

# AMB Generali Full Year 2006 Results

**Growing faster –  
Earning more**

Presentation 2007  
Investor Relations



AMB GENERALI

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## Growing faster – Earning more

<b>Results 2006</b>	<b>1</b>
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## Target achievement 2006

	Targets 2006	Market	Achievements 2006	
<b>Premium growth <sup>1</sup></b>				
- Life	above market level	+4.1%	+6.3%	
- Health	above market level	+4.2%	+4.6%	
- P&C	at market level	-0.9%	+0.1%	
<b>General expenses <sup>2</sup></b>	<b>€ 1,830 m</b>		<b>€ 1,818 m</b>	
<b>Combined ratio</b>	<b>&lt; 98%</b> against difficult market environment		<b>95.7%</b>	
<b>New Business Value <sup>3</sup></b>	<b>€ 135 m</b>		<b>€ 156 m</b>	
<b>Net profit</b>	<b>&gt; € 340 m</b>		<b>€ 346 m <sup>4</sup></b>	

<sup>1</sup> gross premiums German GAAP, direct business

<sup>2</sup> German GAAP figures, excluding commissions and one-off restructuring costs

<sup>3</sup> before Cost of Capital

<sup>4</sup> without extraordinary effect from capitalisation of corporation tax credits



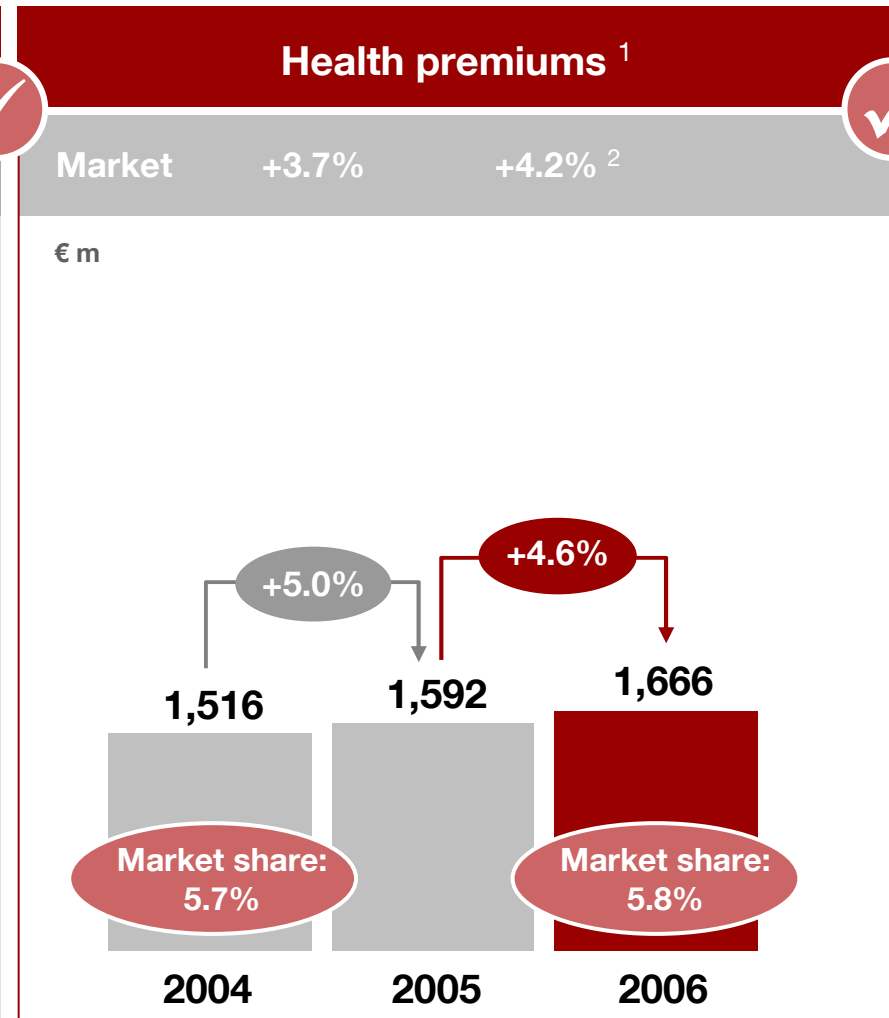
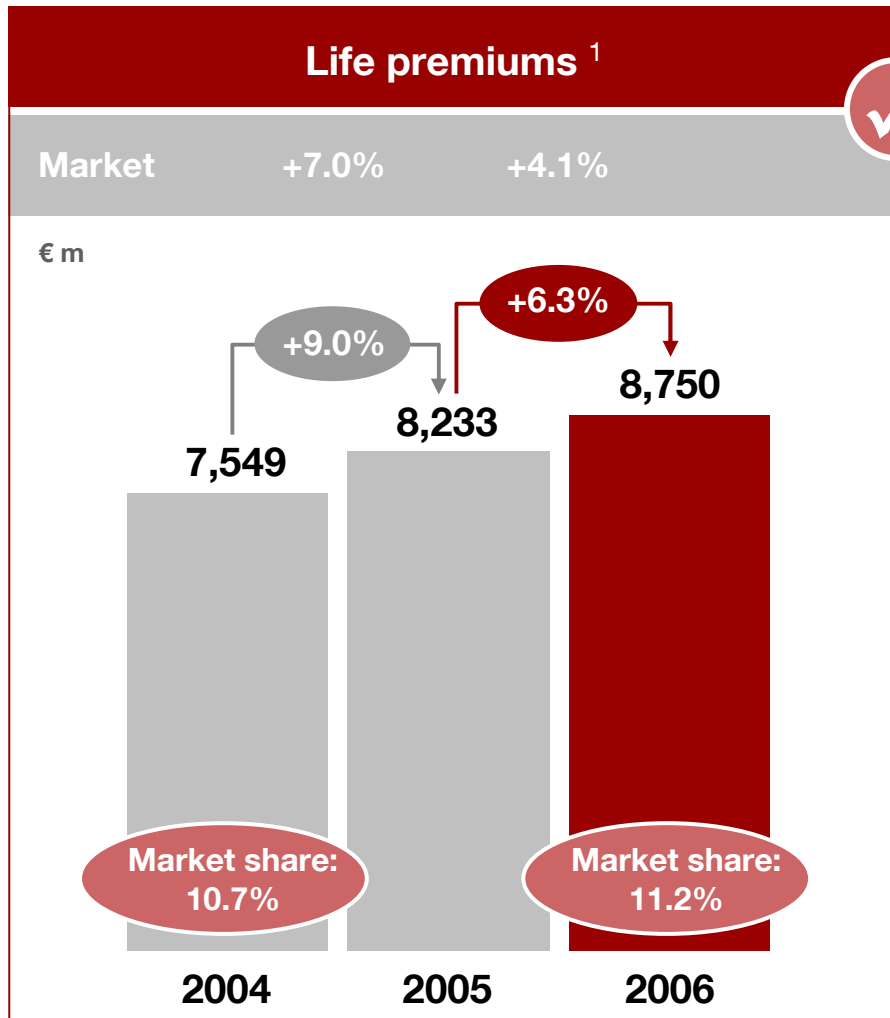
## Highlights 2006

- **Life and health business with continuously strong growth rates**
  - **Life gross premiums go up +6.3%** (single +58.2%, regular +2.6%)
  - **Health gross premiums increase by +4.6%**
- In a **competitive P&C market** environment, AMB Generali **P&C premiums improved slightly by +0.1%**. This is **significantly better than the market development of -0.9%**
- **Improvements in operating profitability**
  - **Reduction by 541 administrative-staff FTE's** in 2006
  - **Combined ratio improves significantly to 95.7%**
- **Standard & Poor's affirmed AA Rating** for AMB Generali's insurance companies; **currently best rating for primary insurers in Germany**
- **Amendment** of the pay-out rules of the **Corporation Tax Act** leads to a capitalisation of future corporation tax credits causing an **extraordinary profit item amounting to € 105 m**

**Net profit of € 346 m - without capitalisation of corporation tax credits - exceeds 2006 target of > € 340 m**

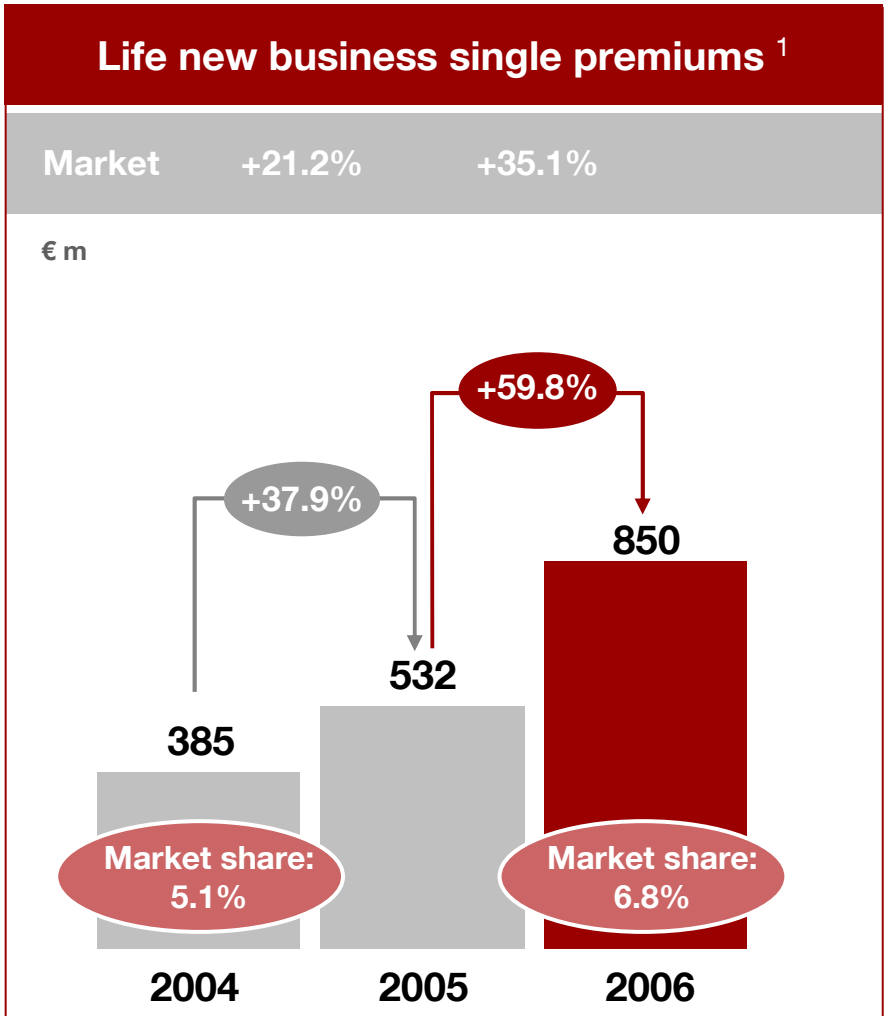
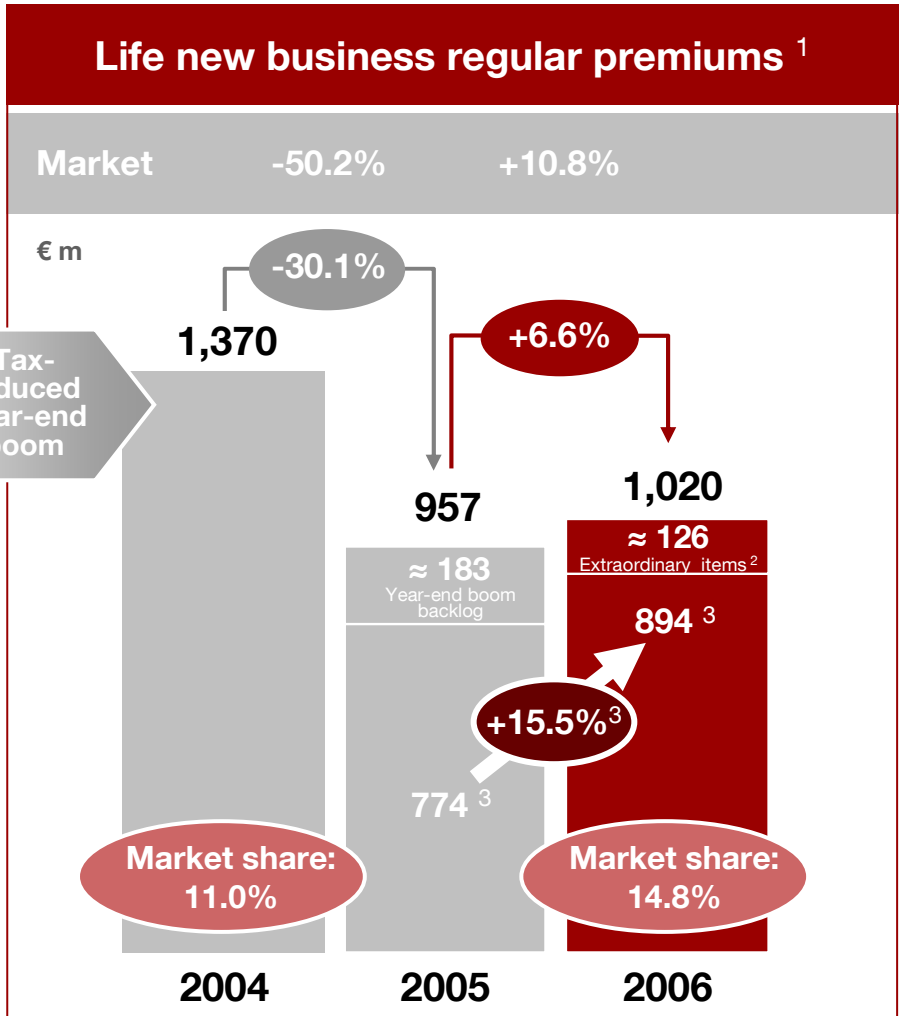


# Premium growth life and health



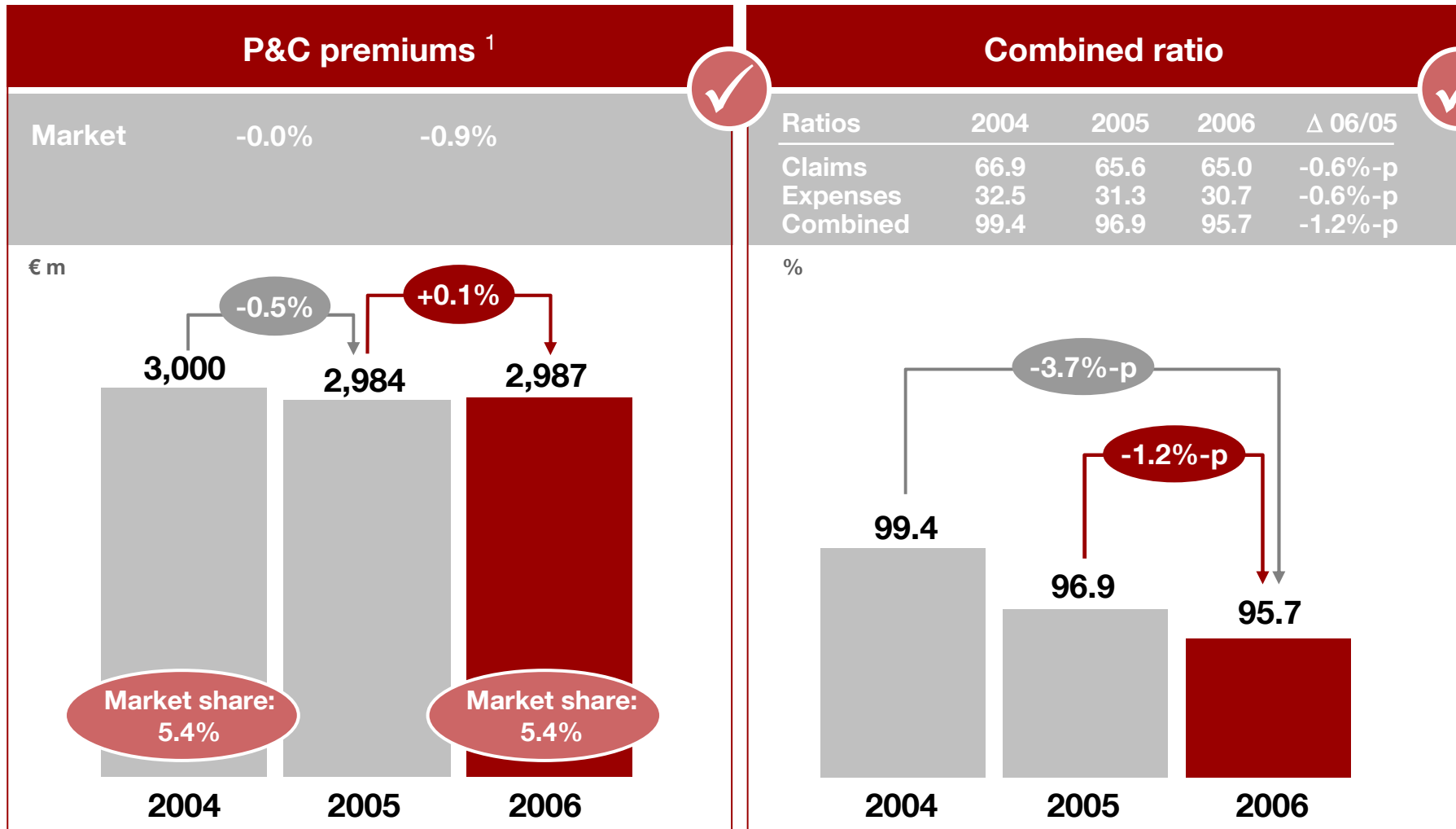
<sup>1</sup> gross premiums German GAAP, direct business  
<sup>2</sup> preliminary GDV figures

# Life new business: Regular and single premiums



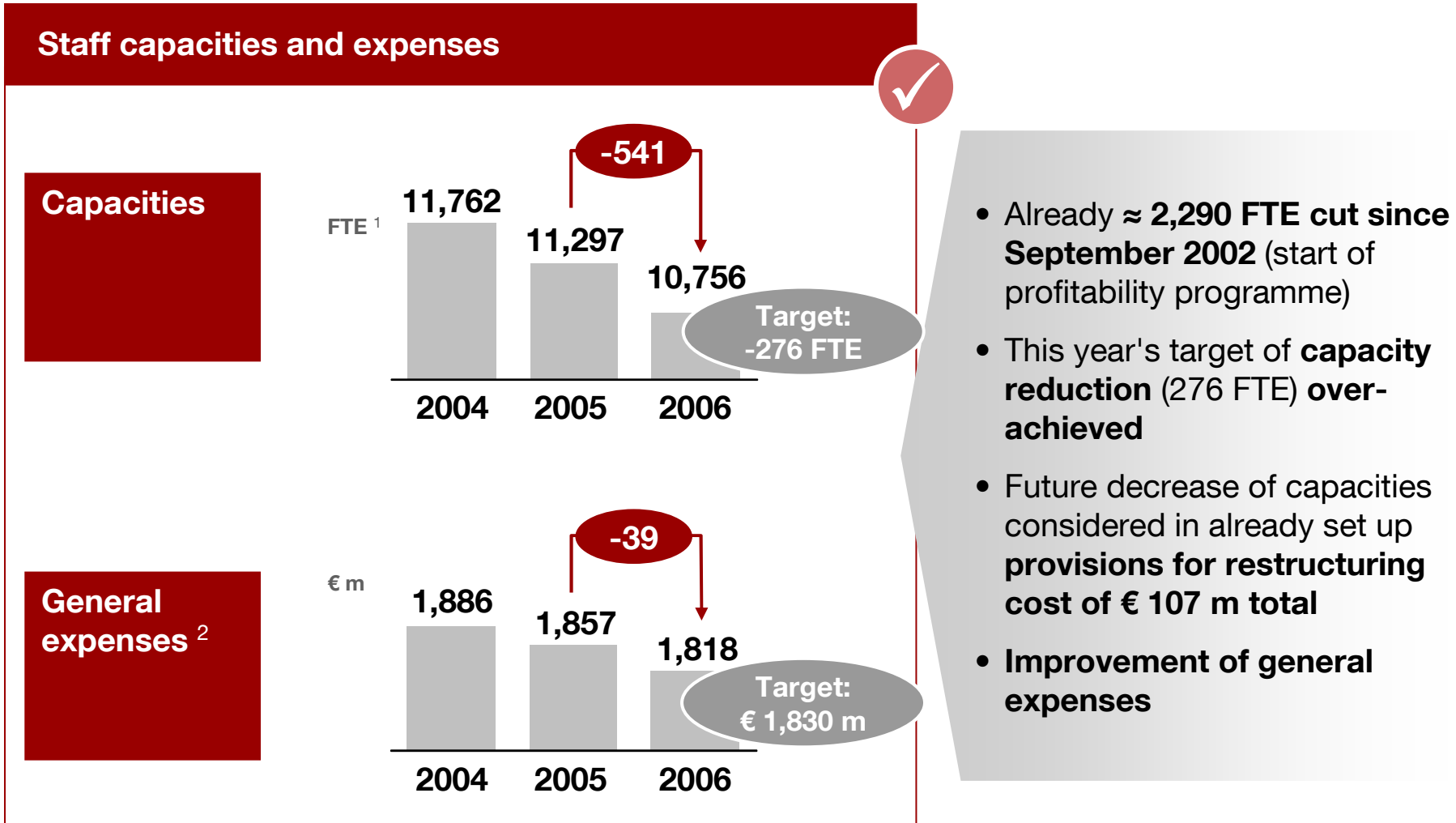
<sup>1</sup> regular premiums incl. automatic premium increases and before minorities  
<sup>2</sup> mainly 3rd Riester step  
<sup>3</sup> adjusted for extraordinary items

# P&C: Premiums and profitability



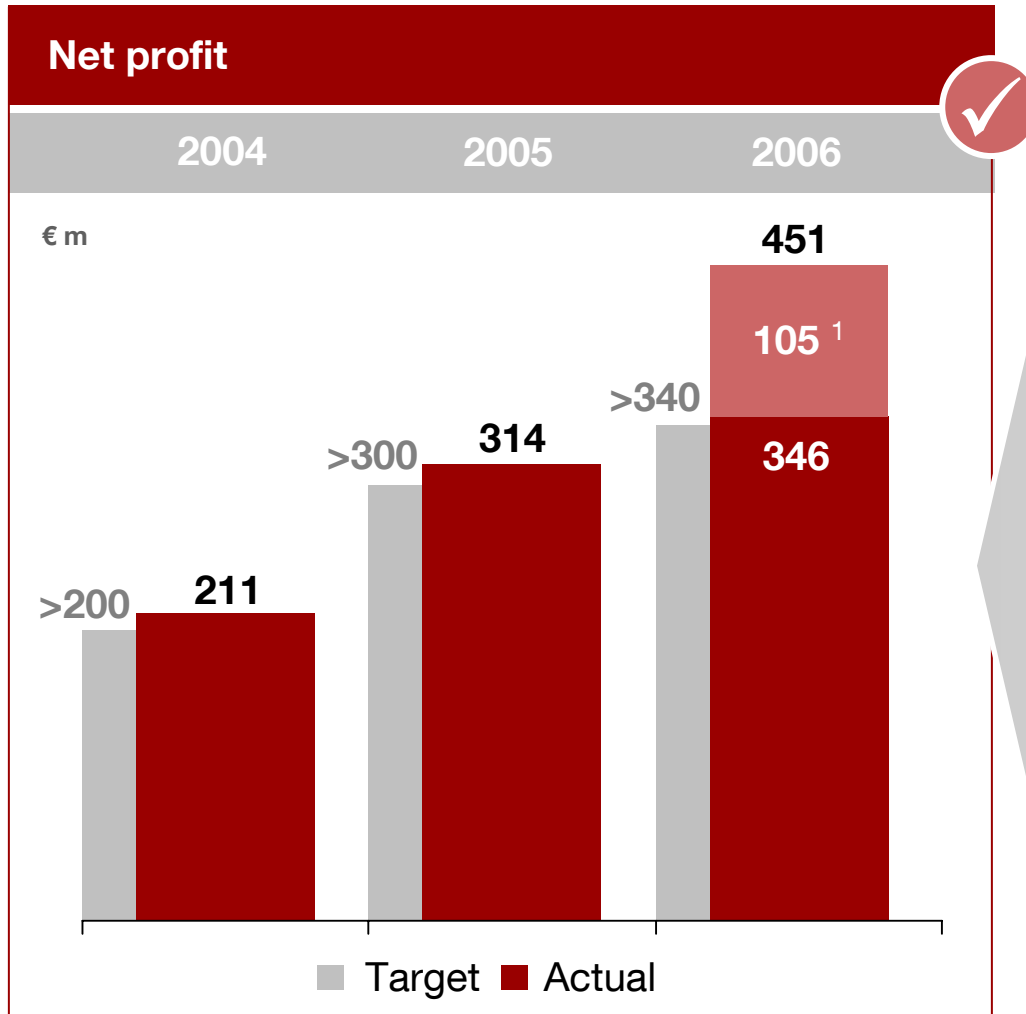
<sup>1</sup> gross premiums German GAAP, direct business

# Staff capacities and expenses 2004-2006



1 FTE = full-time equivalents  
2 German GAAP figures, excl. commissions and one-off restructuring costs

## Net profit targets 2004-2006 consistently met

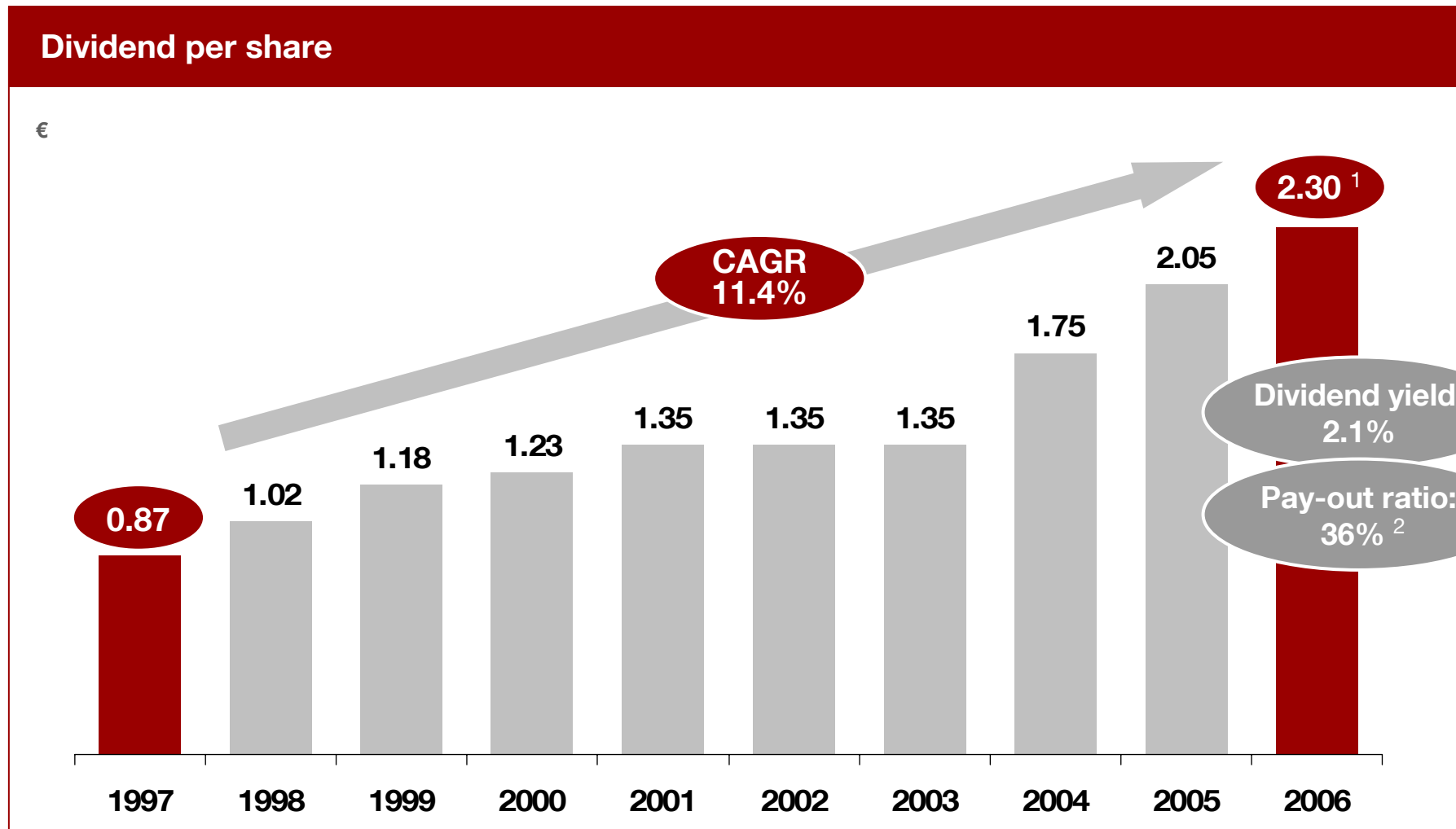


- Target 2006 exceeded in spite of extraordinary restructuring costs
- Extraordinary item in 2006 resulting from the amendments of the pay-out rules of the Corporation Tax Act
- This extraordinary profit item for 2006 merely represents an accounting effect without any material impact

1 extraordinary effect from capitalisation of corporation tax credits

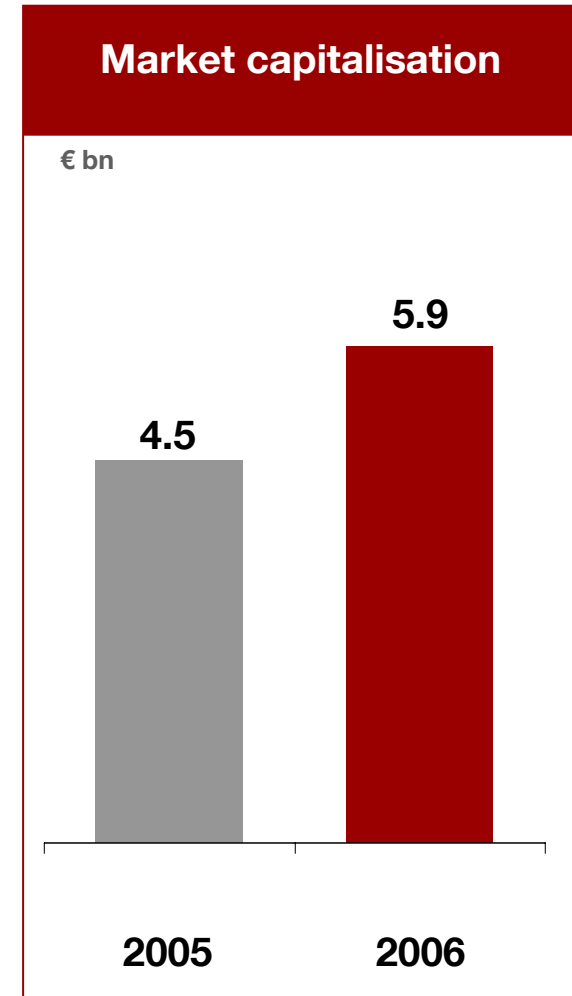
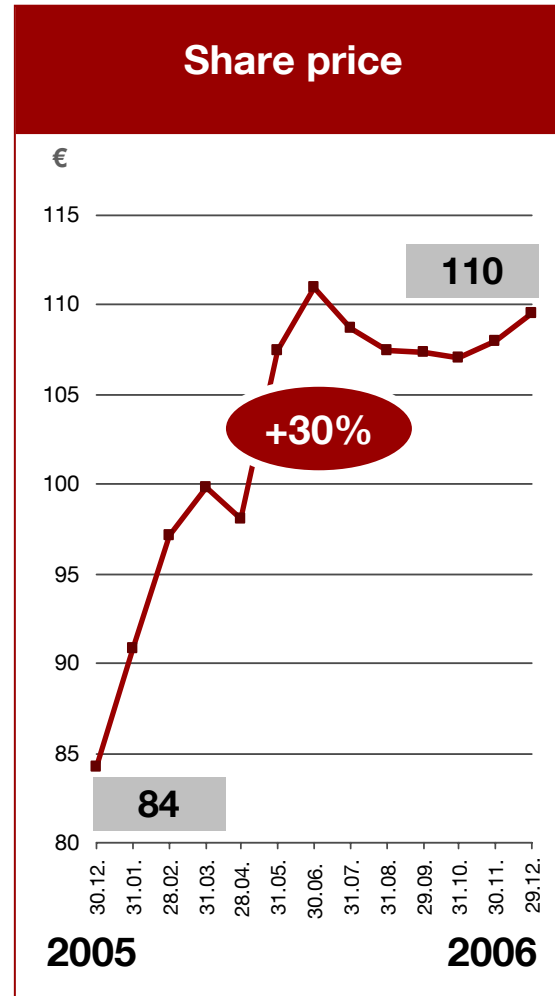
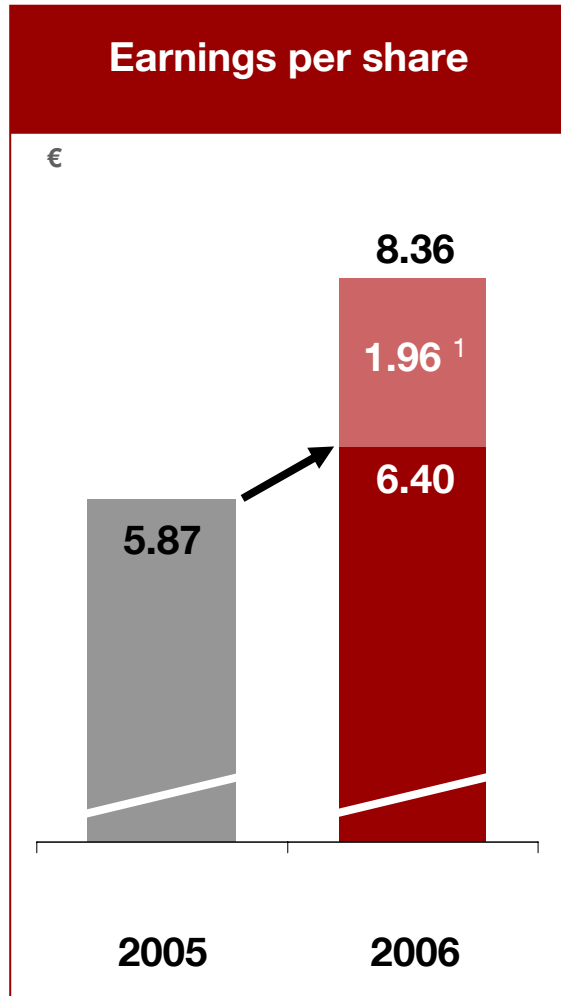


## Shareholders participate in sustainable profitability



- 1 dividend proposal
- 2 without extraordinary effect from capitalisation of corporation tax credits

## Market capitalisation follows share price increase



1 EPS from extraordinary effect from the capitalisation of corporation tax credits

# Standard & Poor's affirmed AA Rating - currently best rating for primary insurers in Germany

Excellent rating result:  
AA / "VERY STRONG"



- **Interactive Insurer Financial Strength Rating** of AMB Generali's insurance companies in **2006**
- **Major factors** supporting the **core status** to Assicurazioni Generali:
  - **Strong competitive position** based on the competitive advantages of **leading brand names**, **strong distribution performance** and a **comprehensive coverage** across all customer segments
  - **Positive view** of AMB Generali's **management**
  - **Strong and improving operating performance**

**AMB Generali Group maintains top rating in the German primary insurance market**

A rating is an opinion of an insurer's financial strength; it is not a recommendation concerning the insurer's products. Information on the most current rating is available at [www.standardandpoors.com](http://www.standardandpoors.com) or from Standard & Poor's at +44 (0)20 7176 3800



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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:**
  - Measuring profitability within an European Embedded Value (EEV) approach
- **P&C:**
  - Using normalised returns as key performance indicators

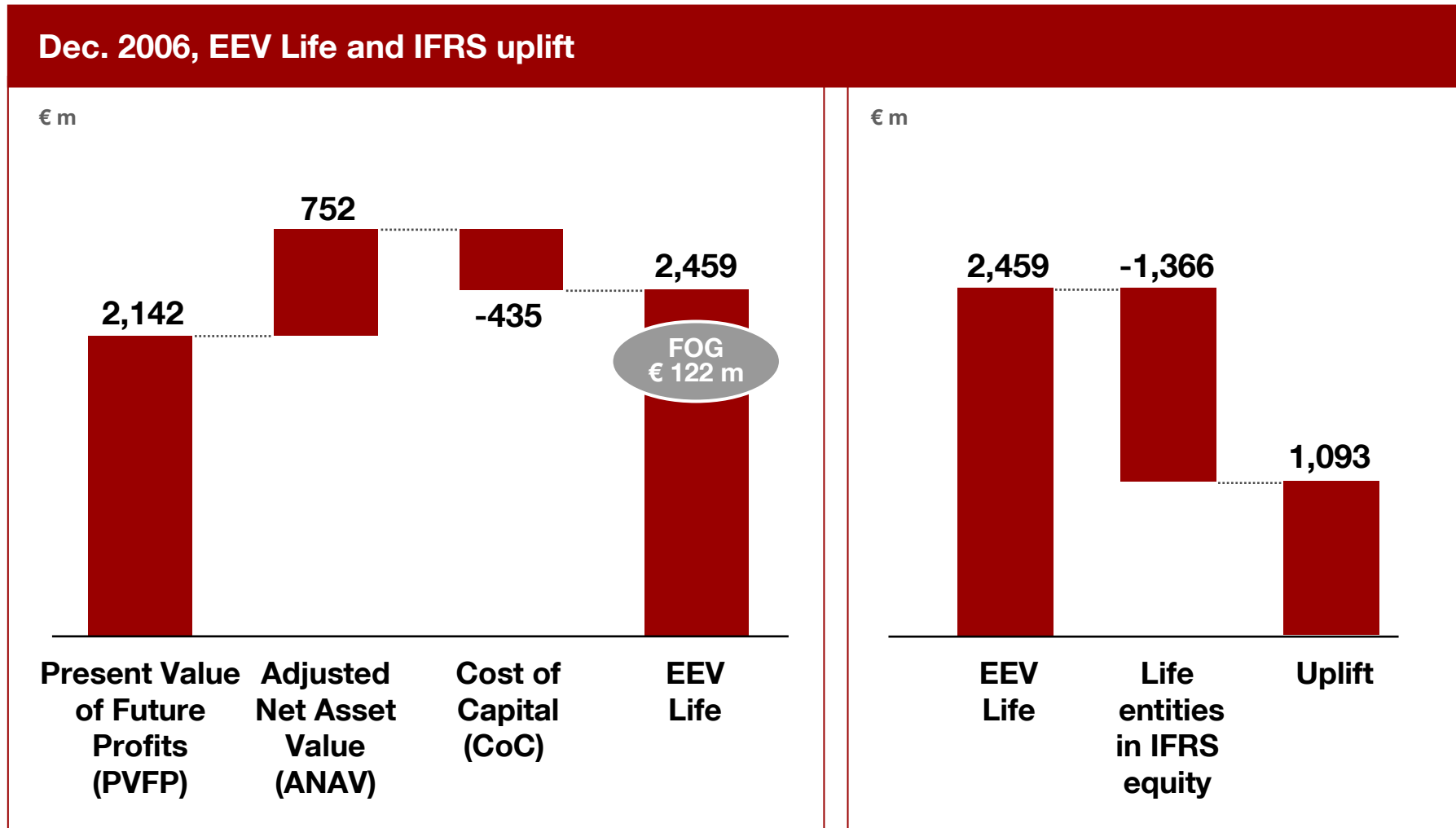
### Capital Management

#### Ensuring financial strength

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



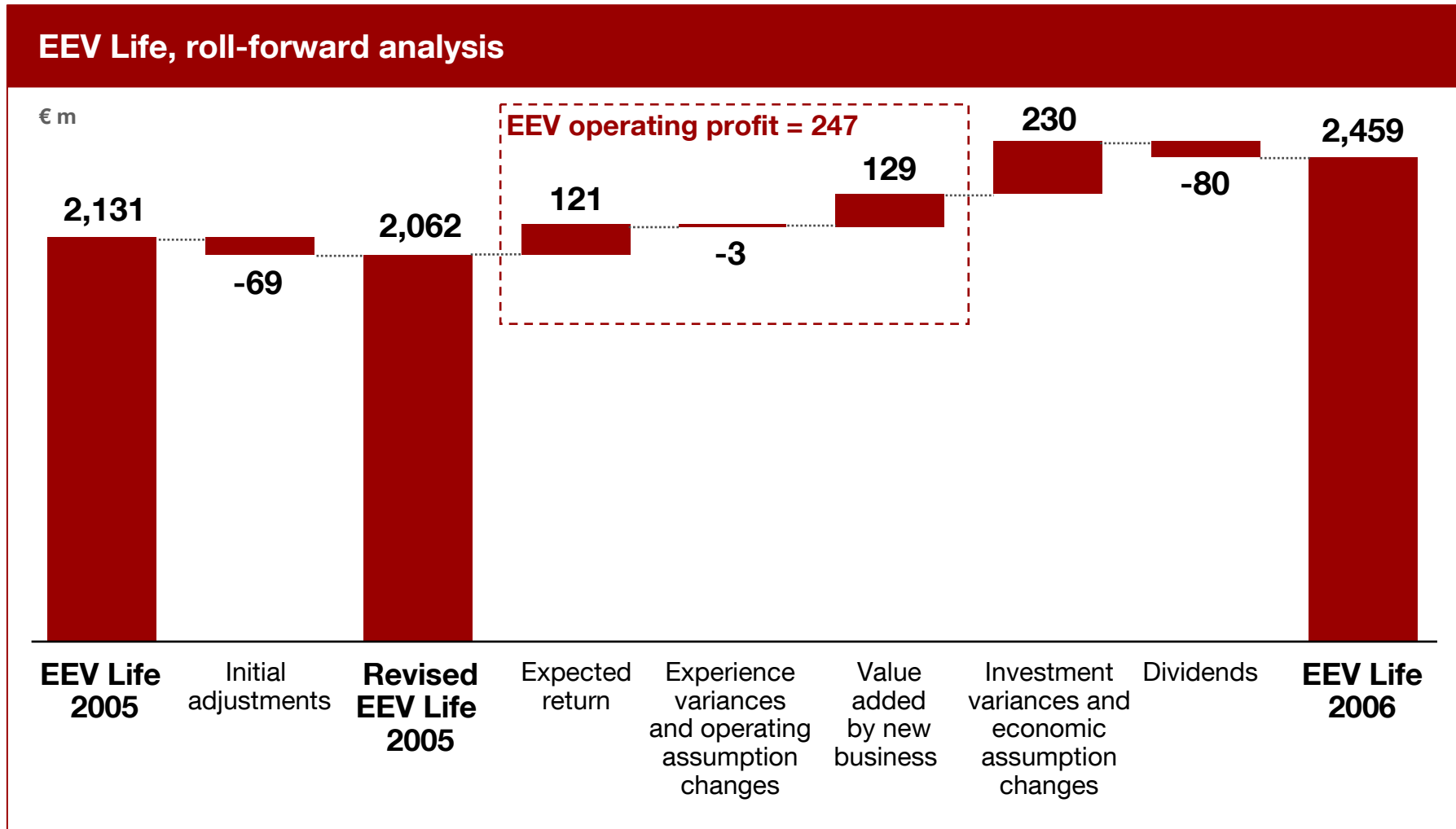
# EEV Life



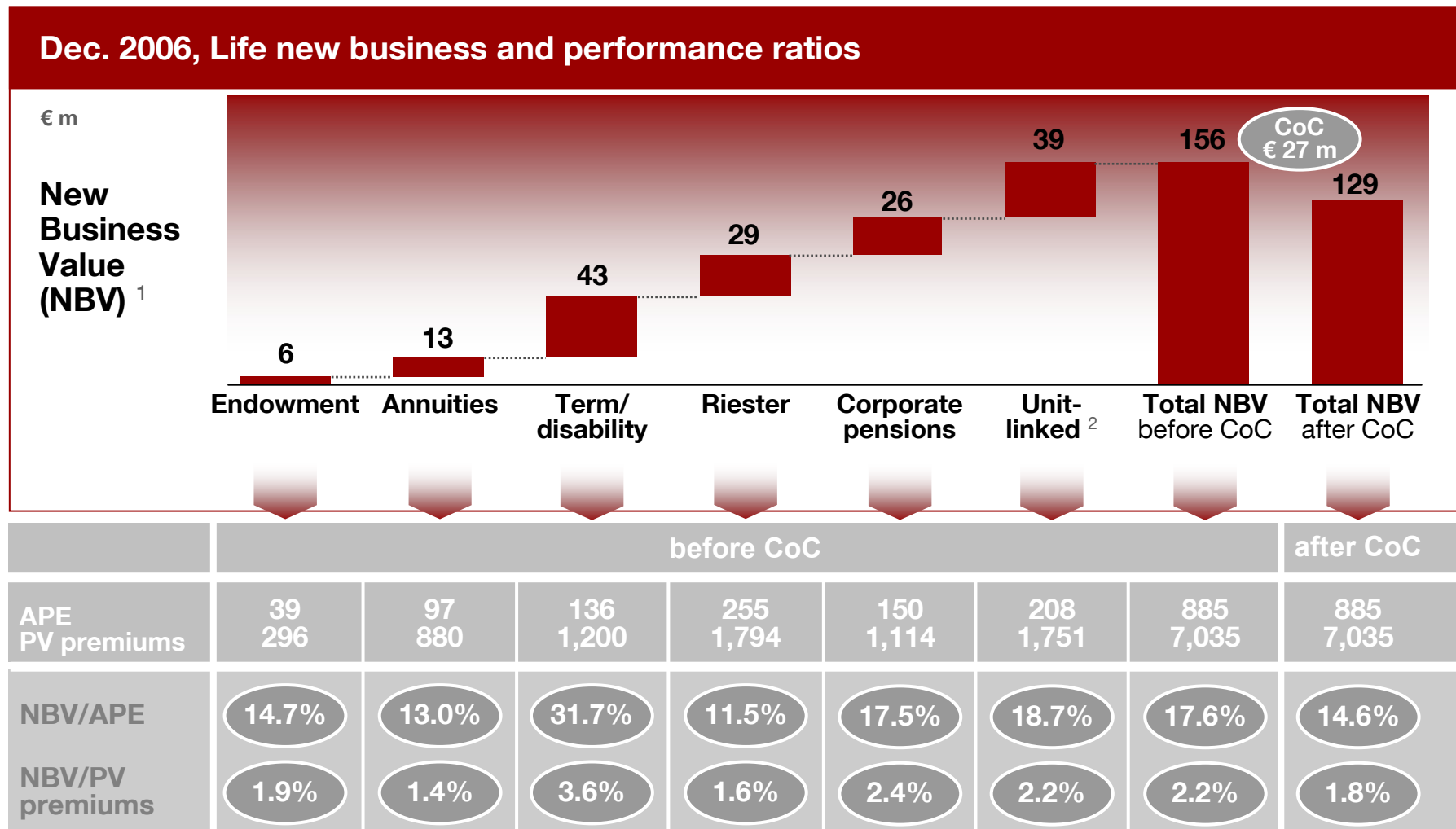
FOG = Financial Options and Guarantees



# EEV Life 2006 roll-forward

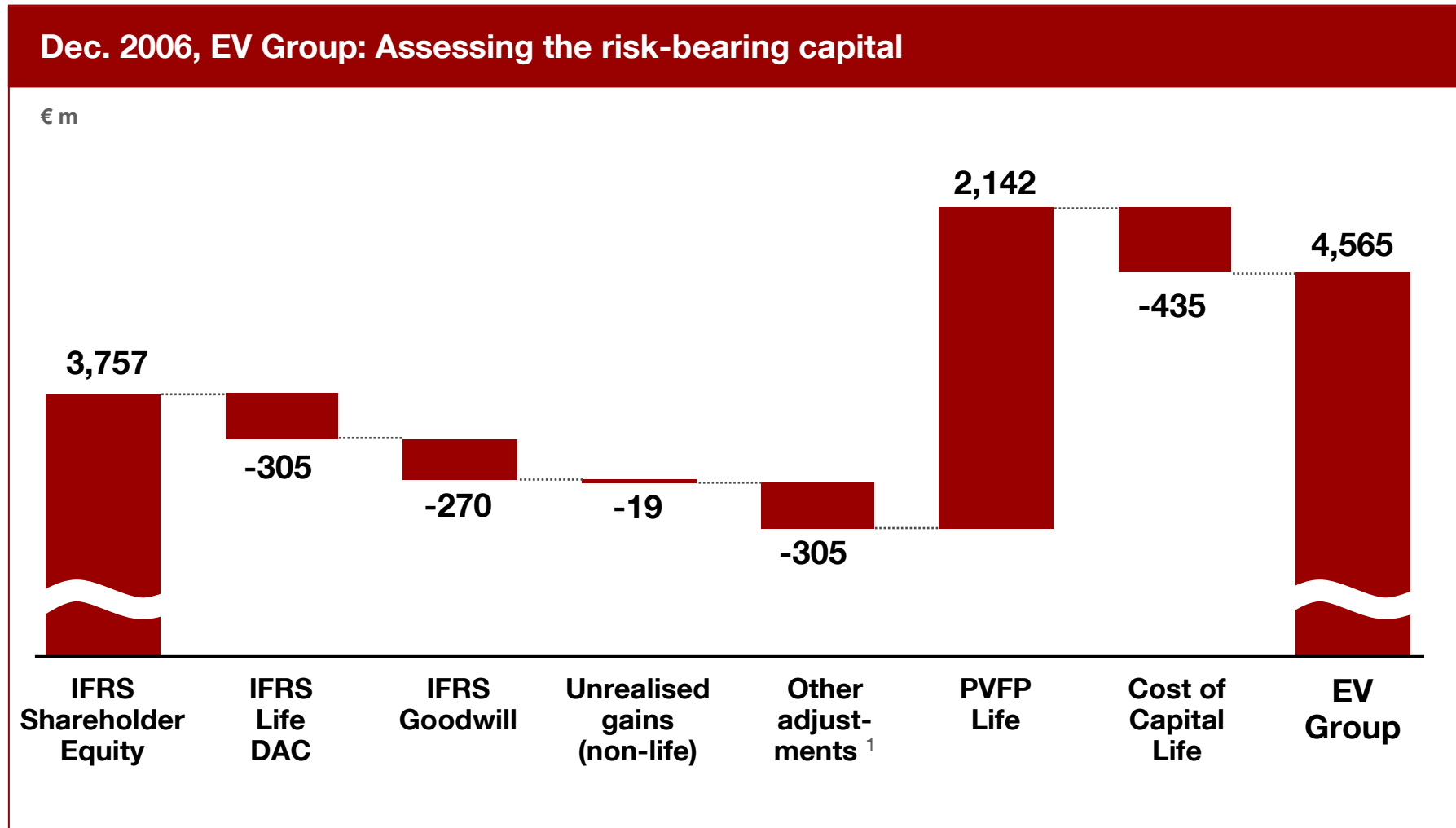


# New Business Value and profitability of different product groups



<sup>1</sup> NBV in representative rounded figures  
<sup>2</sup> incl. net fund management fees

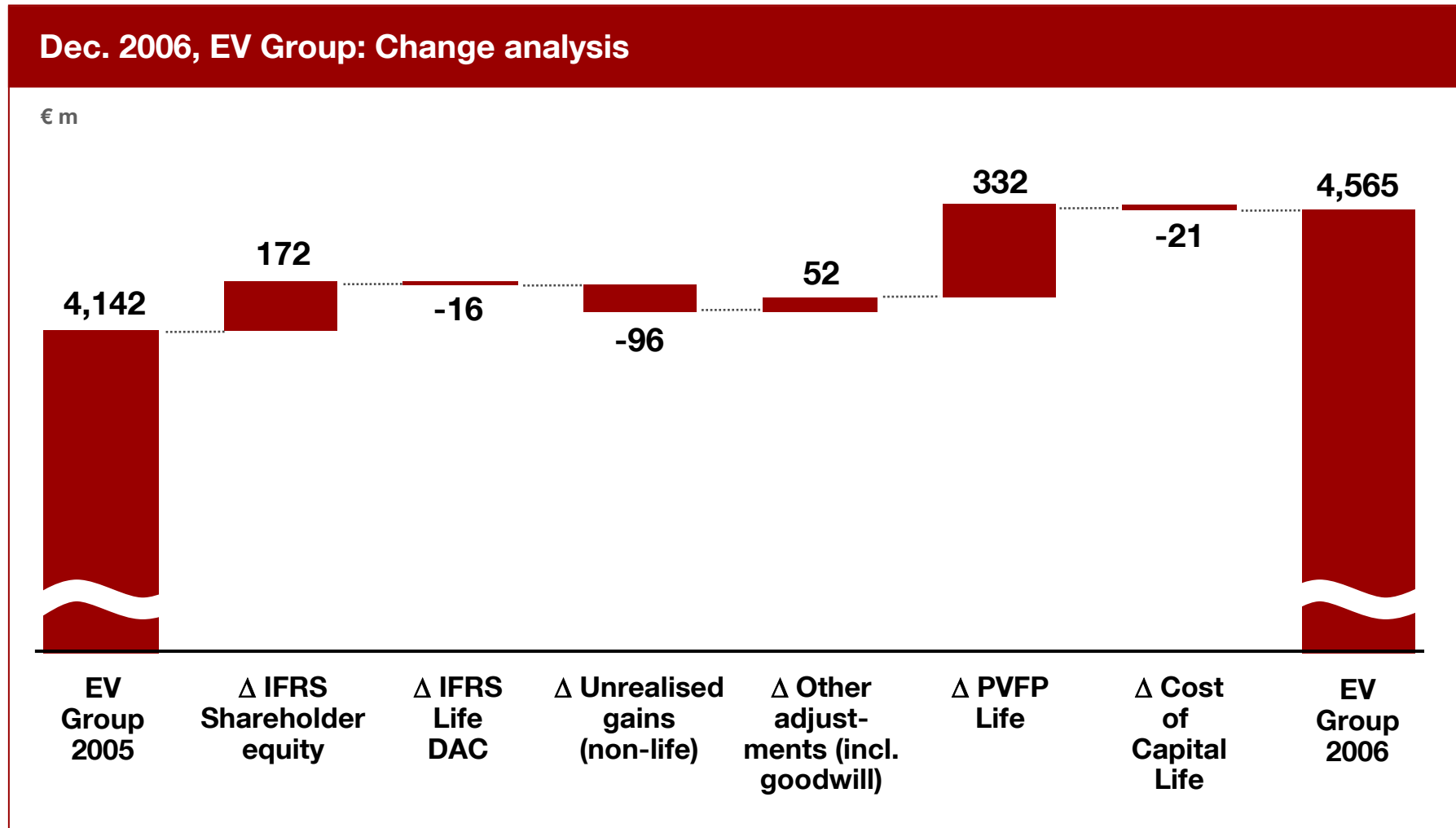
## EV Group per share reaches € 85 - MV/EV multiple equals approx. 1.3



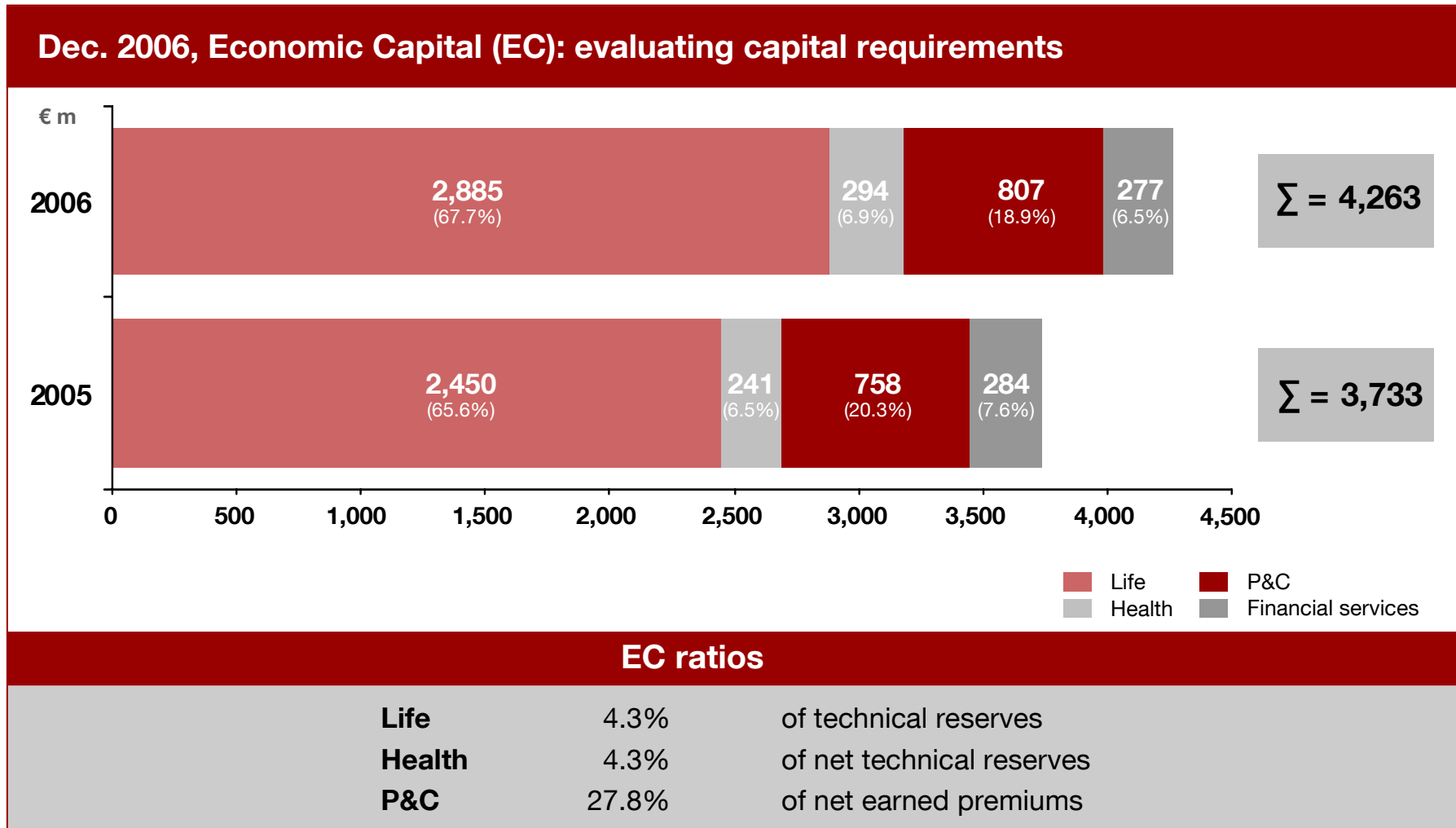
<sup>1</sup> unrealised gains life € 187 m and dividends to be paid € 118 m  
 MV = market value



## Increase of EV Group driven by higher IFRS equity and PVFP



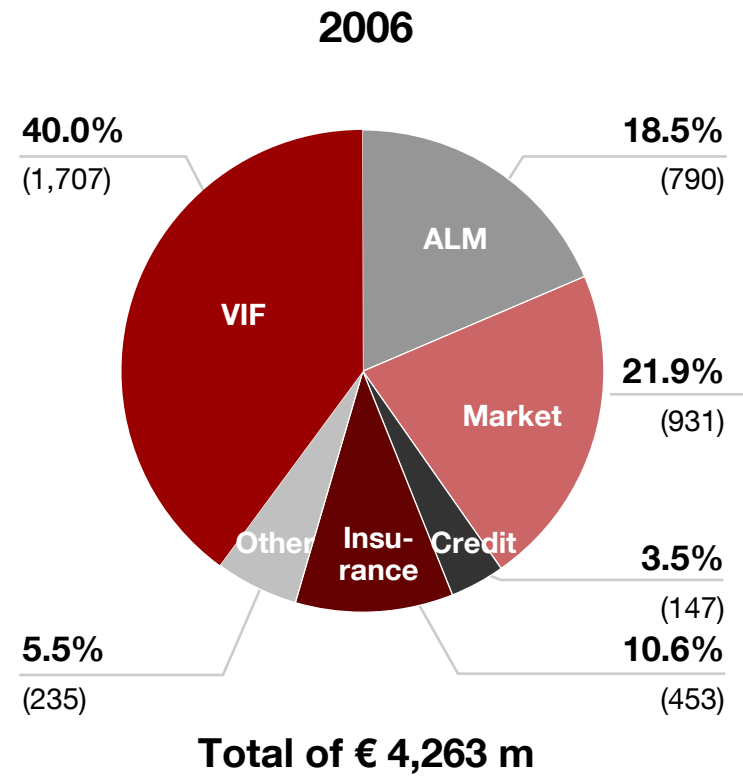
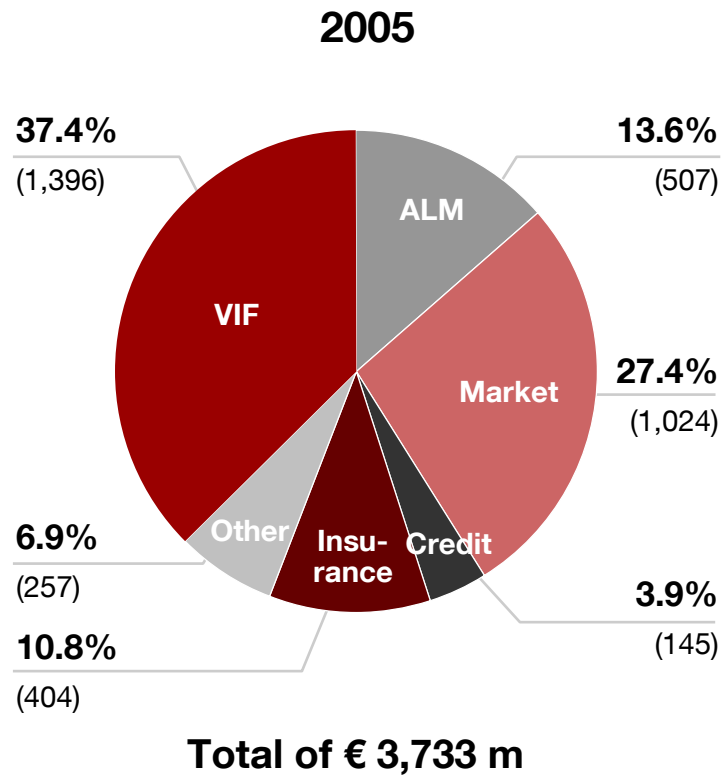
# Higher Economic Capital driven by growth and increasing VIF



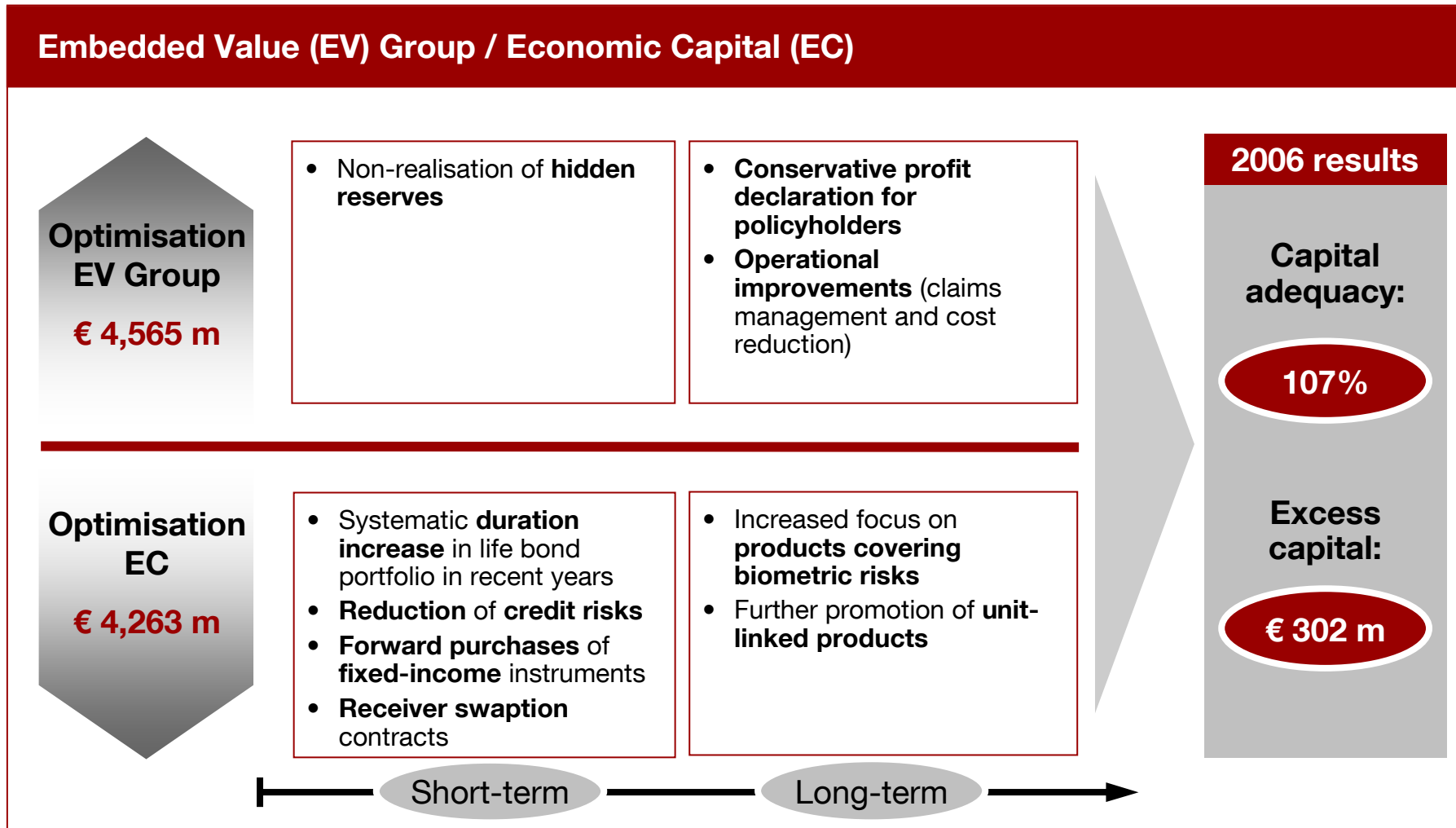
## Stable risk environment: VIF is main reason for EC movements

### Dec. 2006, EC allocation by risk category

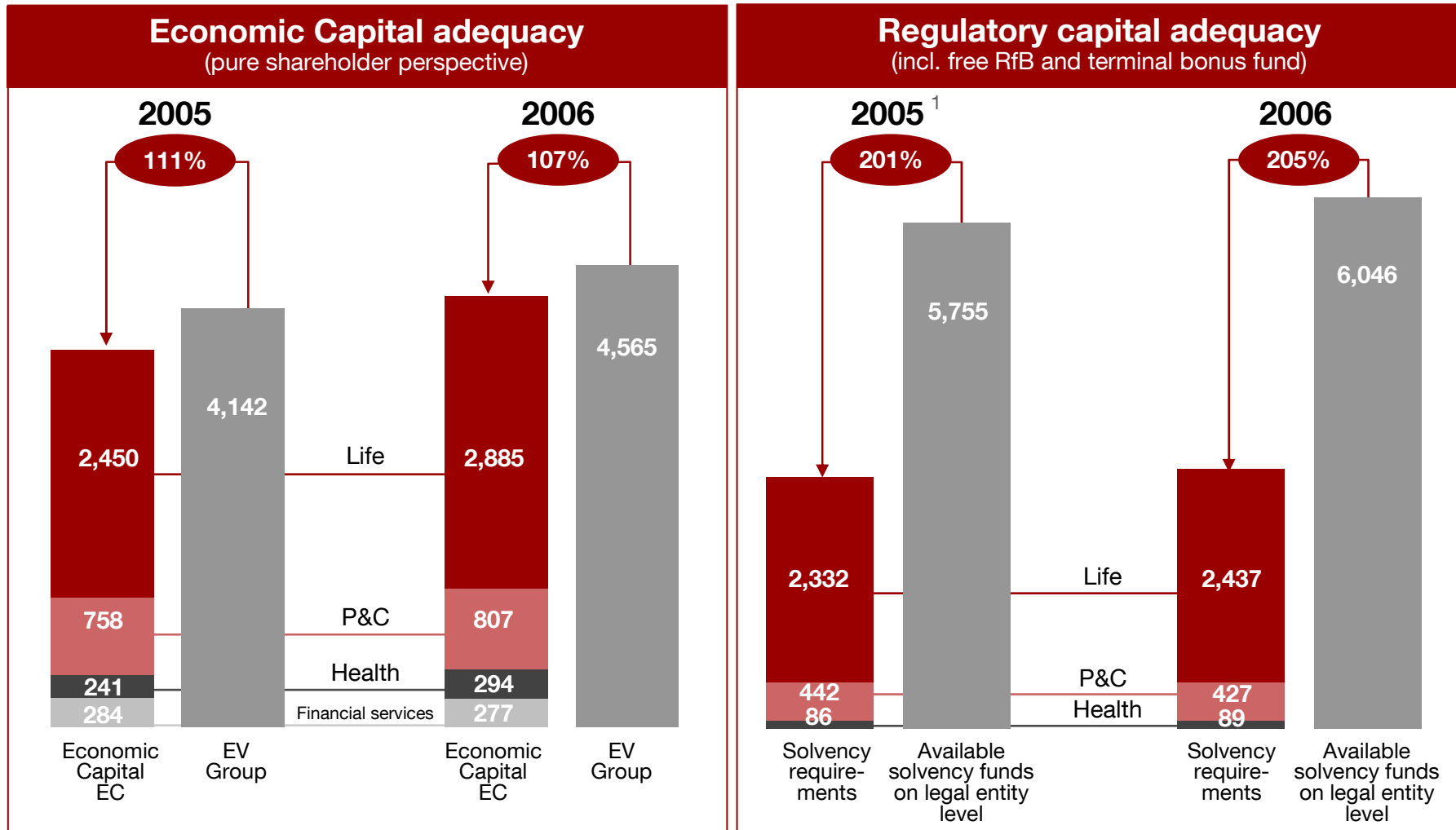
€ m



# Sufficient capital adequacy supported by risk action plans



# Sufficient capitalisation also in regulatory environment



<sup>1</sup> pure direct business without AMB Generali Holding; including AMB Generali Holding, solvency ratio is 258% in 2006 (2005: 253%)



## Continuous improvement of operating profitability

Return on Embedded Value (after tax)		Analysis and outlook	
	2005	2006	
Life <sup>1</sup>	10.1%	10.8%	<ul style="list-style-type: none"> <li>• <b>Increase in Life RoEC</b> is driven by a higher new business value and rising expected profits</li> <li>• <b>Health business profitability</b> still above average</li> <li>• <b>Reduced combined ratio</b> triggers higher RoEC in P&amp;C</li> <li>• <b>Successful turn-around</b> leads to stable double-digit RoEC in financial services</li> <li>• <b>Positive investment variances</b> are further leveraging the RoEV</li> <li>• <b>Outlook:</b> Top-management commitment to deliver <b>sustainable RoECs risk-free plus 8%</b></li> </ul>
Health <sup>2</sup>	17.7%	18.3%	
P&C <sup>3</sup>	10.4%	15.0%	
Financial services <sup>2</sup>	10.6%	14.0%	
<b>RoEC normalised</b>	<b>10.6%</b>	<b>12.3%</b>	
Excess capital	2.1%	2.2%	
<b>RoEV normalised</b>	<b>10.0%</b>	<b>11.3%</b>	
Cost of debt	-0.2%	-0.4%	
Investment & tax variances	13.9%	2.1%	
<b>RoEV</b>	<b>23.7%</b>	<b>13.1%</b>	

1 based on New Business Value, expected return (VIF roll-forward) and operating variances

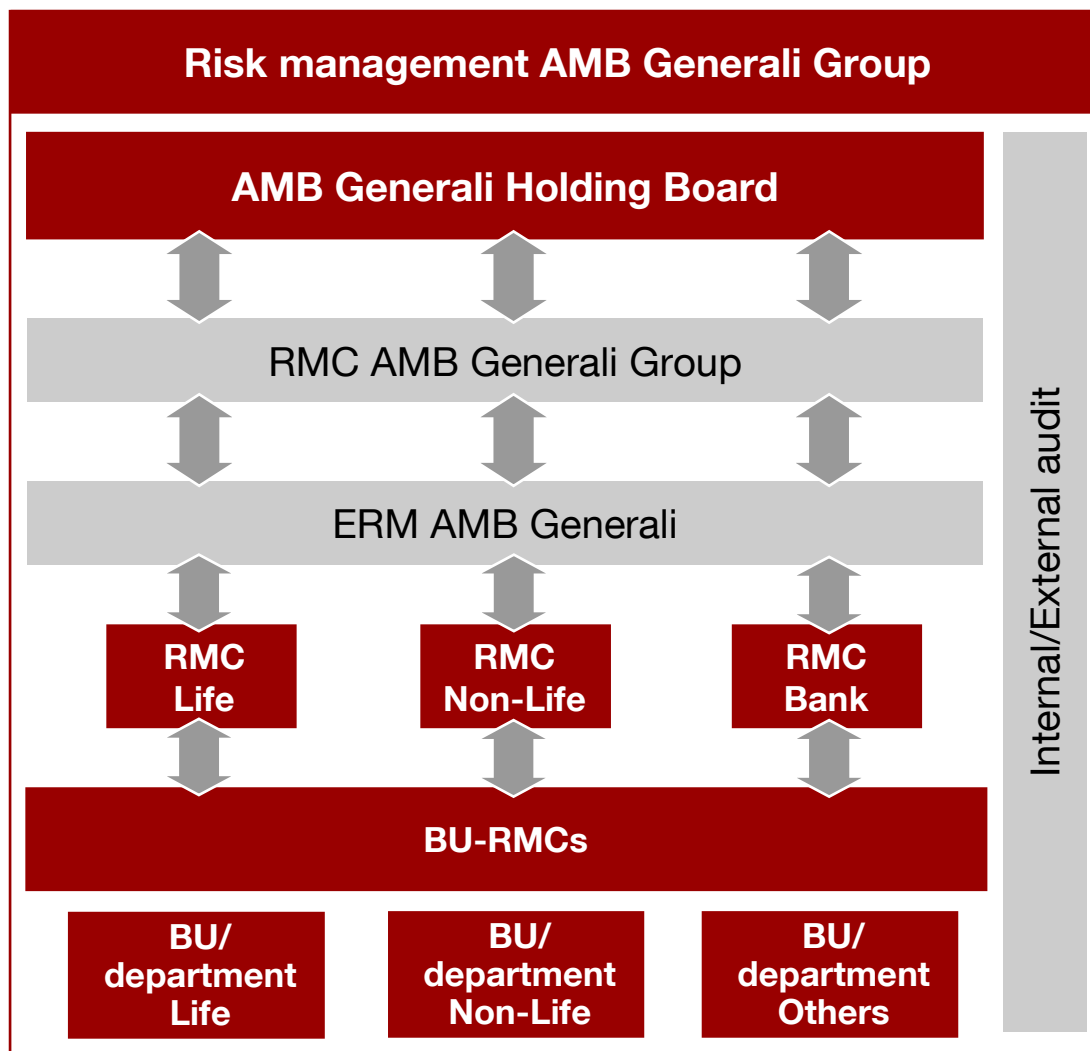
2 based on IFRS profit (excl. extraordinary items)

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



**AMB GENERALI**

## Risk management responsibilities



### Fundamental processes:

- The Generali Group Risk Committee (GRC) board **defines principles and procedures** for risk and performance governance
- The AMB Generali Holding board is **responsible for group-wide capital adequacy** and group-related limits
- Segment-specific Risk Management Committees (RMC) **control BU-related capital adequacy** and take the responsibility for risk-steering actions (e.g. SAA decisions)
- ERM **coordinates and controls the consistency** and integration of the risk measurement and management
- BU-RMCs (BU-boards) **monitor BU-specific risk exposure** and propose actions in RMCs Life/Non-Life/Bank



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ERM = Enterprise Risk Management  
BU = business units

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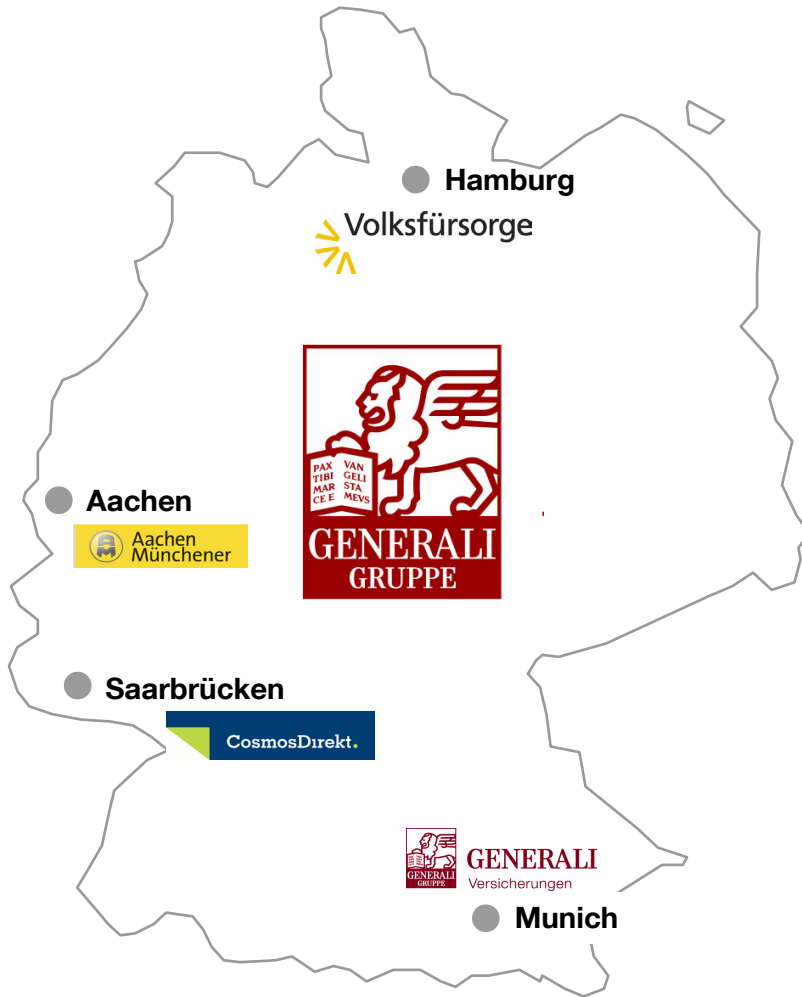
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# Diversity of brands as strategic advantage to best suit customer needs



## Aachen Münchener

- Gross premiums of € 4.8 bn
- Focus on life (life 76%, P&C 24%)
- Market leader in unit-linked
- Deutsche Vermögensberatung as single distribution channel

## Volksfürsorge

- Gross premiums of € 3.0 bn
- Focus on life (life 80%, P&C 20%)
- Largest company-owned sales force with employed field staff (3,900)
- Cooperation with Commerzbank

## GENERALI Versicherungen

- Gross premiums of € 2.1 bn
- Strong position in P&C (life 54%, P&C 46%)
- Important broker distribution channel
- Largest number of self-employed agents (1,800)

## CosmosDirekt.

- Gross premiums of € 1.2 bn
- Focus on life (life 90%, P&C 10%)
- Market leader in term life
- No. 1 direct selling insurer

Gross premiums and percentage figures German GAAP direct business

# Special brands complete product range for retail customers



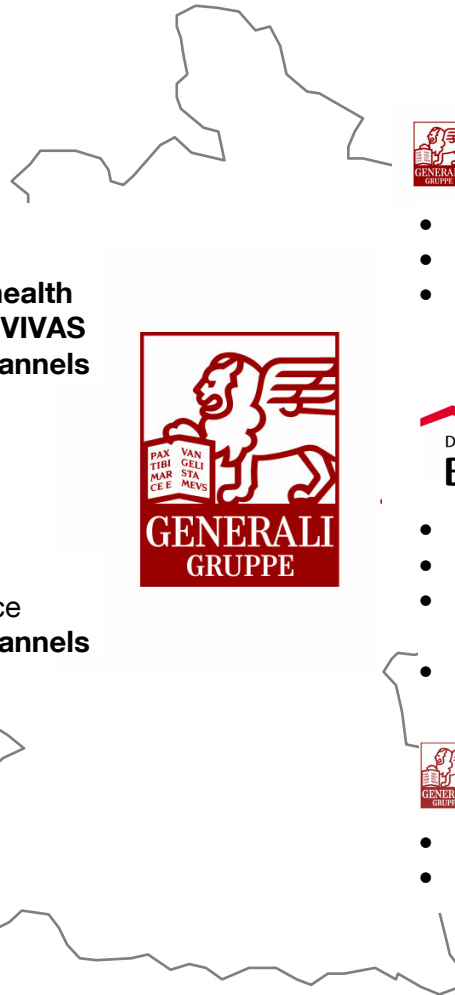
- Gross premiums of € 1.7 bn
- Specialist for health insurance
- Cooperation with 3rd largest public health fund Techniker Krankenkasse via ENVIVAS
- Access to group-wide distribution channels



- Gross premiums of € 181 m
- Specialist for legal expenses insurance
- Access to group-wide distribution channels



- Gross premiums of € 156 m
- Specialist for biometric risks
- Distribution via brokers



- Gross premiums of € 209 m
- Focus on corporate pension business
- Founded in 2002



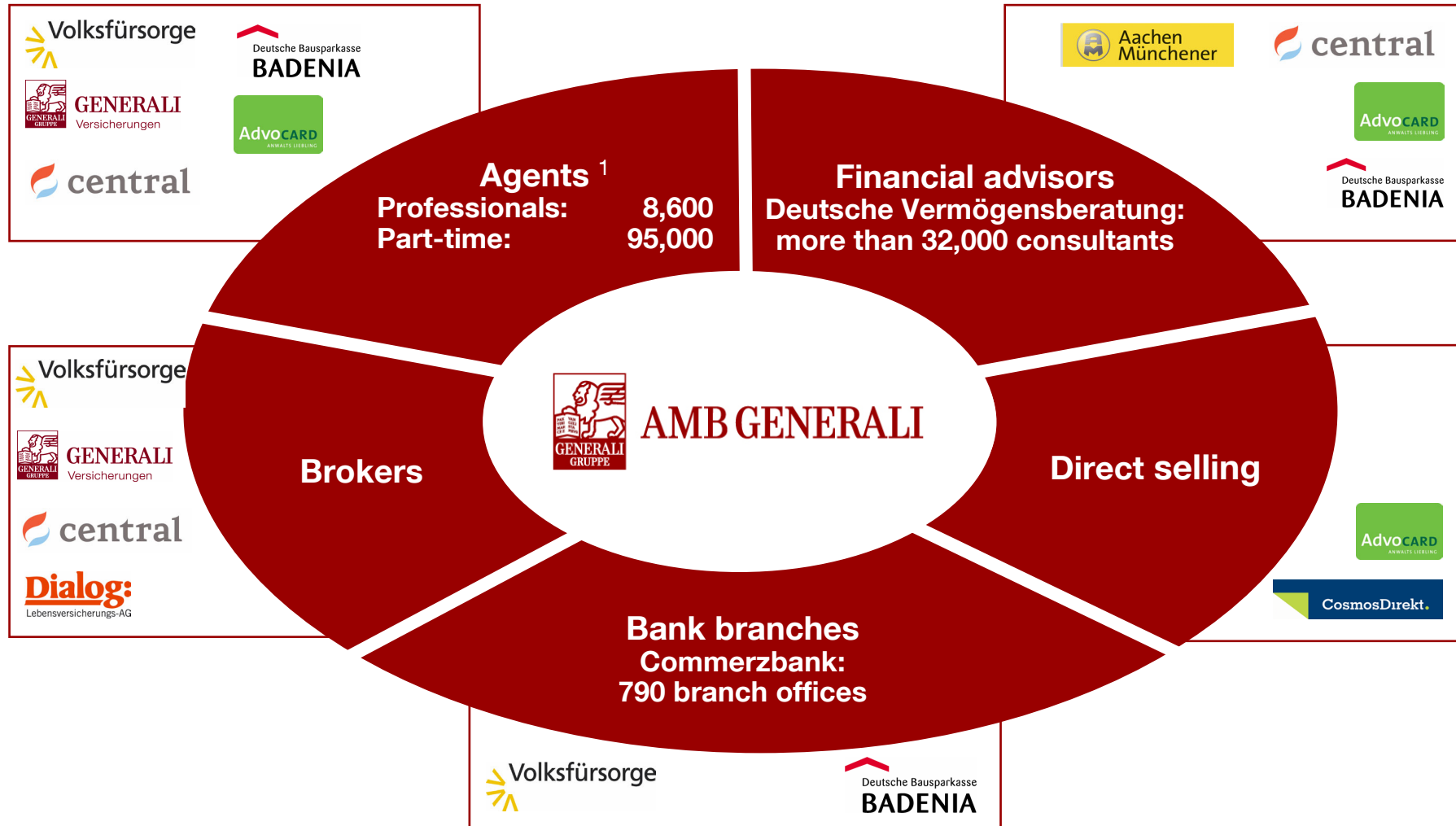
- Contract portfolio of € 27.8 bn
- Building society
- Residential property financing for the AMB Generali Group
- Access to group-wide distribution channels



- Mutual funds
- Access to group-wide distribution channels

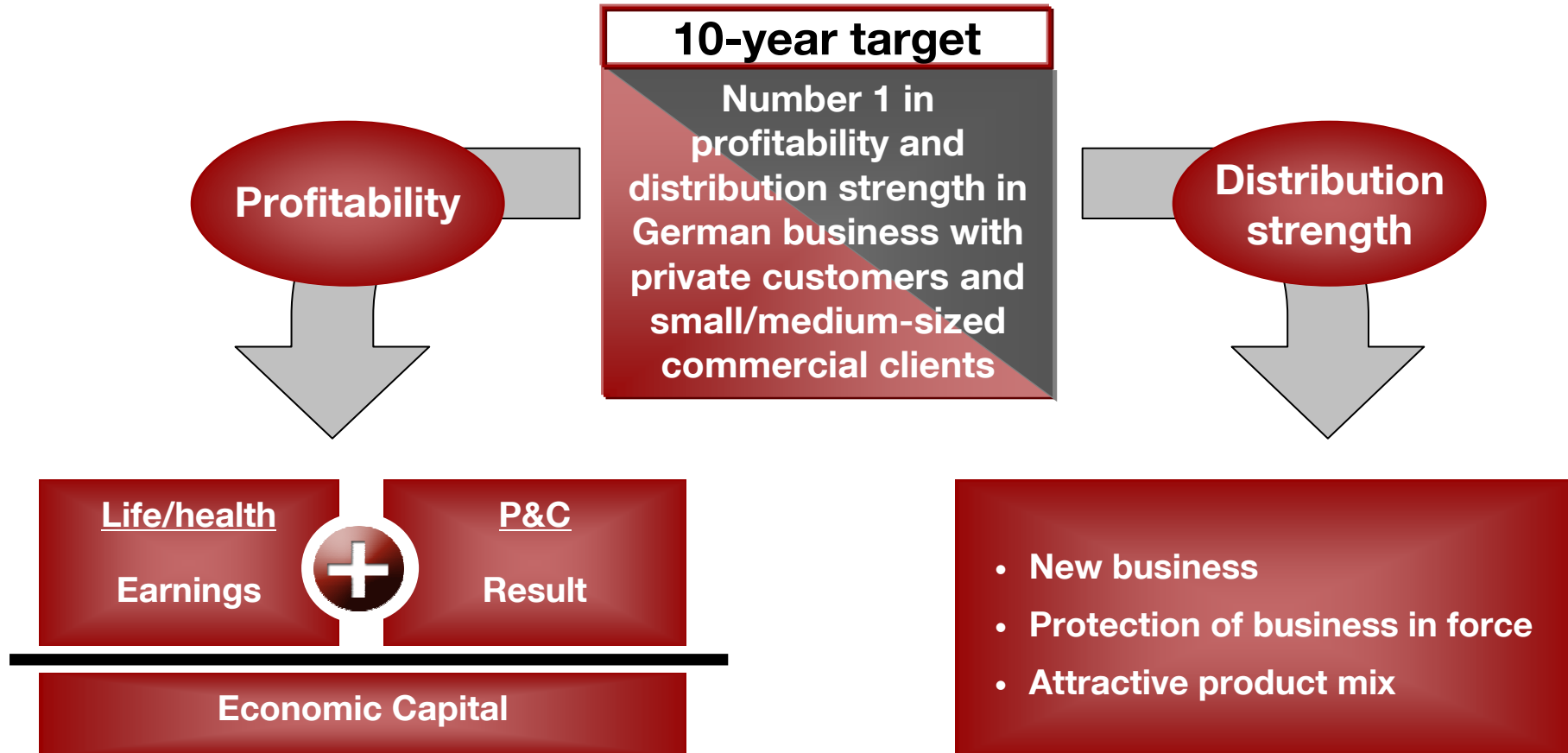
Gross premiums and percentage figures German GAAP direct business

# Distribution channels and multibranding strengthen our competitive power



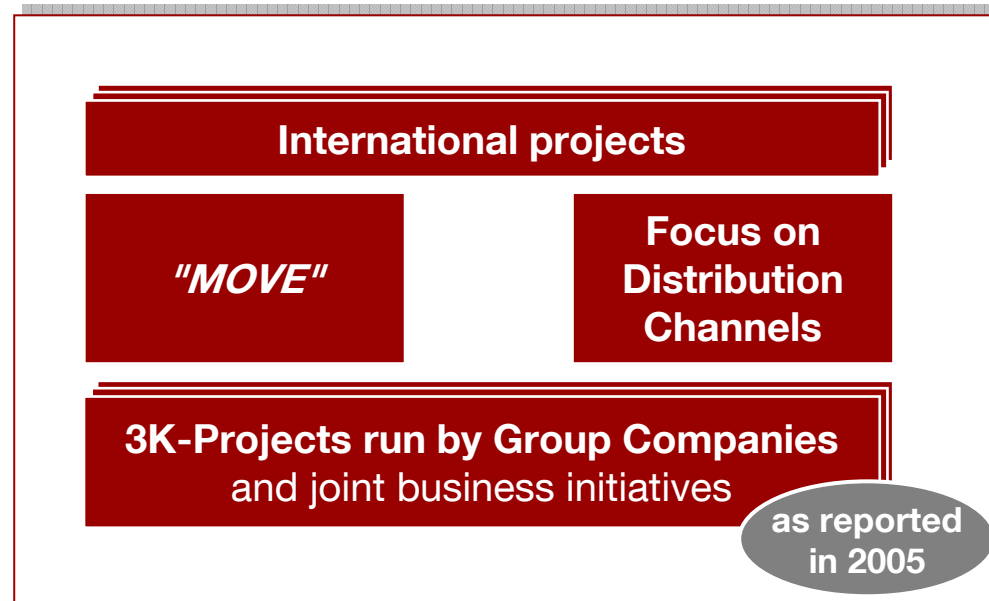
<sup>1</sup> total company exclusive sales network composed of employed field staff and self-employed agents

## Ventured target for profitability and distribution strength



## Measures taken to achieve 2007-2009 targets – Overview

- AMB Generali Group with an **ambitious management programme for 2007-2009:**
  - Continuous improvement – optimisation within existing structures
  - Acceleration – change of existing structures in distribution and operations
- All **activities bundled in four areas** and aiming at a **bottom line result of € 450 m in 2008**



# Clear focus on specific channels in new distribution approach <sup>1</sup>

International Projects

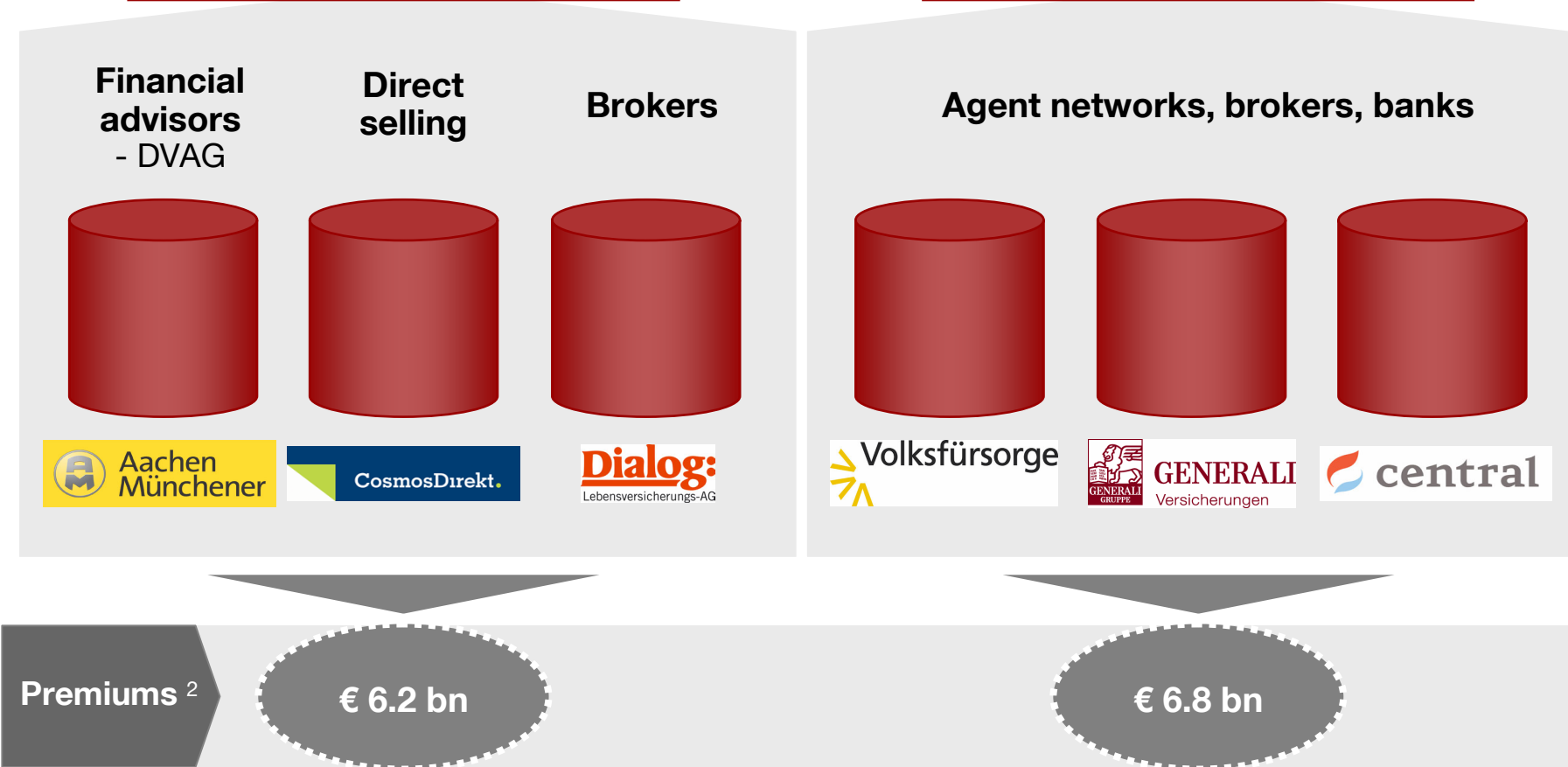
"MOVE"

Focus on Distribution Channels

3K-Projects run by Group Companies

## Single-channel distribution

## Multi-channel distribution



<sup>1</sup> without Advocard, Badenia, Pensionsfonds, Pensionskasse  
<sup>2</sup> gross premium income

# Deutsche Vermögensberatung will be the sole sales channel of AachenMünchener in the future



DVAG

## Exclusive orientation at unique sales model with strong growth potential

- Stronger focus of DVAG on insurance products – balanced growth both in life and P&C
- Fast change-over of agent network to efficient DVAG sales model
- Proven forms of cooperation reduce risks of expanded cooperation

## Major reduction of sales-channel complexity with only minor decrease in distribution capacity

- Transfer of broker organisations to Volksfürsorge (partially incl. portfolio)
- Brokers only have a share of 5 – 10% each in life and P&C business

## Mutual exclusiveness as core element of the overall cooperation logic

- Mutual exclusiveness confirmed and continued on a stable basis
- Support of DVAG advisors due to strong brand and exclusive development of innovative products

## Sustainable improvement of efficiency

- Fixed personnel and overhead costs (decentral branch offices, employees) replaced by variable commission expenditure
- Reduction of product-development expenses by focus on one distribution channel



# "MOVE" projects aim at structural integration of selected operations



Major steps for higher integration

Project aiming at:	
<b>Shared services</b>	<ul style="list-style-type: none"> <li>• <b>Consolidation of accounting, taxes and strategic administrative services</b> (e.g. purchasing, facility management, logistics) in <b>centralised entity</b></li> <li>• <b>Harmonisation and optimisation of group-wide administrative activities</b></li> </ul>
<b>Claims management</b>	<ul style="list-style-type: none"> <li>• <b>Consolidation of all specialist and controlling functions in centralised entity</b></li> </ul>
<b>Standard customer services</b>	<ul style="list-style-type: none"> <li>• <b>Group-wide harmonisation of operating activities</b> with focus on retail customer, under lead management of Group COOs</li> <li>• Significant <b>increase</b> of handling of <b>standardised transactions within 1st level</b></li> </ul>

Company already incorporated and operations commenced

# Significant cost cuts as a result of group-wide programmes and measures in the individual Group companies

International Projects

"MOVE"

Focus on Distribution Channels

3K-Projects run by Group Companies

## Centralisation of back-office functions to realise synergies by ...

...economies of scope



...economies of scale

### 1st step

**Optimisation of operations within existing structures already initiated in various projects**

- Best practice to optimise **claims management**
- Intensification of **efficiency programmes** within Group companies

### 2nd step

**Structural integration of selected operations**

- I **Shared services:** concentration of specific support functions in a **group-wide service company**
- II Centralisation of claims handling within a **group-wide claims management company**
- III **Customer services:** shared handling of selected standard business transactions

### Targets 2008

#### Cost cutting

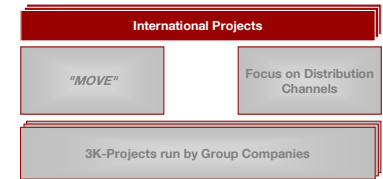
Old target: € 100 m  
New target: € 200 m

#### FTE reduction

Old target: 1,000  
New target: 1,500



# National activities supported by intensified cooperation in the Assicurazioni Generali Group



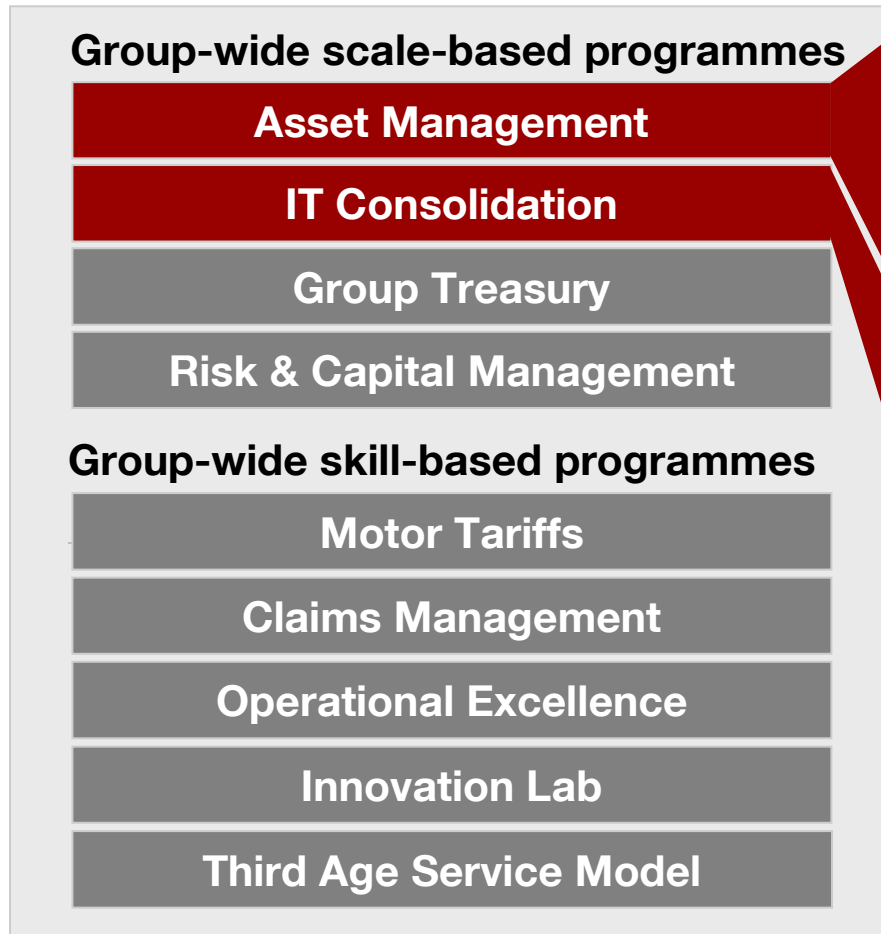
- **Optimisation on country level:** 3-year plan of the international Group with **ambitious targets** for the national companies
- **Transnational activities: Realisation of synergies by international projects**
  - **Skill-based programmes** for international transfer of know-how and benchmarking
  - **Scale-based programmes** to benefit from transnational economies of scale
- Launch of the **International Management Board**
- Gradual **international integration** of national service providers (AMGAM, AMGIS)



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AMGAM = AMB Generali Asset Managers  
AMGIS = AMB Generali Informatik Services

# AMB Generali contributes to the intensified cooperation in the international Generali Group



- Integration of AMGAM in the new asset management holding company "**Generali Investments S.p.A.**"
- Future shareholding in Generali Investments will be 40% Assicurazioni Generali, 30% AMB Generali and 30% Generali France
- Set-up of Cologne as **competence center for financial-market analysis & research and private equity**

- **Aachen** and Mogliano as the Group's European data centres
- **Takeover of data-centre activities** from Belgium (November 2006) and Spain (2007/2008)

## Ambitious financial targets for sustainable profitability

	Achievements 2006	Targets 2007	Outlook 2008/2009
<b>Premium development</b> <sup>1</sup>			
- Life	+6.3%	above market level	
- Health	+4.6%	above market level	
- P&C	+0.1%	at market level	
<b>General expenses</b> <sup>2</sup>	€ 1,818 m	< € 1,800 m	< € 1,700 m until 2009 despite over- proportionate growth
<b>Combined ratio</b>	95.7%	< 97% against difficult market environment	< 96% against difficult market environment
<b>New Business Value</b> <sup>3</sup>	€ 156 m	Steady rise in subsequent years	
<b>Net profit</b>	€ 346 m <sup>4</sup>	€ 380 m	€ 450 m in 2008 further increase in 2009

<sup>1</sup> gross premiums German GAAP, direct business

<sup>2</sup> German GAAP figures, excluding commissions  
and one-off restructuring costs

<sup>3</sup> before Cost of Capital

<sup>4</sup> without extraordinary effect from capitalisation of corporation tax credits



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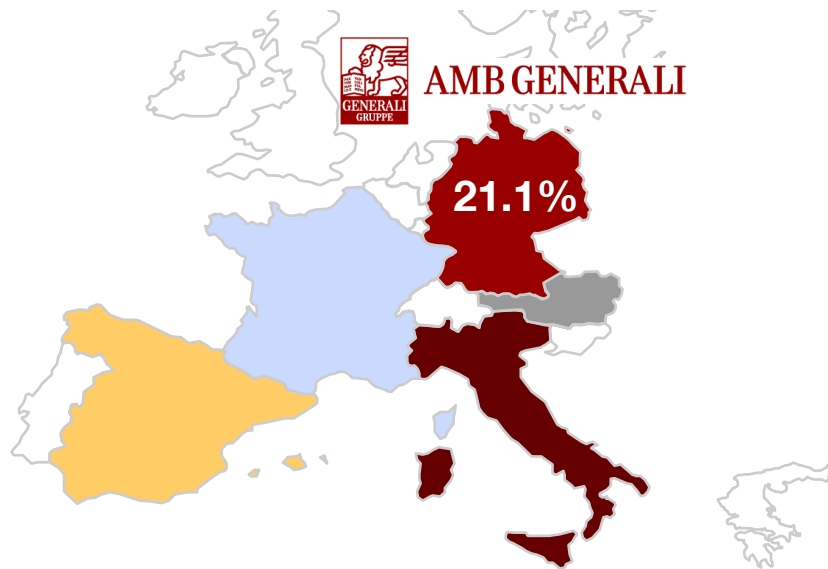


# AMB Generali as the German section of the Generali Group



**Top player in European insurance**

**with € 63 bn consolidated premiums in 2006**



% of total Generali Group premiums (2005)

Italy	39.5%	Spain	3.5%
Germany	21.1%	Austria	3.2%
France	20.7%	Other	12.0%



**AMB GENERALI**

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



**AMB GENERALI**

## AMB Generali one of the market leaders in Germany

German insurance market 2005 <sup>1</sup>		
Life	P&C	Health
Gross premiums, direct Ranking                      € bn	Gross premiums, direct Ranking                      € bn	Gross premiums, direct Ranking                      € bn
1 ALLIANZ                      11.6	1 ALLIANZ                      11.2	1 ERGO                      4.3
<b>2 AMB GENERALI                      8.0</b>	2 TALANX/GERLING                      4.4	2 DEBEKA                      3.7
3 ERGO                      5.8	3 AXA/DBV WINTERTHUR                      3.4	3 ALLIANZ                      3.0
4 TALANX/GERLING                      4.2	4 R+V                      3.2	4 SIGNAL IDUNA                      2.0
5 AXA/DBV WINTERTHUR                      3.9	5 HUK-COBURG                      3.1	5 AXA/DBV WINTERTHUR                      1.9
6 ZÜRICH GROUP                      3.7	6 ERGO                      3.1	6 VK BAYERN                      1.6
7 R+V                      3.5	<b>7 AMB GENERALI                      3.0</b>	<b>7 AMB GENERALI                      1.6</b>
8 DEBEKA                      2.5	8 ZURICH GROUP                      2.3	8 CONTINENTALE                      1.2
9 VK BAYERN                      2.0	9 VK BAYERN                      1.7	9 BARMENIA                      1.1
10 NÜRNBERGER                      1.9	10 GOTHAER                      1.5	10 HUK-COBURG                      0.8

<sup>1</sup> not consolidated, German GAAP



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## Business development overview

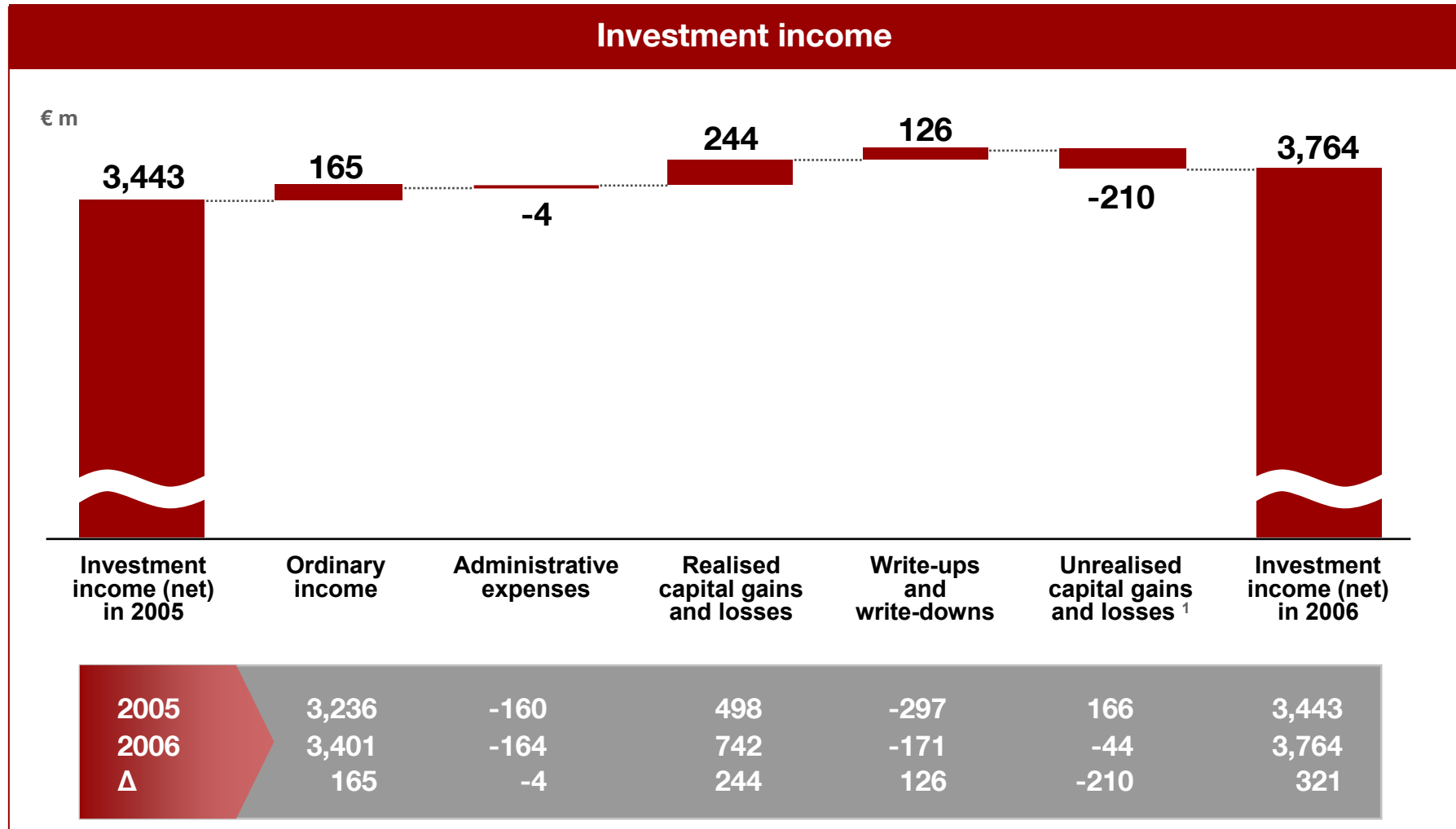
€	2005	2006	Δ
<b>Total premiums (German GAAP) <sup>1</sup></b>	<b>12,815 m</b>	<b>13,408 m</b>	<b>4.6%</b>
<b>Consolidated gross premiums (IFRS) <sup>1</sup></b>	<b>11,458 m</b>	<b>11,743 m</b>	<b>2.5%</b>
• Life	6,876 m	7,085 m	3.0%
• Health	1,592 m	1,666 m	4.6%
• P&C	2,990 m	2,993 m	0.1%
<b>Life new business regular premiums</b>	<b>957 m</b>	<b>1,020 m</b>	<b>6.6%</b>
<b>Claims &amp; benefits</b>	<b>-10,797 m</b>	<b>-11,561 m</b>	<b>7.1%</b>
<b>Operating expenses</b>	<b>-2,409 m</b>	<b>-2,386 m</b>	<b>-1.0%</b>
<b>Investment income (net)</b>	<b>3,443 m</b>	<b>3,764 m</b>	<b>9.3%</b>
<b>Operating profit <sup>2</sup></b>	<b>589 m</b>	<b>614 m</b>	<b>25 m</b>
Finance costs	-7 m	-13 m	-6 m
Tax	-268 m	-150 m	118 m
<b>Net profit (incl. corporation tax credits) <sup>3</sup></b>	<b>314 m</b>	<b>451 m</b>	<b>137 m</b>
<b>Net profit (excl. corporation tax credits)</b>	<b>314 m</b>	<b>346 m</b>	<b>32 m</b>
<b>Shareholders' equity</b>	<b>3,794 m</b>	<b>3,989 m</b>	<b>5.1%</b>



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- 1 German GAAP incl. / IFRS excl. the savings portions of the life insurance products concerned and the premiums of investment contracts
- 2 earnings from ordinary activities before finance costs and taxes
- 3 attributable to minority interests: € 2 m in 2006 and € -1 m in 2005

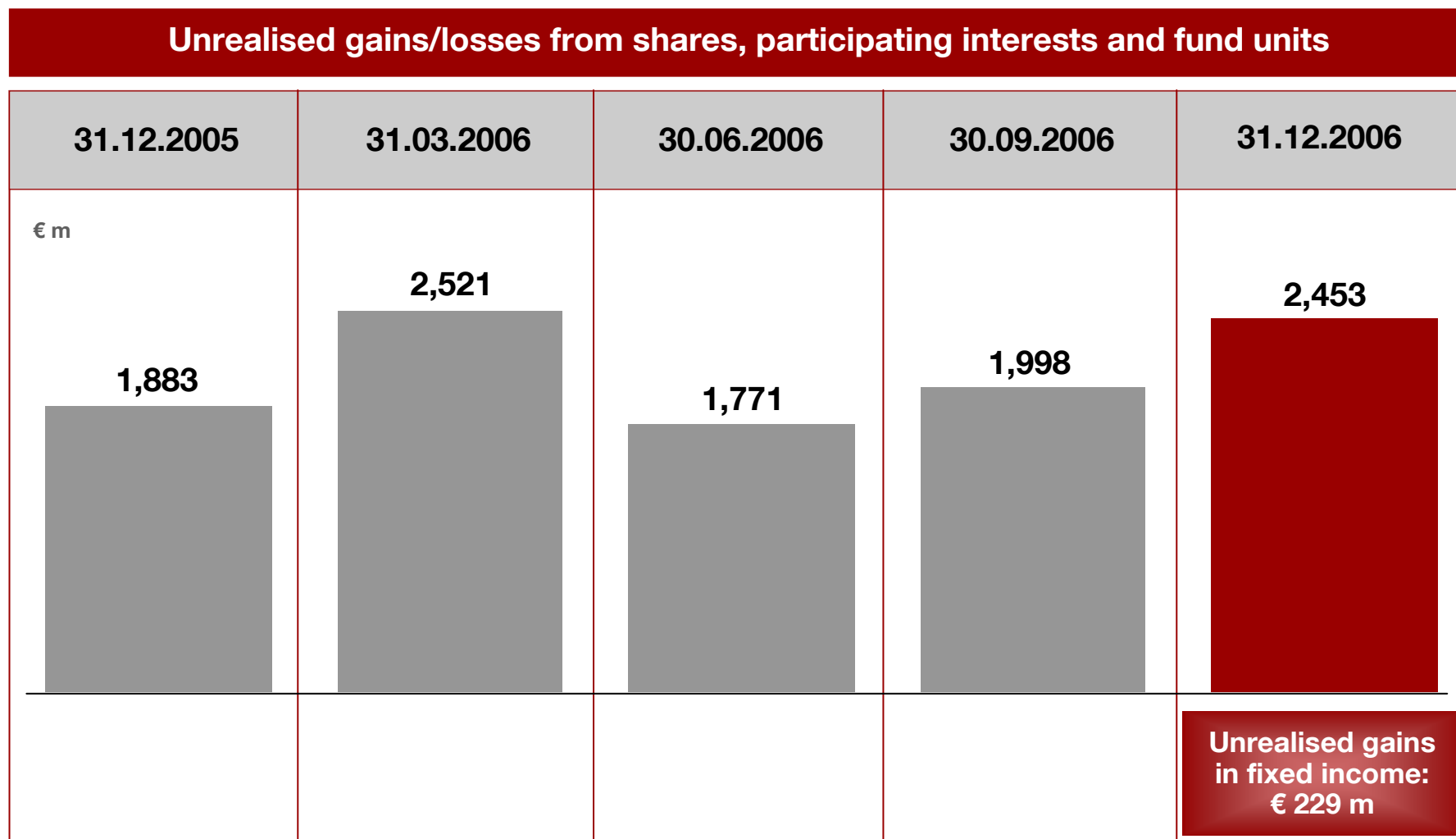
## Investment income in 2006 above previous year's level



<sup>1</sup> mainly forward transactions in fixed income



## Continuation of long-term upward trend in dividend-bearing securities



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

€ m	2005	2006	Δ
Life	147	116	-31 <sup>3</sup>
Health	43	19	-24 <sup>3</sup>
P&C	267 <sup>2</sup>	328	61
Financial services	22	40	18
Consolidation	-166 <sup>2</sup>	-52	114
<b>Consolidated net result</b>	<b>314</b>	<b>451</b>	<b>137</b>

1 before elimination of intra-group transactions between segments  
 2 incl. effect from streamlining the portfolio of participating interests

3 the decrease of the segment result in life and health was mainly attributable to the impact of the consolidation of the merger of an intermediate holding company into AMB Generali Holding AG



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

€ m	Life			Health			P&C		
	FY 05	FY 06	Δ	FY 05	FY 06	Δ	FY 05	FY 06	Δ
<b>Total premiums</b> (German GAAP)	8,233 <sup>2</sup>	8,751 <sup>2</sup>	6.3%	1,592	1,666	4.6%	2,984	2,993	0.3%
<b>Gross premiums written</b> (IFRS)	6,876 <sup>2</sup>	7,086 <sup>2</sup>	3.1%	1,592	1,666	4.6%	2,984	2,993	0.3%
<b>Investment income (net)</b>	2,686	2,919	8.7%	268	296	10.5%	424	384	-9.4%
<b>Claims &amp; benefits (net)</b>	-7,312	-8,007	9.5%	-1,588	-1,671	5.3%	-1,902	-1,892	-0.5%
<b>Claims ratio</b>	-	-	-	56.6%	55.3%	-1.3%-p	65.6%	65.0%	-0.6%-p
<b>Expense ratio</b>	20.2%	19.1%	-1.1%-p	11.7%	12.8%	1.1%-p	31.3%	30.7%	-0.6%-p
<b>Combined ratio</b>	-	-	-	68.3%	68.1%	-0.2%-p	96.9%	95.7%	-1.2%-p
<b>Operating profit <sup>3</sup></b>	303	205	-98	69	61	-8	337	331	-6
Finance costs	0	0	0	0	-9	-9	0	0	0
Tax	-156	-89	67	-26	-33	-7	-70	-3	67
<b>Net profit</b> (incl. corporation tax credits) <sup>4</sup>	147	116	-31	43	19	-24	267	328	61
<b>Net profit</b> (excl. corporation tax credits) <sup>4</sup>	147	105	-42	43	18	-25	267	246	-21

<sup>1</sup> before elimination of intra-group transactions between segments

<sup>2</sup> German GAAP incl. / IFRS excl. the savings portions of the life insurance products concerned and the premiums of investment contracts

<sup>3</sup> earnings from ordinary activities before finance costs and taxes

<sup>4</sup> the decrease of the segment result in life and health - mainly attributable to the impact of the consolidation of the merger of an intermediate holding company into AMB Generali Holding AG - was compensated by the extraordinarily positive development in P&C

AMB Generali – Full Year 2006 Results - Investor Relations



**AMB GENERALI**

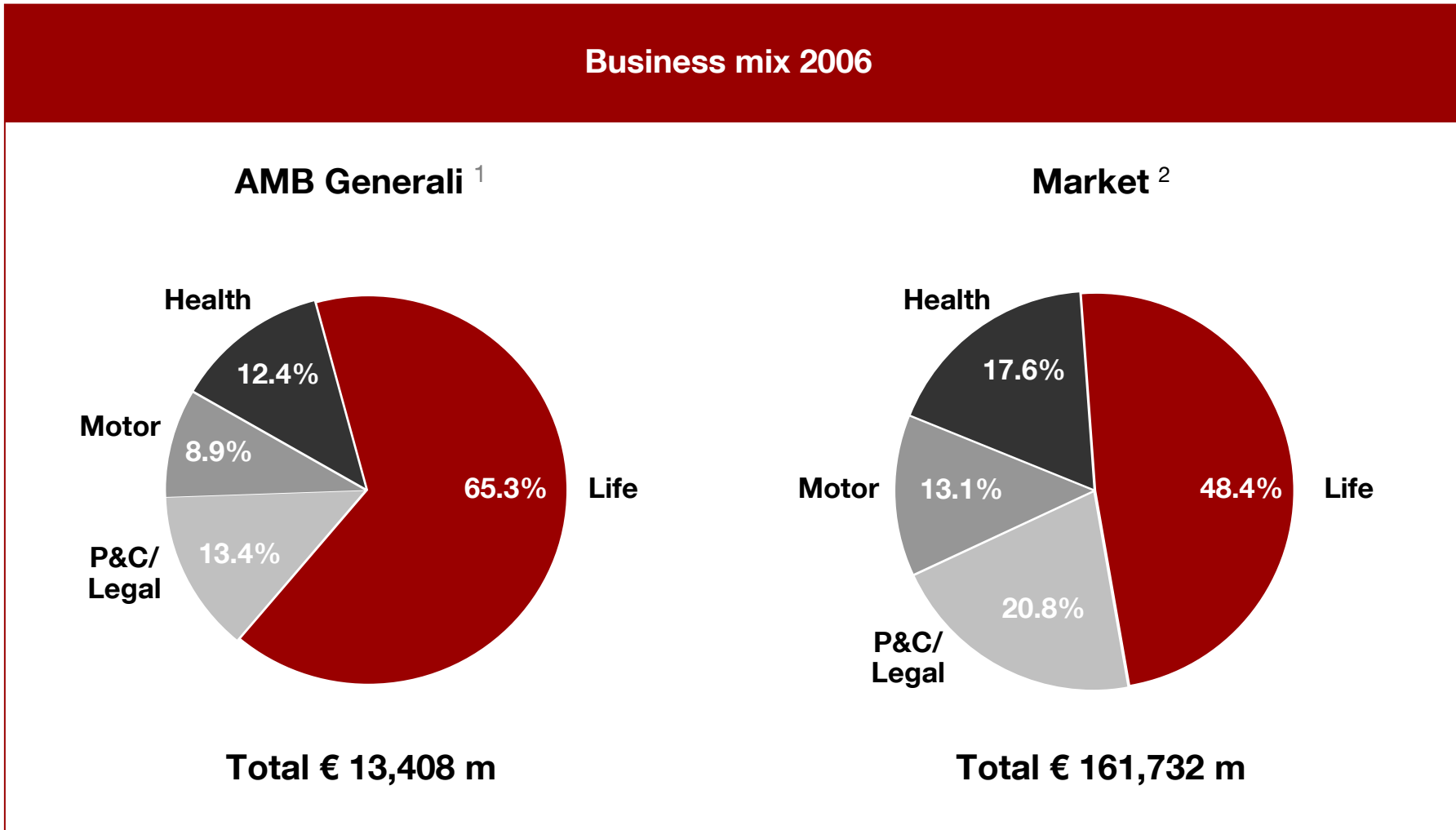
## AuM positively influenced by expansion of life business

AuM / IFRS market value (€ m)	89,866	95,368
Investments of unit-linked life insurance	6,489	8,157
Other investments <sup>1</sup>	12,072	15,116
Other securities (mainly fixed-interest securities)	40,553	32,879
Shares, fund units, participating interests, affiliates and other variable-yield securities	8,316	9,549
Mortgages and other loans	20,707	27,463
Interests in associates	172	225
Real estate	1,557	1,979
	<b>2005</b>	<b>2006</b>

<sup>1</sup> incl. third-party mandates and managed portfolio of the Austrian, Dutch and Swiss companies of the international Generali Group

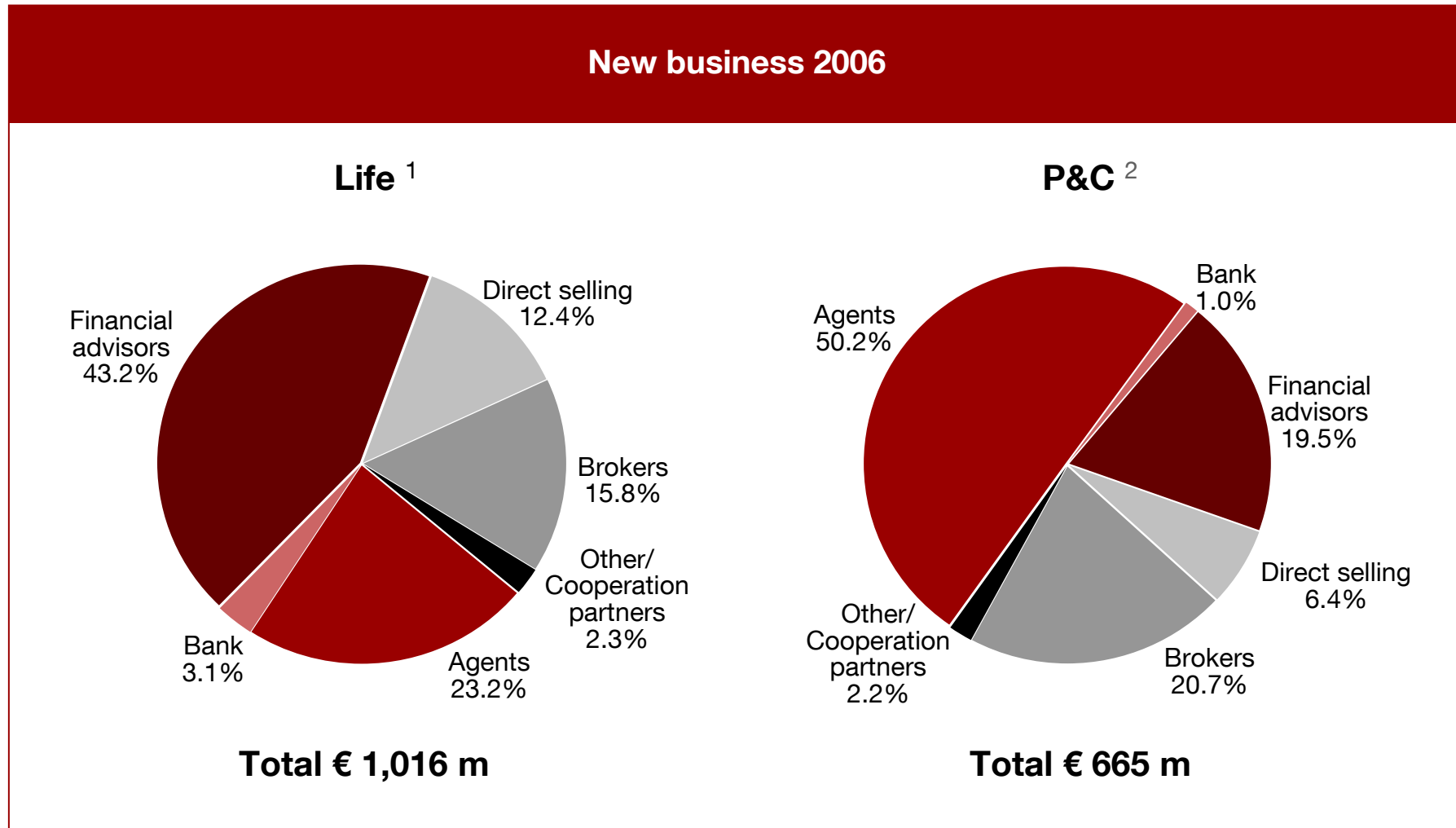


# Premiums by segments 2006



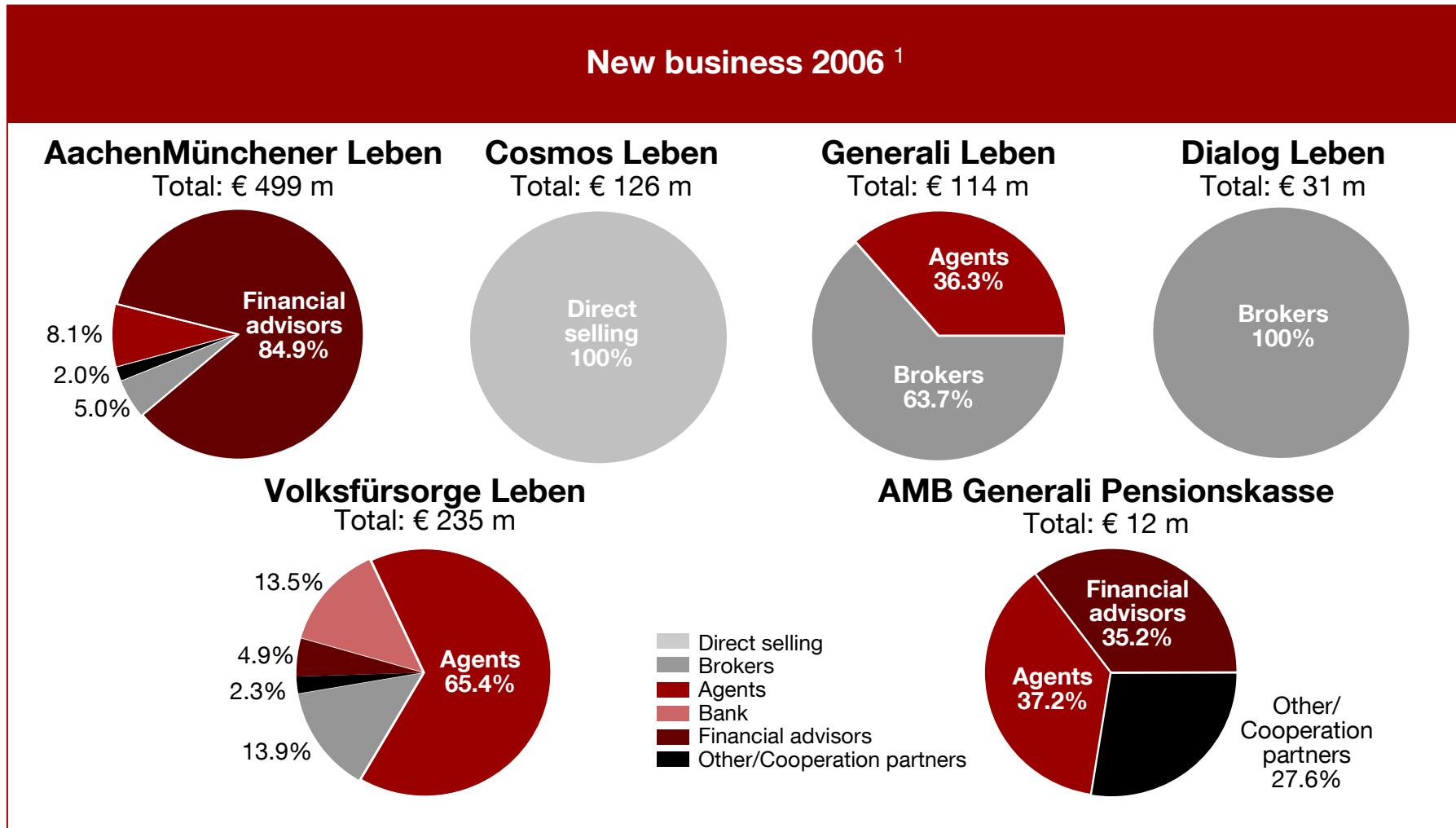
1 gross premiums German GAAP  
 2 GDV figures (health preliminary), company calculation

# New business by distribution channels 2006



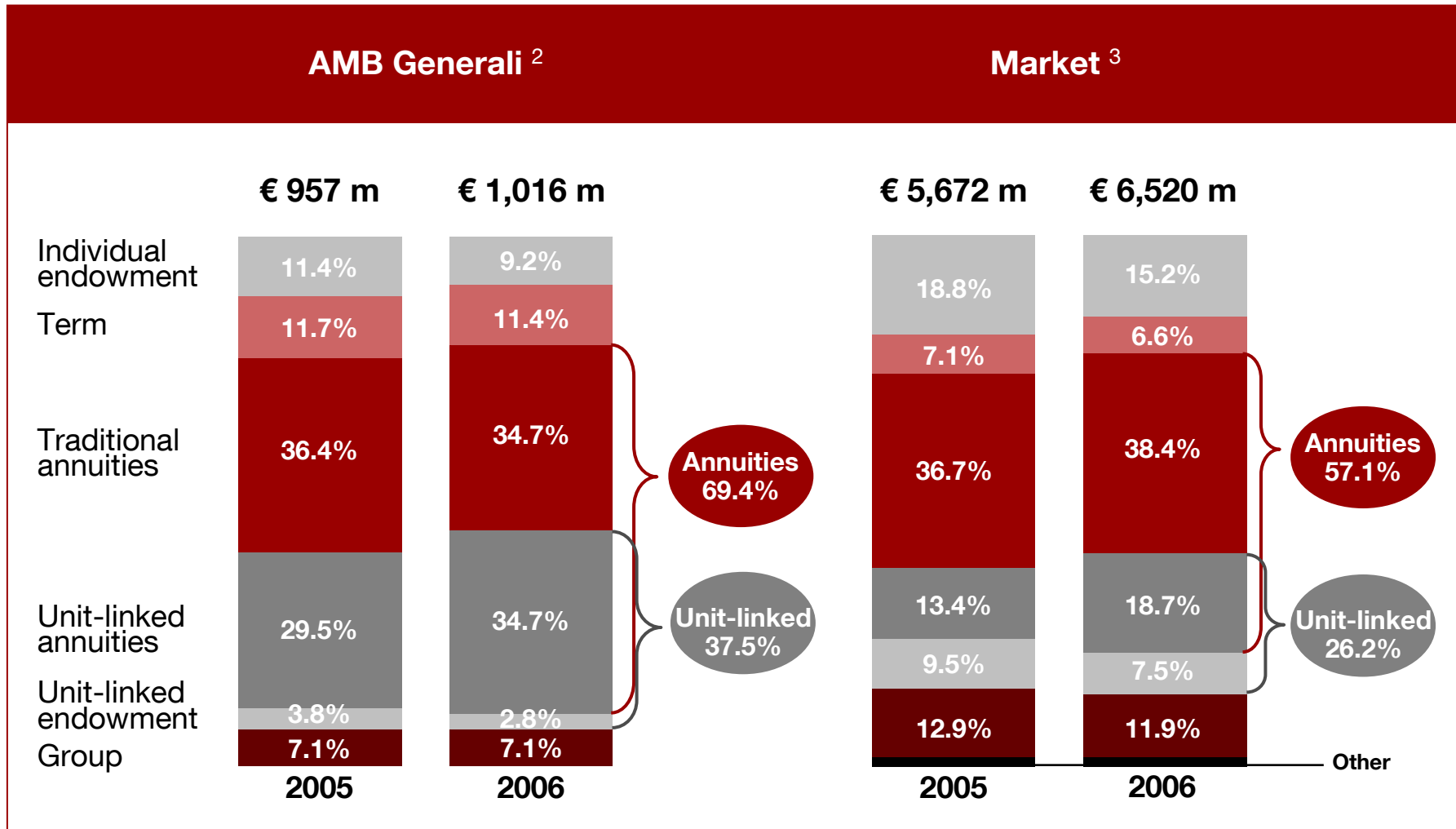
1 new business German GAAP, regular premiums, life insurer in narrower sense plus AMB Generali Pensionskasse AG  
 2 annual premiums, incl. legal-expenses insurance

# Life insurers benefit from brand and distribution diversity



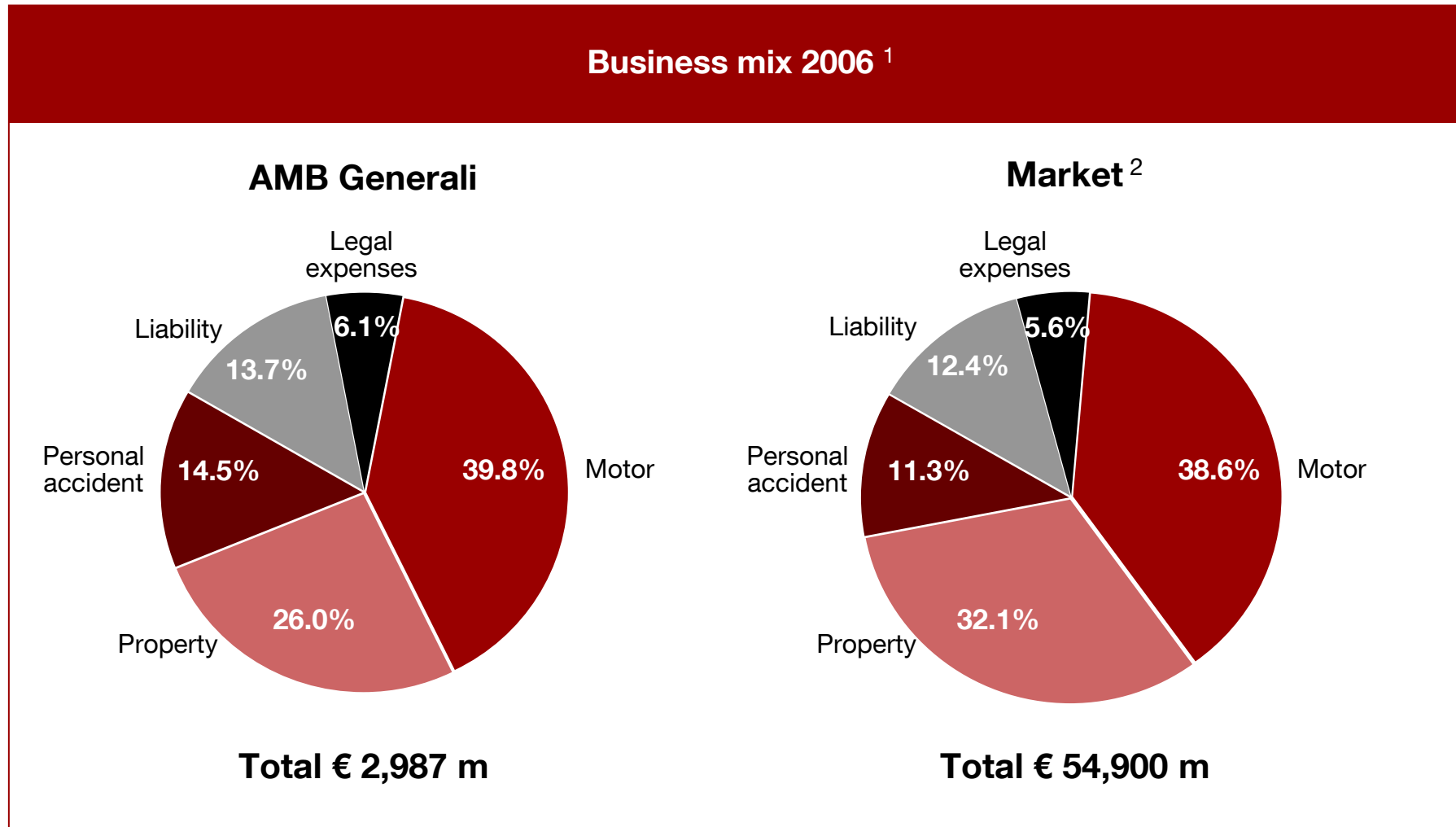
<sup>1</sup> new business German GAAP, regular premiums

# Annuity products represent bulk of new business <sup>1</sup>



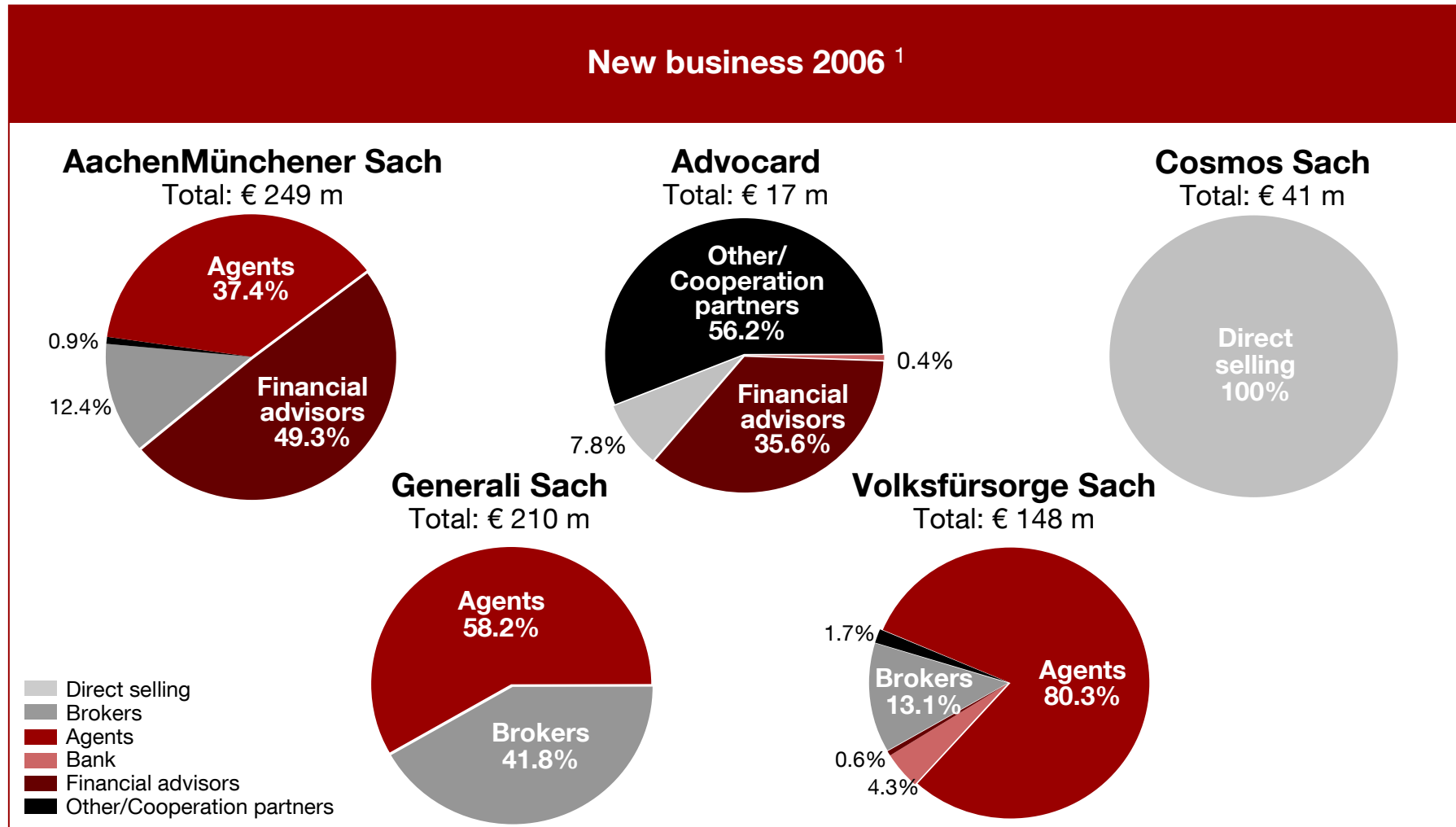
1 new business German GAAP, regular premiums  
 2 life insurer in narrower sense plus AMB Generali Pensionskasse AG  
 3 GDV figures, life insurers in narrower sense

# P&C premium mix matches market structure



1 gross premiums, direct business  
 2 GDV figures, company calculation

# P&C business supported by variety of brands and distribution channels



<sup>1</sup> annual premiums

## EEV Life components in detail

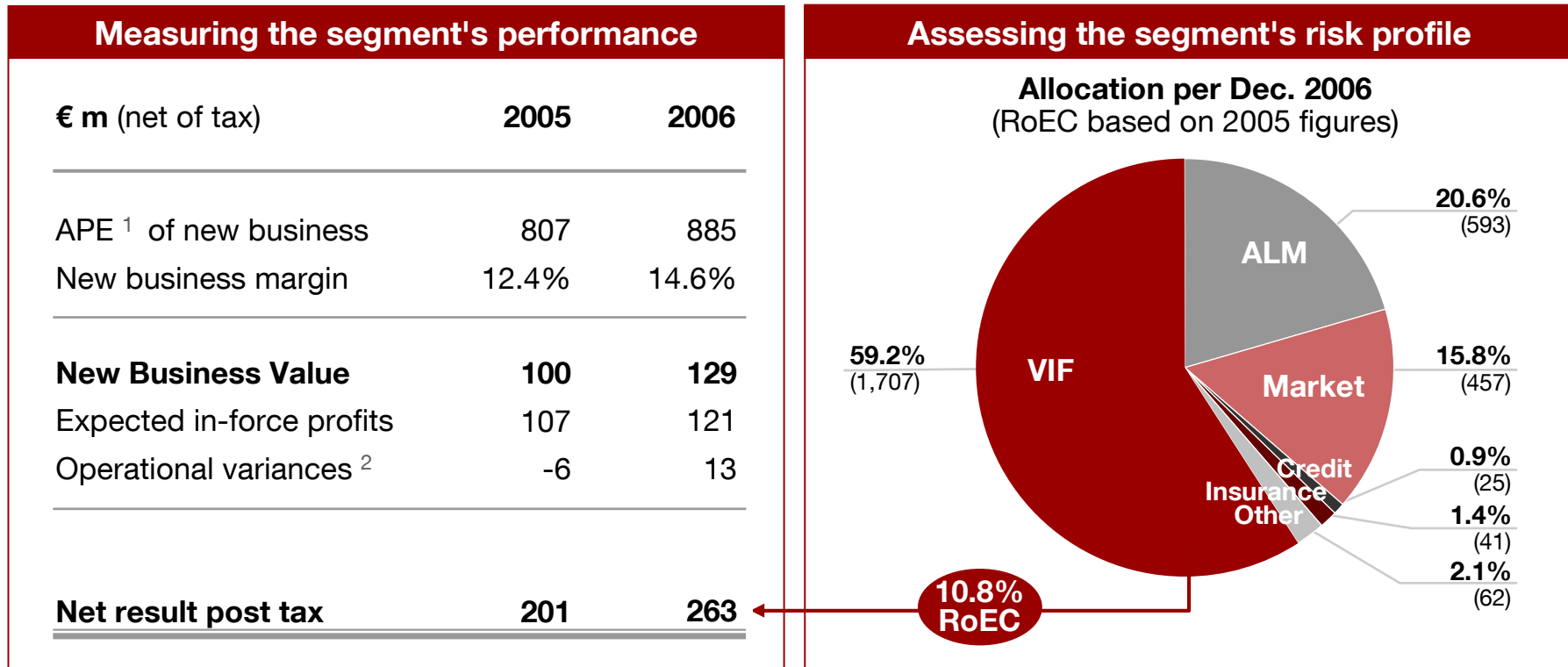
<b>Present Value of Future Profits</b>	<ul style="list-style-type: none"><li>• <b>Statutory after-tax earnings</b> generated by <b>life business-in-force</b></li><li>• Includes <b>shareholders' interest</b> in <b>all unrealised capital gains and losses</b> (UCG/UCL)</li><li>• <b>Measures free RfB</b> by an <b>attribution approach</b></li><li>• <b>Deterministic calculation</b> based on <b>best estimate assumptions</b> and the <b>current economic market conditions</b></li><li>• Includes <b>automatic premium increases</b> of <b>existing business</b></li><li>• Includes the <b>time value of financial options and guarantees</b> corresponding to the <b>adjustment of the Risk Discount Rate</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 in accordance with EEV Principle 9</li></ul>
<b>Cost of Capital</b>	<ul style="list-style-type: none"><li>• Assumes initial <b>lock-in of statutory shareholders' equity</b></li><li>• Based on <b>existing available capital</b>, allocated to <b>business-in-force</b> and <b>new business</b></li><li>• <b>Level of required capital</b> after the beginning of the projection is <b>linked</b> to the development of the <b>minimum solvency margin</b> for the <b>business-in-force</b>, which <b>declines as the business runs off</b></li><li>• <b>Present value of the difference</b> between <b>Risk Discount Rate</b> and <b>shareholders' part of expected investment return</b></li></ul>

## EEV methodology in line with worldwide Generali approach

<b>European Embedded Value (EEV)</b>	$= \text{Present Value of Future Profits (PVFP)} + \text{Adjusted Net Asset Value (ANAV)} - \text{Cost of Capital (CoC)}$
<b>EEV approach</b>	<ul style="list-style-type: none"> <li>• <b>12 principles</b> and <b>65 guidelines</b> build a stringent framework for evaluation and increase transparency</li> </ul>
<b>Options &amp; Guarantees</b>	<ul style="list-style-type: none"> <li>• <b>Time value of financial options and guarantees</b> determined using <b>stochastic techniques</b>, consistent with the <b>EEV guidelines</b></li> </ul>
<b>Covered business</b>	<ul style="list-style-type: none"> <li>• All <b>life insurance</b> business including full look-through approach</li> </ul>
<b>Cost of Capital</b>	<ul style="list-style-type: none"> <li>• Cost of Capital calculation based on <b>existing available capital</b>, allocated to <b>business in force</b> and <b>new business</b></li> </ul>
<b>Risk Discount Rate</b>	<ul style="list-style-type: none"> <li>• Risk Discount Rate is equal to <b>benchmark rate (risk-free rate)</b> plus allowances for the <b>time value of financial options and guarantees, financial and other risks</b></li> </ul>
<b>Review</b>	<ul style="list-style-type: none"> <li>• <b>External opinion</b> from <b>Tillinghast</b></li> </ul>



# Life value reporting: Excellent New Business margins add value in life segment



- ### Remarks
- **Strong New Business Value** due to increasing margins
  - **High profits** from **business-in-force**
  - **RoEC supported** by measures for **limiting capital requirements**

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

## P&C value reporting: Improved combined ratio as strong driver for P&C RoEC

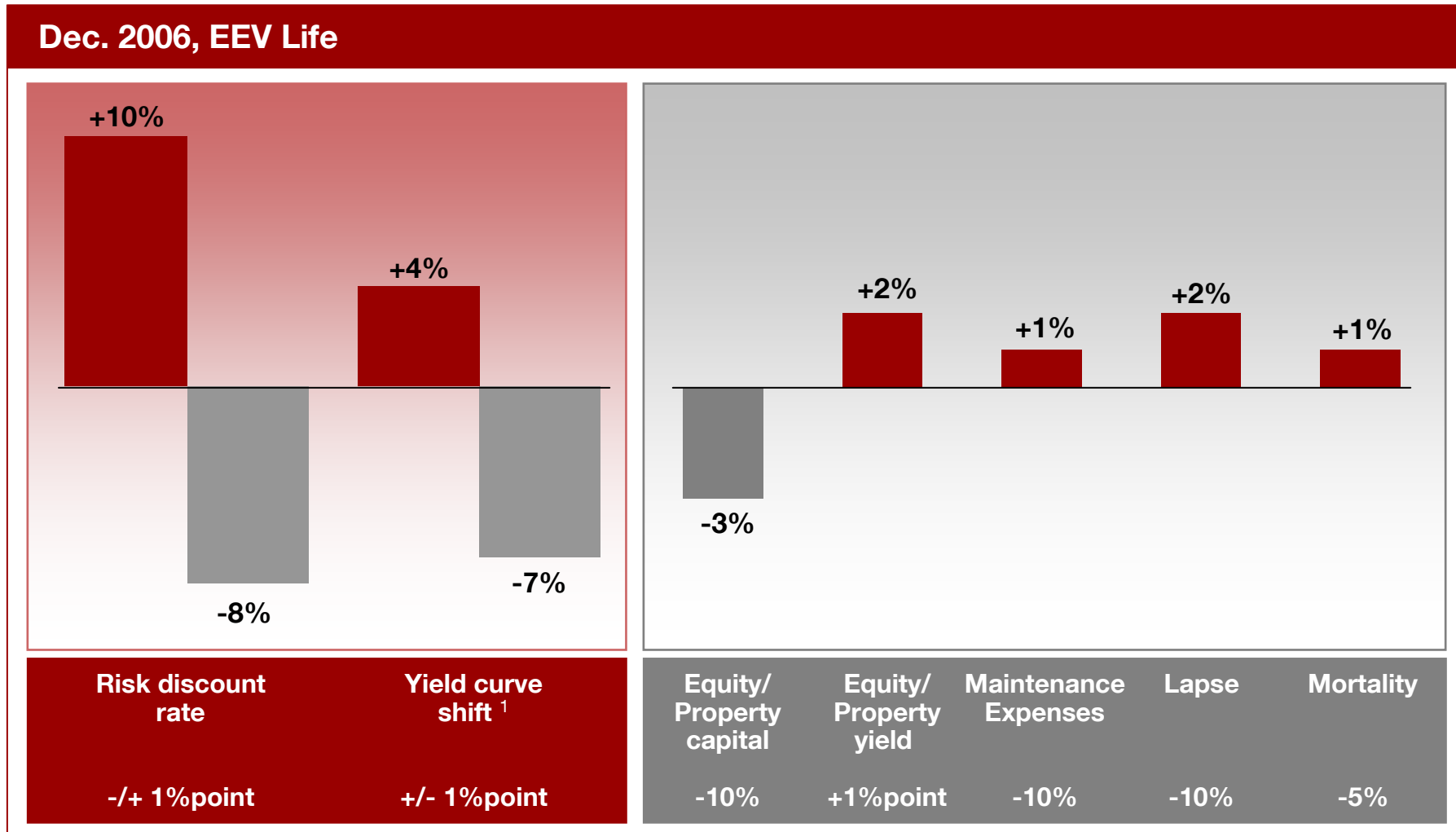
Measuring the segment's performance			Assessing the segment's risk profile	
€ m	2005	2006	Allocation per Dec. 2006 (RoEC based on 2005 figures)	
Net earned premiums	2,876	2,898	<p>1.4% (11) ALM</p> <p>7.2% (58) Other</p> <p>47.0% (379) Insurance</p> <p>0.7% (6) Credit</p> <p>43.7% (353) Market</p> <p>15.0% RoEC</p>	
Net combined ratio	96.9%	95.7%		
<b>Net technical result</b>	<b>88</b>	<b>124</b>		
Other income / expenses	-160	-162		
Normalised investment income <sup>1</sup>	209	227		
Net result pre tax	137	189		
Normalised tax	-55	-75		
<b>Net result post tax</b>	<b>82</b>	<b>114</b>		

### Remarks

- **Significant improvement of technical result** driven by **good combined ratio**
- **Normalised investment income slightly increased** due to rising interest rates
- **Focus on retail business** adds to comparatively **low capital requirements**

<sup>1</sup> considering average reserves and a normalised investment return of 4.2%

# Sensitivity tests for EEV



<sup>1</sup> change of future reinvestment rates of fixed-income assets and equity investments

## Average model assumptions

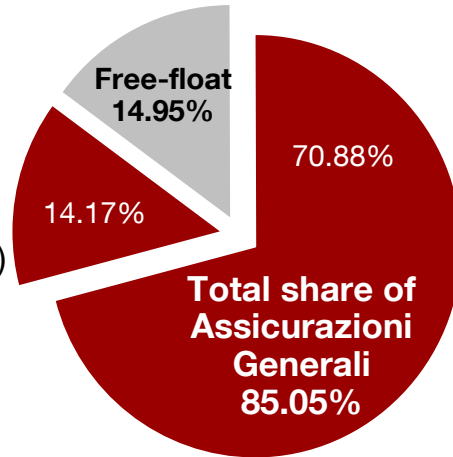
	EEV 2005	EEV 2006
<b>Risk Discount Rate (RDR)</b>	5.52%	5.78%
<b>Risk-free rate (10-year government bonds)</b>	3.33%	3.95%
<b>Fixed-income return</b>	3.62%	4.15%
<b>Equity return</b>	6.23%	6.85%
<b>Average long-term asset mix (FI/Eq/Other)</b>	82 / 12 / 6	79 / 14 / 7
<b>Book return</b>	includes emergence of UCG/UCL	
<b>Tax rate</b>	40.0%	40.0%
<b>Average long-term shareholder participation</b>	9.1%	9.1%
<b>Bonuses, demographic and expense assumptions</b>	company-specific experience	



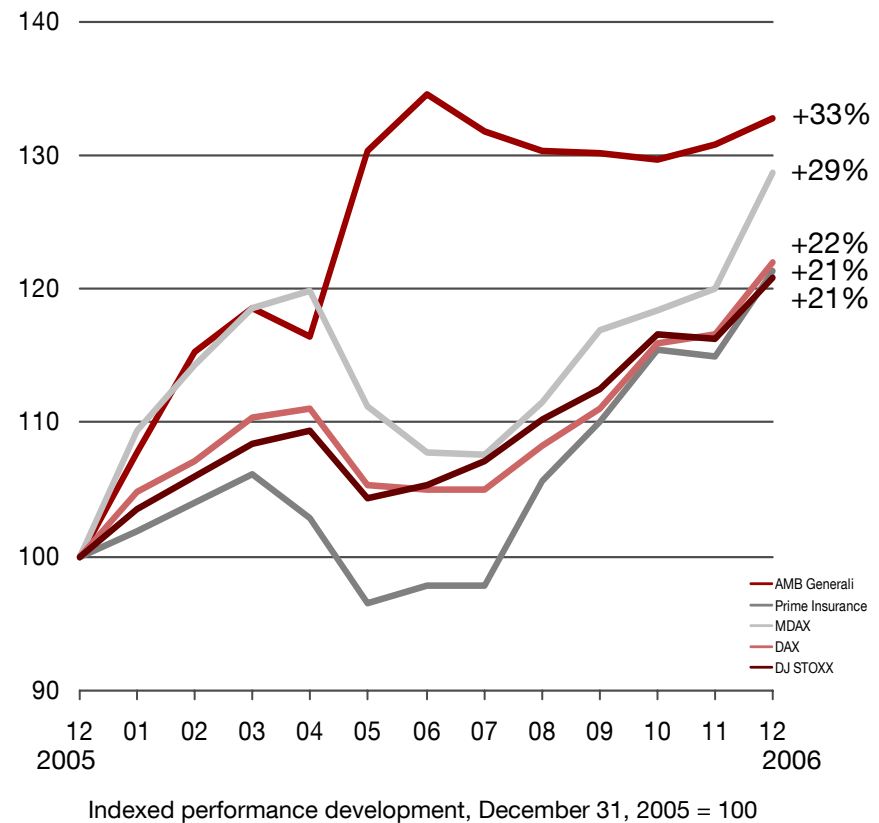
# Share – Key information

## Shareholder structure Dec. 31, 2006

- **Assicurazioni Generali's stake increased to 85.05%** as a result of the **voluntary public tender offer** (accepted by 14.17%)
- Remaining **14.95%** held by investors with no individual stake exceeding 5%



## Share performance in 2006



## Key figures

	2005	2006
Number of shares	53,679,994	53,679,994
Highest price	€ 84.36	113.32
Lowest price	€ 58.24	84.04
Year-end price	€ 84.20	109.50
<b>Market capitalisation</b> <sup>1</sup>	<b>€ m 4,519.9</b>	<b>5,878.0</b>
Dividend distribution	€ m 110.0	123.5 <sup>2</sup>
<b>Earnings per share</b>	<b>€ 5.87</b>	<b>8.36</b>
<b>Dividend per share</b>	<b>€ 2.05</b>	<b>2.30</b> <sup>2</sup>

1 as at December 31  
2 subject to resolution by the General Meeting

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