

Generali Deutschland Full Year 2010 Results

Presentation April 2011
Investor Relations



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Generali Deutschland delivers net profit of € 402 m above FY target

- **Growth in life new business: APE¹** up by +5.7% to **€ 1,077 m** despite difficult market environment
- **Total premiums²** grew by +9.6% driven by strong growth in **life** and **health** showing **twice the market growth rate**
 - **Life total premiums** went up +12.5%
 - **Health gross premiums** increased by +11.8%
 - **P&C gross premiums** decreased by -1.2% as a result of continuous **focus** on **profit-oriented underwriting**
- **Improvements in operating business**
 - **Further reduction** in **general expenses** by **€ 68 m** to **€ 1,542 m** despite above-average premiums growth
 - **Combined ratio P&C** slightly reduced to **95.5%** contrary to the market – in line with **FY target** of **95-96%** – negative impact of **catastrophe claims** offset by **lower major claims** and **effective claims management**
- **Strong increase of net investment income** by **€ 828 m** to **€ 3,866 m** due to **better capital market conditions**
 - **Lower level** of impairments
 - **Increase of realised capital gains (net)** due to favorable market environment
- **Stable shareholders' equity** of **€ 4,028 m**

Strong net profit of € 402 m
due to good operational development and rise in investment income

Strong level of target achievement

	Targets 2010	Market	Achievements 2010	
Premium development¹				
- Life	above market level	+6.0%	+12.5%	✓
- Health	above market level	+5.8%	+11.8%	✓
- P&C	at market level	+0.7%	-1.2%	~
General expenses²	< € 1,600 m		€ 1,542 m	✓
Combined ratio³	95-96%		95.5%	✓
New Business Value⁴	> € 170 m		€ 186 ⁵ m	✓
Net profit	> € 360 m		€ 402 m	✓

1 gross premiums German GAAP, direct business

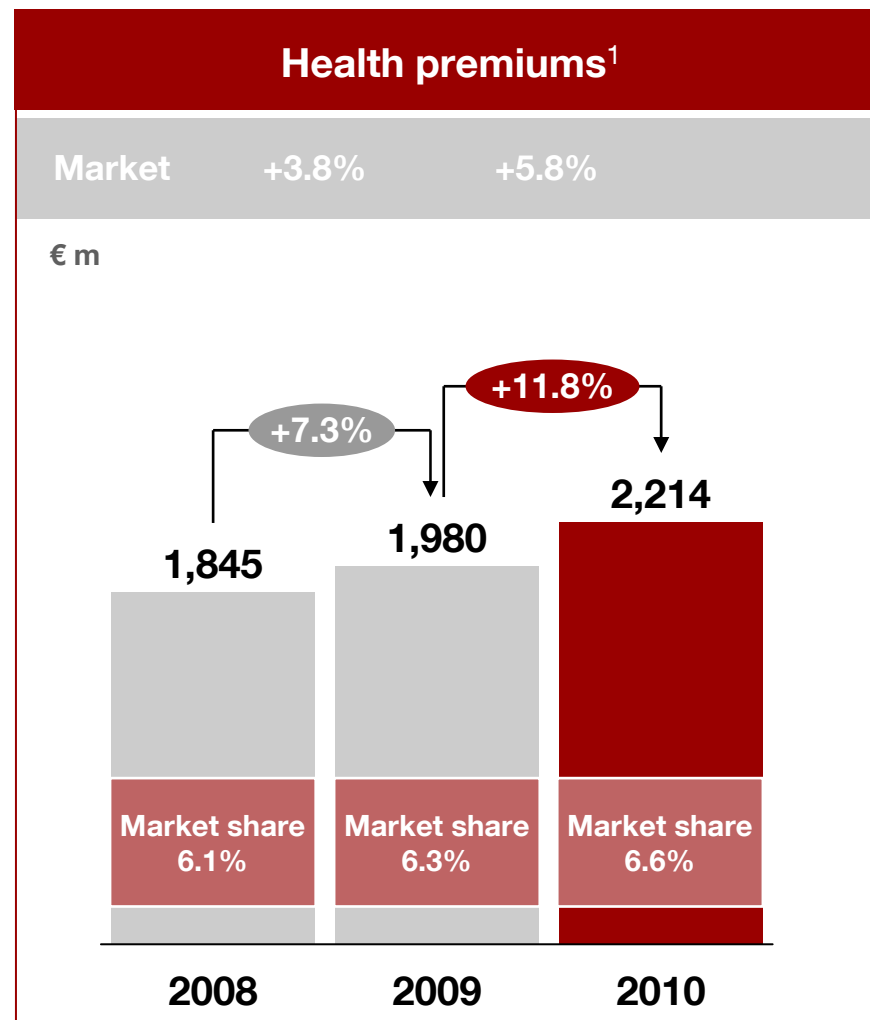
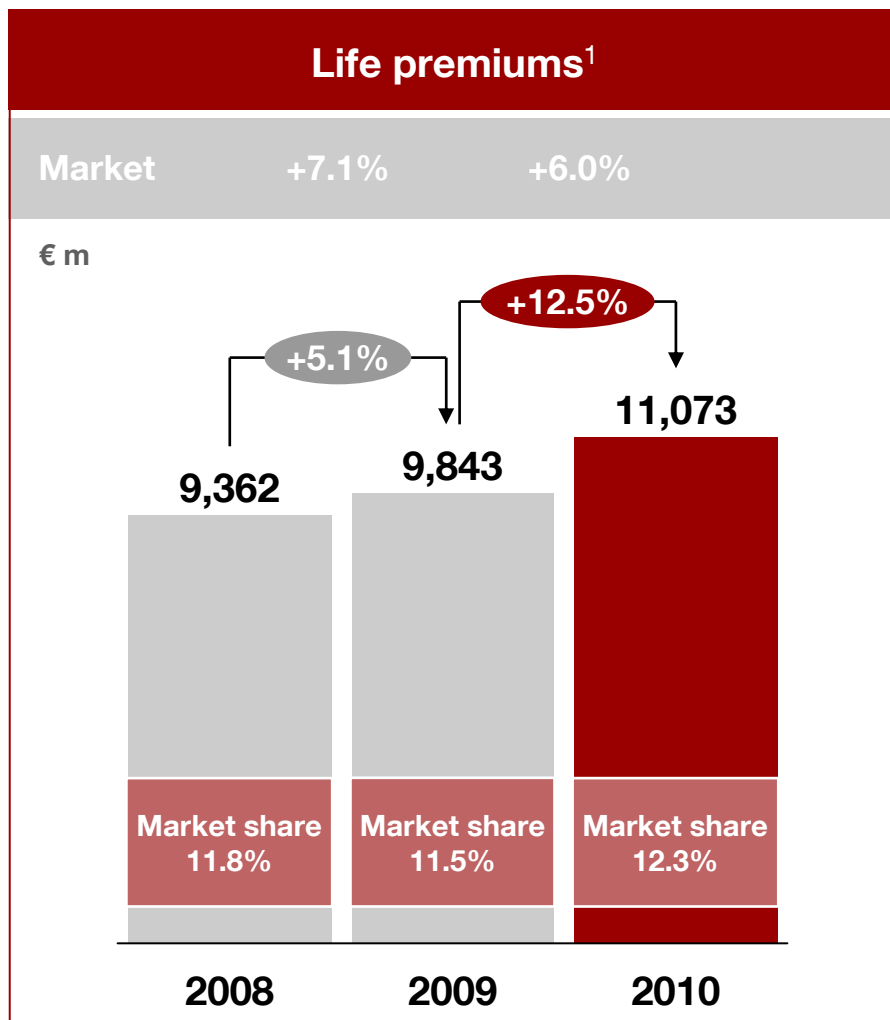
2 German GAAP figures, excluding commissions

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

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

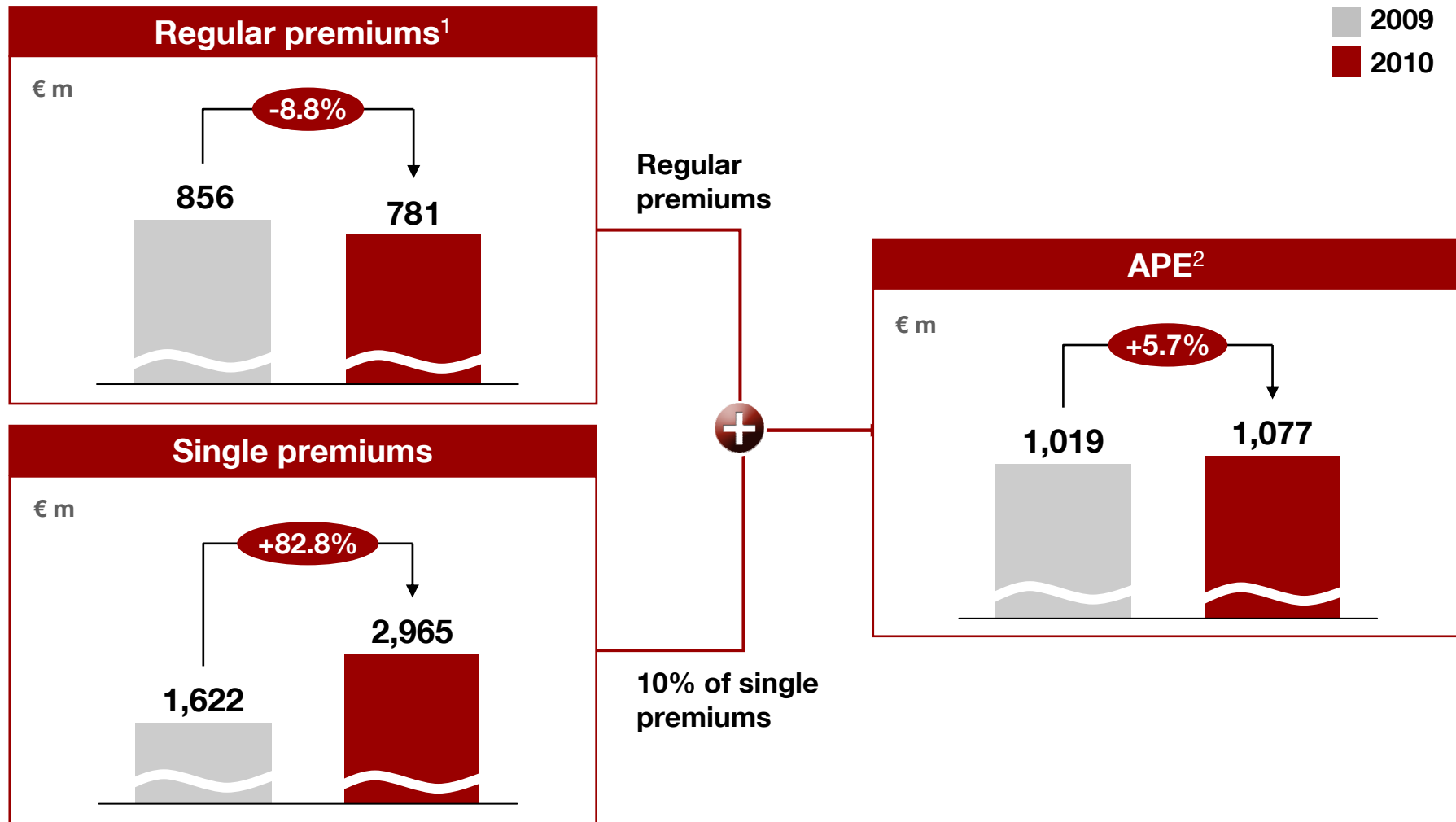
5 before minorities; after minorities = 185

Premiums in life and health grew significantly and well above market

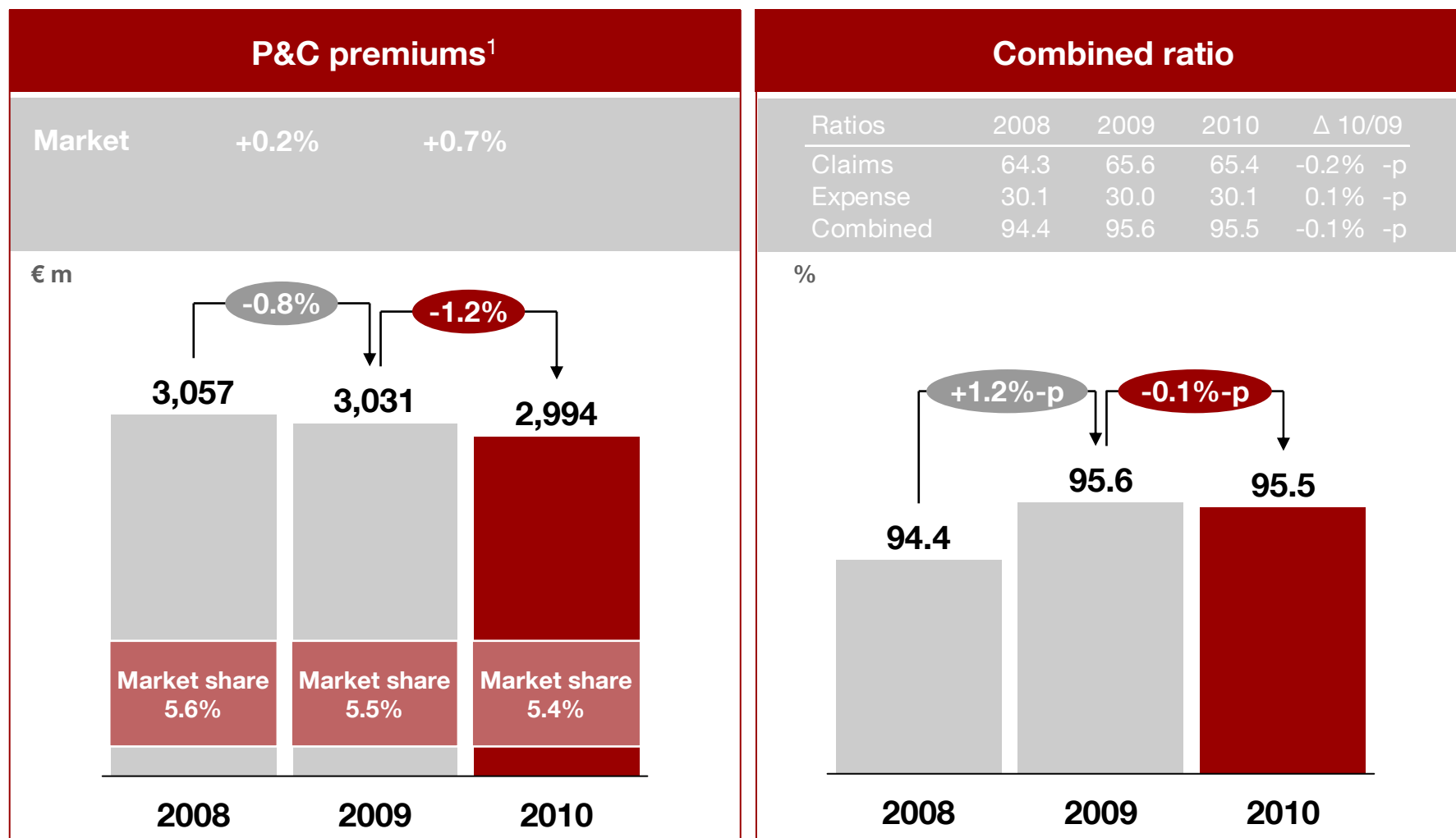


Rise in life new business in APE due to strong increase of single premiums

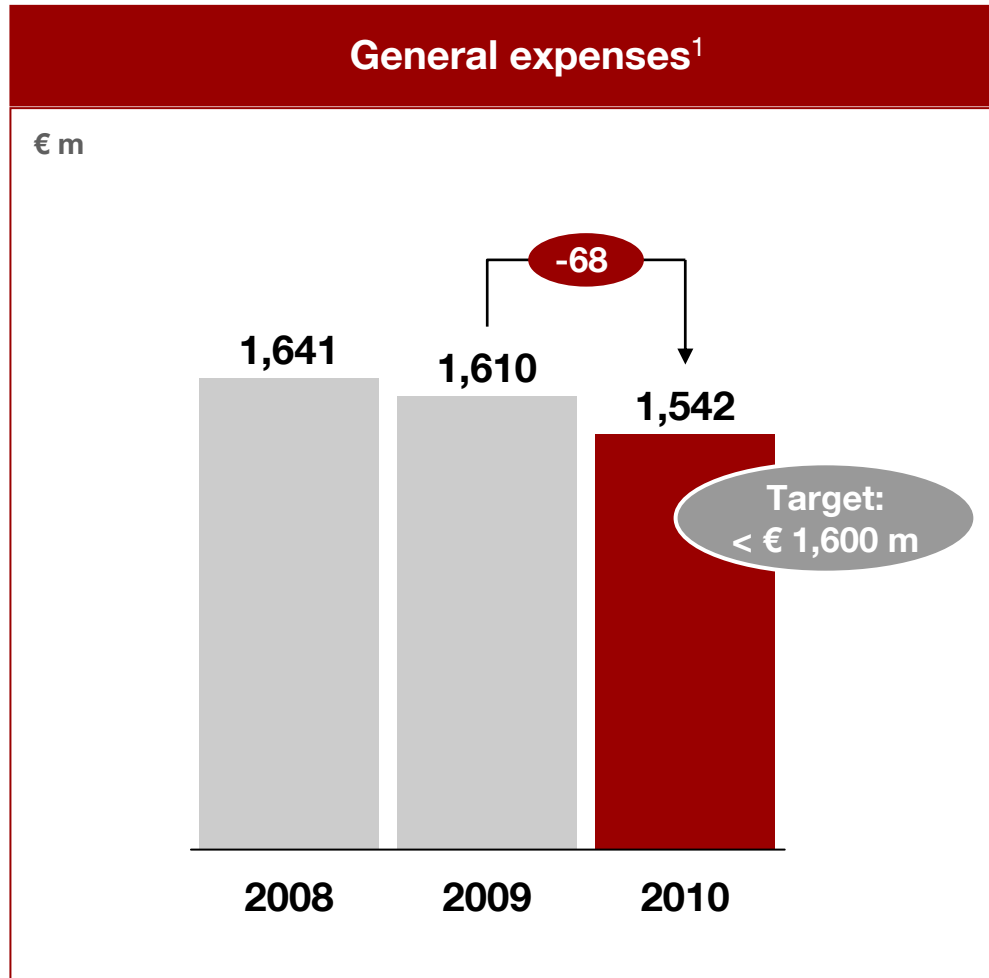
Life new business



Combined ratio in line with FY target 95-96% despite a difficult market environment

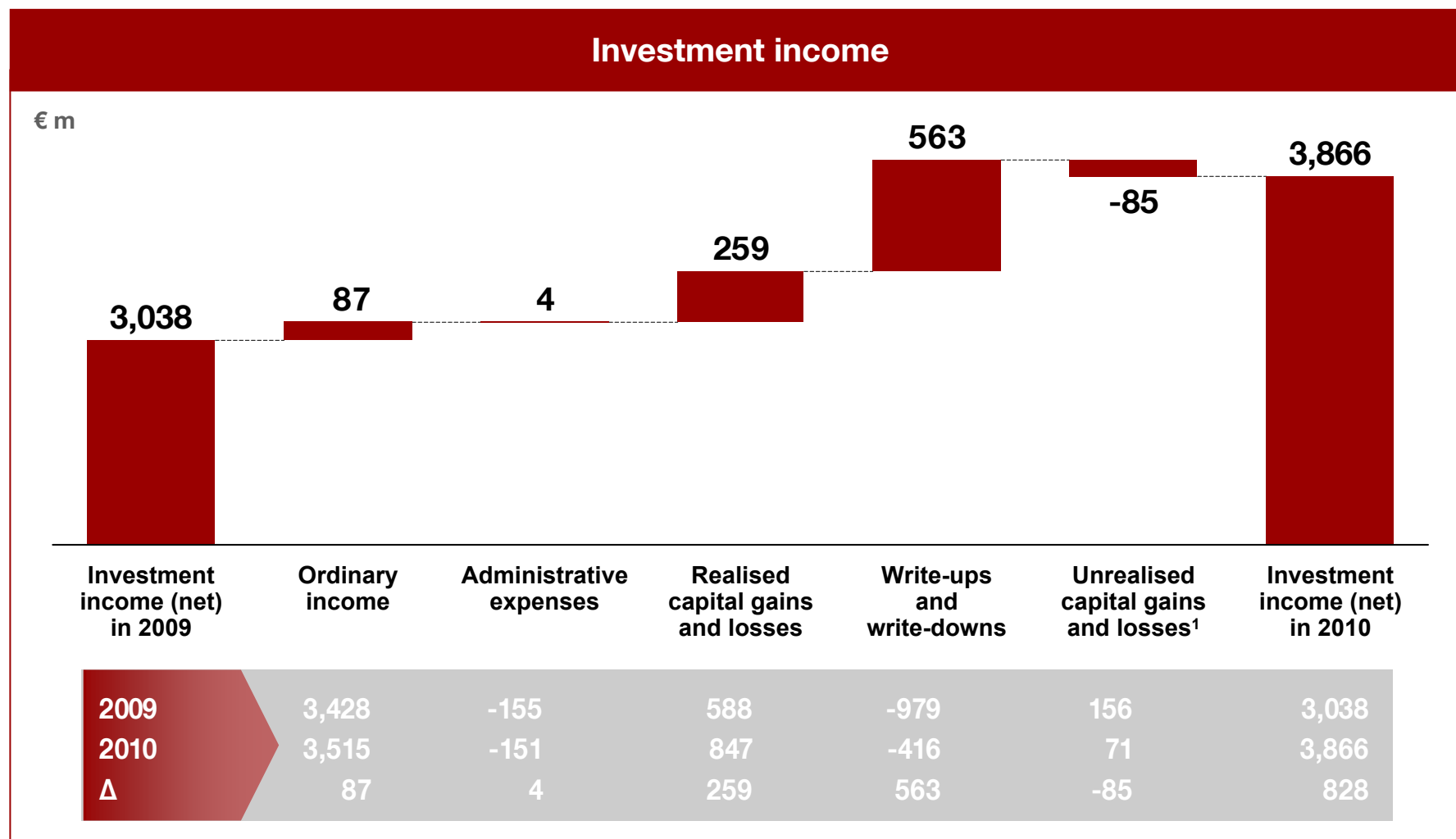


Measures to strengthen profitability and competitiveness lead to significantly reduced general expenses

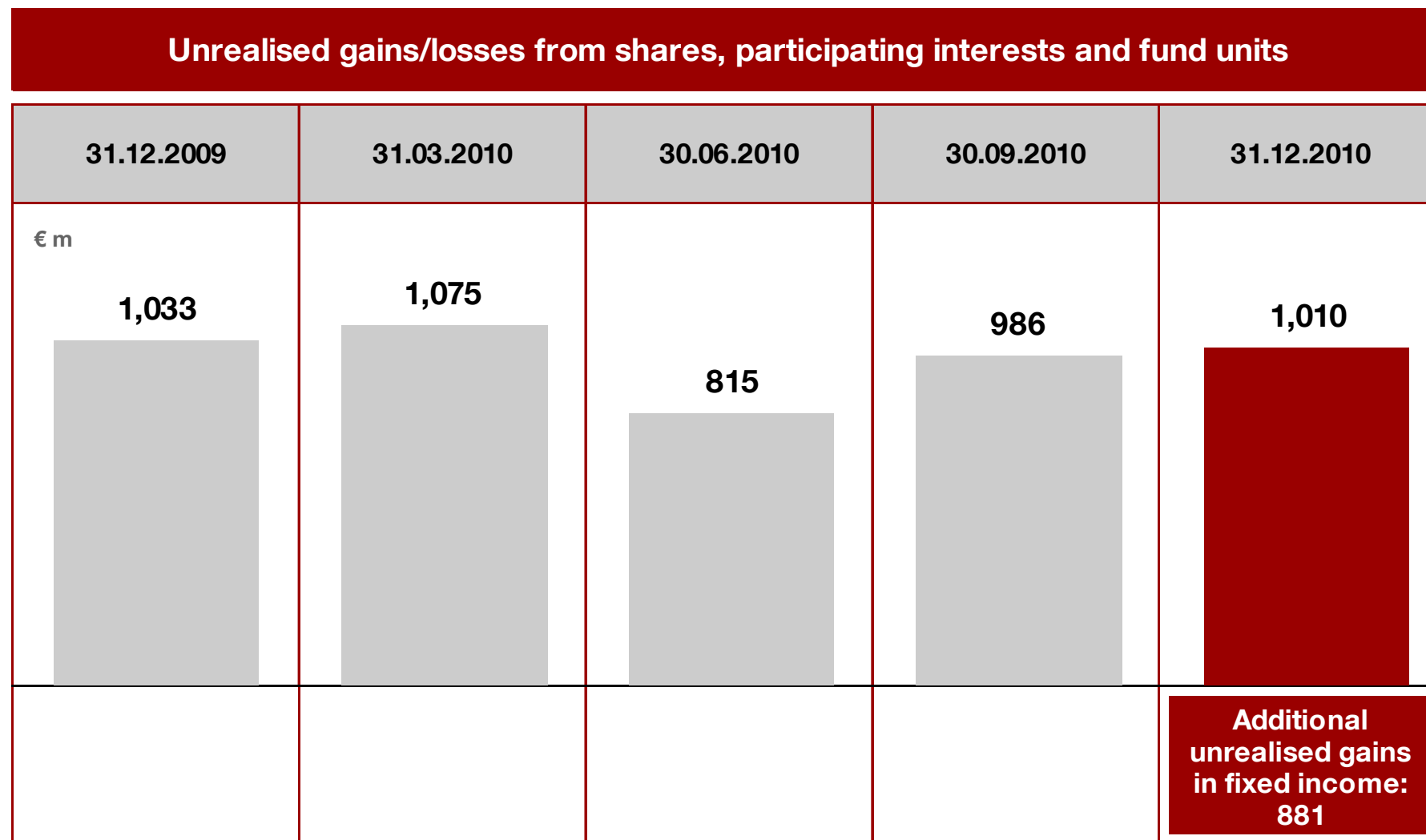


- **Considerable improvement in 2010 by € 68 m**
- **Despite dynamic growth, personnel and material costs further reduced**
- **General expenses reduced by € 315 m since 2005**

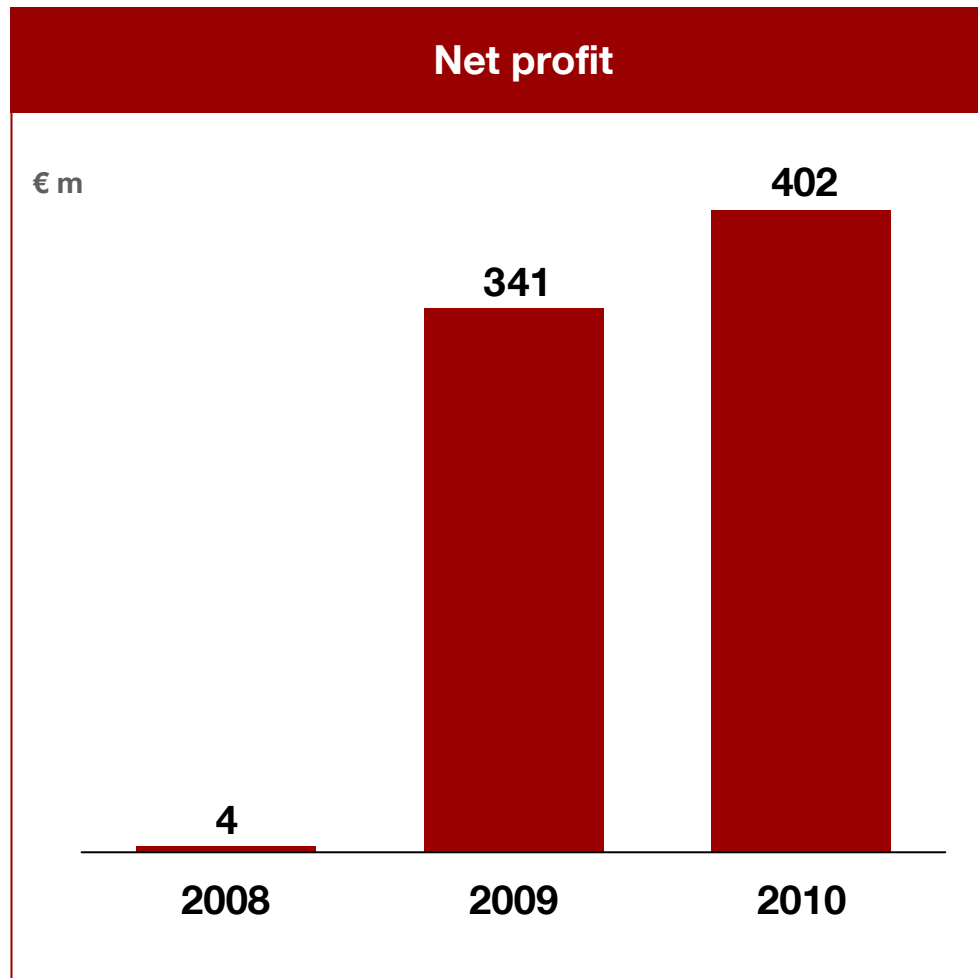
Strong increase of investment income supported by better capital market conditions



Stable level of unrealised gains in dividend-bearing securities

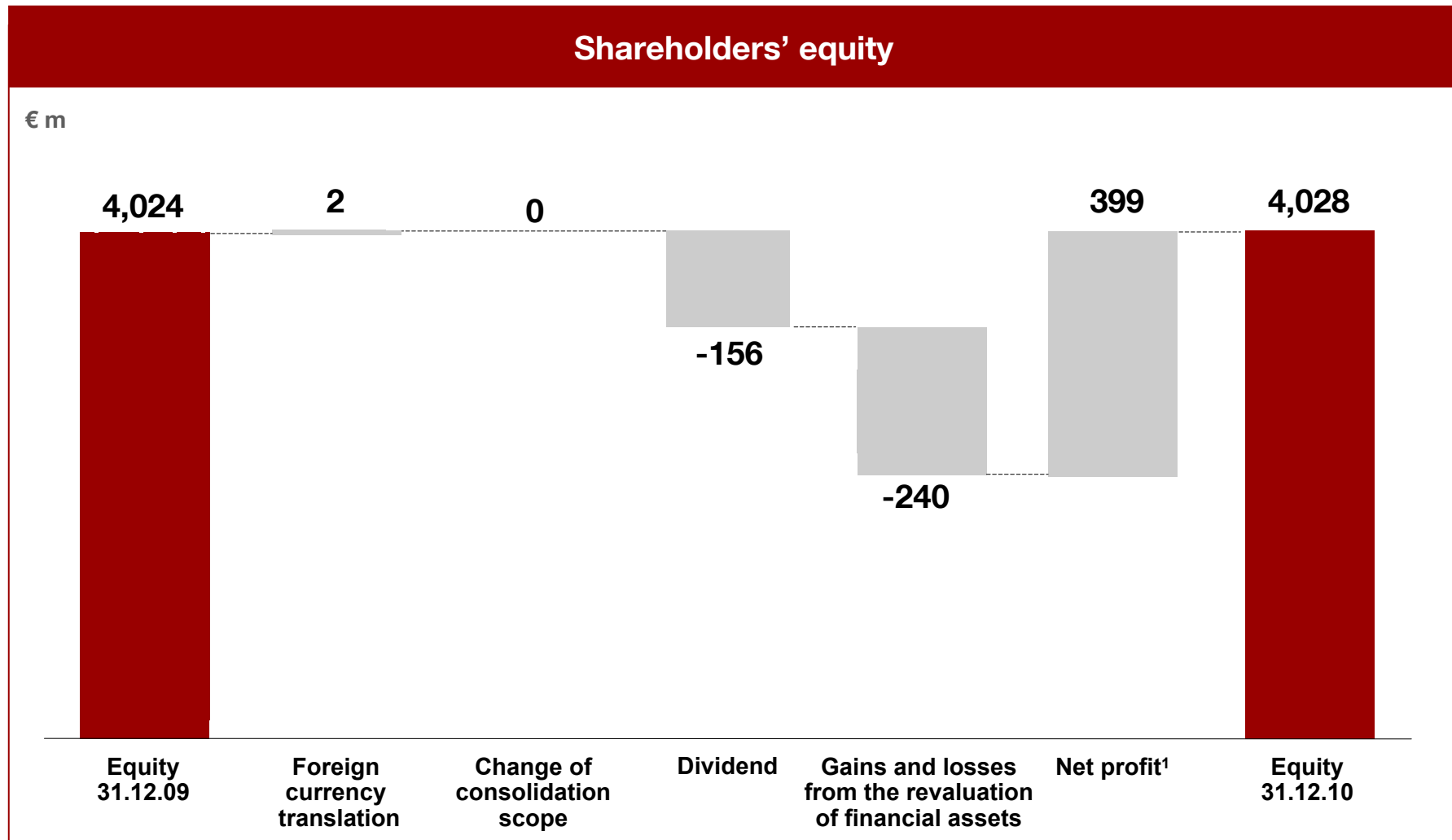


In a challenging market Generali Deutschland could increase net profit significantly to € 402 m

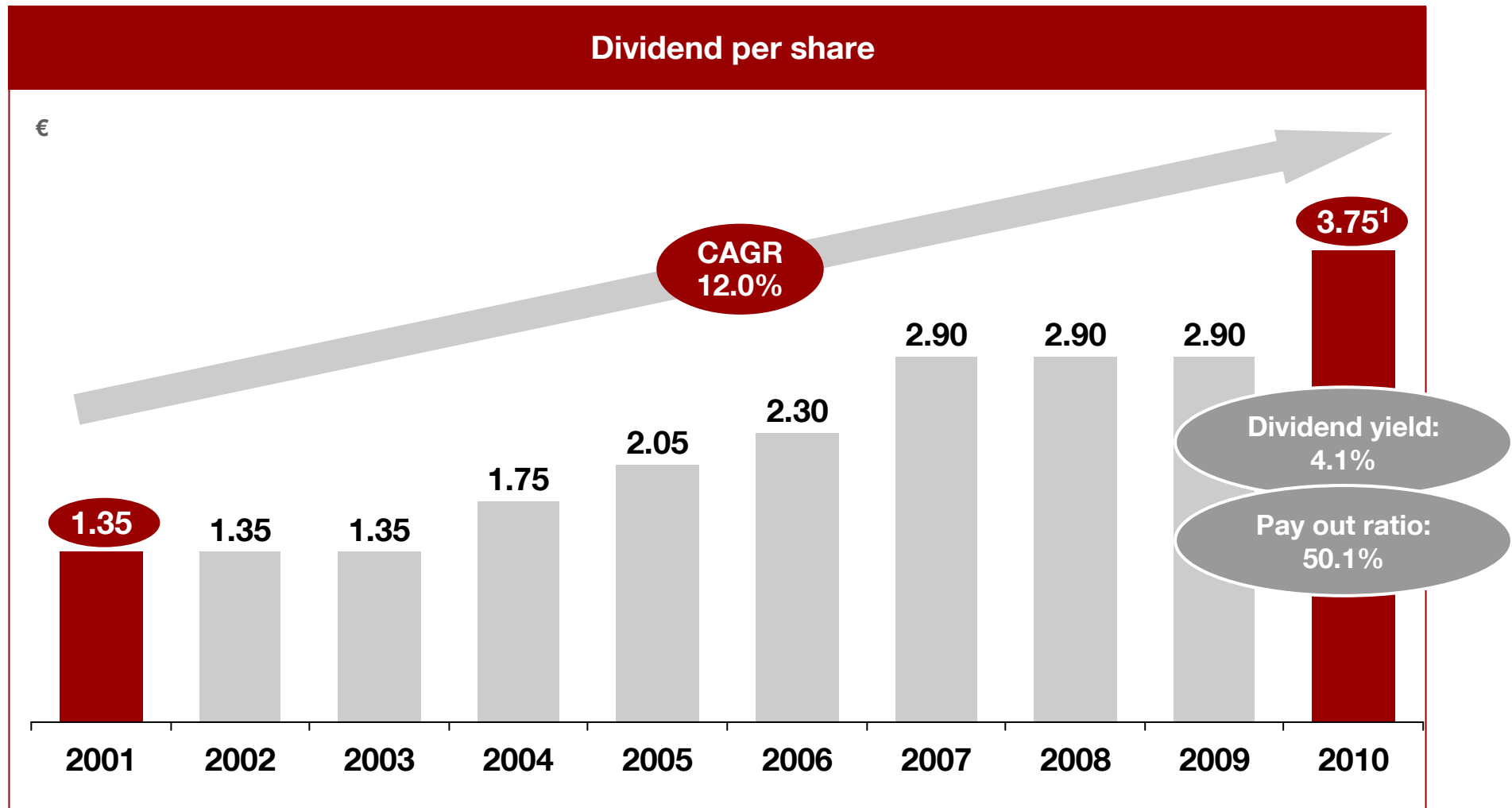


- In 2010 net profit increased to € 402 m due to higher investment income and operational improvements
- In 2009 net profit raised to € 341 m despite the economic downturn
- In 2008 cut of net profit due to impact of financial crisis

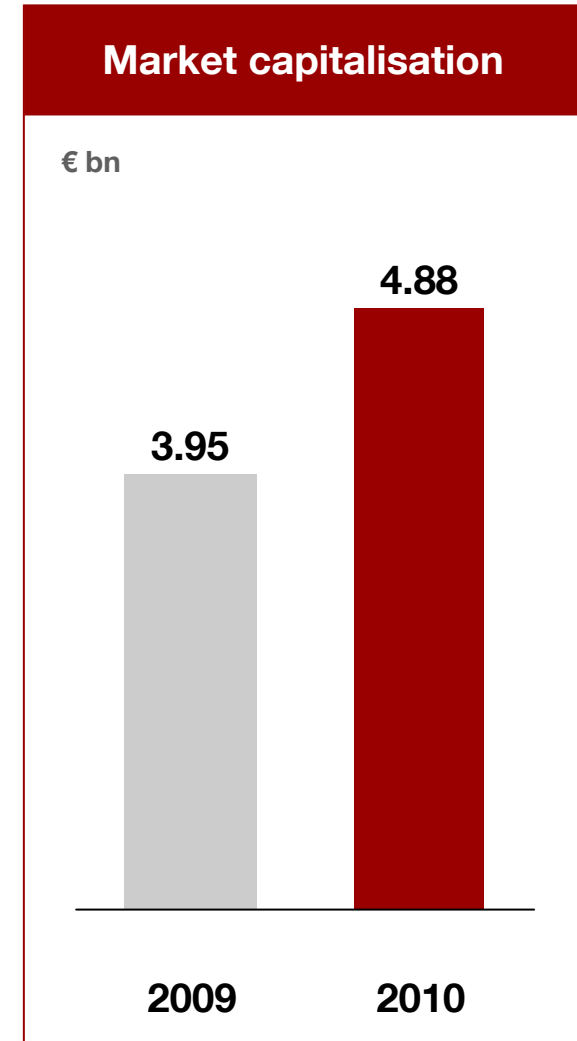
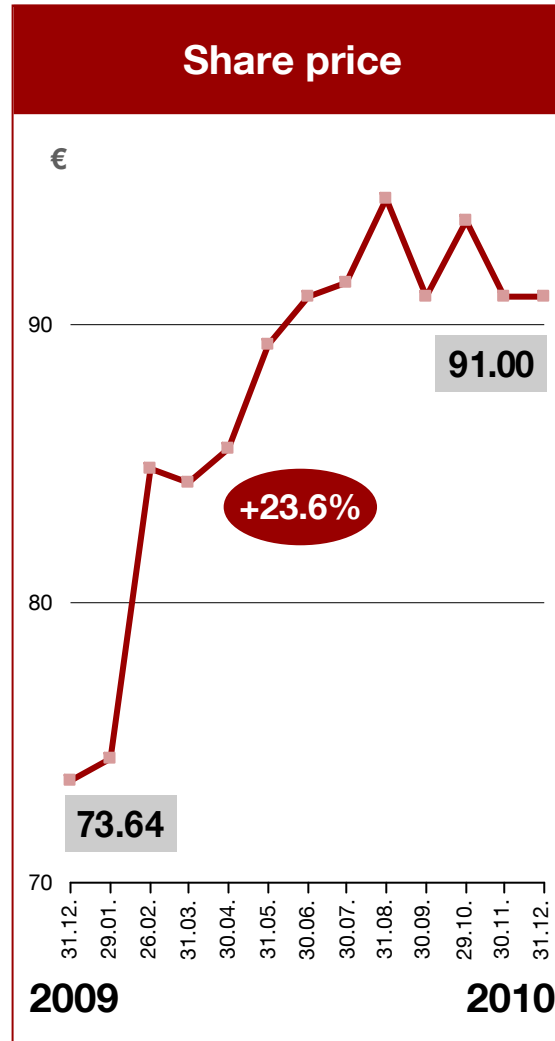
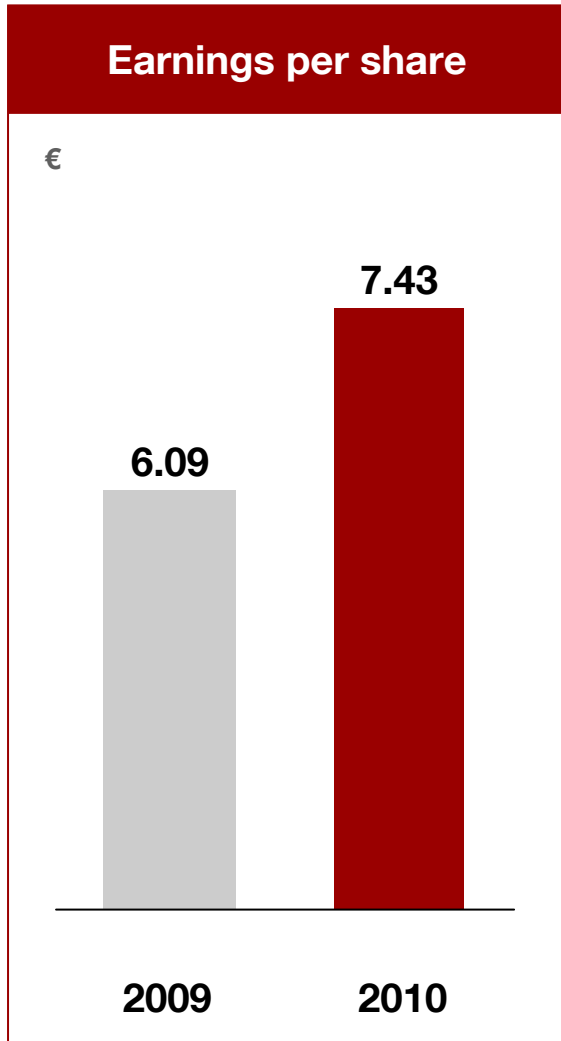
High level of shareholders' equity maintained – unrealised losses and dividend distribution compensated by rise in net profit



Generali Deutschland increases dividend significantly – Net profit of € 402 m allows dividend proposal of € 3.75 per share



Generali Deutschland share with above-average positive development



Generali Deutschland Group very well positioned in German primary insurance market

Second highest rating category assigned by rating agencies

STANDARD & POOR'S



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



Moody's Investors Service

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

FitchRatings

KNOW YOUR RISK



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



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

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

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

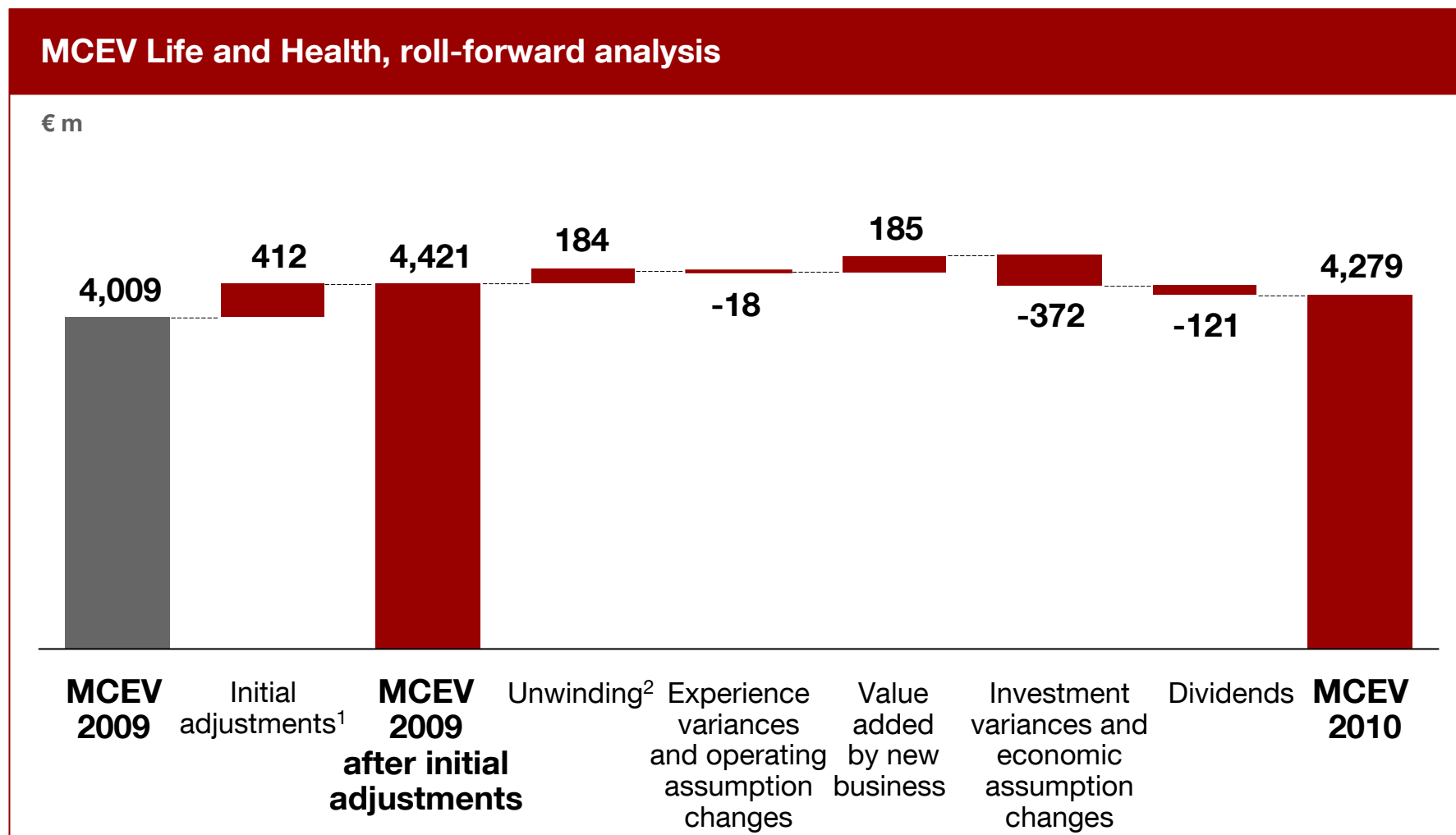
2 Agency ratings are based on the situation as at a specific date and may be subject to change. An overview of current ratings is available on the Internet at www.generali-deutschland.de/ratings. The websites of the rating agencies provide more detailed information referring to rating methodologies and to the definition of rating categories.
updated December 31, 2010

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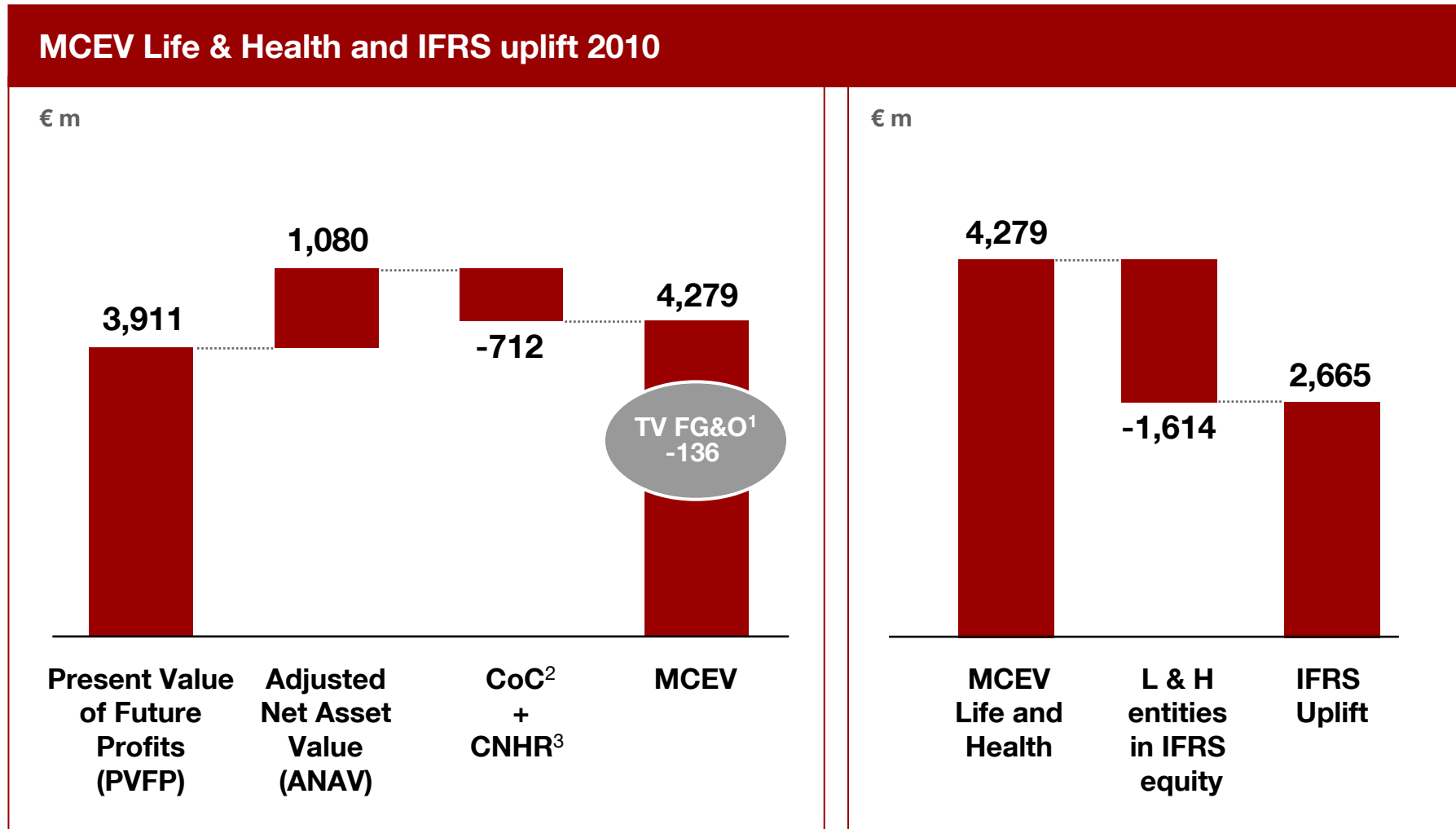
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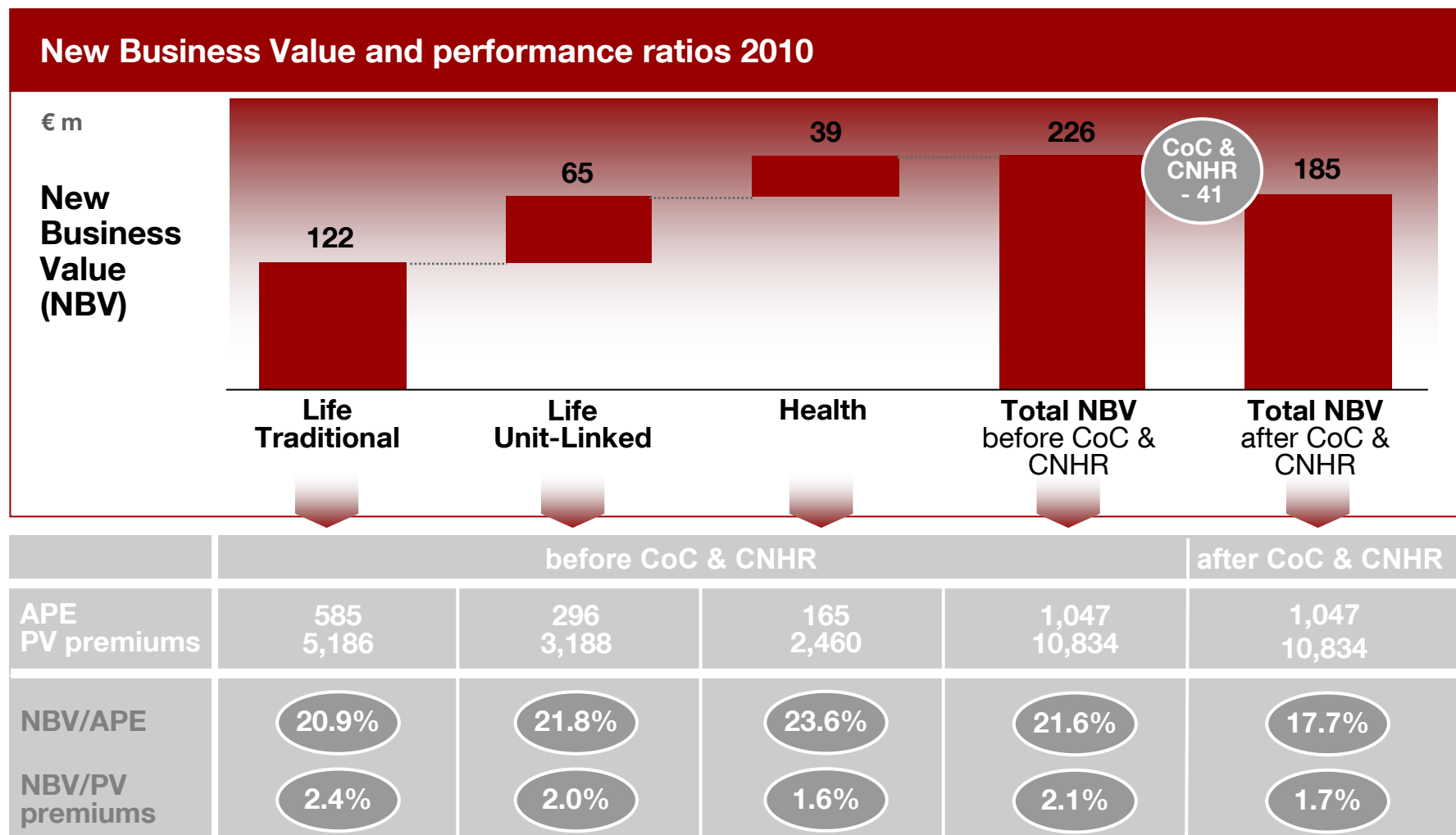
MCEV Life and Health 2010 roll-forward



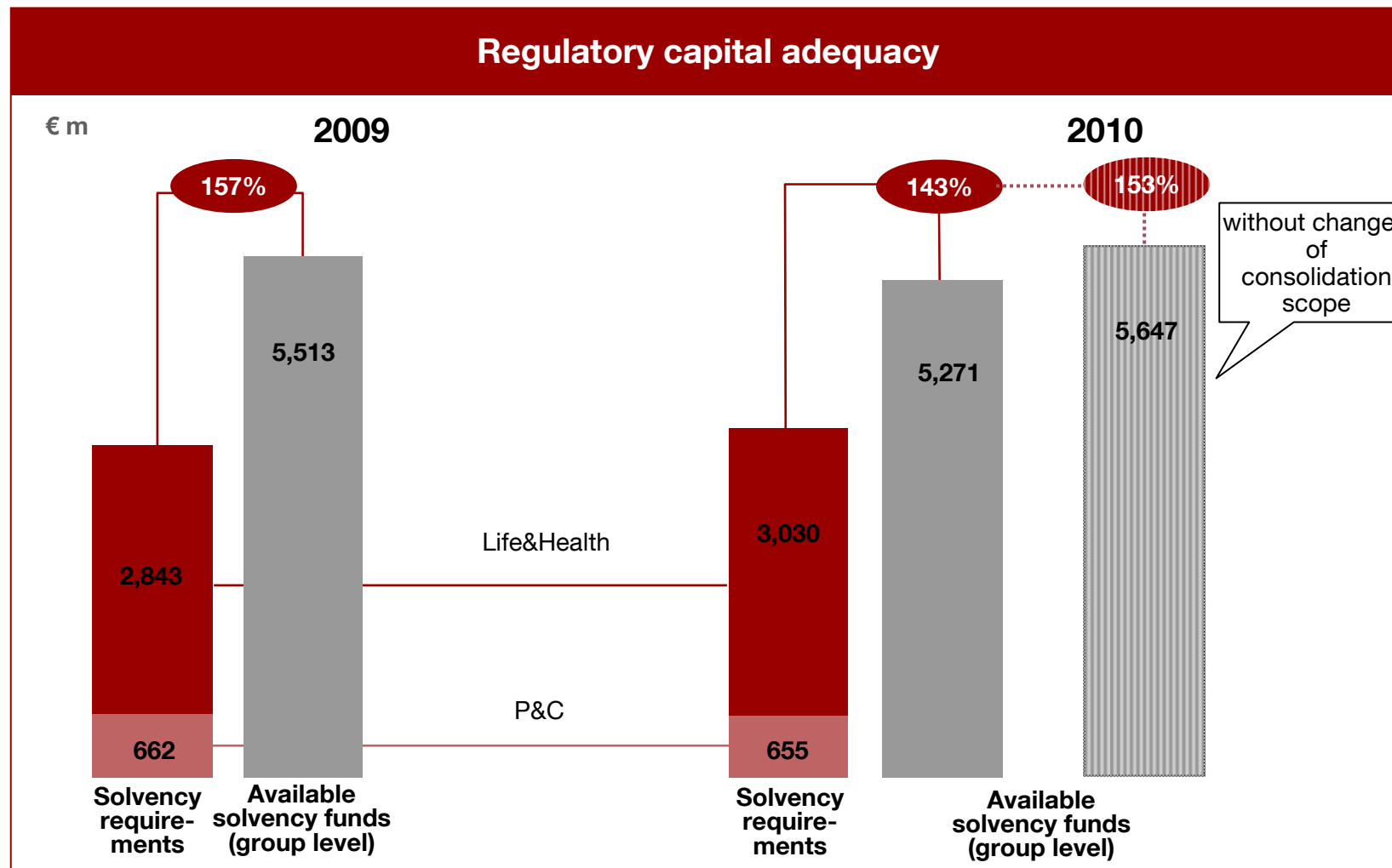
MCEV Life and Health



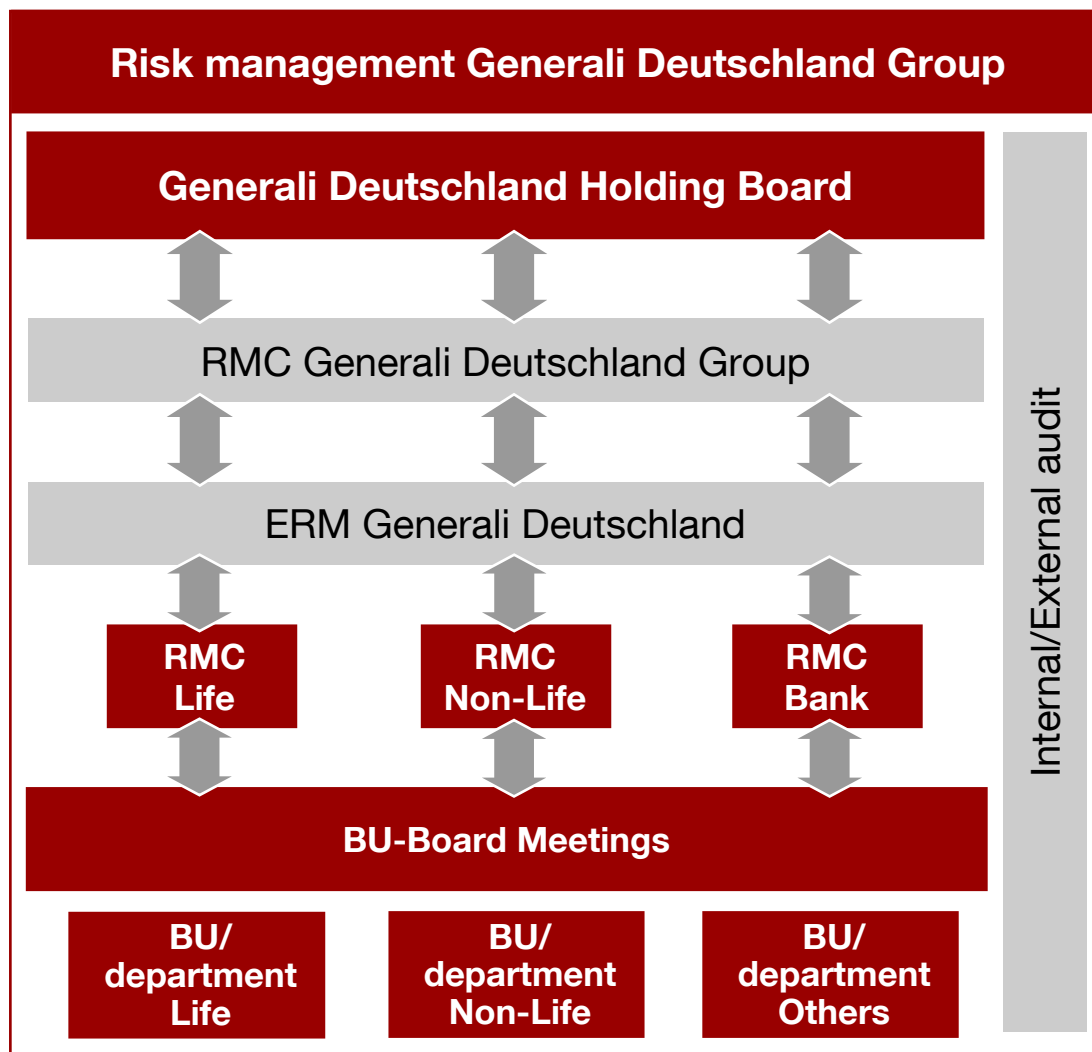
New Business Value and profitability



Reduction in Solvency I adequacy mainly due to change within consolidation scope



Risk management responsibilities



Fundamental processes:

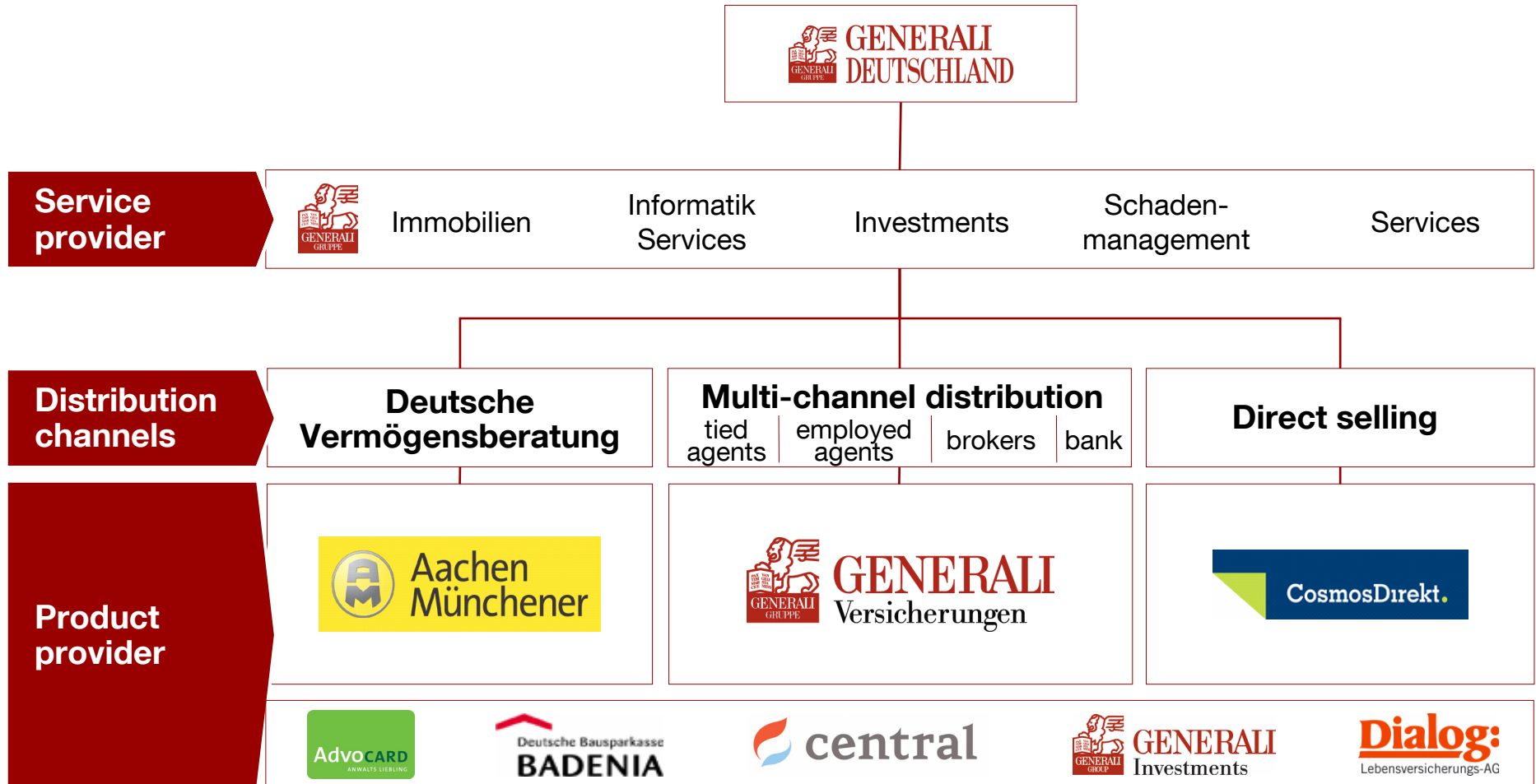
- The Generali Group Risk Committee board **defines principles and procedures** for risk and performance governance
- The Generali Deutschland Holding board is **responsible for group-wide capital adequacy** and group-related limits
- Segment-specific Risk Management Committees (RMC) **control BU¹-related capital adequacy** and take the responsibility for risk-steering actions (e.g. SAA decisions)
- ERM² **coordinates and controls the consistency** and integration of the risk measurement and management
- **BU-specific risk exposures** are regularly monitored in BU-Board Meetings

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Generali Deutschland with clear structured business model



2011 with challenges for insurance market – positive outlook for Generali Deutschland


	Achievements 2010	Targets 2011	Outlook 2012/2013
Premium development¹			
- Life	+12.5%	above market level	
- Health	+11.8%	above market level	
- P&C	-1.2%	at market level	
General expenses²	€ 1,542 m		
Combined ratio³	95.5%	< 95.5%	< 95%
New Business Value⁴	€ 186 ⁵ m	€ 170 m	€ 175 – 185 m
Net profit	€ 402 m	€ 390 – 410 m	continuous increase in subsequent years

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Generali Deutschland as the German section of the Generali Group




Top player in European insurance and biggest European life insurer
with € 73.2 bn consolidated premiums in 2010



% of total Generali Group premiums

Italy	29.0%	CEE	5.5%
Germany	22.9%	Rest of Europe	14.9%
France	20.9%	Rest of World	6.9%



- **Historical foundation 1824** in Aachen
- Since 1998 German **subsidiary of Generali Group** which is **one of Europe's largest insurance providers**
- Focus on
 - **German market**
 - **Primary insurance**
 - **Retail customers**
- **#2 in German primary insurance market**
- **Market leader in unit-linked, Riester insurance and term life insurance**

Generali Deutschland with strong market position in all lines of business

German insurance market 2009¹

Life		Health		Property & Casualty		Total	
Gross premiums written, direct business € bn		Gross premiums written, direct business € bn		Gross premiums written, direct business € bn		Gross premiums written, direct business € bn	
1 ALLIANZ	14.1	1 ERGO	4.7	1 ALLIANZ	11.1	1 ALLIANZ	28.4
2 Generali Deutschland	9.6	2 DEBEKA	4.4	2 R+V	3.6	2 Generali Deutschland	14.6
3 ERGO	5.5	3 ALLIANZ	3.2	3 TALANX	3.4	3 ERGO	13.3
4 TALANX	4.8	4 SIGNAL IDUNA	2.6	4 AXA	3.3	4 AXA	9.5
5 R+V	4.6	5 AXA	2.2	5 ERGO	3.1	5 R+V	8.5
6 AXA	4.0	6 Generali Deutschland	2.0	6 HUK	3.0	6 TALANX	8.2
7 ZÜRICH	3.8	7 VK Bayern	1.9	7 Generali Deutschland	3.0	7 DEBEKA	8.1
8 DEBEKA	3.1	8 Continentale/Europa	1.4	8 ZÜRICH	2.2	8 VK Bayern	6.2
9 VK Bayern	2.5	9 BARMENIA	1.3	9 VK Bayern	1.9	9 Zürich	6.0
10 Wüstenrot & Würt.	2.2	10 HUK	1.1	10 Provinzial NW	1.5	10 SIGNAL/Iduna	5.0

Business development overview

€	2009	2010	Δ
Total premiums (German GAAP)¹	14.844 m	16.271 m	9,6%
Consolidated gross premiums (IFRS)¹	12.419 m	13.036 m	5,0%
Life	7.403 m	7.823 m	5,7%
Health	1.980 m	2.214 m	11,8%
P&C	3.036 m	3.000 m	-1,2%
Life new business APE	1.019 m	1.077 m	5,7%
Claims & benefits	-11.584 m	-12.872 m	11,1%
Operating expenses	-2.536 m	-2.662 m	5,0%
Investment Income (net)	3.038 m	3.866 m	27,3%
Earnings before tax and finance costs	499 m	612 m	113 m
Finance costs	-16 m	-16 m	0 m
Tax	-142 m	-194 m	-52 m
Net profit²	341 m	402 m	61 m
Other comprehensive income	201 m	-239 m	-440 m
Total comprehensive income³	542 m	163 m	-379 m
Shareholders' equity	4.024 m	4.028 m	0,1%

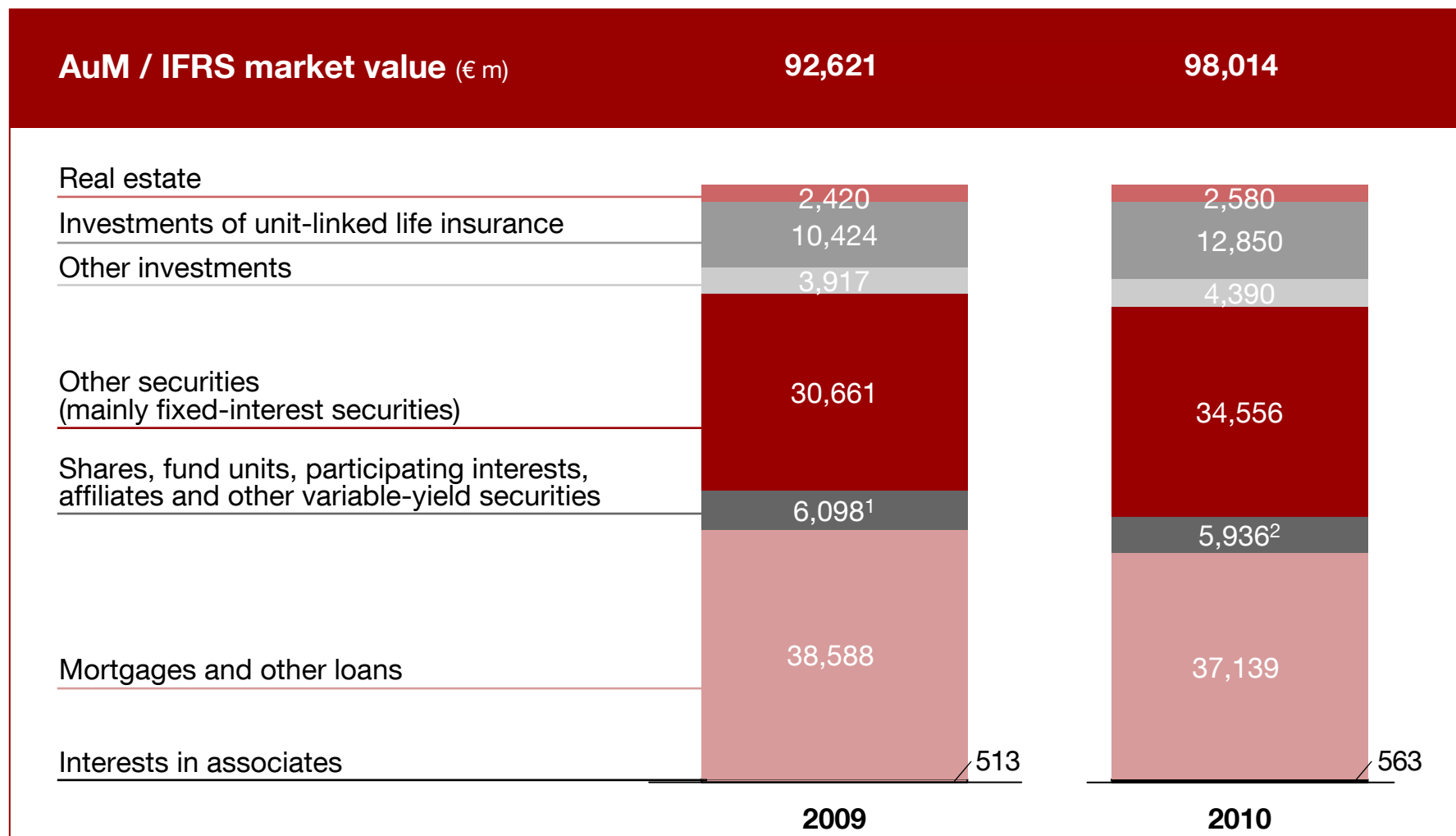
Net profits by segments¹

€ m	2009	2010	Δ
Life ²	110	145	35
Health ²	17	21	4
P&C	199	210	11
Financial Services	22	18	-4
Other/Consolidation	-7	8	16
Consolidated net result	341	402	61

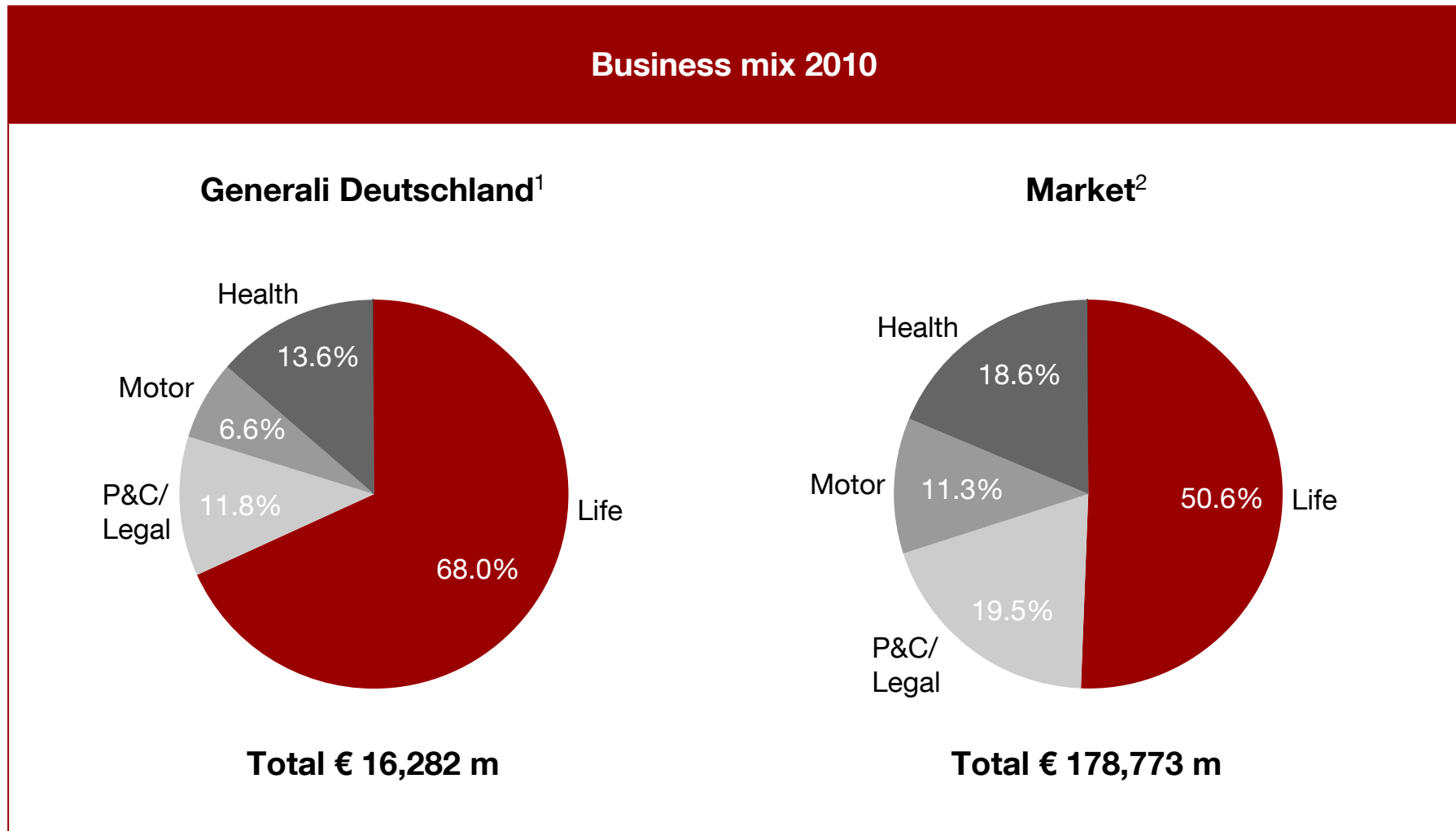
Development of segments¹

€ m	Life ²			Health ²			P&C		
	FY 09	FY 10	Δ	FY 09	FY 10	Δ	FY 09	FY 10	Δ
Total premiums (German GAAP)	9,844 ³	11,073 ³	12.5%	1,980	2,214	11.8%	3,036	3,000	-1.2%
Gross premiums written (IFRS)	7,413 ³	7,832 ³	5.7%	1,980	2,214	11.8%	3,036	3,000	-1.2%
Investment Income (net)	2,256	2,962	31.3%	300	422	40.8%	291	300	3.2%
Claims & benefits (net)	-7,671	-8,688	13.3%	-1,976	-2,266	14.7%	-1,952	-1,924	-1.4%
Claims ratio	-	-	-	57.9%	55.3%	-2.6% -p	65.6%	65.4%	-0.2% -p
Expense ratio	14.9%	13.9%	-1.0% -p	10.4%	12.2%	1.9% -p	30.0%	30.1%	0.1% -p
Combined ratio	-	-	-	68.3%	67.5%	-0.8% -p	95.6%	95.5%	-0.1% -p
Earnings before tax and finance costs	157	242	85	43	49	6	268	290	22
Finance costs	0	0	0	-16	-16	0	0	0	0
Tax	-47	-98	-51	-10	-12	-2	-69	-80	-11
Net profit	110	145	35	17	21	4	199	210	11

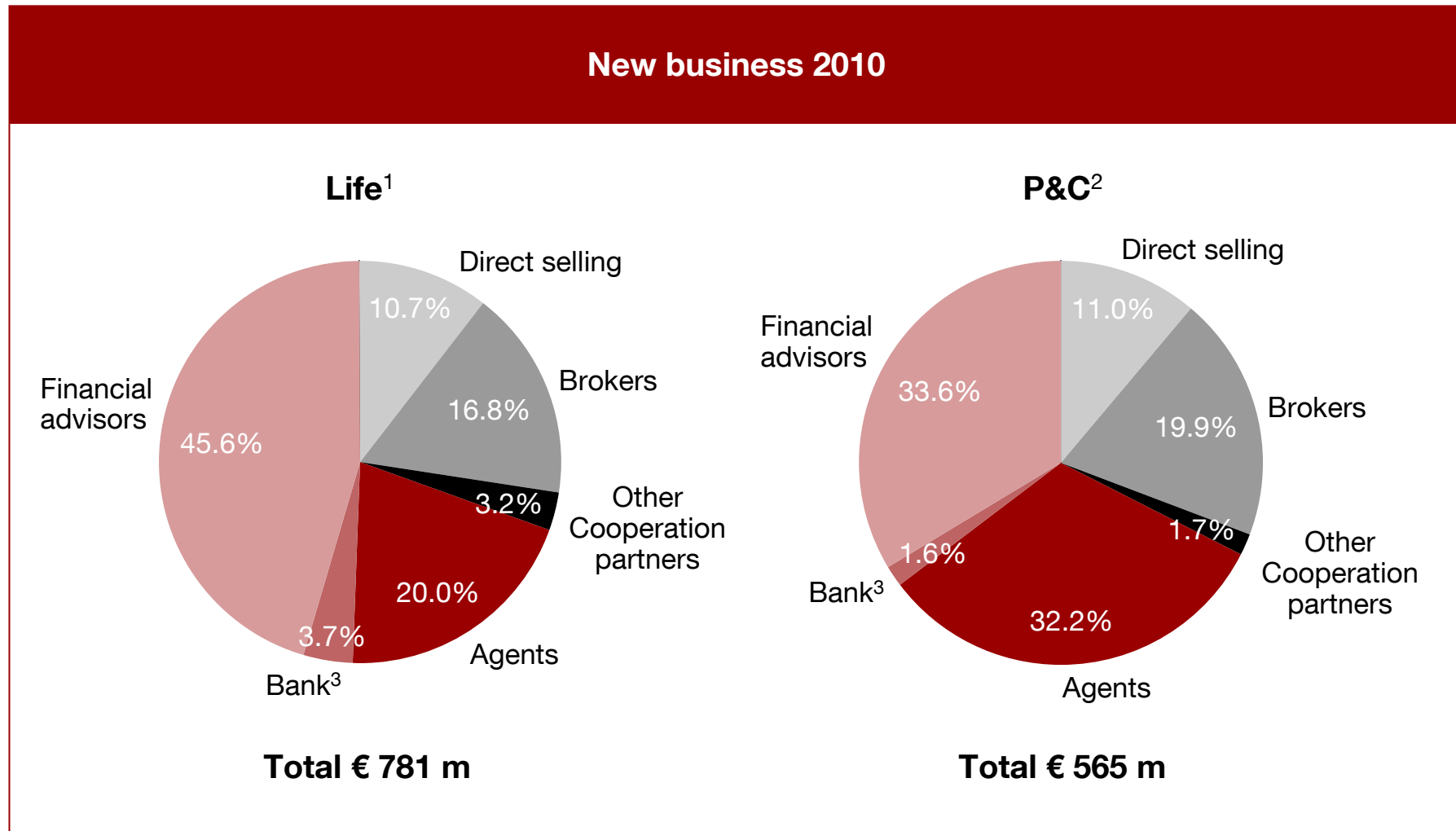
Assets under management significantly increased



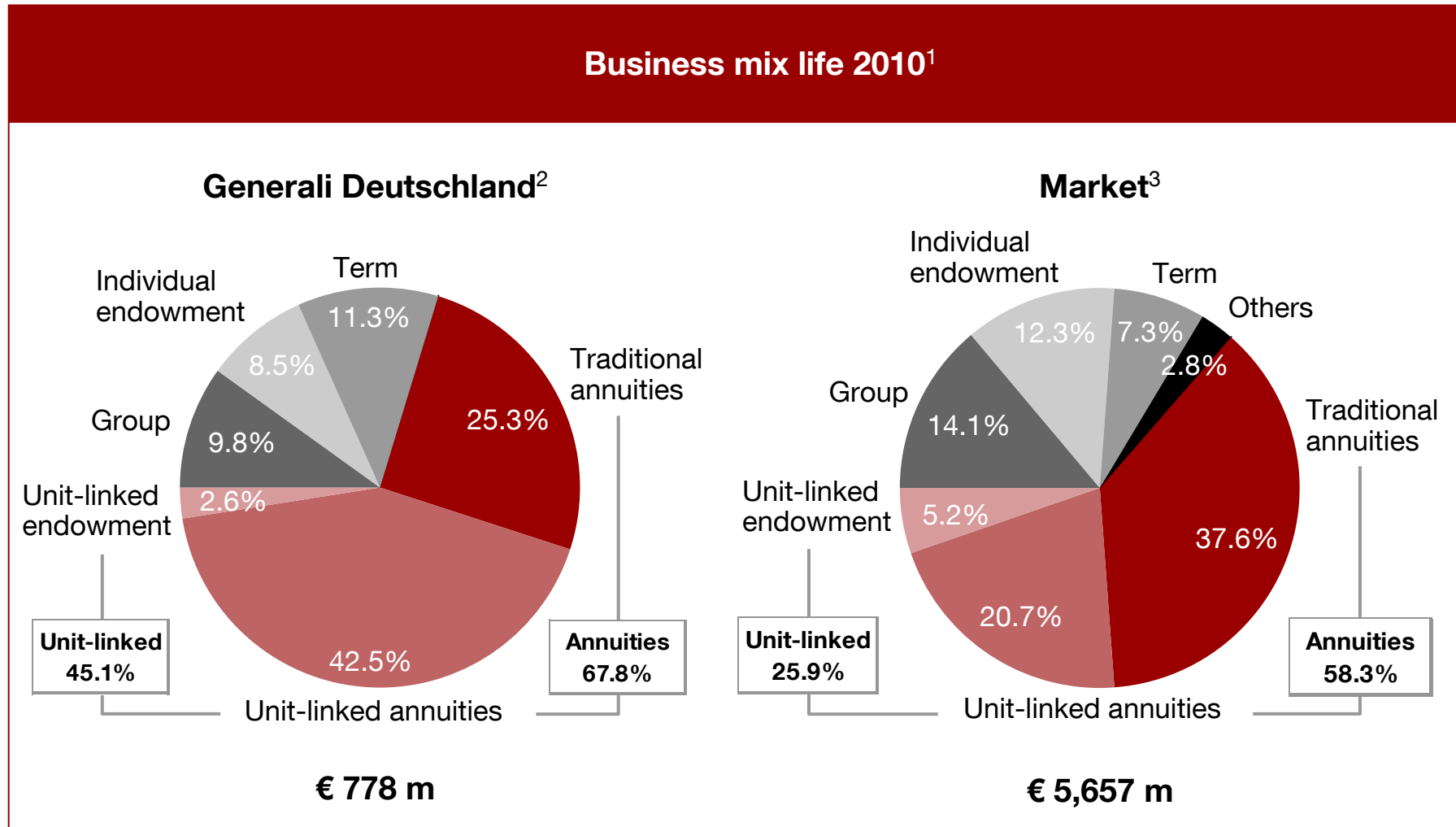
Premiums by segments 2010



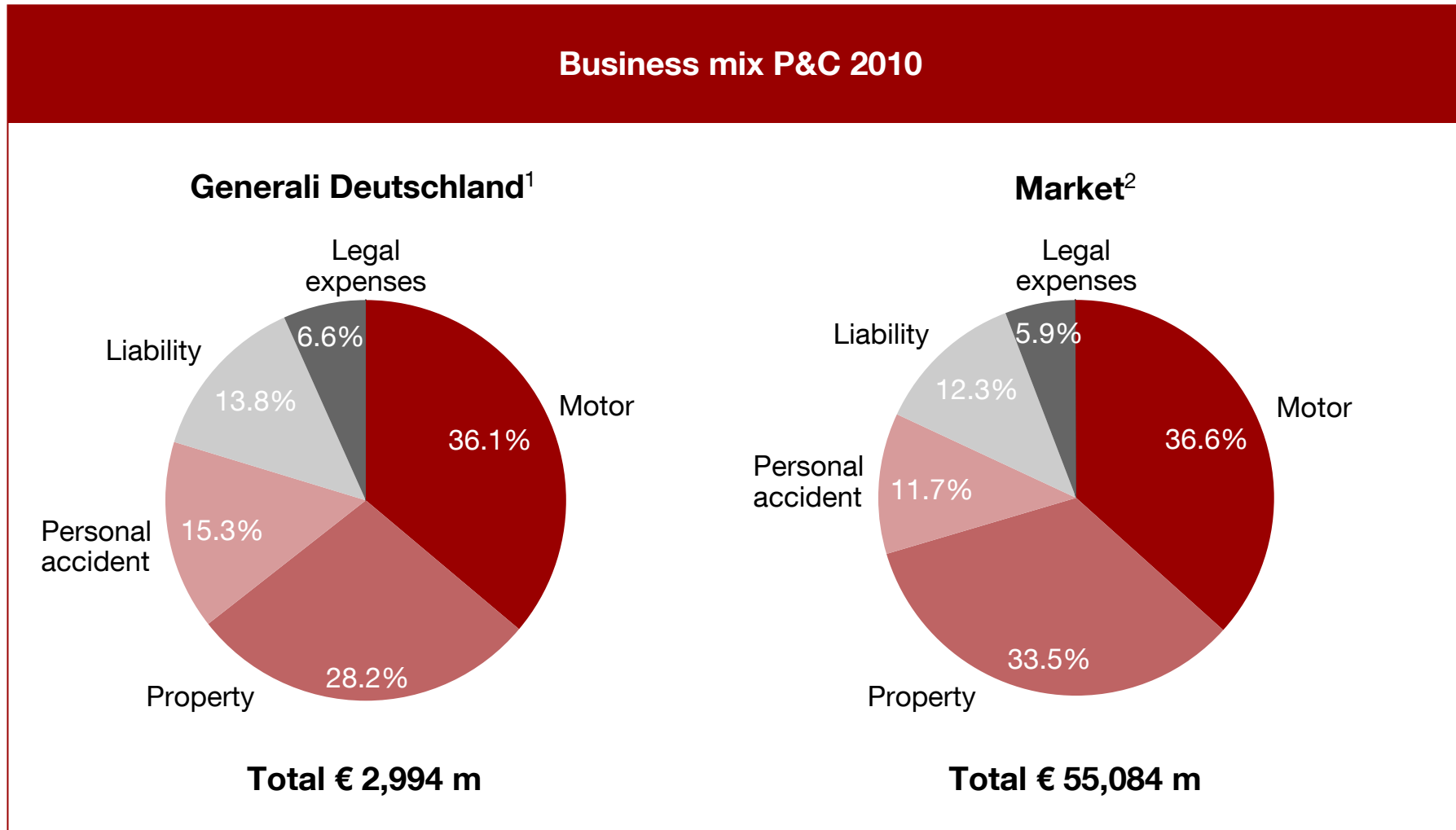
New business by distribution channels 2010



Annuity products represent bulk of new business



P&C premium mix matches market structure



MCEV methodology in line with worldwide Generali approach

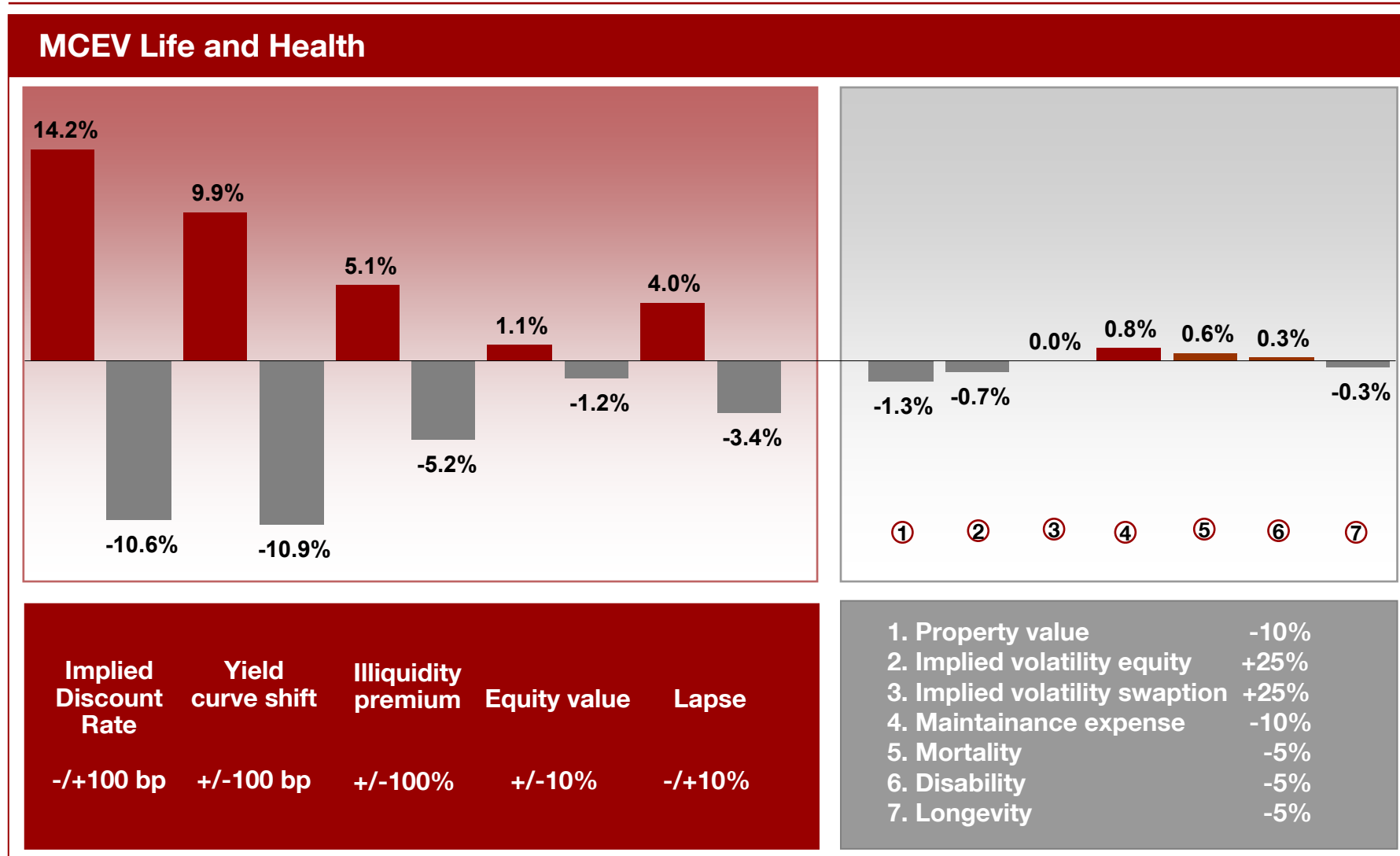
Market Consistent Embedded Value (MCEV)	$= \text{Present Value of Future Profits (PVFP)} + \text{Adjusted Net Asset Value (ANAV)} - \text{Frictional Costs of Capital (CoC) and Costs of non hedgeable risks (CNHR)}$
Methodology & Covered business	<ul style="list-style-type: none"> • Market consistent approach in compliance with EEV Principles • Stochastic calculation based on adjusted market consistent scenarios¹ • All life and health insurance business including full look-through approach • External opinion from Towers Watson (Focus on MCEV) and Ernst & Young (Focus on EBS and RAC) as well as from the auditor PricewaterhouseCoopers
Present Value of Future Profits	<ul style="list-style-type: none"> • Statutory after-tax earnings generated by life and health business-in-force • Includes automatic premium increases of existing business (life) and future premium increases driven by medical inflation (health) • Allows for the costs of financial options and guarantees, determined using stochastic techniques
Adjusted Net Asset Value	<ul style="list-style-type: none"> • Statutory shareholders' equity reduced by the impact of measuring employee pension-scheme liabilities on an IFRS basis
Frictional Costs of Capital & Costs of non hedgeable risks	<ul style="list-style-type: none"> • Frictional costs of required capital reflect the economic costs incurred by shareholders through investing the required capital in an insurance company rather than directly. The required capital is based on the maximum of internal risk capital requirements and Solvency I requirements. • The costs of non hedgeable risks is an explicit and separate allowance which covers non hedgeable risks not already allowed for in PVFP and TV FG&O

MCEV 2009 and 2010: Assumptions and implied discount rates

	MCEV 2009	MCEV 2010
Par risk free rate (10y, based on swap rates)¹	3.59%	3.31%
Swaption implied volatilities (10y)²	14.4%	17.6%
Equity option implied volatilities (10y)²	28.6%	27.3%
Average asset mix at year end (FI/Eq/Other)	89 / 7 / 4	89 / 7 / 4
Book return	includes emergence of UCG/UCL	
Bonuses, demographic and expense assumptions	company-specific experience	
Long-term Tax rate	32.0%	32.0%
Implied discount rate³ (IDR)	4.66%	4.09%

- 1 For 2009: +20bp illiquidity premium has been added to the given value; for 2010: +27bp illiquidity premium added over 25 years and then reduced linearly to zero over the next 5 years; extrapolation after 30 years with UFR=4.1%
- 2 All scenarios have been calibrated with year-end equity and swaption volatilities. The 10y swaption implied volatility refers to volatilities implied in options on a 10y swap at the money.
- 3 Implied discount rate is derived as the rate needed to replicate the MCEV under a deterministic approach with best estimate assumptions.

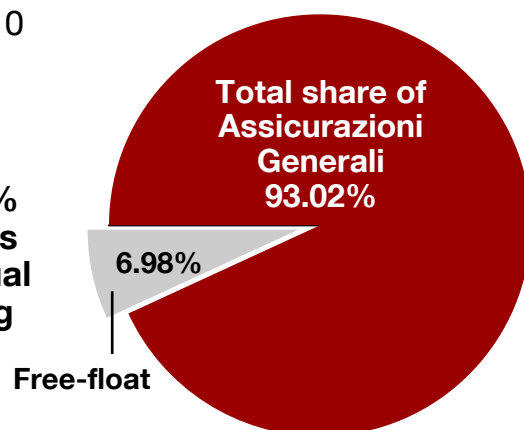
Sensitivity tests for MCEV 2010



Share – Key information

Shareholder structure

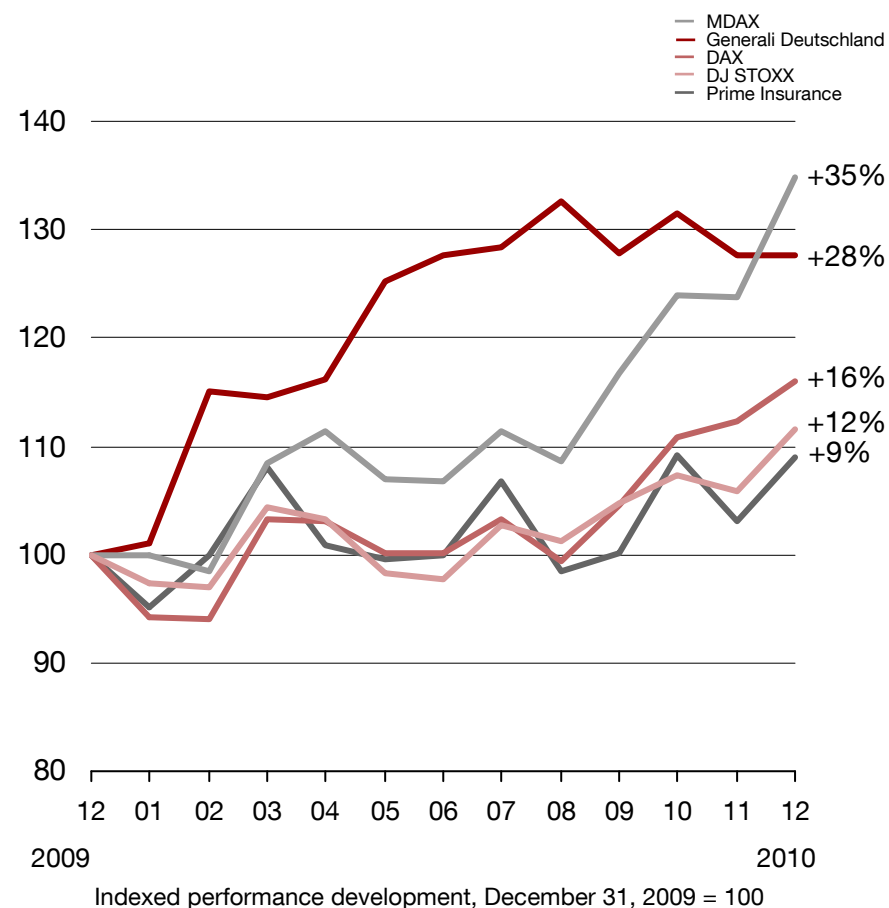
- At years end 2010 **Assicurazioni Generali** held **93.02%**
- Remaining **6.98%** held by **investors with no individual stake exceeding 5%**



Key figures

	2009	2010
Number of shares	53,679,994	53,679,994
Highest price	€ 77.75	96.45
Lowest price	€ 41.70	73.63
Year-end price	€ 73.64	91.00
Market capitalisation ¹	€ m 3,953.0	4,884.9
Dividend distribution	€ m 155.7	201.3 ²
Earnings per share	€ 6.09	7.43
Dividend per share	€ 2.90	3.75 ²

Share performance in 2010



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