

AMB Generali

German Investment Conference

HVB, Munich

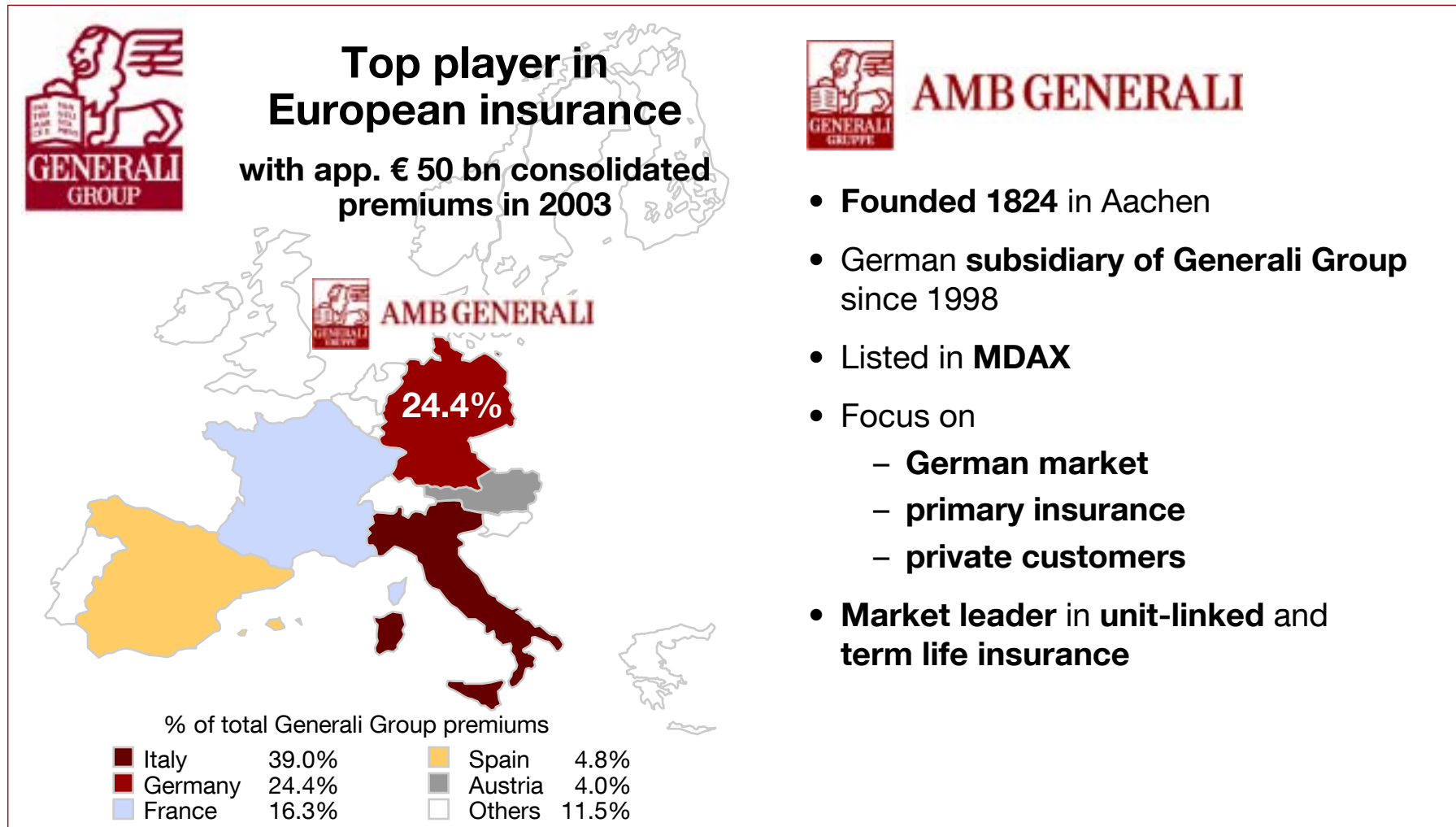
September 29 and 30, 2004

**Dietmar Meister
Chief Financial Officer**

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AMB Generali as the German part of Generali Group



AMB Generali as #2 in life and p&c

German insurance market 2003 *)

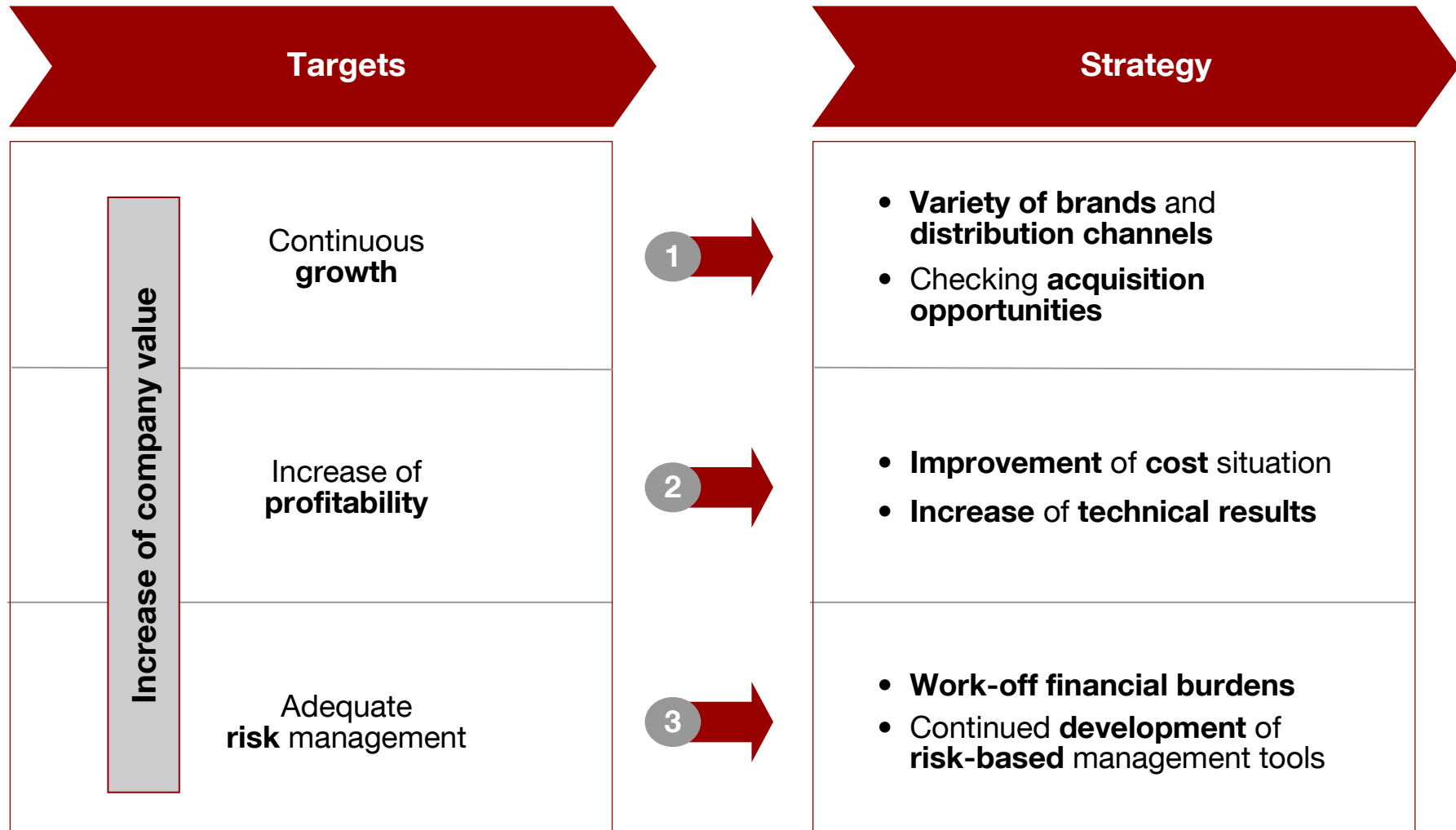
Life			P&C			Health		
Gross premiums, direct			Gross premiums, direct			Gross premiums, direct		
Rank		€ bn	Rank		€ bn	Rank		€ bn
1	ALLIANZ	10.1	1	ALLIANZ	10.0	1	ERGO	3.8
2	AMB GENERALI	7.1	2	AMB GENERALI	3.1	2	DEBEKA	3.3
3	ERGO	6.1	3	ERGO	3.0	3	ALLIANZ	3.0
4	ZURICH GROUP	3.6	4	R+V	2.8	4	SIGNAL IDUNA	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	6	AMB GENERALI	1.4
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

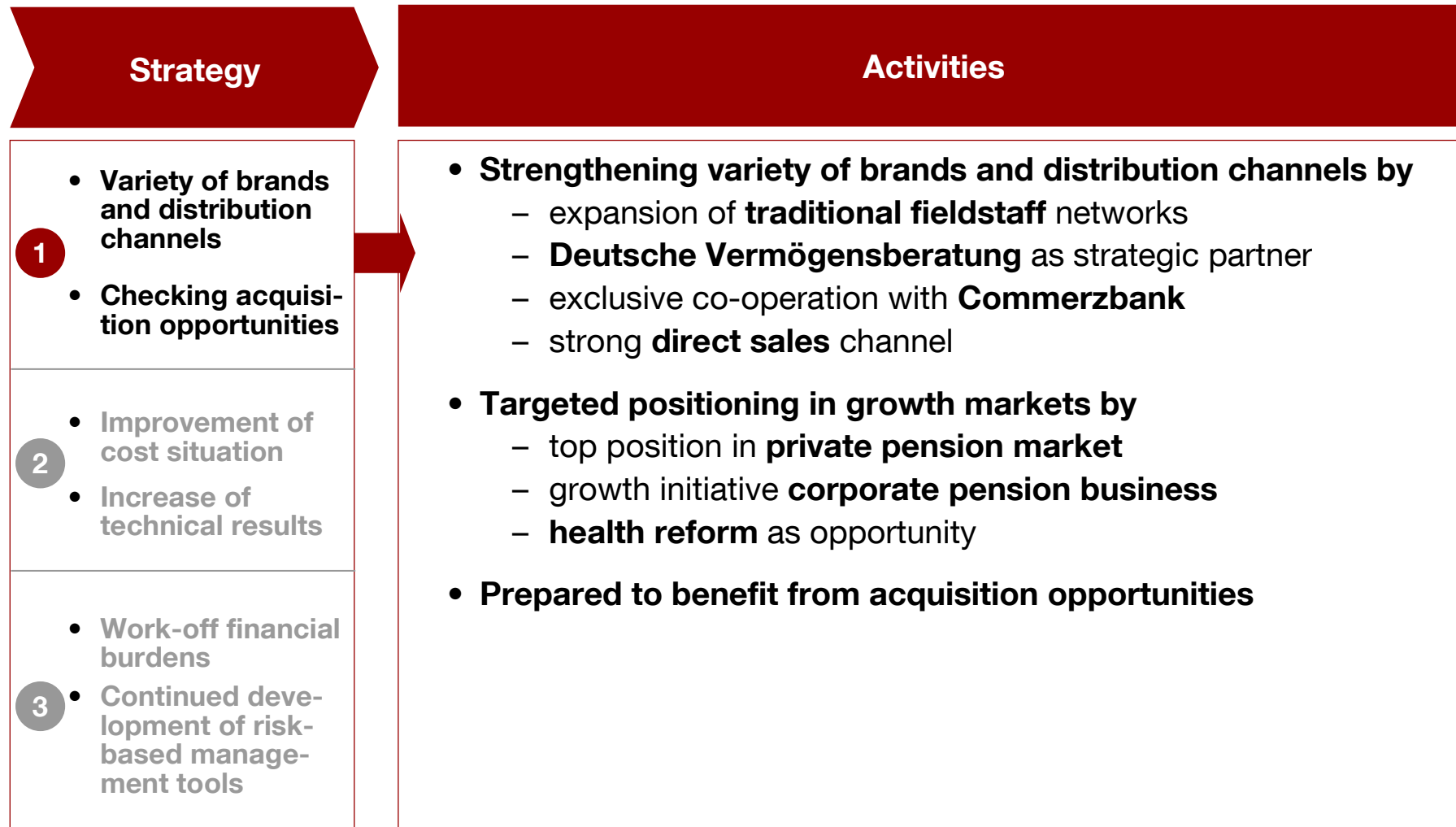
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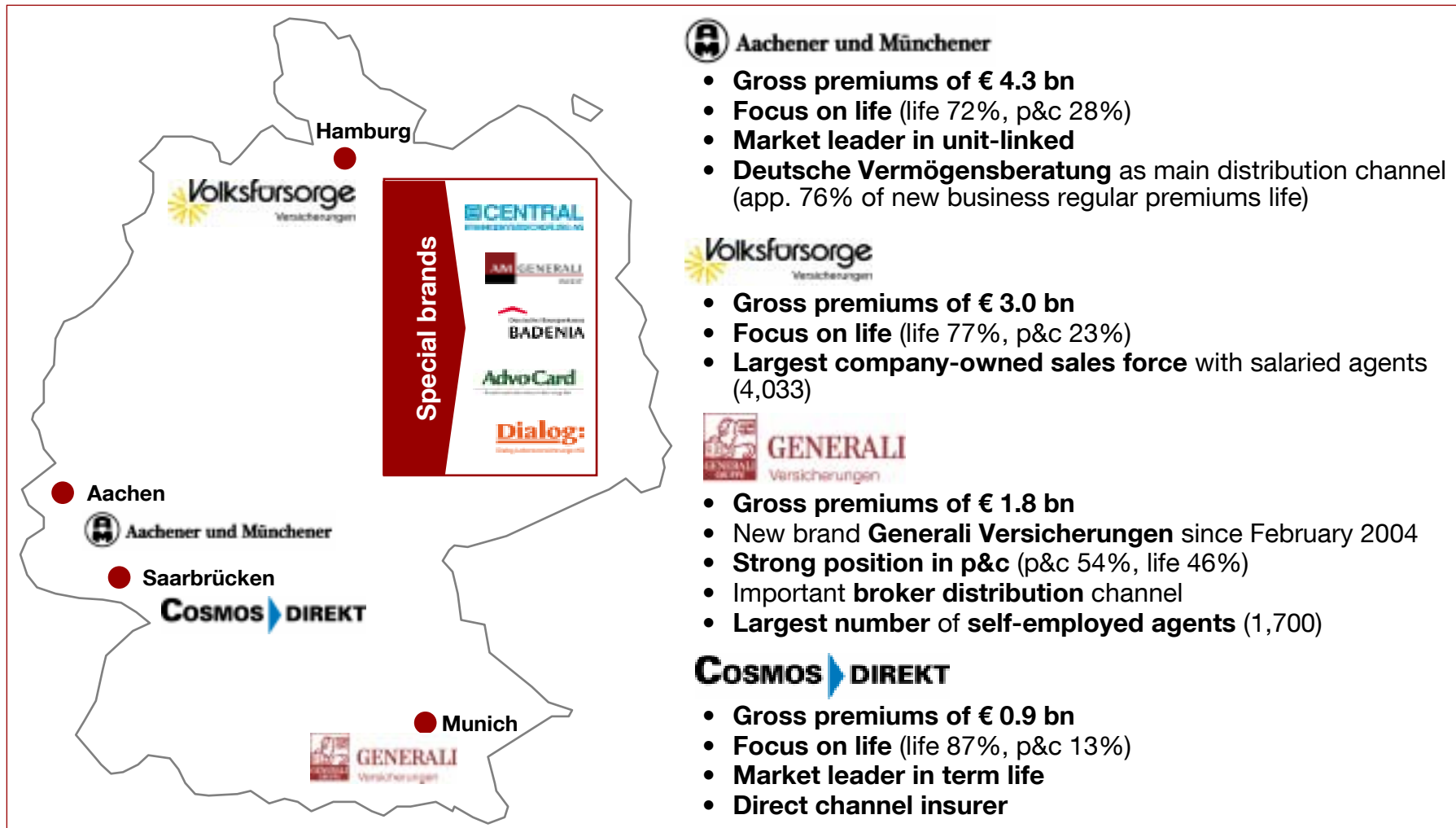
Persistent targets and strategy



Growth measures in detail

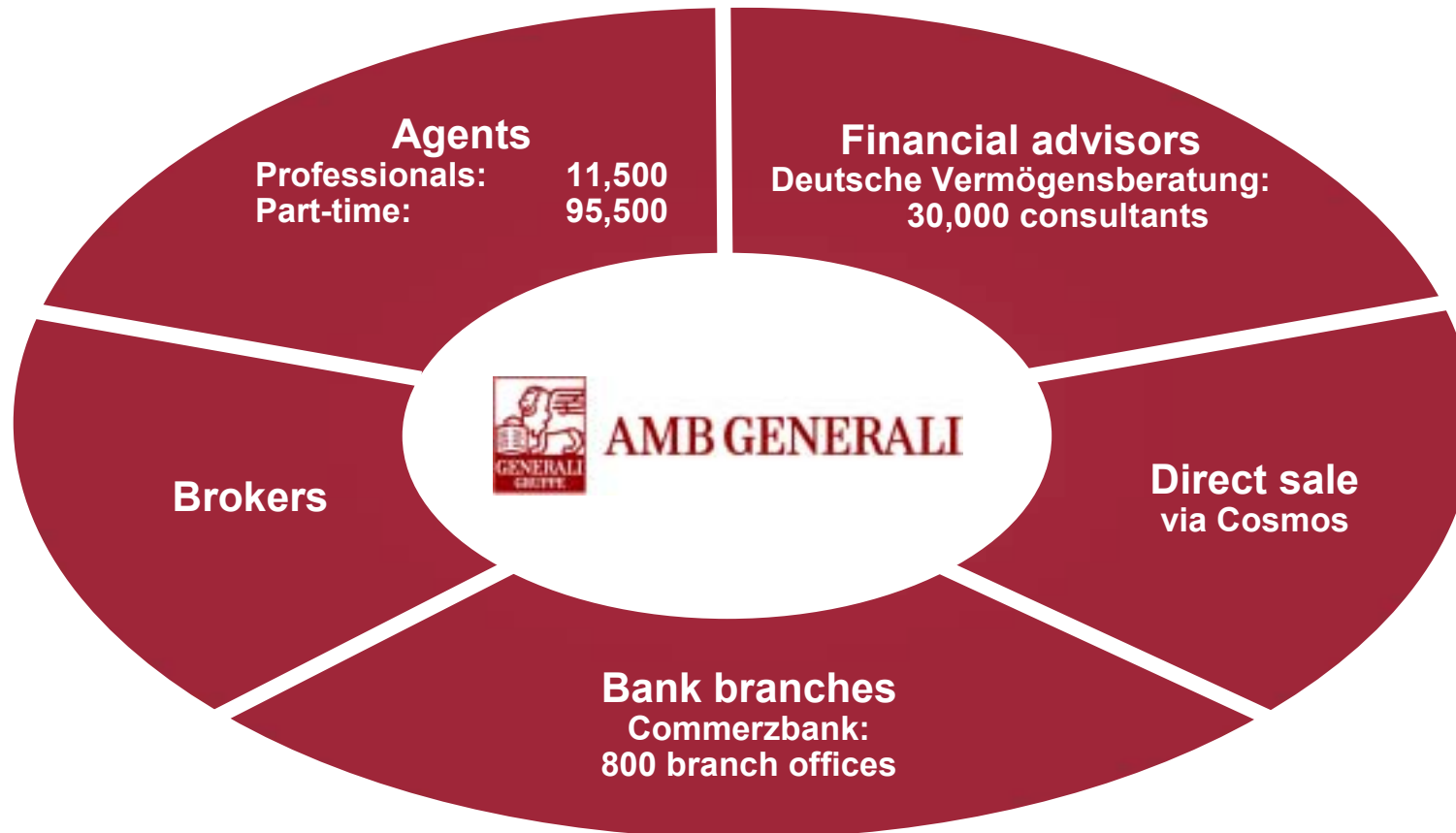


Diversity of brands as characteristic element



Gross premiums and percentage figures German GAAP direct business

Variety of distribution channels as core asset



Top position in private pension market

Slow start	but →	High growth potential
<ul style="list-style-type: none">• Market-wide slow start of Riester business• 3.5 m contracts market-wide until 2003, but high potential with 30 m employees• Simplified administrative procedures planned by government<ul style="list-style-type: none">– Form to be filled in only once– Less data to be provided by applicant– More transparent rules		<ul style="list-style-type: none">• AMB Generali with top position:<ul style="list-style-type: none">520,000 contracts ^{*)} - full year 2002685,000 contracts ^{*)} - full year 2003734,000 contracts ^{*)} - half year 2004Market share app. 20%• AMB Generali's medium-term target: > 15% of Riester insurance products• Good acceptance of doubled maximum savings amount in 2004:<ul style="list-style-type: none">– Positive effect on life new business premiums of app. € 80 m (mainly first quarter effect)

^{*)} cumulated contracts, adjusted new business

Growth initiative: corporate pension business

Corporate pension market

- **Growth market:**
 - **Share in life new business** expected to rise to **35%** in 2005 (20% in 2003)
 - **Employees with legal claim** on corporate pension contracts
- **Complex products** with need of **integrated consulting approach**
- **Small and medium-sized companies** currently **under-proportionally covered**

AMB Generali

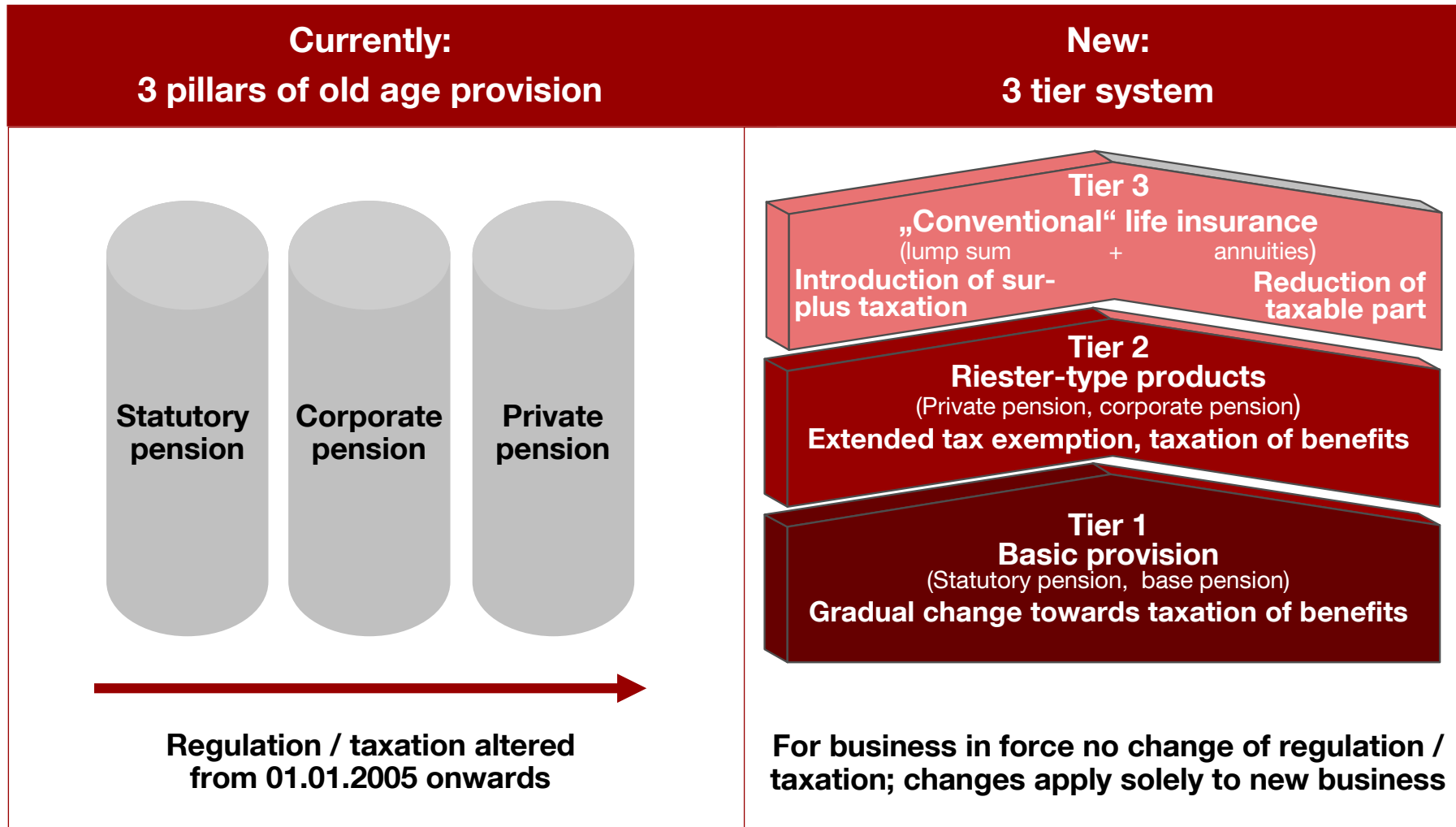
- **Focus on small and medium-sized companies**
- **Strong growth** in corporate pension: **New business regular premiums**
 - **+100%** Δ FY 03/02 to € 130 m
 - **+77%** Δ H1 04/03 to € 96 m
- **Competitive edge in special segments** (e.g. commutation of pension commitments)

Medium-term target:

Increase of corporate pension market share to app. 15%

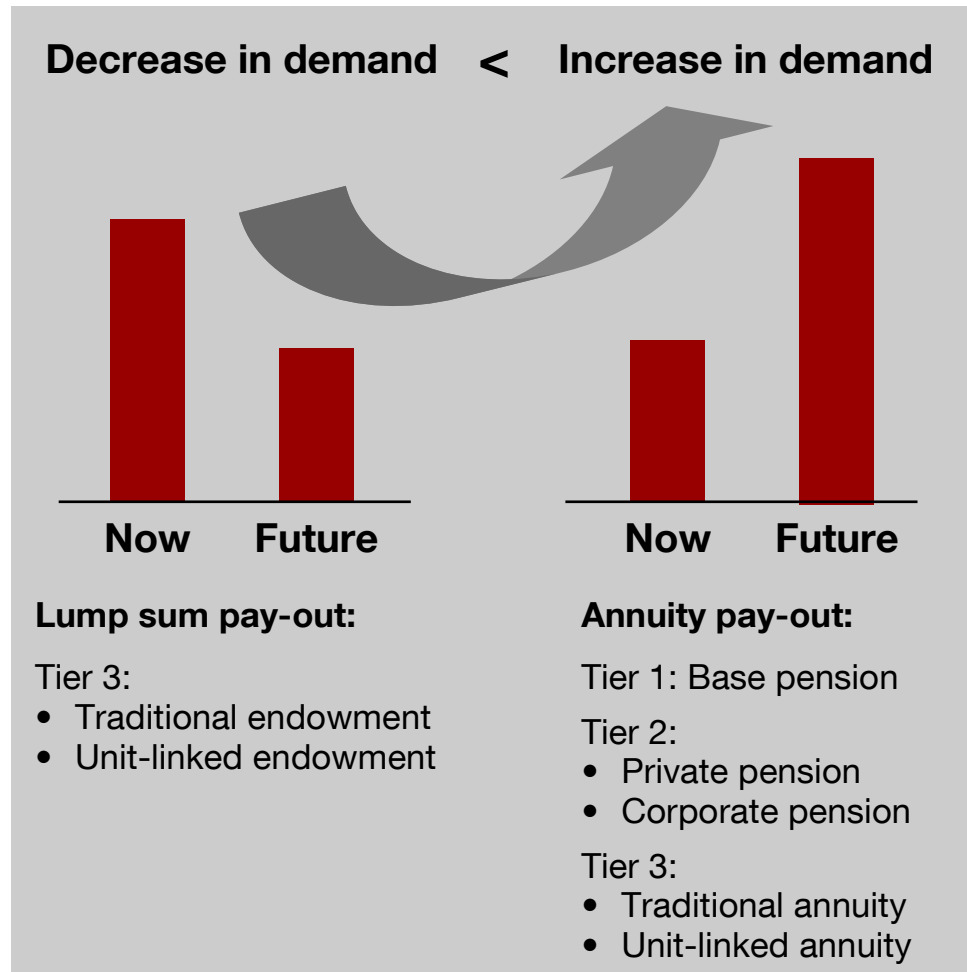
Focus on new taxation of life products: (1/2)

Shift in product landscape from 2005 onwards



Focus on new taxation of life products: (2/2)

AMB Generali well positioned for change in product demand



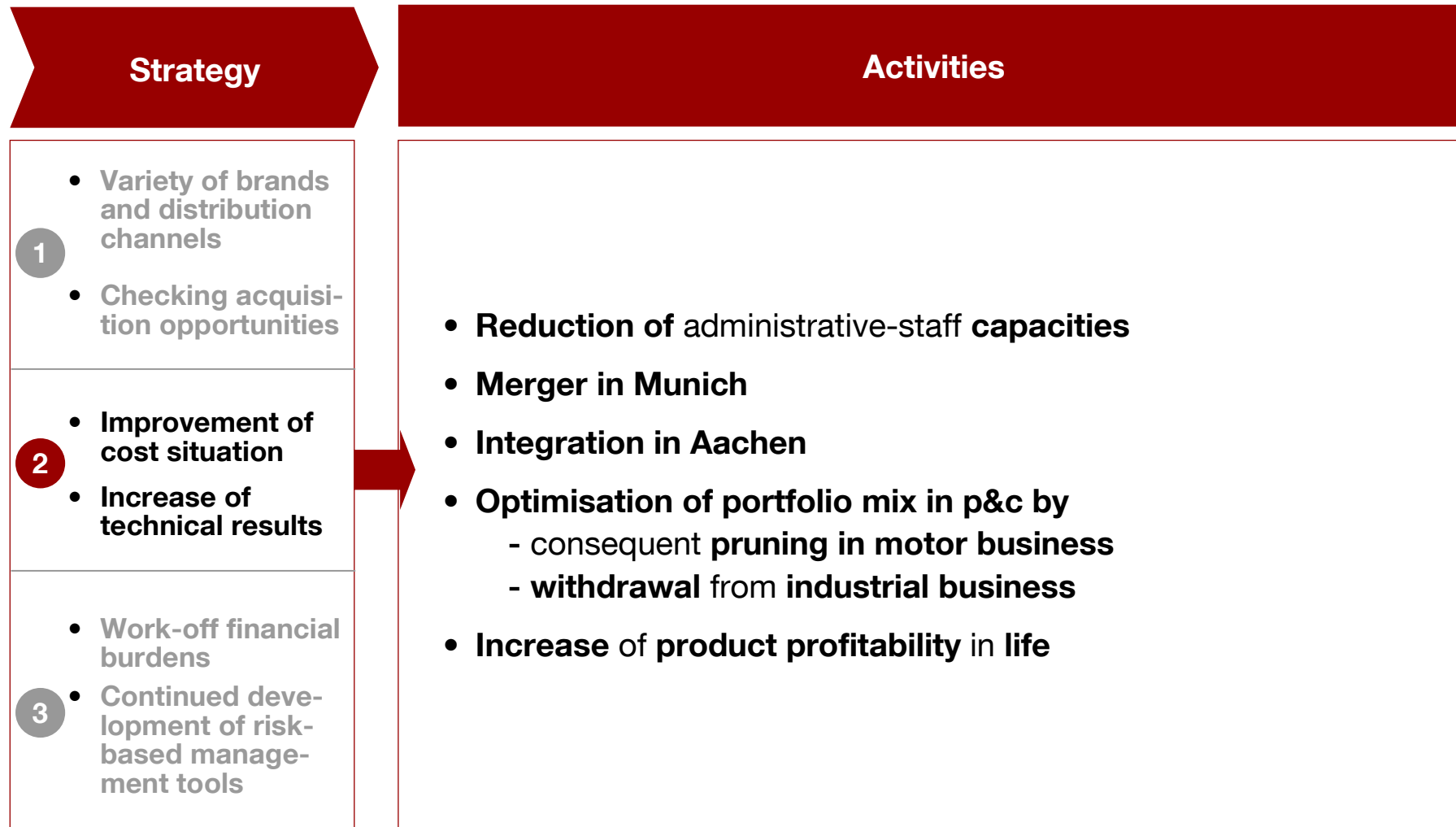
AMB Generali Group with:

- **Introduction of new products** by 1.1.2005
- **Leading position in Riester** business
- **Strong growth in corporate pension:** New business regular premiums +77% compared to H1 03
- **Market leader in unit-linked** with **focus on annuities** (> 80% of regular unit-linked new business in H1 04)

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Profitability measures in detail



Increased profitability driven by various initiatives (1/2)

Initiatives	Savings	
	Achievements 2003	Targets
<p>Reduction of administrative-staff capacity</p> <ul style="list-style-type: none"> • Cuts in 2003 ahead of plan because of intensified reorganisation • Reduction achieved in socially compatible manner 	<p>Reduction of</p> <p>600 FTE</p>	<p>1,250 FTE by 2005</p>
<p>Merger in Munich (Generali Versicherungen)</p> <ul style="list-style-type: none"> • Full legal integration realised • Pruning of p&c portfolio • New brand Generali Versicherungen since 02/2004 • Concentration on one location by 2005 	<p>Cost reduction of</p> <p>€ 68 m</p>	<p>app. € 90 m p.a. by 2006</p>
<p>Integration in Aachen (Aachener und Münchener Leben and Aachener und Münchener Versicherung)</p> <ul style="list-style-type: none"> • New management and organisation established • First step of integrated software platform in 2003 	<p>Cost reduction of</p> <p>€ 11 m</p>	<p>app. € 30 m p.a. by 2005</p>

Increased profitability driven by various initiatives (2/2)

Initiatives	Savings	
	Achievements 2003	Targets
Pruning in motor <ul style="list-style-type: none"> • Progress in line with plan • Consistent risk-related premium increases in new business and portfolio • Strict pruning of claims-prone contracts and corporate business • Sophisticated claims management 	 Increase of technical results by € 107 m	Increase of technical results by app. € 175 m p.a. by 2005
Withdrawal from industrial business <ul style="list-style-type: none"> • Target for 2004 almost fully achieved in 2003 • Run-off completed by end of 2004 	 Increase of technical results by € 22 m	Increase of technical results by app. € 25 m p.a. by 2005

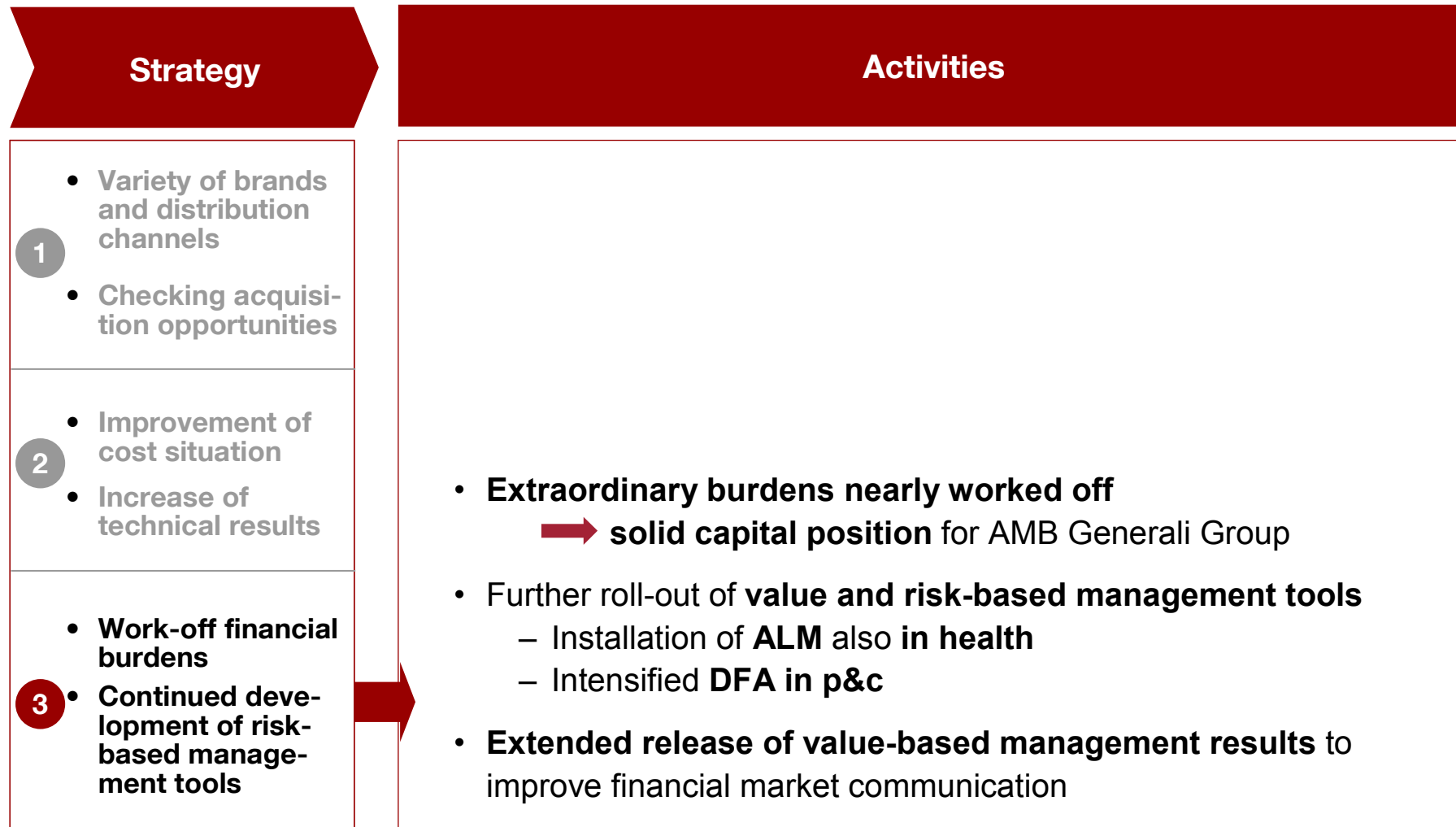
Combined ratio reduced from 110.2% in 2002 to 99.5% in 2003

➔ Target for 2004 and 2005: < 100%

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Risk management measures in detail



Leading position in value-based management

Risk

Capital management

Objective: Manage risks integrally

- Assessing total risk exposure and resulting shareholder capital requirements
- Ensuring economic solvency by comparing available and required capital
- Protecting the capital base continuously from "going-concern" point of view

Tools:

- Embedded value (EV)
- Economic capital (EC)
 - Life: Asset liability management (ALM)
 - Health: Asset liability management (ALM)
 - P&C: Dynamic financial analysis (DFA)

Return

Performance management

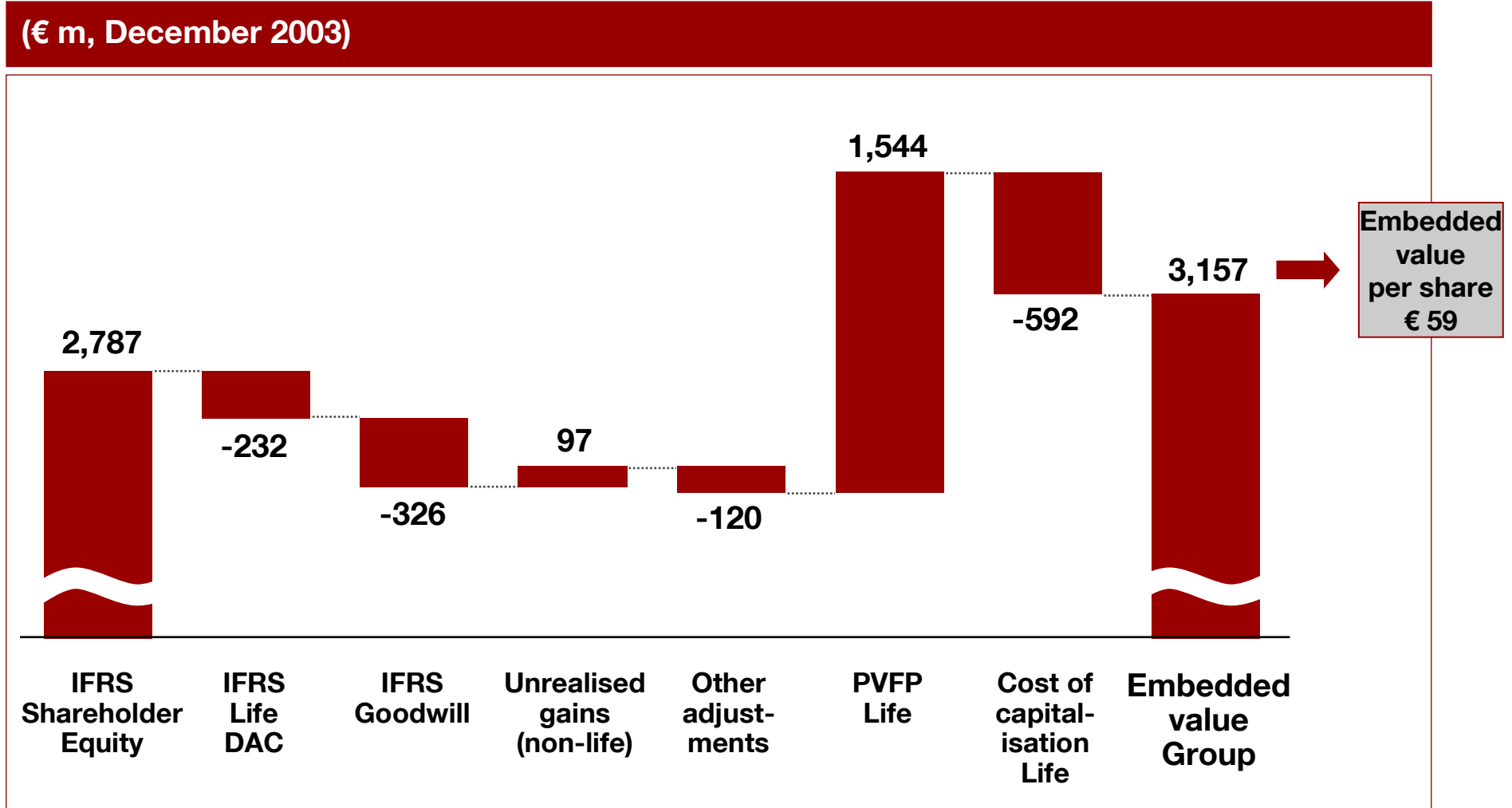
Objective: Maximise profits sustainably

- Meeting shareholder's profit and value creation expectations
- Calculating risk-adjusted performance indicators
- Separating investment and tax variances from variables under management control

Tools:

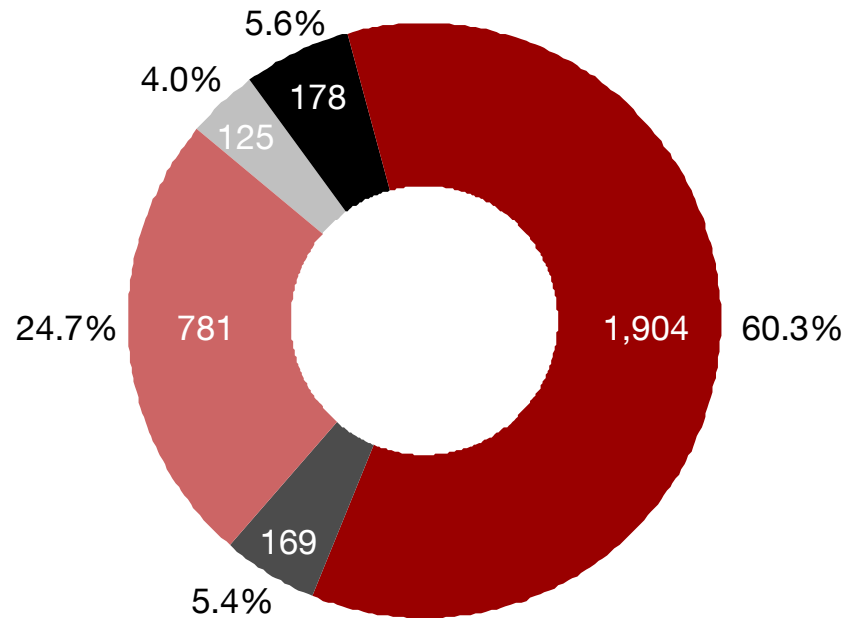
- Key performance indicators
 - Return on economic value (RoEC)
 - Return on embedded value (RoEV)
- Key performance measures
 - Life/health: New business value (NBV)
 - P&C: Combined ratio (CR)

Embedded value Group on level of current share price



Embedded value Group exceeds required economic capital

Allocation: € 2,979 m Economic capital + € 178 m Excess capital = € 3,157 m Embedded value Group



Economic capital ratios

P&C 27.0% of net earned premiums

Life 3.4% of technical reserves
incl. ViF life ^{*)}

Health 3.7% of net technical reserves

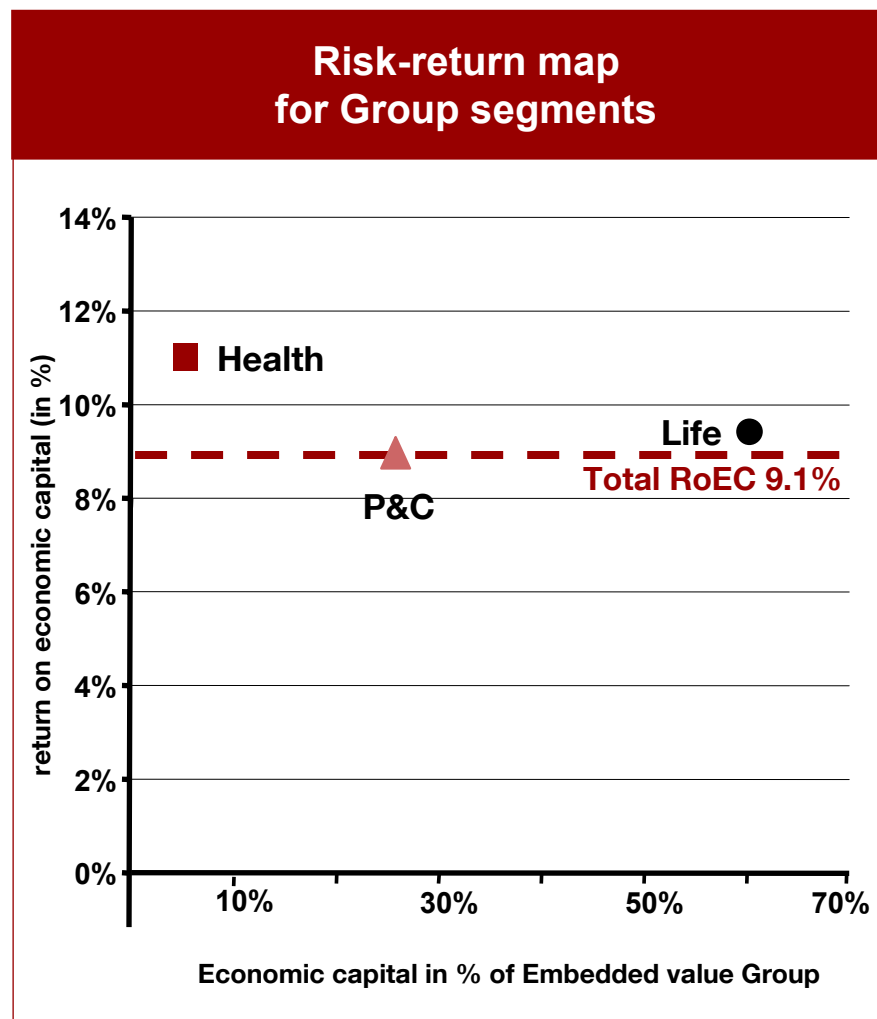


^{*)} PVFP life minus cost of capitalisation life

Good operational returns mainly offset by tax variances

Return on Embedded value after tax		
	2003	2002
Life ¹⁾	9.6%	9.4%
Health ²⁾	10.9%	9.3%
P&C ³⁾	9.1%	-8.7%
RoEC normalised	9.1%	3.9%
Excess capital	2.8%	2.8%
RoEV normalised	9.1%	3.8%
Cost of debt	-0.2%	-0.2%
Investment & tax variances	-12.8%	-13.1%
RoEV	-4.0%	-9.5%

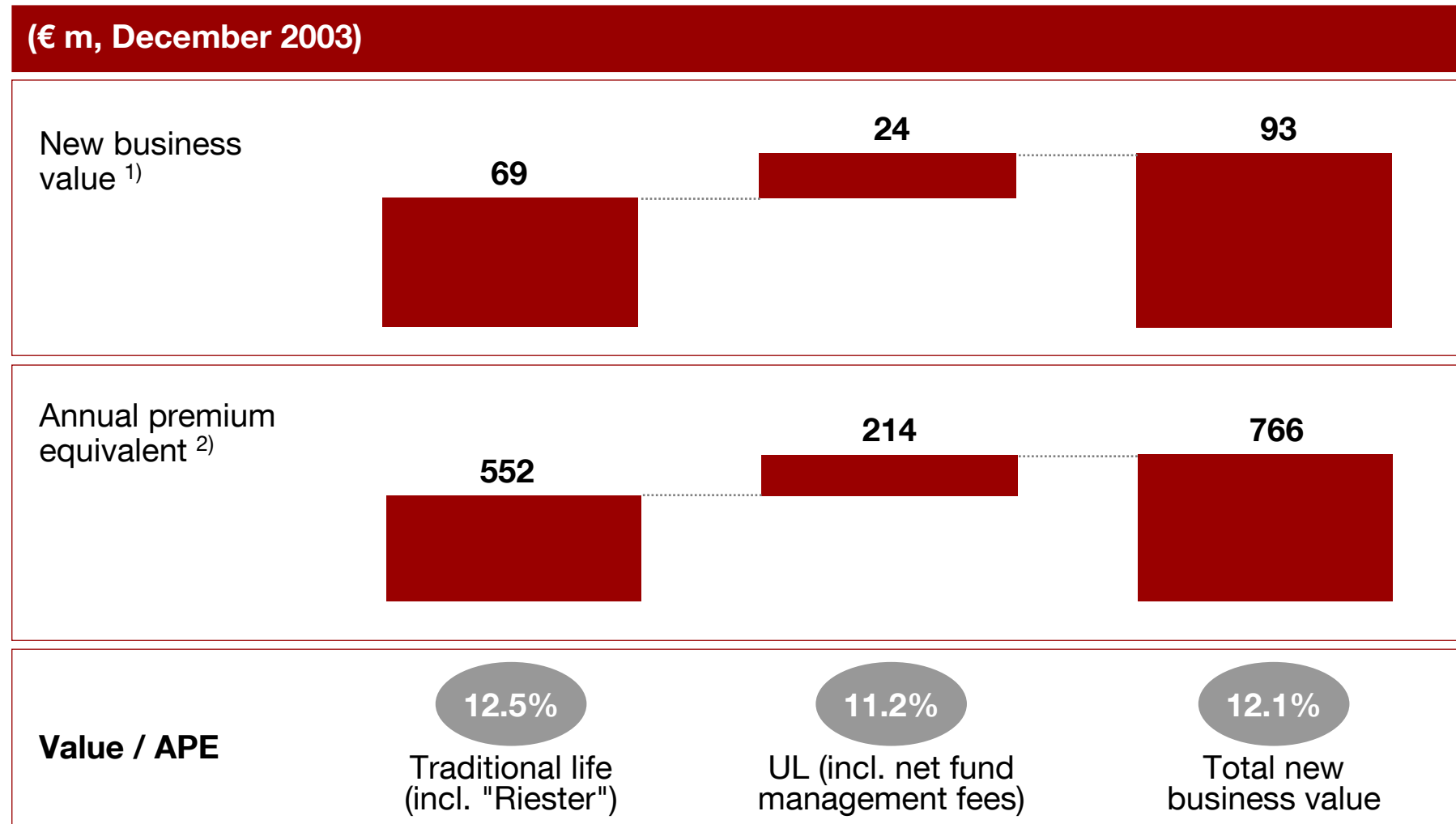
1) based on new business value, expected return (VIF roll-forward) and selected operating variances



2) based on IFRS profit (excluding extraordinary effects)

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

Good life new business margins



1) tax assumption changed from previous year 0% to now 40% because of new tax law

2) regular premiums plus 10% of single premiums on new policies issued in 2003; without dynamics and minorities

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II. **Performance H1 2004** **24**

AMB Generali with good results in H1 2004

- **Life and health business with continuously strong performance**
 - **Life new business** regular premiums **+34%** supported by second step of Riester reform, strong unit-linked sales and corporate pension business
 - **Health gross premiums +11%** as a result of strong new business and premium adjustments
- **Improvements in operative profitability**
 - **Reduction** by more than **1,000 administrative-staff FTE**
 - **Combined ratio with 99.8%** in line with **2004 target**
- **Increase of investment income to more than € 1.7 bn**
- **Tax expenditure decreases** to € 104 m since in H1 2003 write-downs on shares were not tax deductible

Net result after tax of € 111 m in H1 2004
In line with 2004 target of > € 200 m

Business development overview

(€)	2003	H1 03 ¹⁾	H1 04	Δ H1 04/03
Total premiums (German GAAP) ²⁾	11.7 bn	6.1 bn	6.2 bn	2.1%
Consolidated gross premiums (IFRS) ³⁾	10.7 bn	5.6 bn	5.7 bn	1.0%
• Life	6.1 bn	2.9 bn	3.0 bn	4.7%
• Health	1.4 bn	0.7 bn	0.8 bn	11.1%
• P&C	3.2 bn	2.0 bn	1.9 bn	-7.7%
Claims & benefits	9.8 bn	4.3 bn	5.3 bn	1.0 bn
Operating expenses	2.1 bn	1.0 bn	1.1 bn	10.2%
Investment income (net)	3.2 bn	1.0 bn	1.7 bn	722 m
Result of ordinary operations	740 m	475 m	216 m	-259 m
Tax	-731 m	-589 m	-104 m	485 m
Consolidated net income	7 m ⁴⁾	-115 m	111 m	226 m
Shareholders' equity	2.8 bn	2.9 bn	2.8 bn	-0.7% ⁵⁾

1) retroactively adjusted due to differentiated recognition of savings portions of unit-linked products subject to FAS 97; adjustment without effect on income

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

3) excl. savings portions of ul and Riester contracts; adjustment without effect on income

4) including extraordinary items

5) in relation to 31.12.2003

Combined ratio below 100%

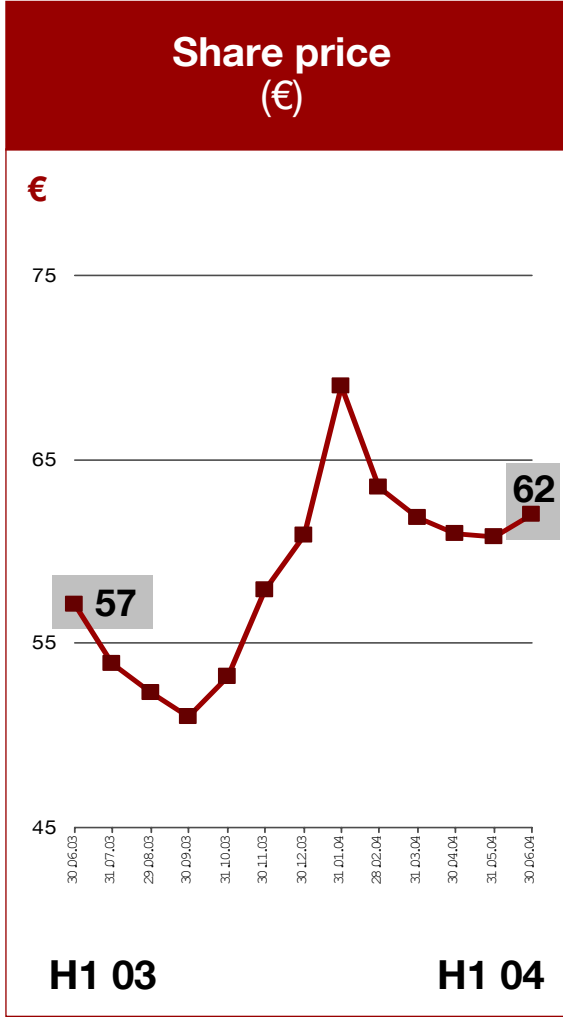
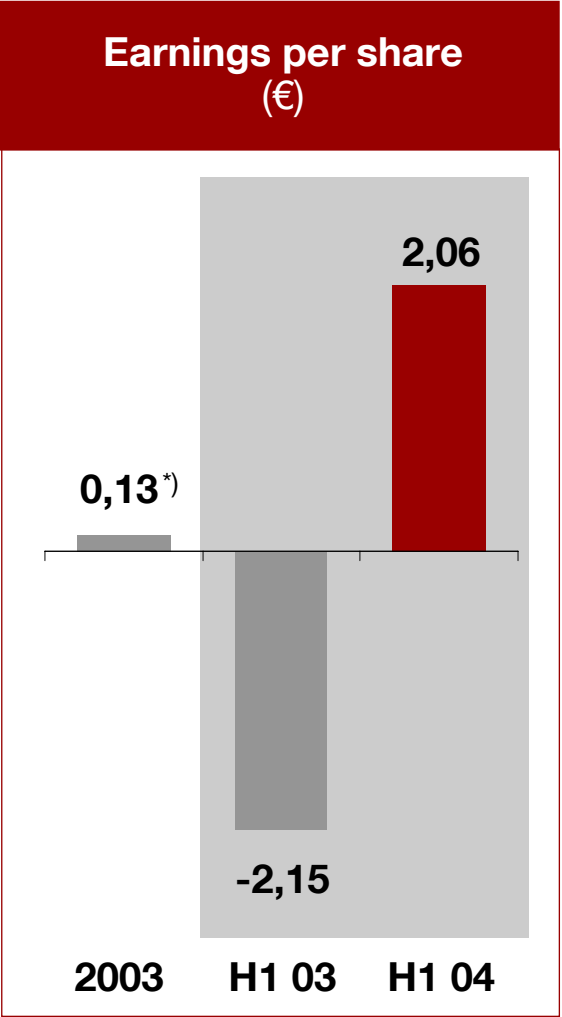
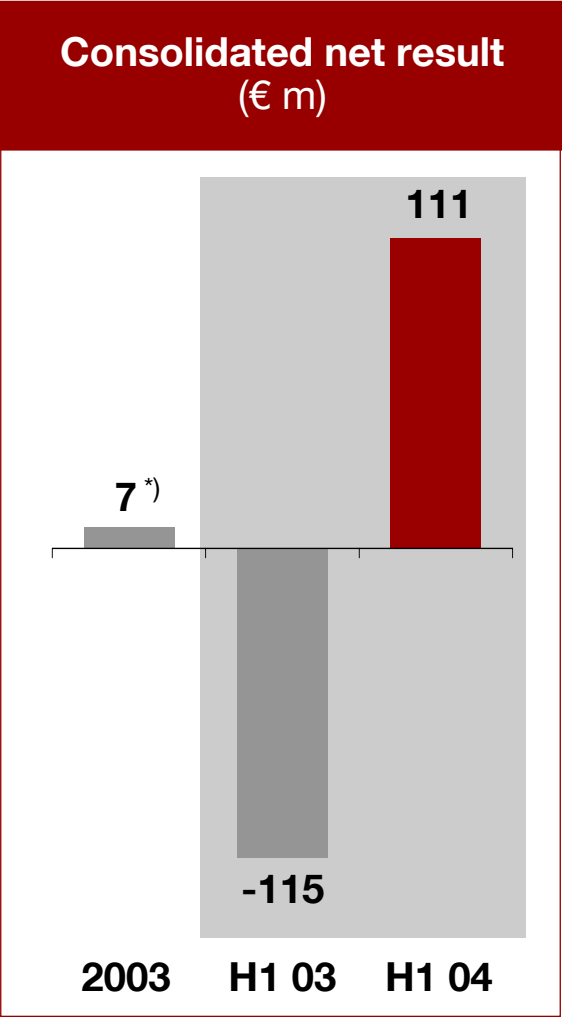
(%)	2003	H1 03 ^{*)}	H1 04	Δ H1 04/03
Claims ratio	68.0	66.5	66.5	0.0%-p
Expense ratio	31.5	30.8	33.3	2.5%-p
Combined ratio	99.5	97.3	99.8	2.5%-p

- **Combined ratio influenced by structural reinsurance changes**
 - Further **increase of retentions** in the Group involving lower commissions from reinsurers
 - **Withdrawal from residual active reinsurance**
- **Reinsurance effect gradually levelled off:**
Delta between 04/03 reduced to 2.5% in H1 from 4.6% in Q1

Combined ratio in line with 2004 target

^{*)} retroactively adjusted due to new segmentation of AMB Generali Holding AG reinsurance segment

Satisfying development of shareholder value



^{*)} including extraordinary items



AMB Generali on track to reach 2004 targets

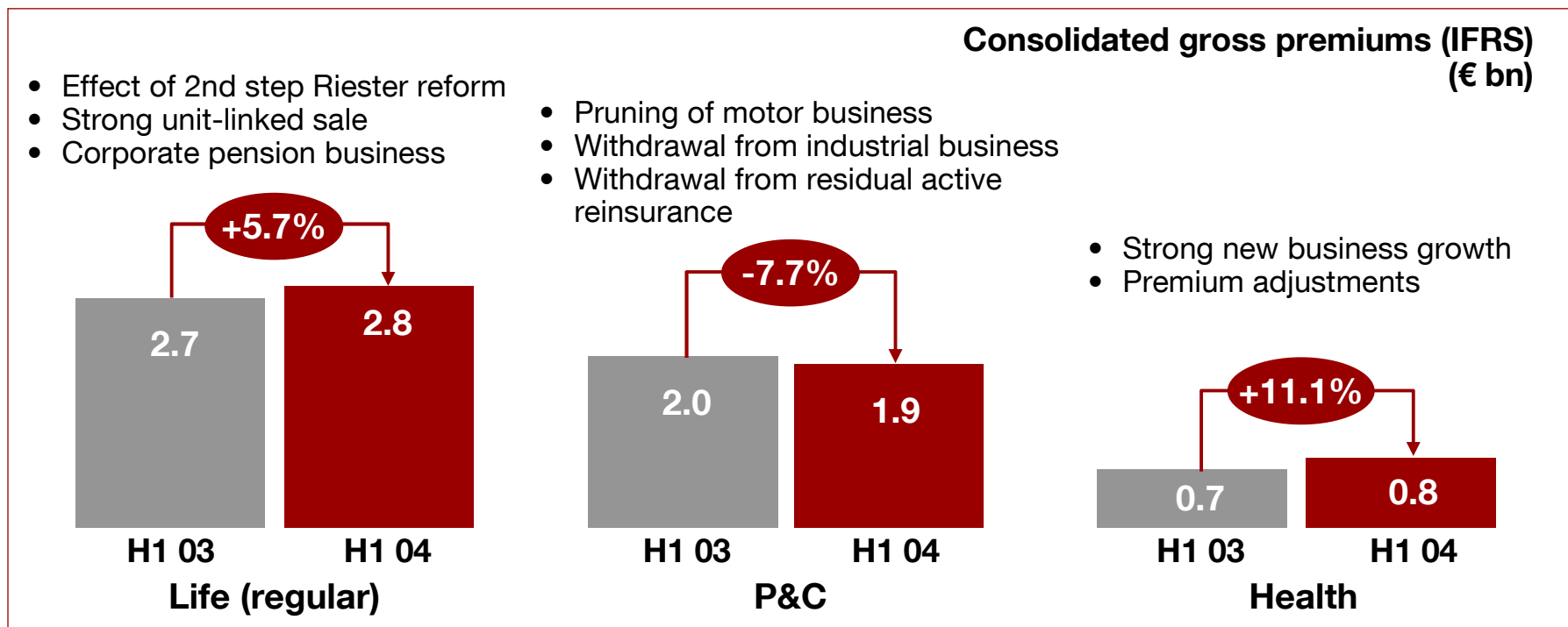
		Achievements	Targets	
		H1 04	2004	2005
Life/Health	• Premium growth – Life regular – Health	+5.7% ✓ +11.1% ✓	above market level	above market level
	• Life new business value	€ 59.5 m ✓	€ 120 m	€ 120 m
P&C	• Premium growth	-4.4% ¹⁾	slight decrease of premiums	market level
	• Combined ratio	99.8% ✓	< 100%	< 100%
Overall	• General expenses ²⁾	€ 925 m ✓	€ 1,900 m	€ 1,900 m
	• Net income	€ 111 m ✓	> € 200 m	> € 250 m

1) direct business
2) without commissions

Back up

Good growth rates in life and health business

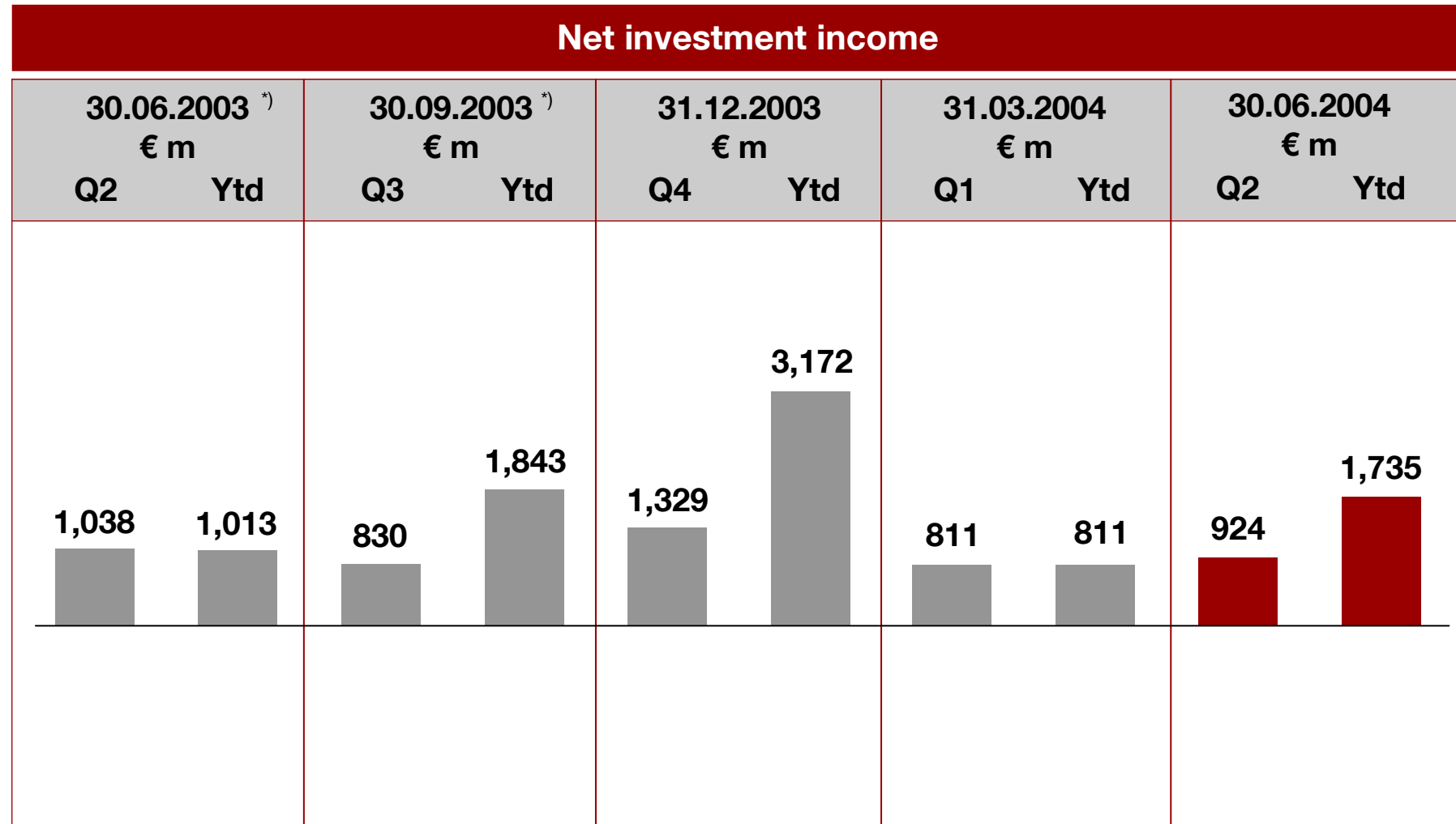
(€ bn)	2003	H1 03 ¹⁾	H1 04	Δ H1 04/03
Total premiums (German GAAP) ²⁾	11.7	6.1	6.2	2.1%
Consolidated gross premiums (IFRS) ³⁾	10.7	5.6	5.7	1.0%



1) retroactively adjusted due to differentiated recognition of FAS 97; adjustment without effect on income

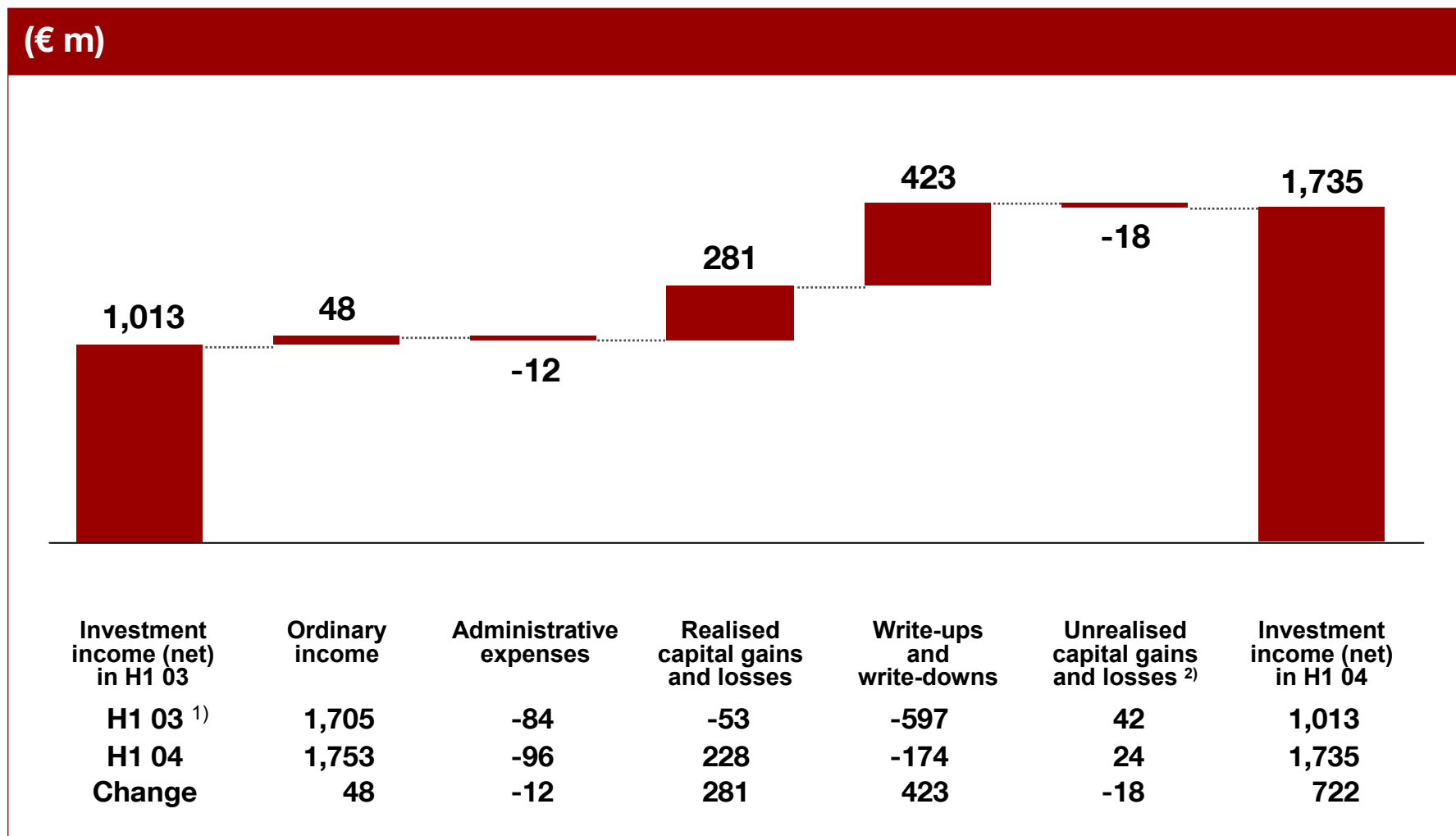
2) consolidated gross premiums incl. savings portions of unit-linked and Riester contracts
3) excl. savings portions of ul and Riester contracts; adjustment without effect on income

Investment income above previous year's level



Ytd = year to date (accumulated value since start of year)
^{*)} retroactively adjusted due to differentiated recognition of FAS 97

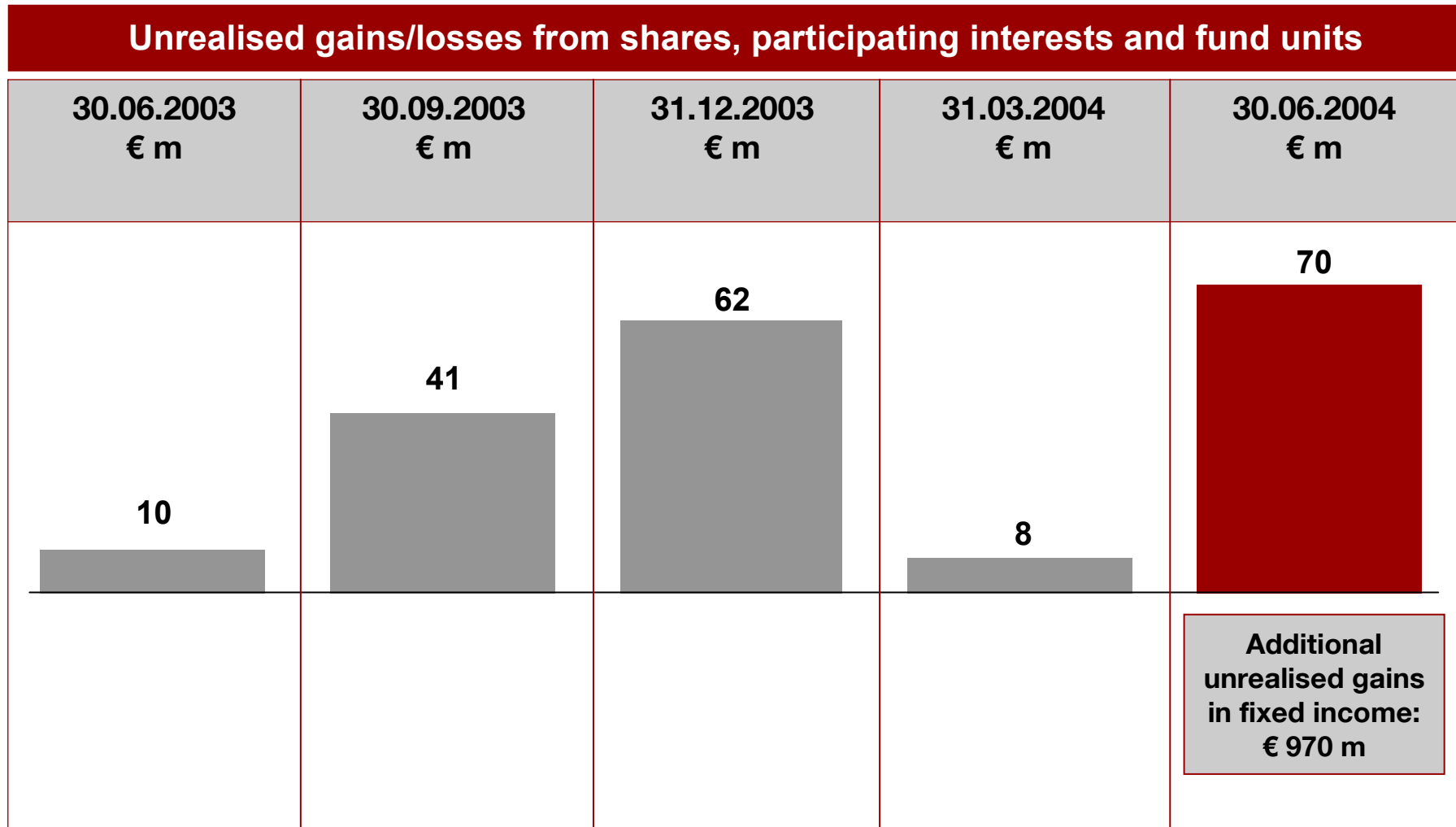
Reduced write-downs and better realised capital gains and losses improve investment income



1) retroactively adjusted due to differentiated recognition of FAS 97

2) mostly derivatives

Increased reserve in dividend-bearing securities



Focus on new taxation of life products: (1/4)

Tier 1: Base provision as starting ground for social security

Product	<ul style="list-style-type: none">- Social security (public programme)- Pension plans (professional organisations)- Traditional annuity plans (life insurance companies)
Restrictive product features	<ul style="list-style-type: none">- Annuity payments may not begin before age 60- Benefits may not be inherited, e.g. to family members- Benefits may not be transferred, e.g. to family members- Amounts accumulated may not be disposed of as loans- Policy may not be sold- Annuity payments may not be transformed into one discounted lump sum payment at maturity
But additional product offering	<ul style="list-style-type: none">- Additional products to cover personal disability and to cover survivors / dependents' provision; premium not exceeding 50% of base product
Taxation	<ul style="list-style-type: none">- <u>Saving period:</u> € 20,000 per person and year tax deductible (starting from € 12,000 in 2005; gradually increasing to € 20,000 in 2025; for base product incl. additional product cover)- <u>Pay out period:</u> Full taxation (gradually increasing from 50% of payment as taxable basis in 2005 to 100% in 2040)

Focus on new taxation of life products: (2/4)

Tier 2: Modified Riester-like products

Product

- **Annuities Riester-type**

Product features

- **Sales cost** loading not zillmerised, but **amortised** over minimum **5 year** period
- At maturity (age 60) **lump sum payment up to 30%** of endowment capital possible
- **Unisex** calculation **from 2006** onwards
- **Simplified organisational procedure** (both for applicant and insurance companies) to apply for state subsidy payments

Taxation

- **Saving period:**
Gradual increase in tax deductability bracket / public grant
(2003: € 525; 2004/5: € 1,050; 2006/7: € 1,575; 2008: € 2,100)
- **Pay out period:**
Normal taxation of annuities and partial / full endowment payments

Focus on new taxation of life products: (3/4)

Tier 2: Corporate pension schemes

Product

- **Corporate pension schemes** (Pensionsfonds, Pensionskasse, Direktversicherung); counterparty: employer

Product features

- **Annuities** from age **60** onwards
- **Lump sum payment** up to **30%** of endowment capital possible
- In case of job change: **transfer** of amount accumulated **to new employer**
- **Extended definition of survivors** / dependants applicable

Taxation

- **Saving period:**
Tax deductibility bracket: max. 4% of income threshold for social security provision (currently: € 2,472); plus eventually € 1,800 for employee with no (already subsidised) Direktversicherung
- **Pay out period:**
Normal taxation of endowments and partial / full capital payments

Focus on new taxation of life products: (4/4)

Tier 3: Traditional life insurance products

Product

- **Endowment policies**
- **Annuity policies with endowment option**
- **Unit-linked policies with / without endowment option**

Product features

- All features of traditional products, e.g.**
- **annuity payments** may begin **before age 60**
 - **benefits** may be **inherited**, e.g. to family members
 - **benefits** may be **transferred**, e.g. to family members
 - **amounts accumulated** may be **disposed of as loans**
 - **policy** may be **sold**
 - **annuity payments** may be **transformed into one discounted lump sum** payment at maturity

Taxation

- **Saving period: payments not tax deductible**; interest accrual of capital accrued not taxable
- **Pay out period:**
Endowments: taxation of interest accrual (surplus of pay out amount and respective payments; tax relief of 50%, if payment not before age 60 and contract duration minimum 12 years)
Annuities: taxation of supposed interest accrual (e.g. 18% of annuity as tax base for annuity payment starting at age 65); equally valid for pre 2005 business

Disclaimer

Certain of the statements contained herein are statements of future expectations and other forward-looking statements.

These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among others, general economic and sector conditions.

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