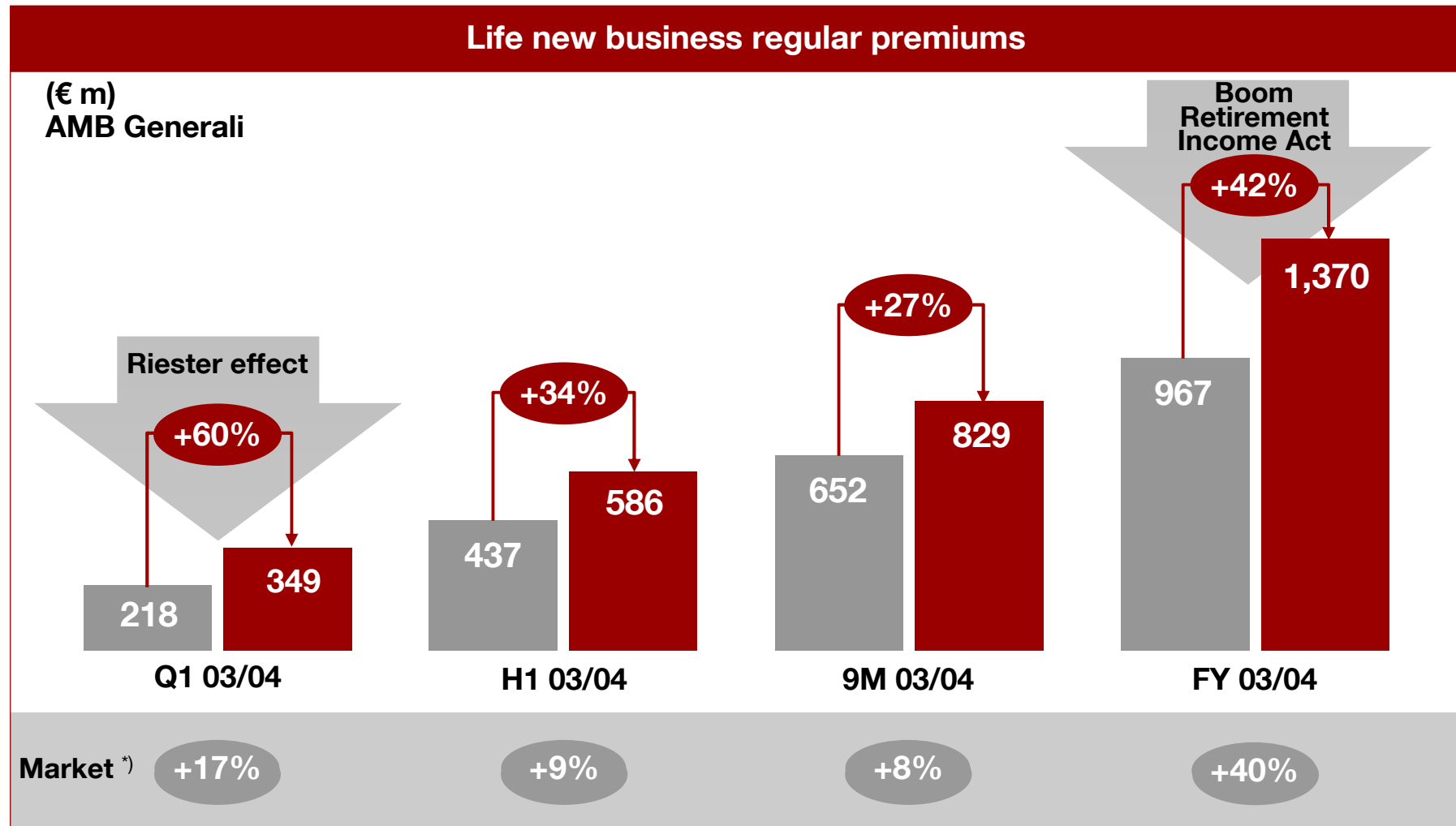
1) consolidated gross premiums incl. savings portions of unit-linked and Riester contracts

2) excl. savings portions of unit-linked contracts; without effect on income



**AMB GENERALI**

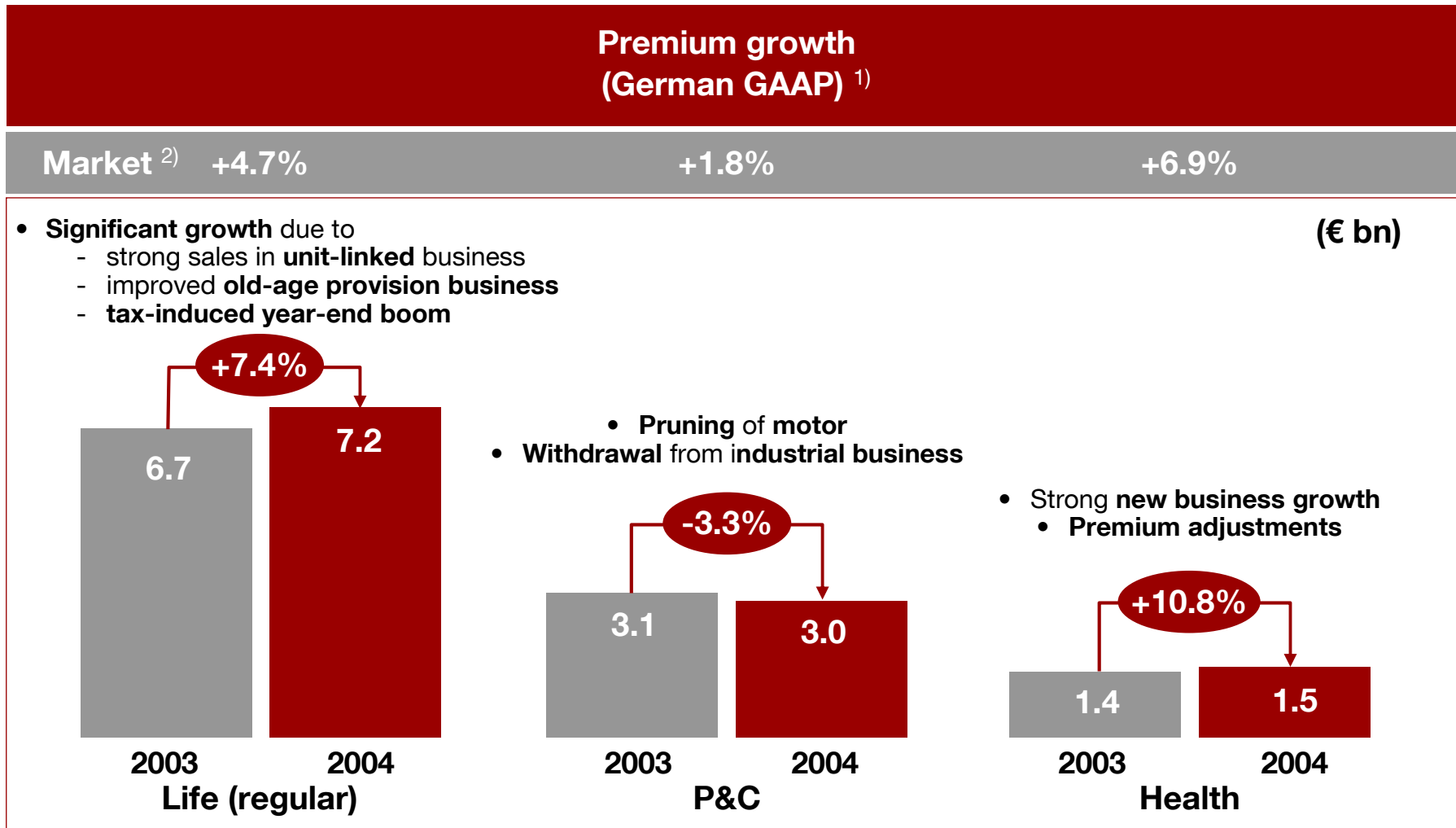
# Highest life new business growth in history



\*) Q1, H1 and 9M growth estimated; 2004 preliminary GDV figure



# Above-market growth rates in life and health business



1) gross premiums German GAAP, direct business  
 2) preliminary GDV figures, life market growth estimated

## Combined ratio improved again despite decrease of premium income

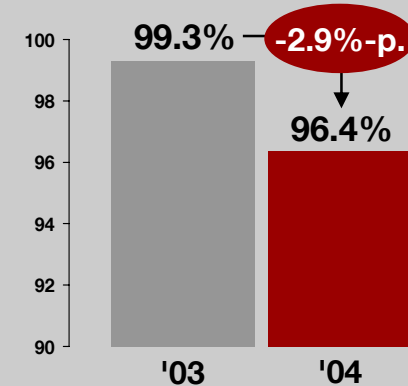
(%)	2004	2003	Δ 04/03
Claims ratio	66.9	68.0	-1.1%-p
Expense ratio	32.5	31.5	+1.0%-p
<b>Combined ratio</b>	<b>99.4</b>	<b>99.5</b>	<b>-0.1%-p</b>

### Structural reinsurance changes with higher retentions...

- ...will lead to **reduced reinsurance cover** with **positive effect** on **combined ratio**
- ...but **adverse transitory effect** on combined ratio
  - **Reinsurers** are temporarily **benefitting** from a **higher share in run-off profits**
  - **Decrease of commissions** received from reinsurers



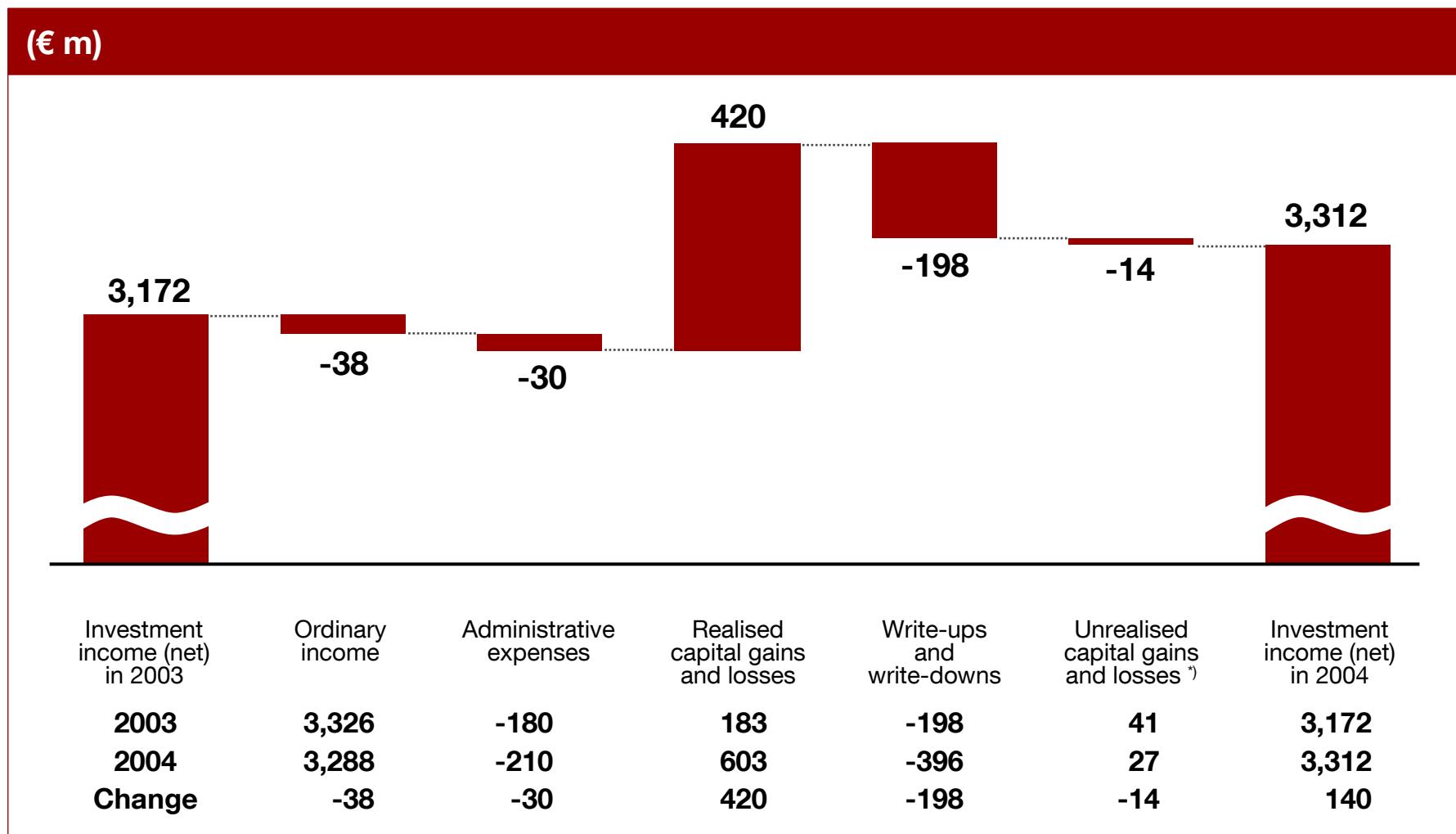
### Combined ratio clearly improved without ceding business



**Combined ratio in line with 2004 target**



## Increase in investment income driven by realised capital gains/losses



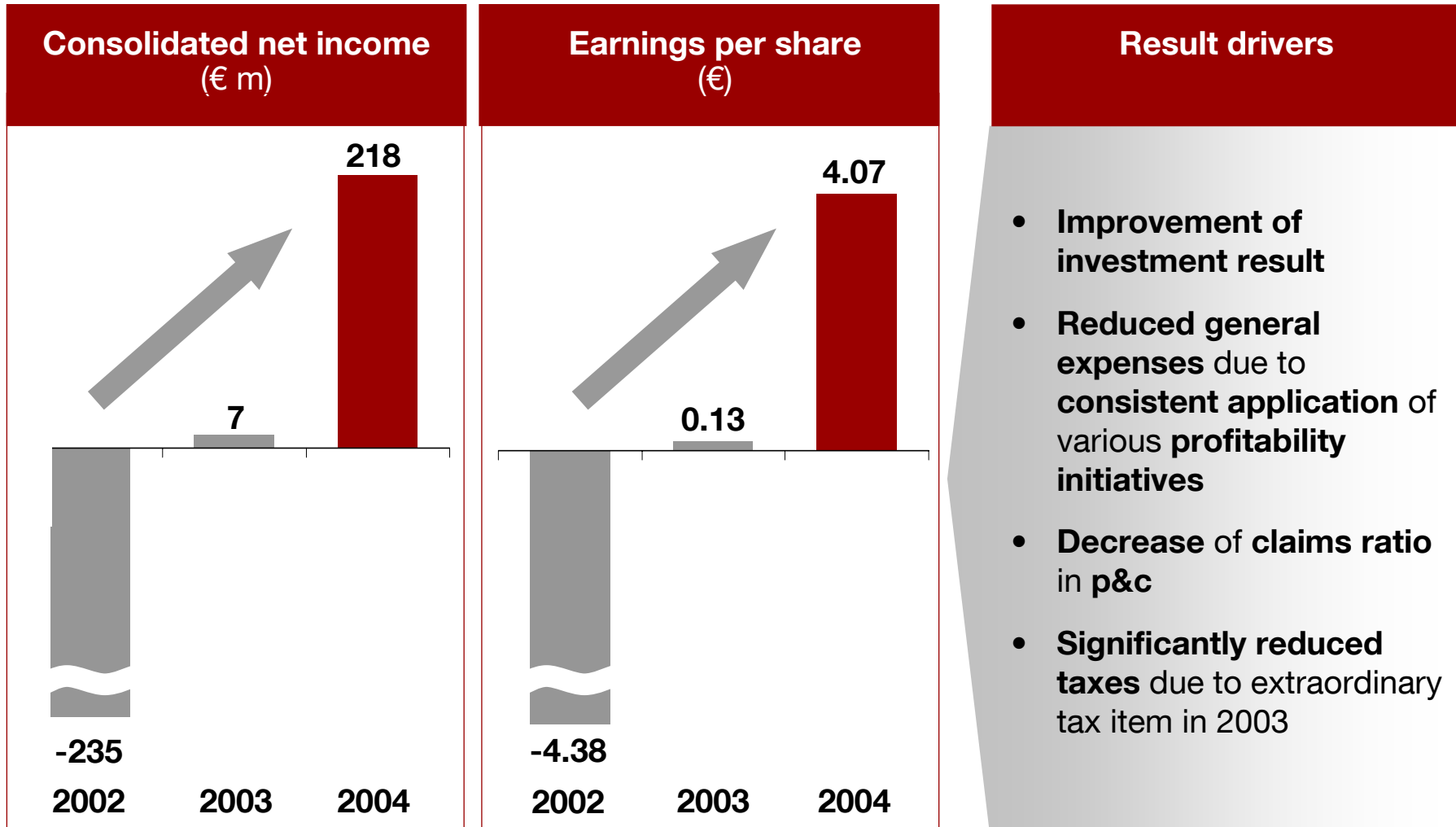
\*) mostly derivatives



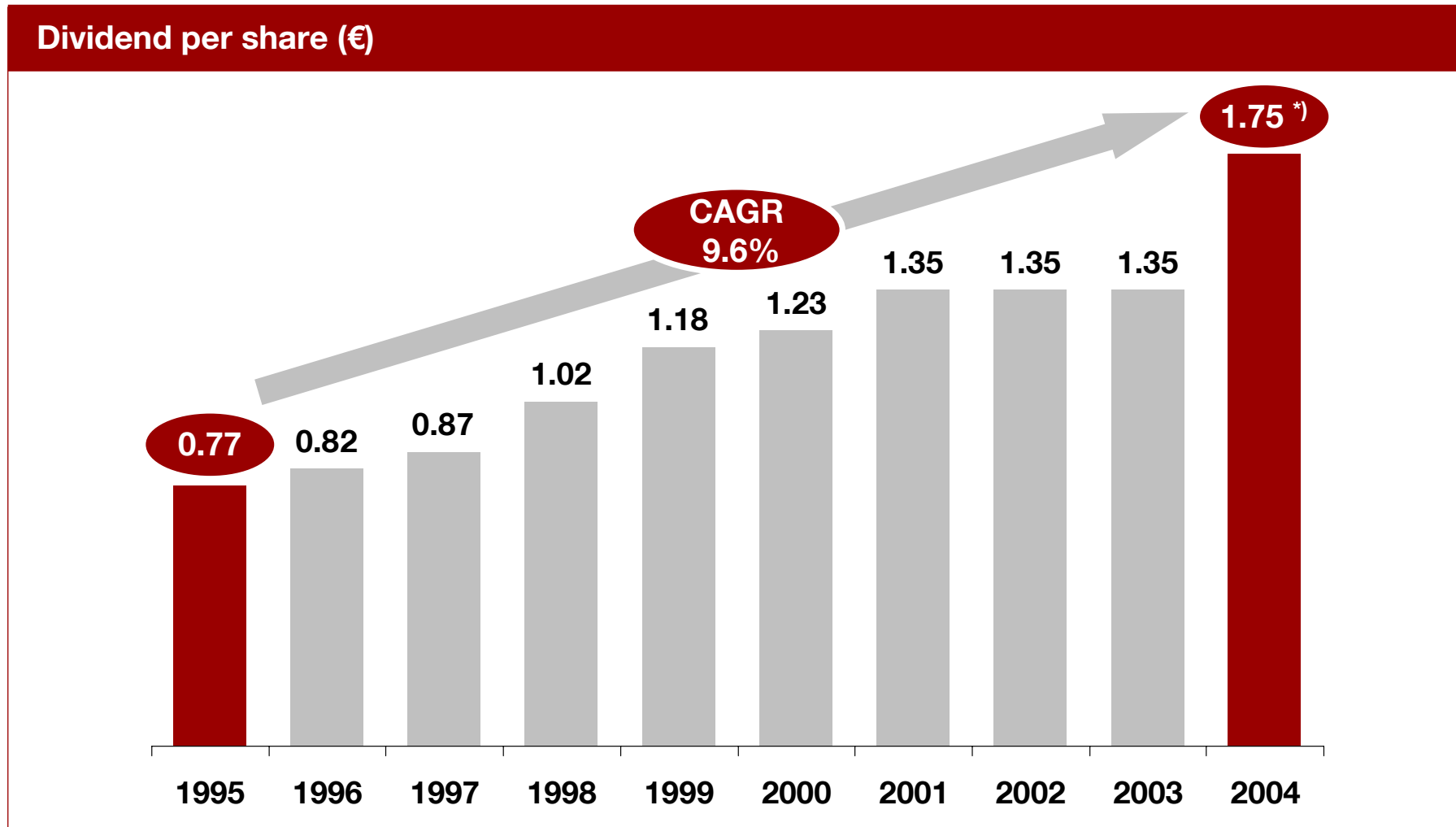
## No stock-market burdens in balance sheet

31.12.2003 € m	31.03.2004 € m	30.06.2004 € m	30.09.2004 € m	31.12.2004 € m
<b>Unrealised gains/losses from shares, participating interests and fund units</b>				
62	8	70	-80	356
				Additional unrealised gains in fixed income: € 2.1 bn
<b>Write-downs from shares, participating interests and fund units</b>				
-287	-4	-6	-8	-129

## Significant improvement in net result



## Policy of continuously rising dividend for our shareholders



<sup>\*)</sup> dividend proposal



## All 2004 strategic targets reached - future targets ambitiously adjusted

		2004		2005		2006
		Achievements	Targets	Targets Old	Targets New	Targets
<b>Life/Health</b>	• Premium growth – Life regular – Health	+7.4% +10.8%	above market level	above market level	above market level	above market level
	• Life NBV	€ 132 m	€ 120 m	€ 120 m	€ 120 m	€ 135 m
<b>P&amp;C</b>	• Premium growth	-3.3%	slight decrease	market level	market level	market level
	• Combined ratio	99.4%	< 100%	< 100%	< 99%	< 98%
<b>Overall</b>	• General expenses <sup>1)</sup>	€ 1,886 m	€ 1,900 m	€ 1,900 m	€ 1,900 m	€ 1,900 m
	• Net income	€ 218 m	> € 200 m	> € 250 m	> € 300 m before goodwill amortisation <sup>2)</sup>	> € 320 m before goodwill amortisation <sup>2)</sup>

1) German GAAP figure, excluding commissions

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

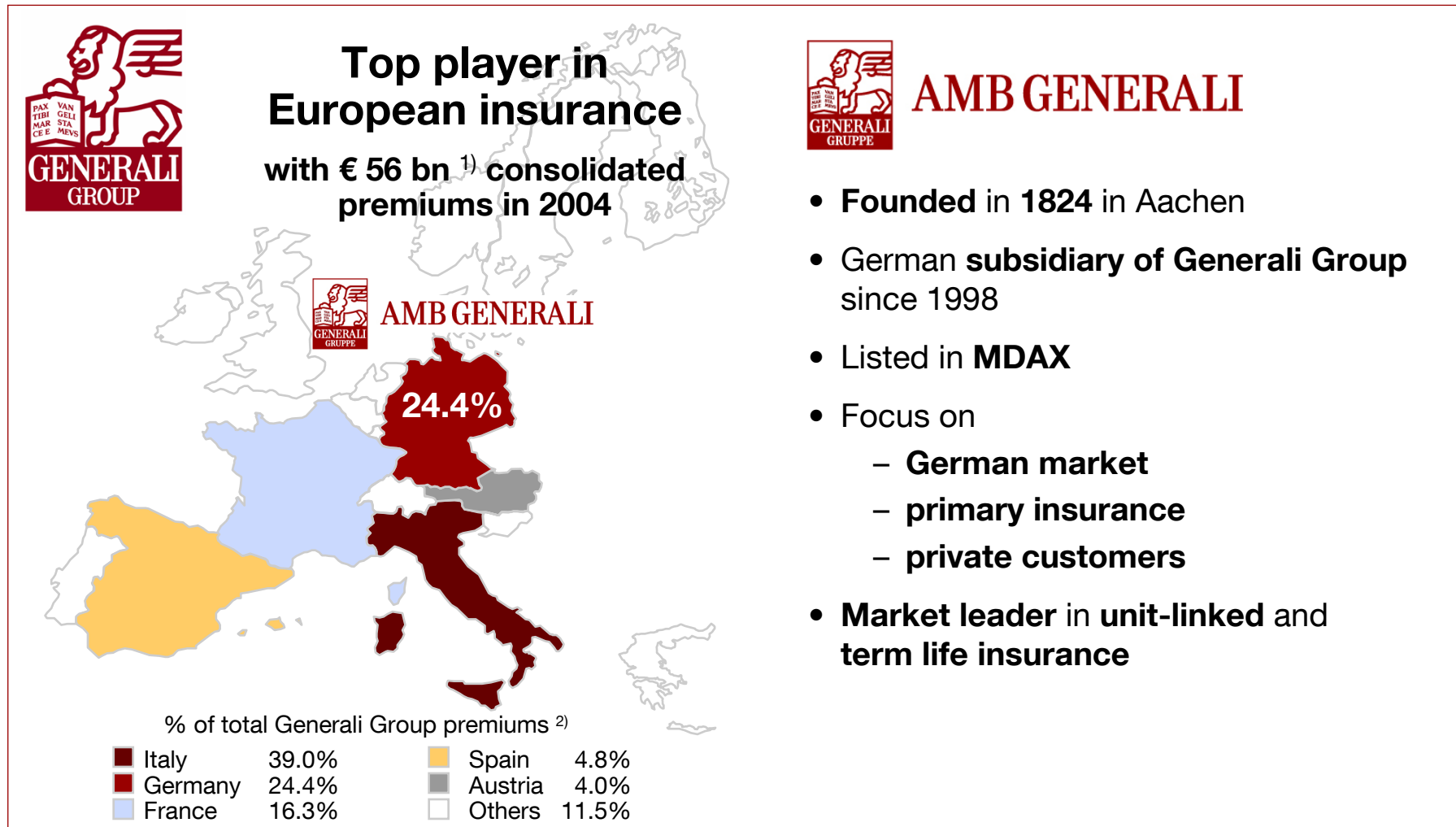


# Back up

---



# AMB Generali as the German section of Generali Group



**AMB GENERALI**

- **Founded** in 1824 in Aachen
- German **subsidiary of Generali Group** since 1998
- Listed in **MDAX**
- Focus on
  - **German market**
  - **primary insurance**
  - **private customers**
- **Market leader** in **unit-linked** and **term life insurance**

1) preliminary figure  
2) based on 2003 consolidated premiums



**AMB GENERALI**

## AMB Generali as #2 in life and p&c

### German insurance market 2003 \*)

Life			P&C			Health		
Gross premiums, direct			Gross premiums, direct			Gross premiums, direct		
Rank		€ bn	Rank		€ bn	Rank		€ bn
1	ALLIANZ	10.1	1	ALLIANZ	10.0	1	ERGO	3.8
<b>2</b>	<b>AMB GENERALI</b>	<b>7.1</b>	<b>2</b>	<b>AMB GENERALI</b>	<b>3.1</b>	2	DEBEKA	3.3
3	ERGO	6.1	3	ERGO	3.0	3	ALLIANZ	3.0
4	ZURICH GROUP	3.6	4	R+V	2.8	4	SIGNAL IDUNA	1.8
5	R+V	3.1	5	HUK-COBURG	2.8	5	CONSAL GROUP	1.5
6	AXA	2.6	6	AXA	2.6	<b>6</b>	<b>AMB GENERALI</b>	<b>1.4</b>
7	DEBEKA	2.0	7	ZURICH GROUP	2.3	7	CONTINENTALE	1.1
8	GERLING	1.9	8	GERLING	2.2	8	BARMENIA	1.0
9	NUERNBERGER	1.8	9	TALANX	1.8	9	DBV-WINTERTHUR	0.9
10	SIGNAL IDUNA	1.5	10	WUERTTEMBERG.	1.5	10	GOTHAER	0.8

\*) not consolidated German GAAP



**AMB GENERALI**

# Health reform as opportunity

## Healthcare in Germany

### Government measures

- 2004 healthcare reform: **additional cuts of benefits and higher deductibles** payable by members of **compulsory health** insurance
- Starting from July 2005: **additional contribution, completely paid by employee**

### New market for complementary covers

- **Co-operations** between **public health funds and private-sector health insurers** possible
- **90%** of new co-operation market **already distributed**

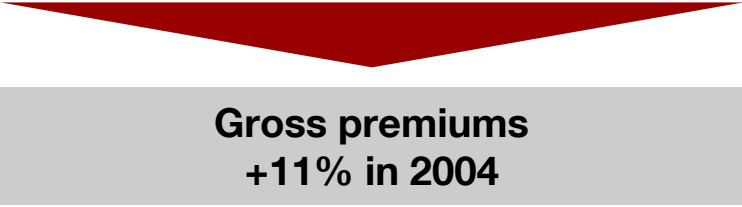
### Reform discussion

- **Reform models** for further development of statutory health insurance **do exist** ("citizen insurance" and "flat-rate health premium")
- **Implementation** very **unlikely** due to lacking political majorities

## AMB Generali

### Situation 2004

- **#6** in private health market again with **above-average premium growth**



**Gross premiums  
+11% in 2004**

### Market opportunities

- **Central** with its **comprehensive product portfolio and efficient sales channels** well positioned in the market of **full and complementary health covers**
- Since 2004, **co-operation with Techniker Krankenkasse** which has **5.7 million insured persons** (8% of the new co-operation market)

**Potential growth market in uncertain political circumstances**



## AuM positively influenced by expansion of life business

AuM / IFRS market value (€ m)	77,520	82,555
Investments of unit-linked life insurance	3,877	4,713
Other investments *)	10,387	12,010
Other securities (mainly fixed-interest securities)	41,144	44,697
Shares, fund units, participating interests and other variable-yield securities	6,688	6,467
Mortgages and other loans	12,304	11,820
Interests in affiliates and associates	280	261
Real estate	2,840	2,587
	<b>2003</b>	<b>2004</b>

\*) incl. third-party mandates and managed portfolio of the Austrian and Dutch companies of the international Generali Group (preceding year's figures adjusted accordingly)



## Net results by segments

(€ m)	2004	2003	Δ 04/03
<b>Consolidated net result</b>	<b>218</b>	<b>7</b>	<b>211</b>
<b>Thereof:</b>			
• Life	144	89	55
• Health	30	-3	33
• P&C	110	6	104
• Financial services	12	-29	41
• Consolidation	-79	-56	-23



## Life development

<b>(€ m) <sup>1)</sup></b>	<b>2004</b>	<b>2003</b>	<b>Δ 04/03</b>
<b>Total premiums (German GAAP) <sup>2)</sup></b>	<b>7,550</b>	<b>7,086</b>	<b>6.5%</b>
<b>Gross premiums written (IFRS) <sup>3)</sup></b>	<b>6,408</b>	<b>6,112</b>	<b>4.9%</b>
<b>New business</b>			
• <b>Regular annual premiums</b>	<b>1,370</b>	<b>967</b>	<b>41.7%</b>
• <b>Single premiums</b>	<b>385</b>	<b>416</b>	<b>-7.3%</b>
<b>Investment income (net)</b>	<b>2,675</b>	<b>2,519</b>	<b>6.2%</b>
<b>Claims &amp; benefits (net)</b>	<b>7,334</b>	<b>6,542</b>	<b>12.1%</b>
<b>Expense ratio</b>	<b>16.9%</b>	<b>17.5%</b>	<b>-0.6%-p</b>
<b>Tax</b>	<b>132</b>	<b>536</b>	<b>-404</b>
<b>Net income</b>	<b>144</b>	<b>89</b>	<b>55</b>

1) before elimination of intra-group transactions between segments  
 2) gross premiums written incl. savings portions of unit-linked and Riester products

3) excl. savings portions of unit-linked contracts; without effect on income



## Health development

<b>(€ m) <sup>*)</sup></b>	<b>2004</b>	<b>2003</b>	<b>Δ 04/03</b>
<b>Gross premiums written (IFRS)</b>	<b>1,516</b>	<b>1,368</b>	<b>10.8%</b>
<b>Investment income (net)</b>	<b>227</b>	<b>185</b>	<b>22.5%</b>
<b>Claims &amp; benefits (net)</b>	<b>1,469</b>	<b>1,273</b>	<b>15.3%</b>
<b>Claims ratio</b>	<b>54.3%</b>	<b>57.3%</b>	<b>-3.0%-p</b>
<b>Expense ratio</b>	<b>11.8%</b>	<b>12.5%</b>	<b>-0.7%-p</b>
<b>Combined ratio</b>	<b>66.1%</b>	<b>69.8%</b>	<b>-3.7%-p</b>
<b>Tax</b>	<b>50</b>	<b>101</b>	<b>-51</b>
<b>Net income</b>	<b>30</b>	<b>-3</b>	<b>33</b>

\*) before elimination of intra-group transactions between segments



## P&C development

<b>(€ m) <sup>*)</sup></b>	<b>2004</b>	<b>2003</b>	<b>Δ 04/03</b>
<b>Gross premiums written (IFRS)</b>	<b>3,021</b>	<b>3,222</b>	<b>-6.3%</b>
<b>Investment income (net)</b>	<b>310</b>	<b>316</b>	<b>-2.1%</b>
<b>Claims &amp; benefits (net)</b>	<b>1,886</b>	<b>1,975</b>	<b>-4.5%</b>
<b>Claims ratio</b>	<b>66.9%</b>	<b>68.0%</b>	<b>-1.1%-p</b>
<b>Expense ratio</b>	<b>32.5%</b>	<b>31.5%</b>	<b>1.0%-p</b>
<b>Combined ratio</b>	<b>99.4%</b>	<b>99.5%</b>	<b>-0.1%-p</b>
<b>Tax</b>	<b>35</b>	<b>86</b>	<b>-51</b>
<b>Net income</b>	<b>110</b>	<b>6</b>	<b>104</b>

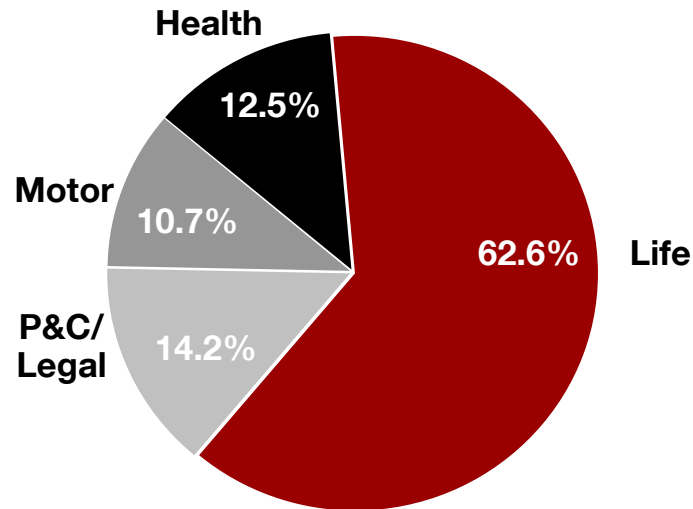
\*) before elimination of intra-group transactions between segments



## Well-balanced portfolio with focus on life insurance

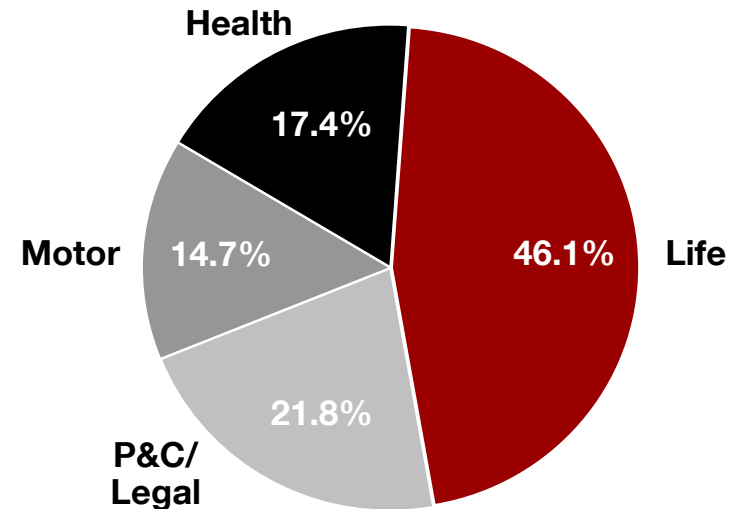
### Business mix 2004 <sup>1)</sup>

#### AMB Generali



Total € 12,059 m

#### Market <sup>2)</sup>



Total € 152,200 m

1) gross premiums German GAAP direct business

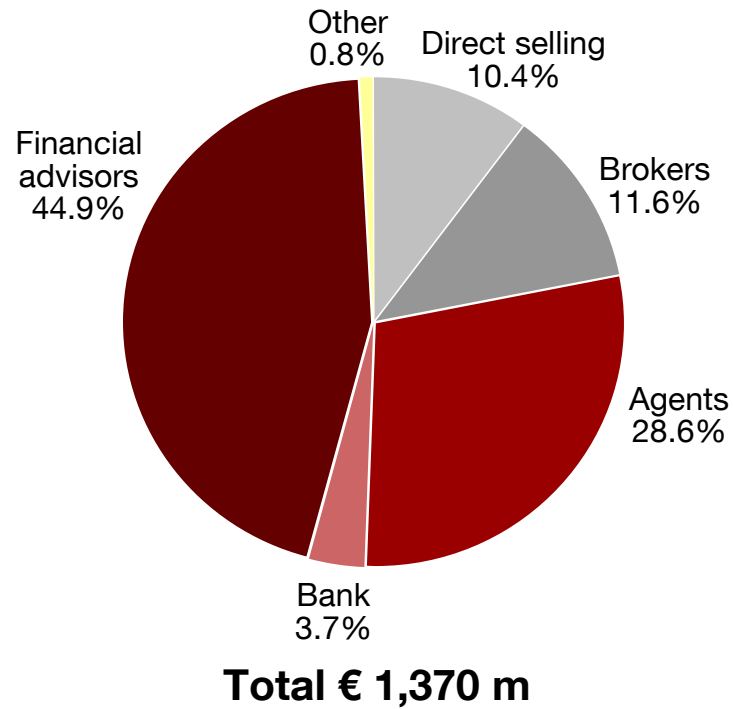
2) preliminary GDV figures



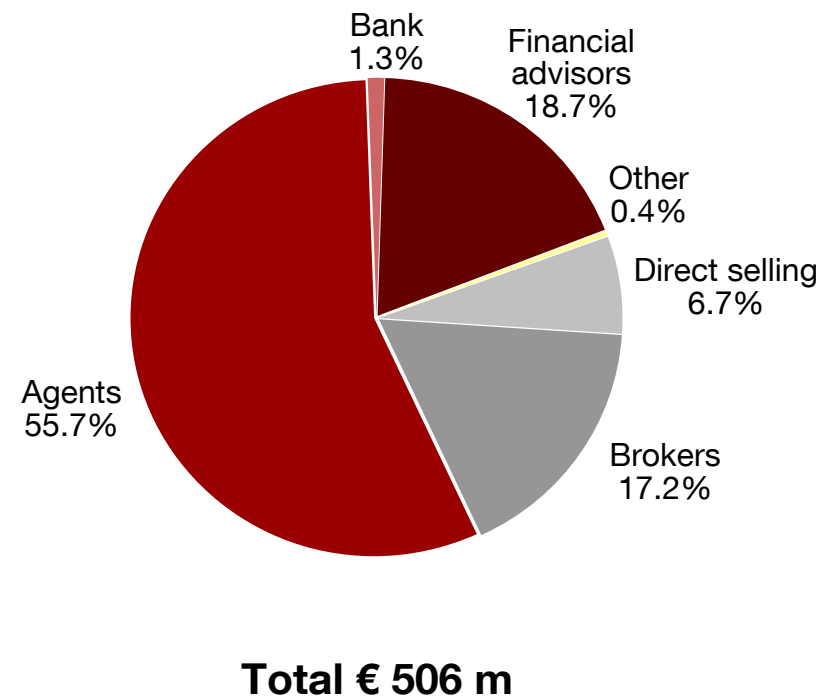
## Diversity of distribution channels generates high new business

### New business 2004

#### Life <sup>1)</sup>



#### P&C / Legal expenses <sup>2)</sup>

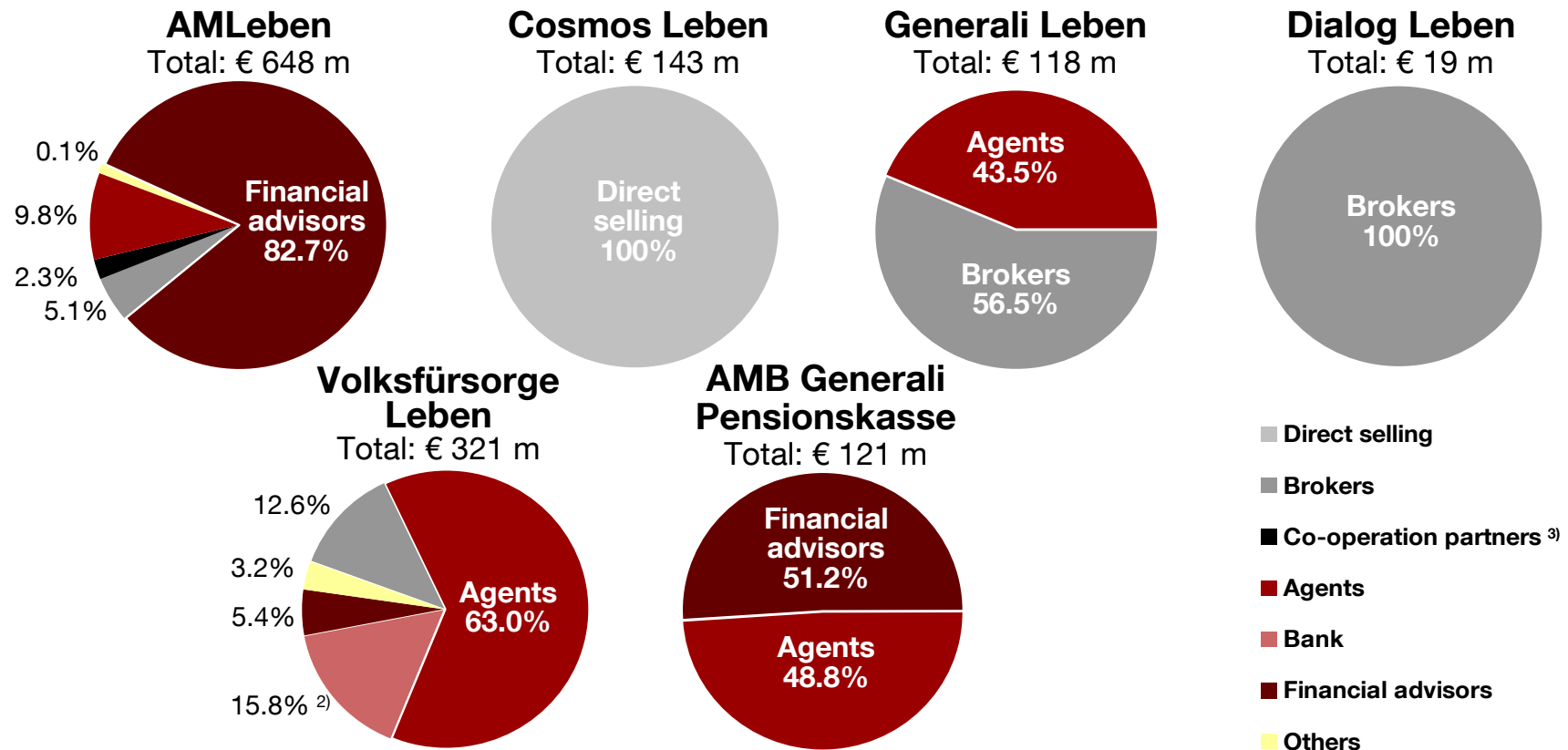


1) new business German GAAP regular premiums  
2) annual premiums



# Life insurers benefit from distribution variety

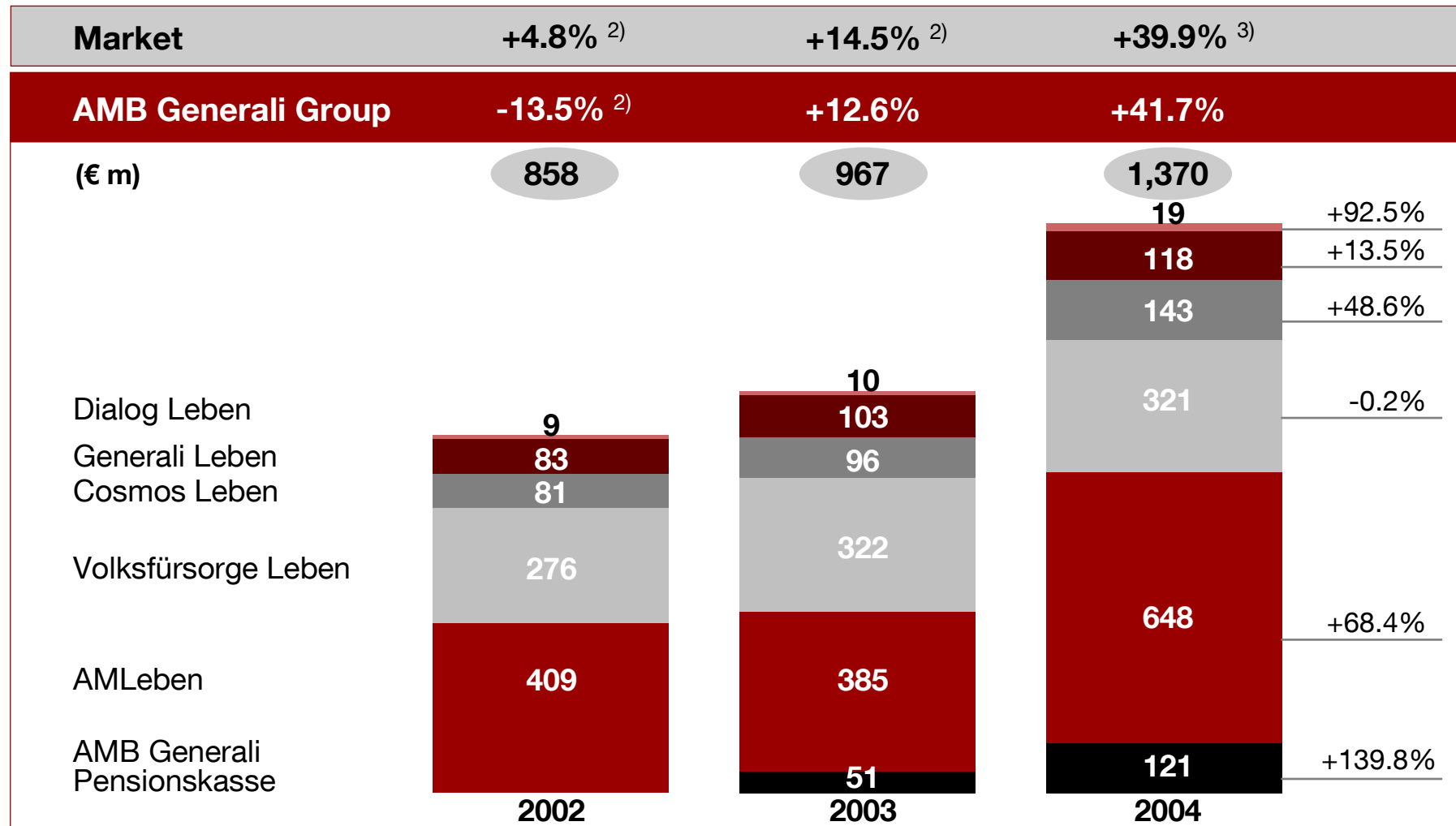
## New business 2004 <sup>1)</sup>



1) new business German GAAP regular premiums  
 2) Commerzbank AG

3) exclusive and part-time agents of other Group companies

# Highest life new business growth in history <sup>1)</sup>



1) new business German GAAP regular premiums

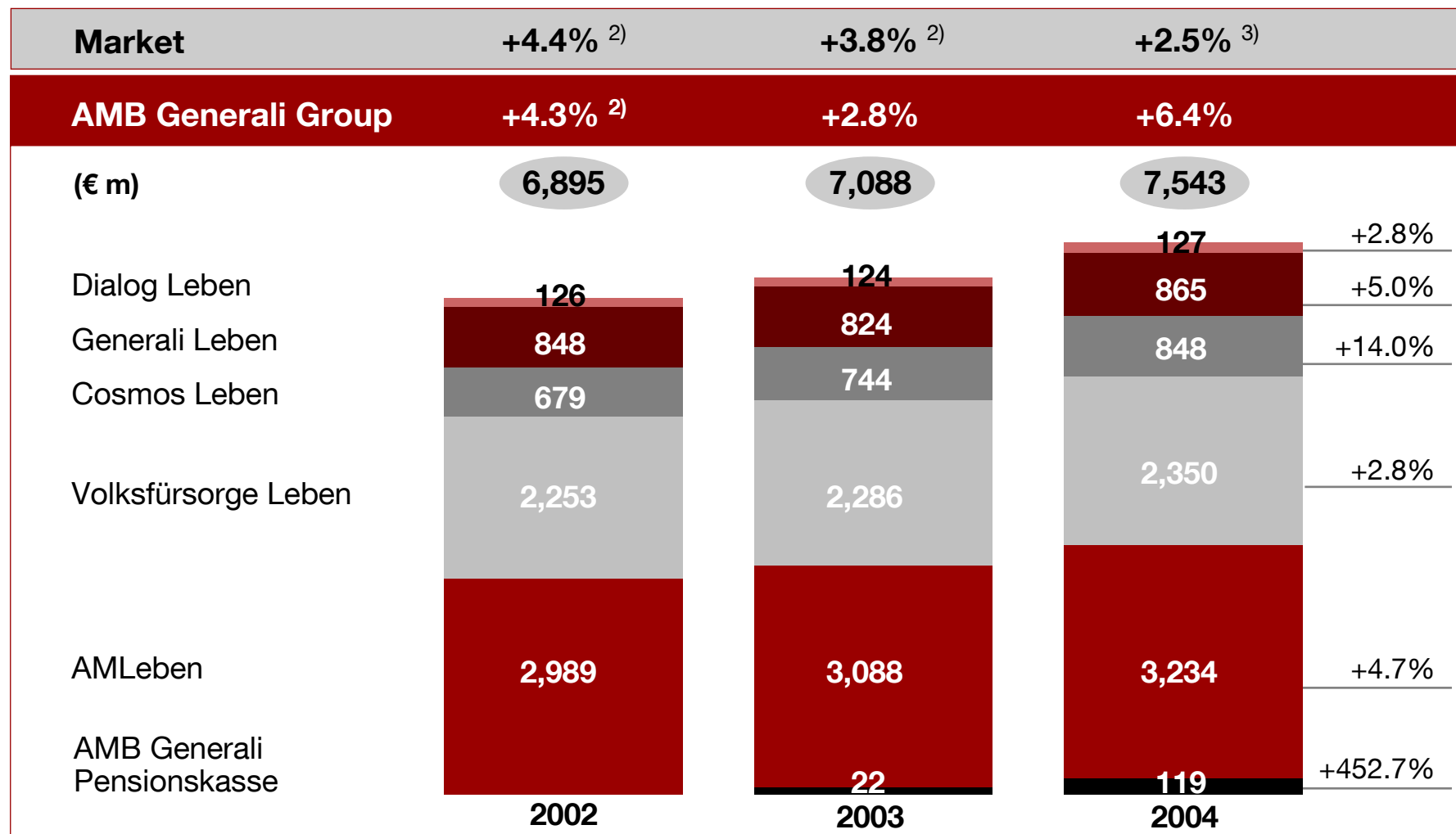
2) without Pensionskasse

3) preliminary GDV figure





## Above-average premium growth in life <sup>1)</sup>



1) gross premiums German GAAP  
 2) without Pensionskasse

3) preliminary GDV figure

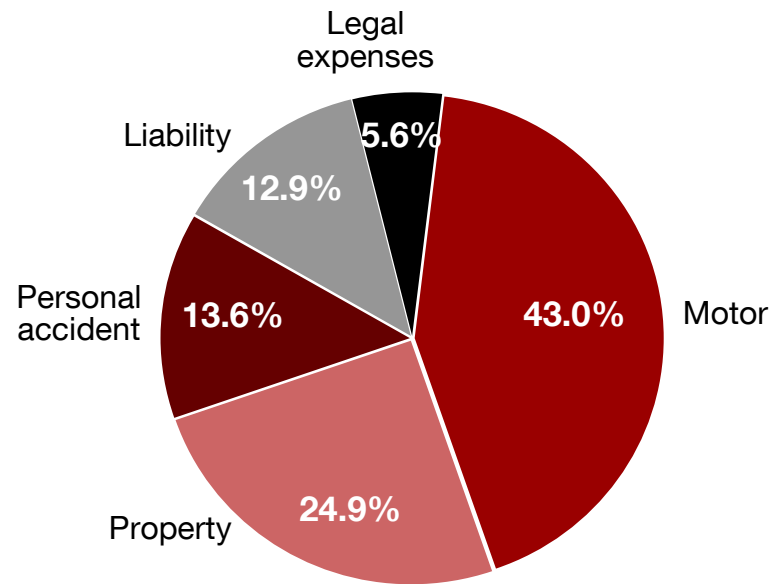


**AMB GENERALI**

## P&C premium mix follows market structure

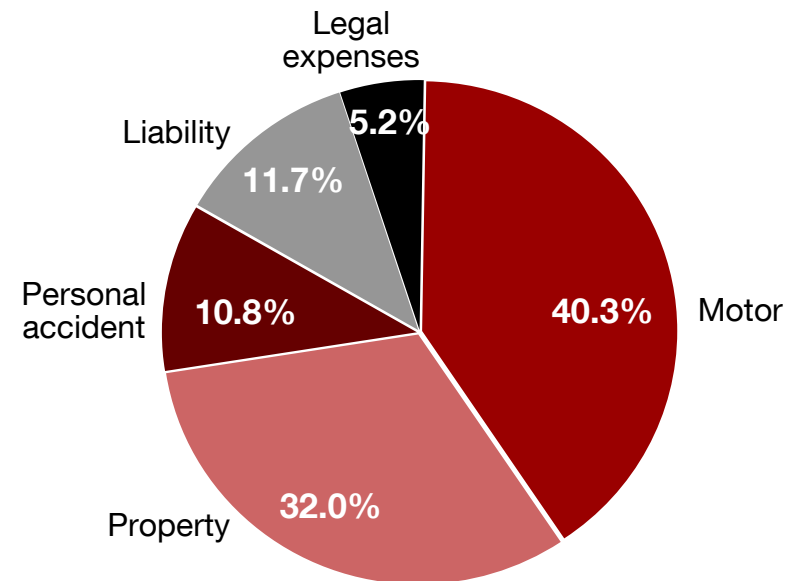
### Business mix 2004 <sup>1)</sup>

#### AMB Generali



Total € 3,000 m

#### Market <sup>2)</sup>

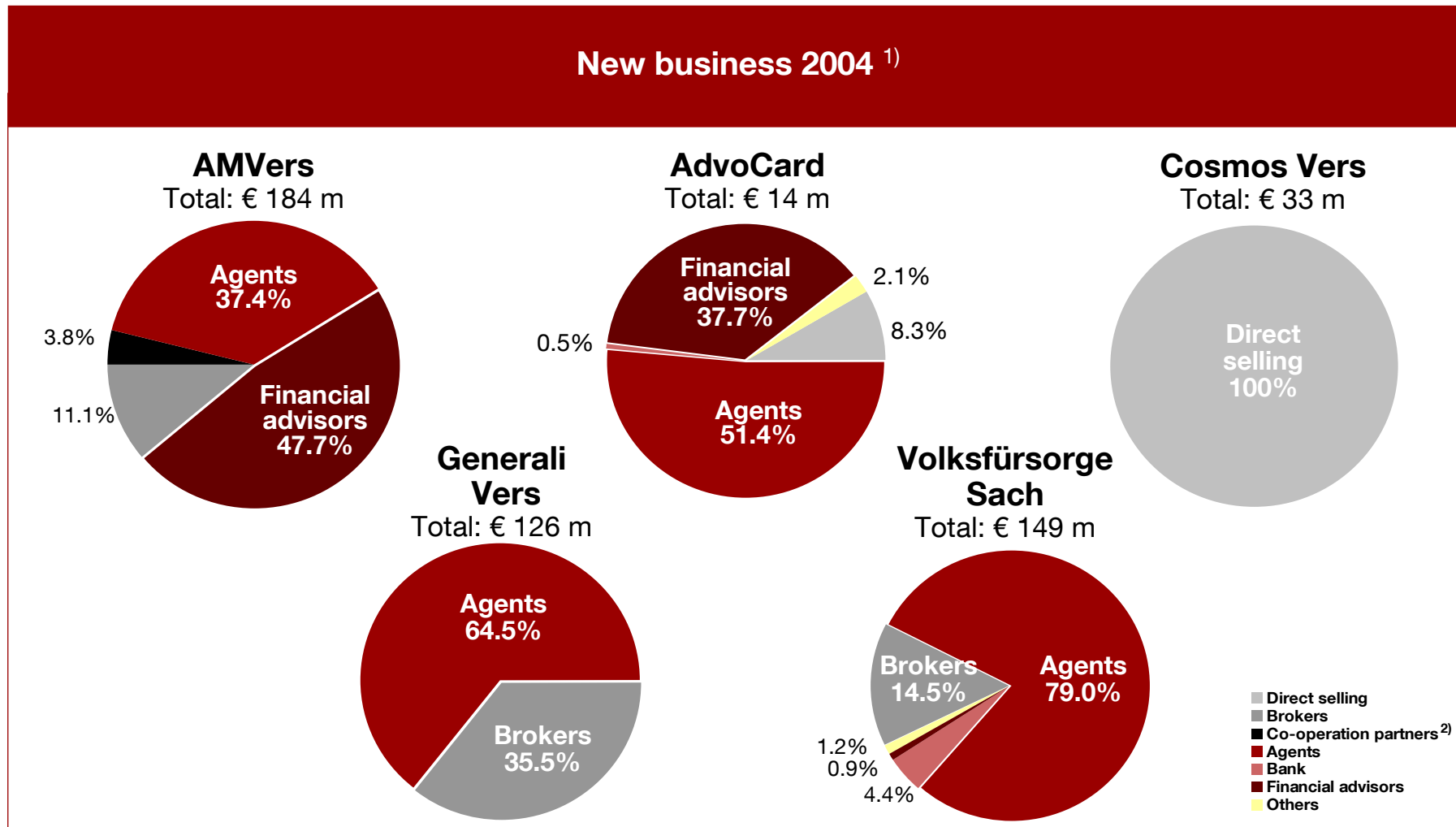


Total € 55,600 m

1) gross premiums direct business  
2) preliminary GDV figures

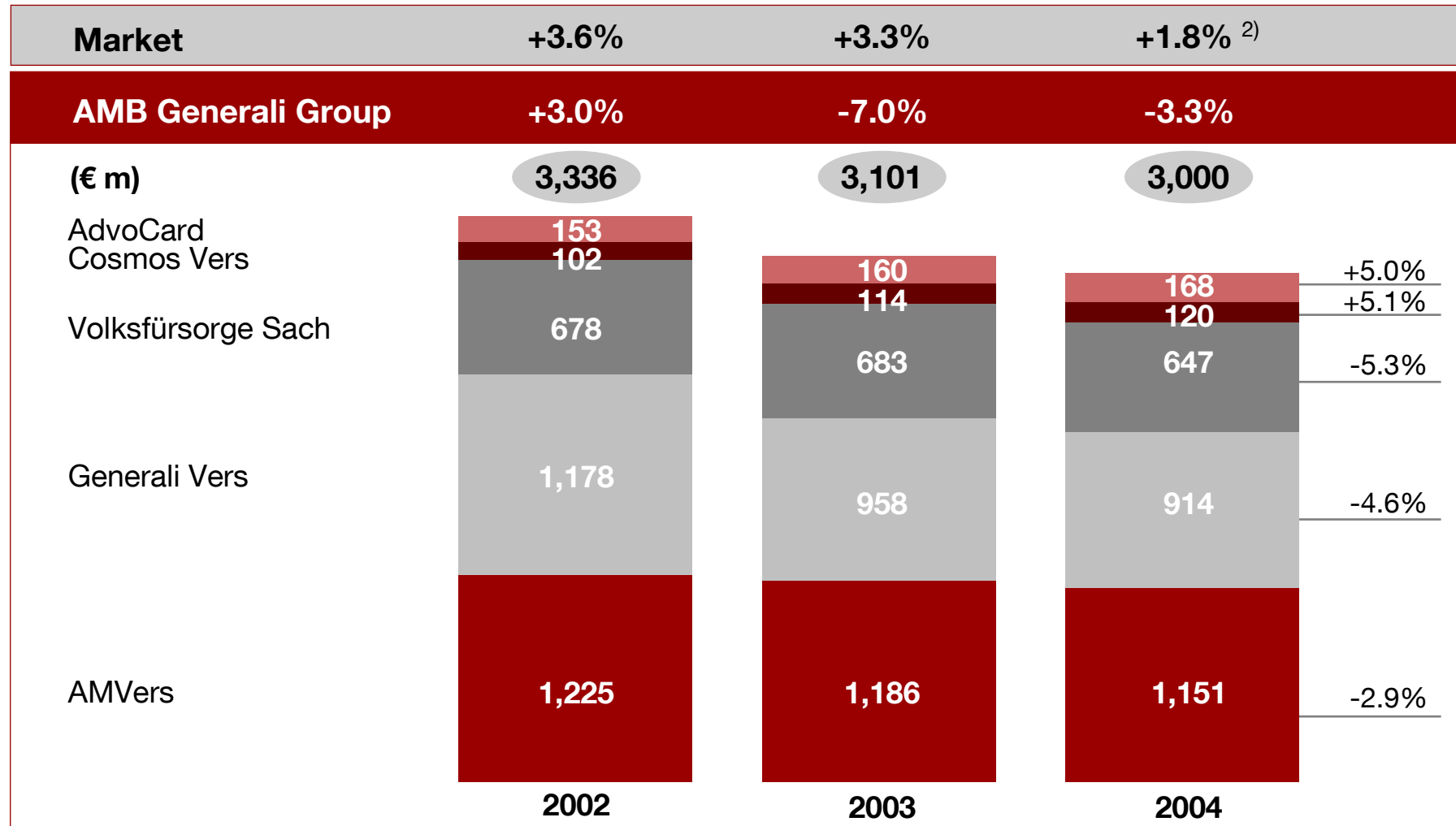


# P&C business supported by various distribution channels



1) annual premiums  
 2) exclusive and part-time agents of other Group companies

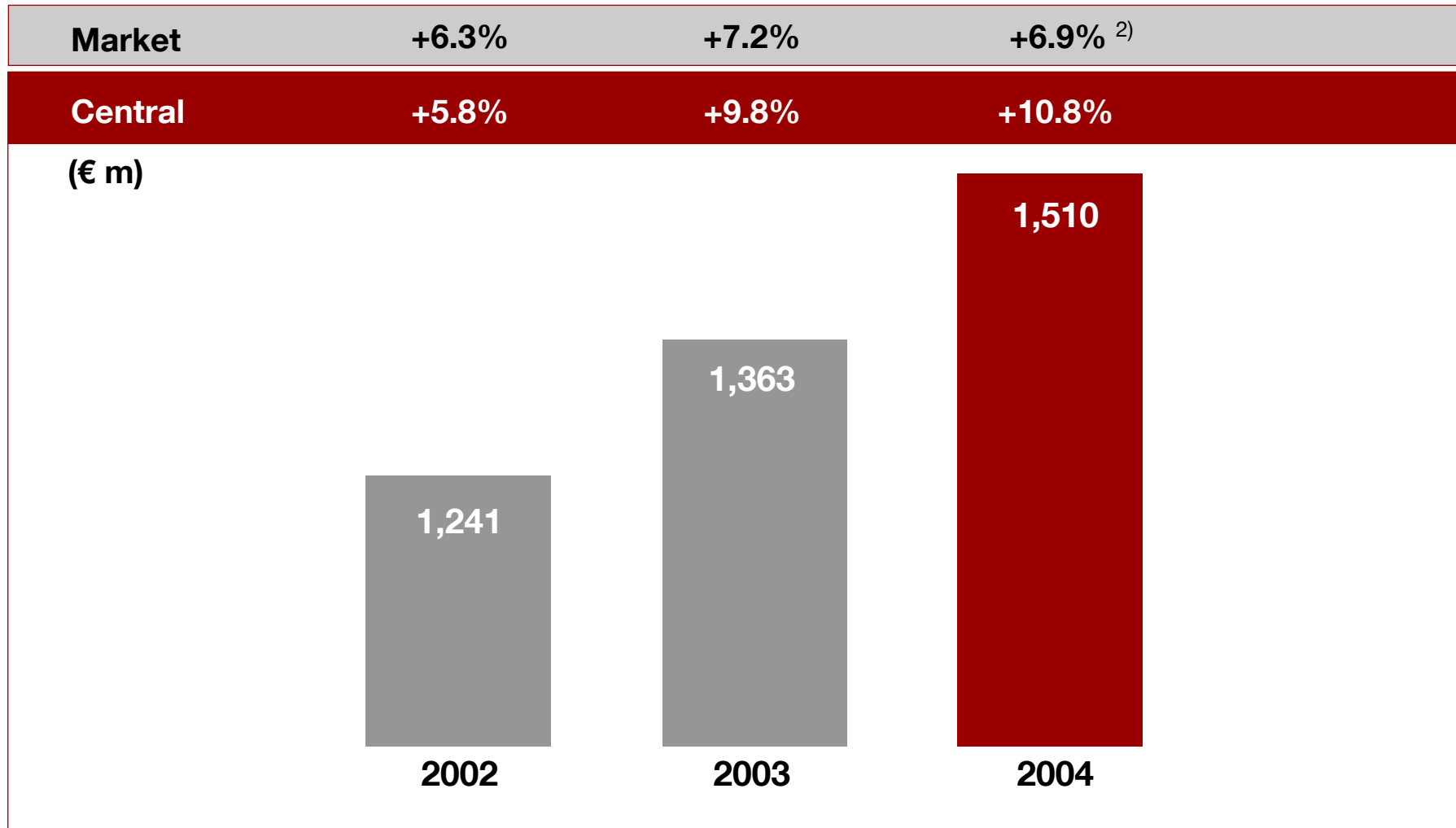
## Premiums in p&c still affected by strategic pruning measures <sup>1)</sup>



1) gross premiums direct business  
 2) preliminary GDV figure



## Premium growth in health again above market average <sup>1)</sup>



1) gross premiums  
2) preliminary GDV figure



**AMB GENERALI**

# Value-based management definitions

Capital management	
<b>Embedded value Group</b>	<ul style="list-style-type: none"> <li>Estimates the <b>value of the whole AMB Generali Group</b> (including PVFP Life and excluding goodwill / future growth)</li> <li><b>Shareholder funds</b> based on market values of assets and liabilities</li> <li><b>Available capital to cover capital requirements</b> from shareholder perspective</li> </ul>
<b>Economic capital</b>	<ul style="list-style-type: none"> <li><b>Amount of capital required</b> to run the lines of business considering the total risk profile</li> <li><b>Calculated</b> with reference to <b>volatility and correlation; predefined risk threshold; including benefits from diversification</b></li> <li><b>ALM</b> approach for <b>life / health</b> and <b>DFA</b> approach for <b>p&amp;c</b></li> </ul>
<b>Excess capital</b>	<ul style="list-style-type: none"> <li><b>Free capital</b> not required for covering risks</li> <li>= <b>Embedded value Group - Economic capital</b></li> <li>Allows for strategic investments and flexibility</li> </ul>
<b>Embedded value Life</b>	<ul style="list-style-type: none"> <li><b>"Traditional"</b> Embedded value disclosure</li> <li>Estimates the <b>value of current life business operations</b> excluding future new business</li> <li>= <b>Present value of future profits Life + Shareholder's net worth Life - Cost of capitalisation Life</b></li> </ul>
Performance management	
<b>RoEV</b>	<ul style="list-style-type: none"> <li>Key measure of <b>total Group-wide return</b></li> <li><b>Consideration of Excess capital and non-operational effects</b> (investment / tax variances)</li> <li><b>Value is created</b> if <b>RoEV &gt; Cost of capitalisation</b></li> </ul>
<b>RoEC</b>	<ul style="list-style-type: none"> <li><b>Measures the risk-adjusted performance of business segments</b> by <b>assuming normalised asset returns and taxes</b></li> <li>Return is <b>under management control</b></li> </ul>



## Embedded value Life to support value-based management

- Embedded value Life (EV Life) estimates the value of current life business operations
- Components of EV Life:

$$\begin{array}{ccccccc} \text{Embedded} & & \text{Present value of} & & \text{Shareholders'} & & \text{Cost of} \\ \text{value} & = & \text{future profits} & + & \text{net worth} & - & \text{capitalisation} \\ \text{(EV Life)} & & \text{(PVFP Life)} & & \text{Life} & & \text{(CoC Life)} \end{array}$$

- In line with Generali Group approach
- External opinion from Tillinghast



## Embedded value Life: components in detail

<b>Present value of future profits Life</b>	<ul style="list-style-type: none"><li>• Statutory after-tax earnings generated by life business in force including value of internal reinsurance and fee income arising in AMB Generali Asset Managers associated with unit-linked life business</li><li>• Contains shareholders' interest in all unrealised capital gains and losses (UCG/UCL)</li><li>• Values free RfB by "attribution approach"</li><li>• Deterministic calculation based on realistic assumptions and current economic market conditions</li><li>• Includes future premium increases of existing business (except for future "Riester-steps")</li></ul>
<b>Shareholders' net worth Life</b>	<ul style="list-style-type: none"><li>• Statutory shareholders' equity</li></ul>
<b>Cost of capitalisation Life</b>	<ul style="list-style-type: none"><li>• Assumes lock-in of shareholders' net worth limited to the current economic solvency requirements</li><li>• Present value of difference between risk discount rate and shareholders' part of expected investment return</li><li>• Not allocated to PVFP or new business value</li><li>• No cost of capitalisation on shareholders' net worth in excess of the current economic solvency requirements</li></ul>

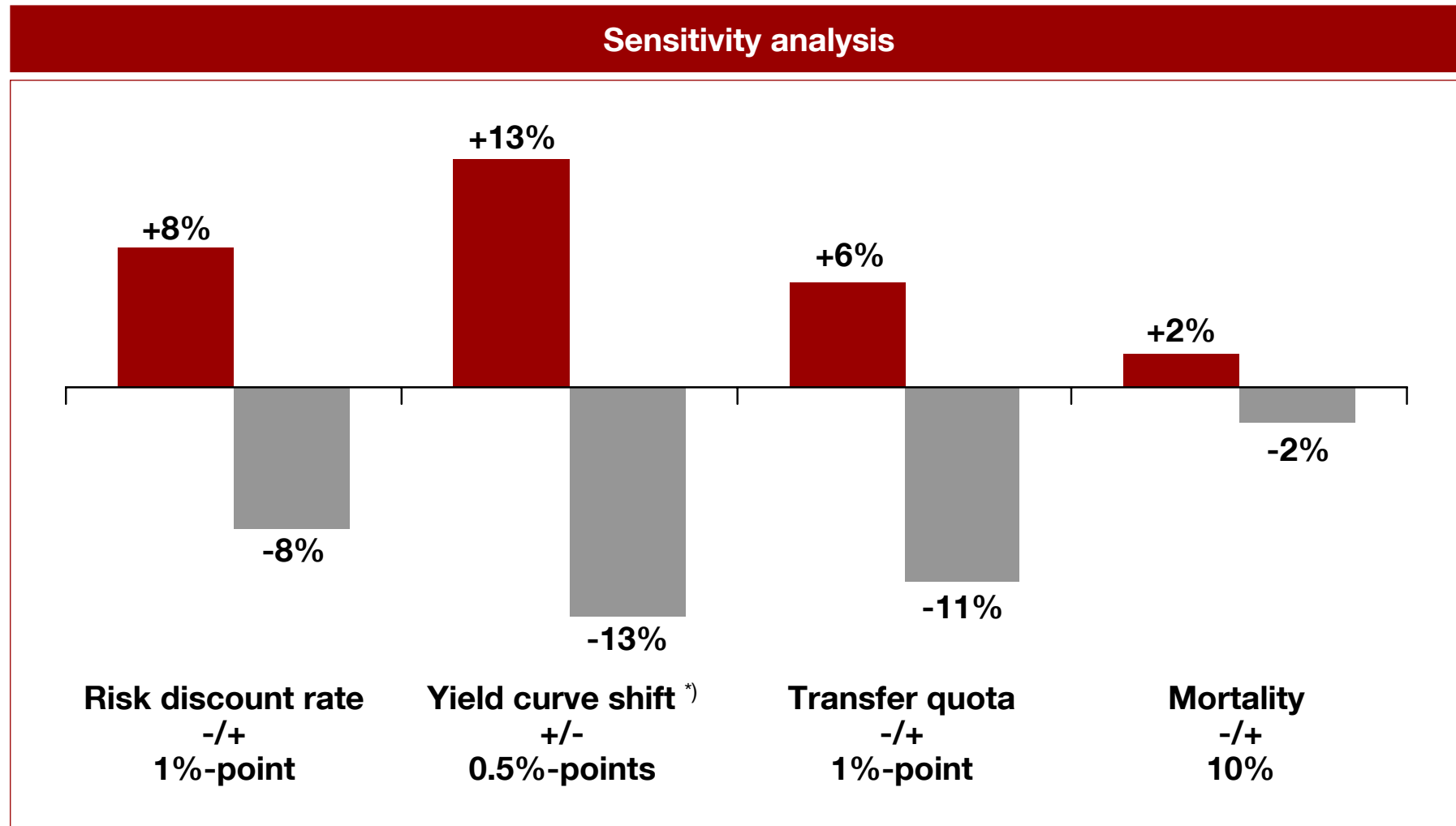


## Lower interest rate environment fully reflected in EV Life assumptions

	EV Life 2004	EV Life 2003
<b>Risk discount rate (RDR)</b>	<b>6.42%</b>	<b>7.05%</b>
<b>Risk-free rate (10-year government bonds)</b>	<b>3.67%</b>	<b>4.30%</b>
<b>Fixed-income return</b>	<b>3.77%</b>	<b>4.51%</b>
<b>Equity return</b>	<b>6.42%</b>	<b>7.05%</b>
<b>Average long-term asset mix (FI / Eq / Other)</b>	<b>83 / 13 / 4</b>	<b>84 / 11 / 5</b>
<b>Book return</b>	<b>includes emergence of UCG / UCL</b>	
<b>Tax rate</b>	<b>40%</b>	<b>40%</b>
<b>Average long-term shareholders' participation</b>	<b>8.4%</b>	<b>9.0%</b>
<b>Bonuses, demographic and expense assumptions</b>	<b>company-specific experience</b>	



## Embedded value Life: sensitivity analysis of PVFP Life



<sup>\*)</sup> change of future reinvestment rates of fixed income assets and equity investments



## Embedded value Life

### External advice

**Tillinghast has reviewed the methodology and assumptions used, and has reviewed the resulting Embedded value and Embedded value earnings for 2004 for reasonableness, but did not perform detailed checks on all of the calculations.**

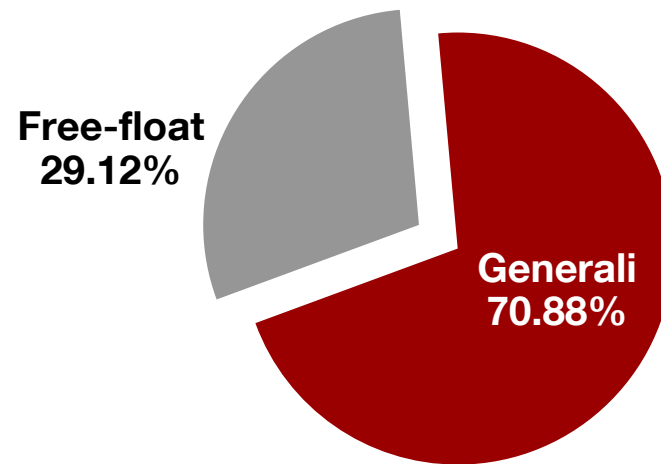
**On the basis of the data made available, Tillinghast considers that the methodology is reasonable and consistent with recent industry practice used to calculate traditional Embedded values on a deterministic basis; that the operating assumptions are reasonable in context of the Company's recent experience and expected future operating environment; that the economic assumptions are typical of those adopted for traditional Embedded value reporting; and that the resulting values in aggregate are reasonable in this context.**

**The methodology adopted is based on deterministic projections of future after-tax profits with an allowance for risk through the use of a single discount rate and an explicit assumption for the level and cost of holding capital. The allowance for risk may not correspond to a capital market valuation of such risk.**



## Free-float remains stable

### Shareholder structure AMB Generali 31.12.2004



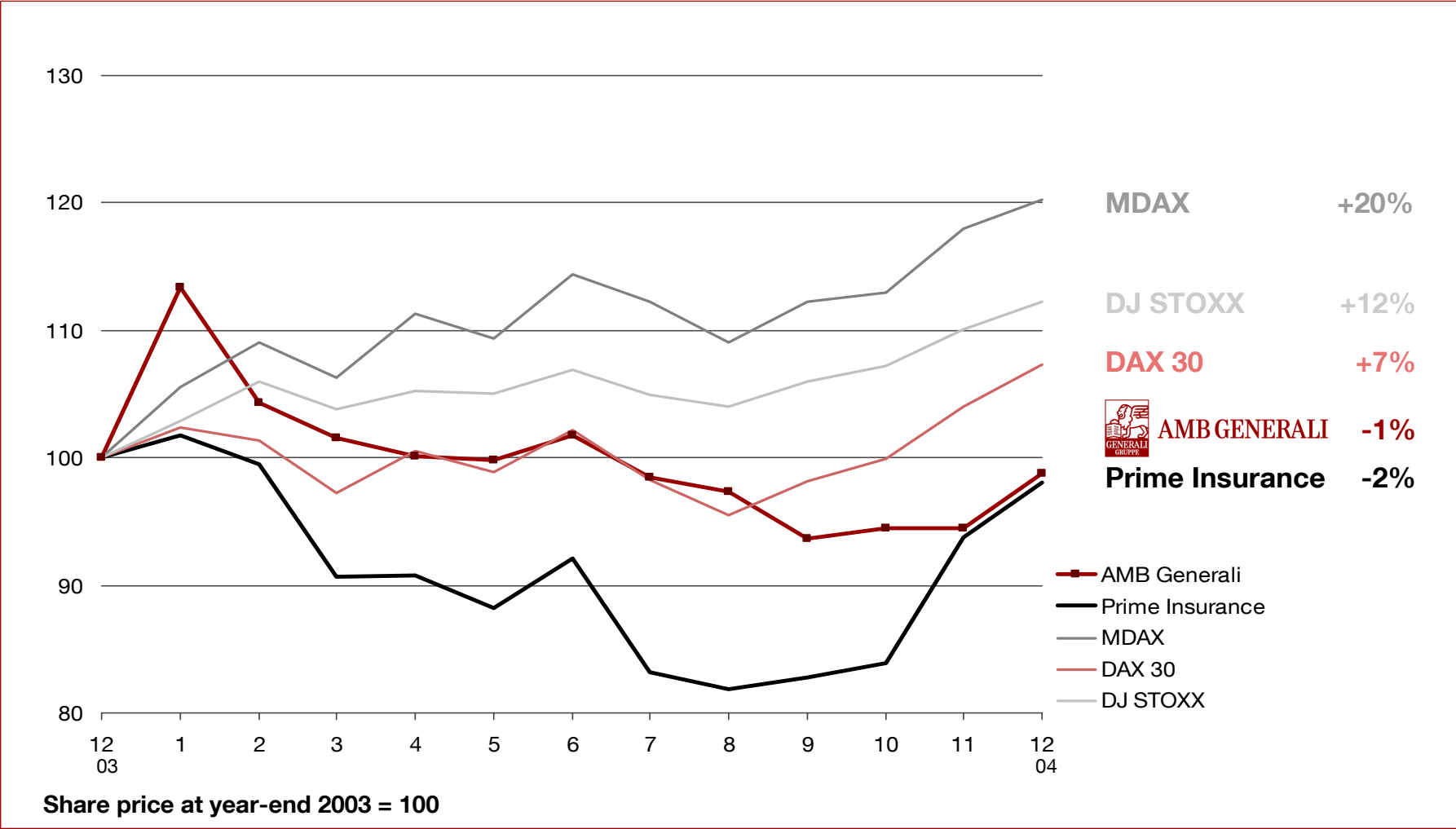
- Price-induced increase of Generali's holding of AMB Generali shares from 69.85% to 70.88%
- Remaining 29.12% held by investors with no individual stake exceeding 5%

- Top 5 geographical regions of identified free-float:

1. Germany
2. United Kingdom
3. United States
4. France
5. Italy



# AMB Generali share stable in challenging environment for insurers



# Contacts

**AMB Generali Holding AG**  
**Investor Relations**  
**Aachener und Münchener Allee 9**  
**D-52074 Aachen, GERMANY**

**Telefax** +49 / 2 41 - 4 61 14 86  
**E-mail** [investor.relations@amb.de](mailto:investor.relations@amb.de)  
**Internet** <http://www.amb.de>



**Dr. Sabine Göttgens**  
**Head of Investor Relations**

**phone** +49 / 2 41 - 4 61 11 16  
**Email** [sabine.goettgens@amb.de](mailto:sabine.goettgens@amb.de)



**Sabine Grundmann-Braun**  
**Investor Relations**

**phone** +49 / 2 41 - 4 61 17 91  
**Email** [sabine.grundmann@amb.de](mailto:sabine.grundmann@amb.de)



**Kai Andrei**  
**Investor Relations**

**phone** +49 / 2 41 - 4 61 17 46  
**Email** [kai.andrei@amb.de](mailto:kai.andrei@amb.de)



**Ingrid Engel**  
**Investor Relations**

**phone** +49 / 2 41 - 4 61 17 13  
**Email** [ingrid.engel@amb.de](mailto:ingrid.engel@amb.de)



## Disclaimer

---

**To the extent this paper includes prognoses or expectations or forward-looking statements, these statements 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.**

