

Generali Group

Interim Results 2005



- Value of New Business +30%
- Reduced Combined Ratio
- IFRS Profit +29%
- Major contract in China
- Further expansion in CEE

- ▶ **IFRS restated FY 2004 results**
 - Restatement of Equity & Net Result
 - Restatement of EV
 - Restatement of 2005 Targets

1H05 at a Glance

Life & P&C Review

Group Financials

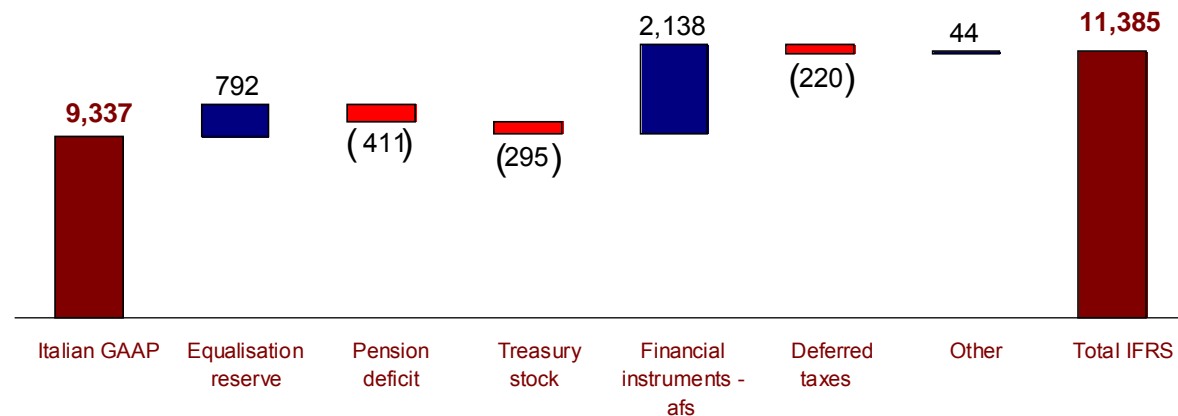
Conclusions

Appendix

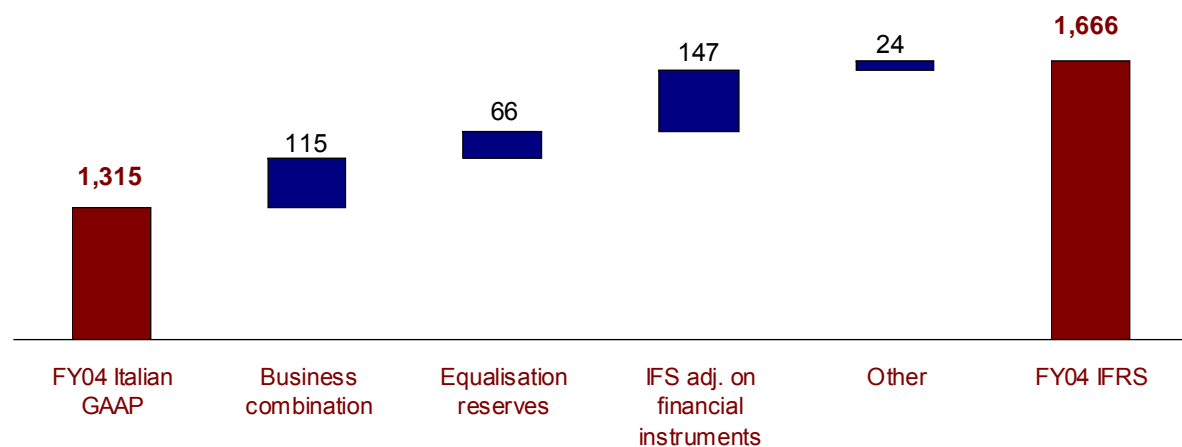
2004 Main restated items under IFRS

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2004 shareholders' equity restatement (Euro mln)



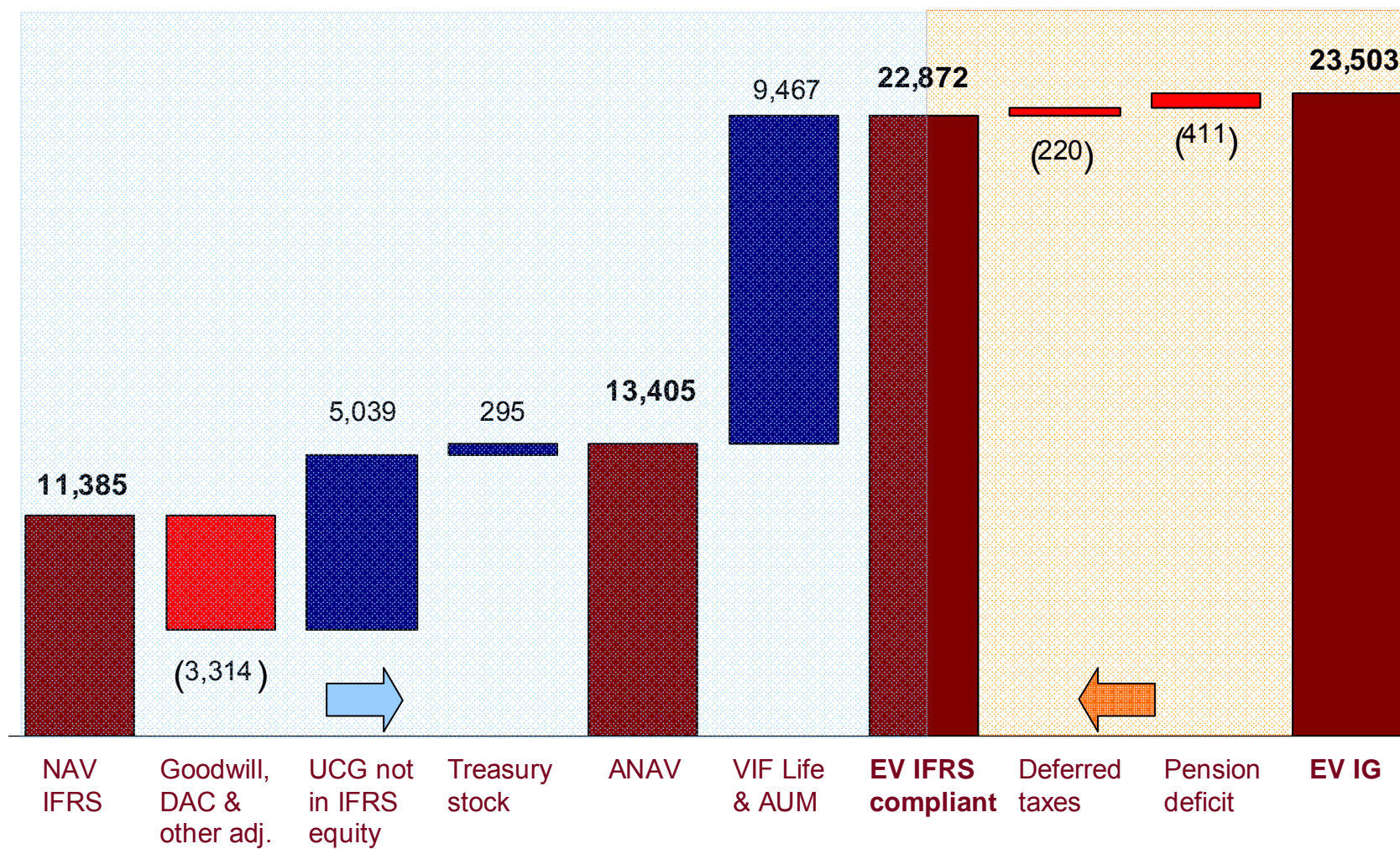
2004 net profit restatement (Euro mln)



No changes in DAC activation policy.

2004 IFRS NAV to EV reconciliation

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2005 Targets under IFRS

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		Original 2005 Targets	IFRS Restated 2005 Targets
Value to shareholders	• RoEV normalised (%)	11.9	11.9
	• EV (Euro bln)	25.7	25.0
Performance driver	• Gross written premiums (Euro bln)	56.4	58.8
	• Combined ratio	100.3	98.9%
	• NBV (Euro mln)	660	660
	• Net profit (Euro mln)	1,508	1,785

IFRS restated FY 2004 results

- ▶ **1H05 at a Glance**
 - Overview
 - Consistent Shareholder Value Creation
 - Key Numbers
 - Key performance indicators

Life & P&C Review

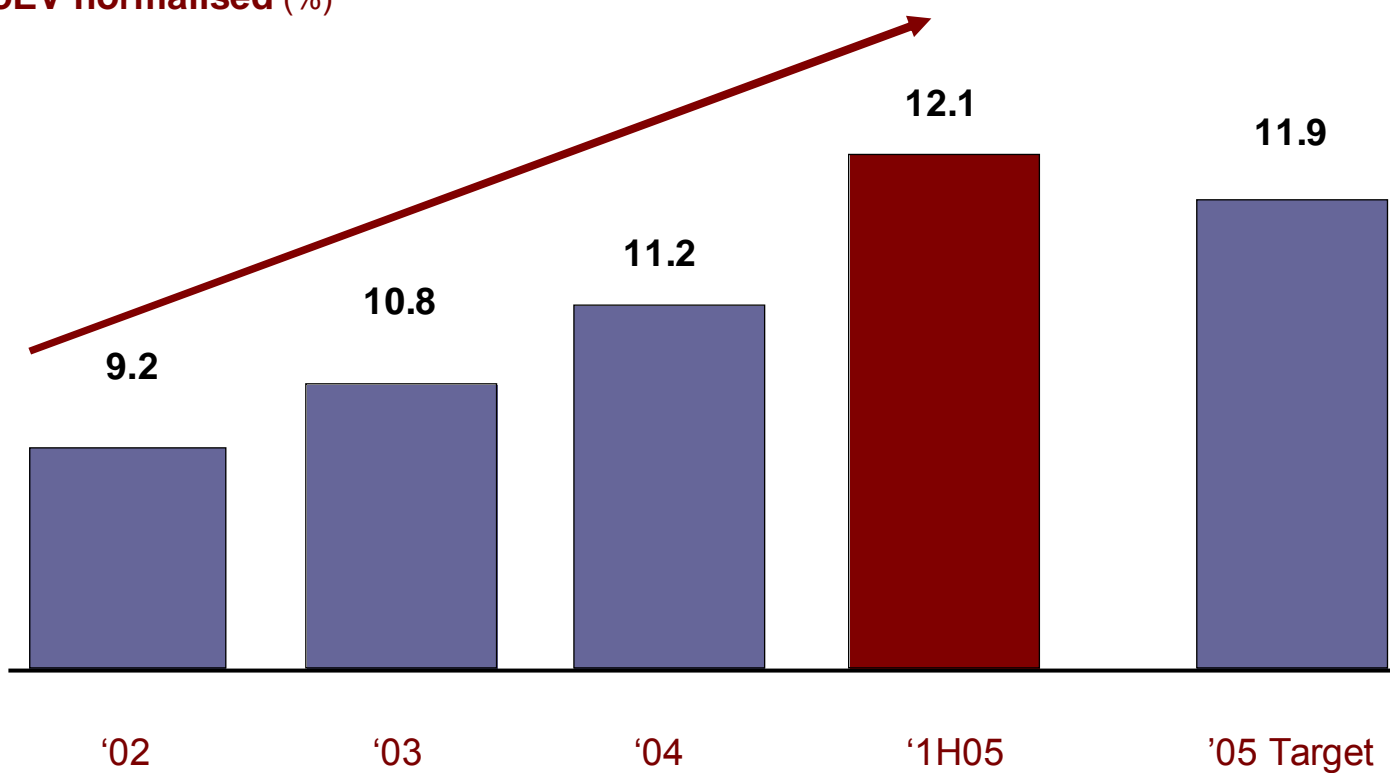
Group Financials

Conclusions

Appendix

- Global growth, Europe continues to disappoint
- The challenge of low interest rates
- P&C past the peak but better discipline this time
- Strong growth in new business value
- Significant improvement in P&C result

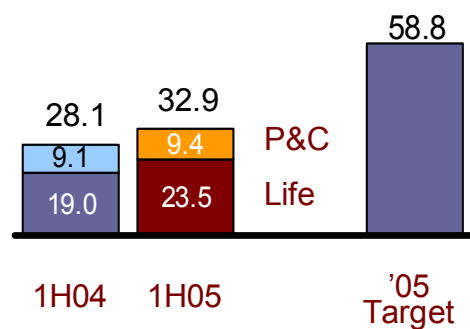
RoEV normalised (%)



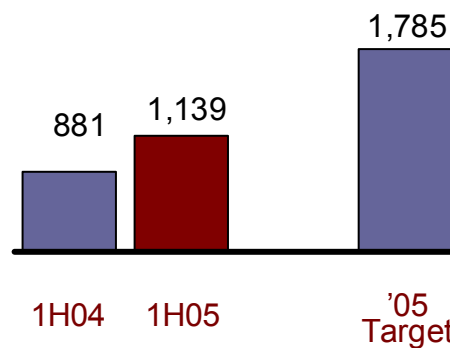
1H05 Key numbers

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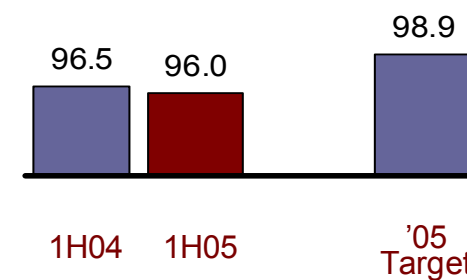
Gross Premiums (Euro bln) (*)



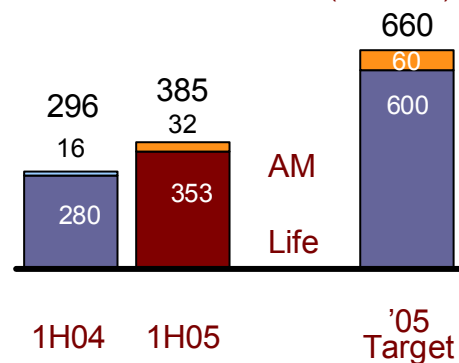
Net Profit (Euro mln) (*)



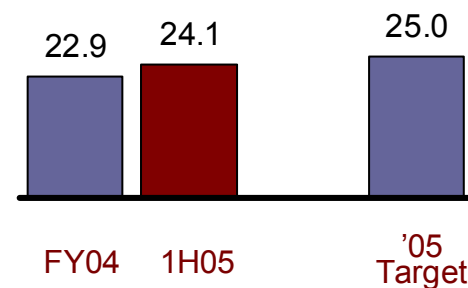
Combined Ratio (%) (*)



New Business Value (Euro mln)



Embedded Value (Euro bln) (*)



(*) 1H04 and FY 2004 figures have been restated according to IFRS.

Key Performance Indicators: RoEV and RoEC

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Return on Embedded Value

	1H04	1H05
Property & Casualty	18.8%	14.5%
Life & Health	11.2%	11.5%
Asset Management	11.3%	14.2%
RoEC normalised	13.5%	12.4%
Excess Capital	3.7%	3.3%
RoEV normalised	12.8%	12.1%
Cost of Debt	-0.7%	-0.7%
Tax & Inv. Variances	-5.1%	2.1%
RoEV	7.0%	13.5%

Comments

- Return on Economic Capital well in excess of Cost of Capital
- Driven by substantial increase in life NBV and improving combined ratio
- Achieved in spite of further interest rates decline and lower life risk discount rate
- Positive variances from financial assets

- Normalised assumptions:

	1H04	1H05
Tax rate (*)	35%	32%
Inv. Return Life	4.8%	4.2%
Inv. Return P&C	5.0%	4.2%

(*) Tax rate applied to P&L account

IFRS restated FY 2004 results

1H05 at a Glance

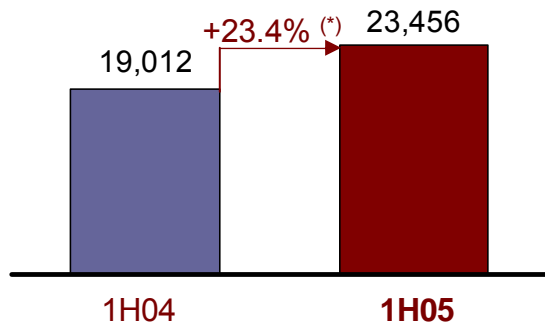
- ▶ **Life & P&C Review**
 - Life Business Review & Profitability
 - P&C Business Review & Profitability

Group Financials

Conclusions

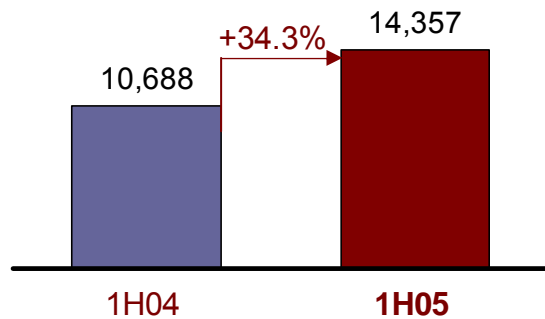
Appendix

Gross Written Premiums (Euro mln)

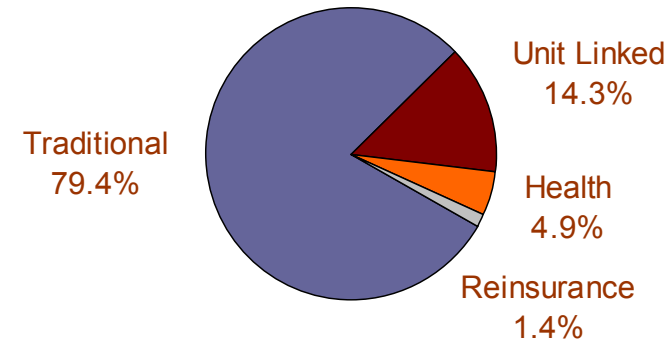


(*) +24.1% on homogeneous terms

New Production(**) (Euro mln)



(**) Italian measure



- Life business accounts for 71% of consolidated premiums
- Increased demand for Unit Linked products
- Strong growth in Italy, France, Spain and Eastern Europe

Life profitability - value of life new business & in force

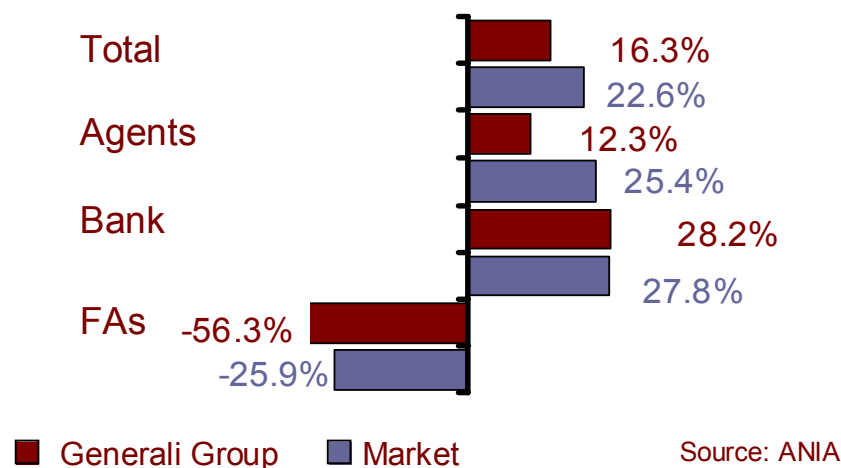
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(Euro mln)	1H 2004	1H 2005	Change %
New Business Value	279.6	352.8	+26.2%
Annual Premium Equivalent	1,699	1,961	+15.4%
New Business Margin	16.5%	18.0%	+1.5p.p.
	31.12.04	30.06.05	Change %
Value in Force	8,900	8,758	-1.6%

Figures net of minorities

- Renewed focus on profitable annual premium production (new production + 30.0%)
- Focus on value - increased new annual premium production market share (from 19.9% at 1H04 to 23.3% at 1H05)
- Intesa Vita increases gross written premium by 31%, to Euro 3.4 billion
- Banca Generali: strong growth of overall net inflows (+120%) driven by demand for mutual funds; average AUM per FA increased from € 13.2 mln to € 14.5 mln.

New Premium Production (Euro 6,483 mln) growth rates



Market share

	2004	1H05
Generali Group	25.2%	24.7%
Allianz Group	13.0%	13.3%
San Paolo/IMI	9.2%	n.d.%
Unipol	8.7%	9.1%
Poste Italiane	6.8%	n.d.%

Source: ANIA and estimates; calculated on gross direct written premiums

Germany

- Gross written premiums grow 7.4%
- Leading position in Riester products with more than 870,000 contracts
- German cost reduction programme ahead of plan

France

- Gross written premium up 19.4% against market of 13%
- 70% increase in unit linked volume
- Market share at 7.5% from 7%

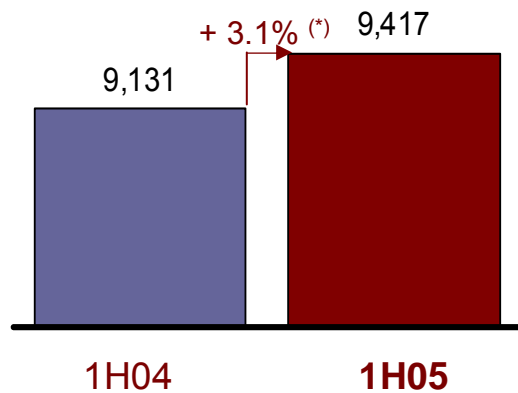
Spain

- Successful launch of Cajamar Vida
- Excellent market beating growth of 20.2%
- Individual business expanding in high new business margin products

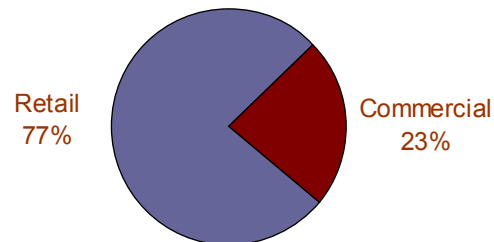
CEE

- 17.9% growth driven by Unit Linked products
- High margin regular premiums make up 70% of the portfolio

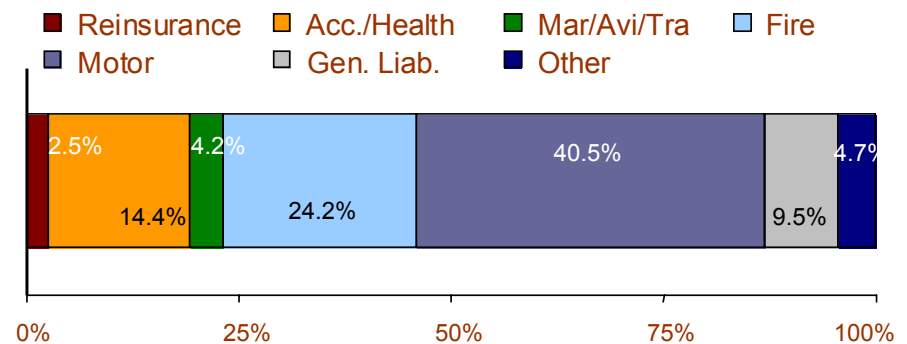
Gross Written Premiums (Euro mln)



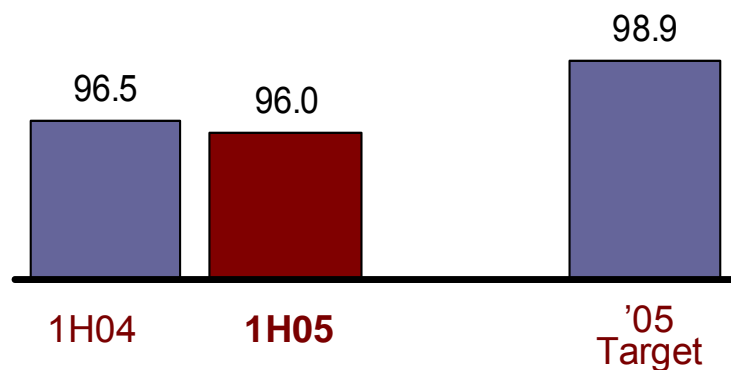
(*) +3.0% on homogeneous terms



- P&C business: 29% of consolidated premiums
- Business increasingly retail oriented
- Weak GDP growth and pressure on tariffs in commercial lines influence growth
- Slow growth in motor business
- Low growth in Italy and Germany; robust growth in Spain, Switzerland and CEE



Group Combined Ratio (%)



Breakdown by Country

	1H04	1H05
Italy	97.3%	96.9%
no foreign branches		
Germany	96.3%	94.8%
France	100.1%	99.8%
Austria	99.1%	96.8%
Spain	90.2%	87.4%
Switzerland	93.0%	93.5%
Israel	96.5%	96.0%
Total	96.5%	96.0%

New definition of Combined Ratio: loss ratio and expense ratio are calculated on net earned premiums

- Overall reduction of the combined ratio of 0.4p.p. to 96.9% driven by better loss ratio
- Continued improvement in claims settlement efficiency
- Modest growth of 1.1% attributable to pressure on commercial tariffs and pruning of Assitalia's motor TPL portfolio
- Satisfactory growth rates in profitable non motor lines up 2.2%, accident & health up 6.3%

Combined ratios by company (*)

	1H04	2004	1H05
Generali	91.6%	94.0%	92.4%
Assitalia	102.1%	101.9%	102.1%
Genertel	93.7%	96.2%	91.6%

(*) With activation of DAC, in accordance to consolidated accounts

Market share

	2004	1H05
Fondiaria Sai	19.7%	20.3%
Generali Group(*)	16.4%	15.7%
Allianz Group	15.5%	14.4%
Unipol	10.9%	11.0%
Toro / De Agostini	6.4%	6.5%

(*) 2004 market share of Generali Group without UniOne was 15.7%

Source: ANIA; calculated on gross direct written premiums.

Germany

- In a more competitive market a focus on value; 1.0% reduction in premium volume
- Net combined ratio down from 96.3% to 94.8%
- Cost cutting ahead of plan: 1.5 pp expense ratio reduction

France

- Gross written premium -2.5% due to reduction of exposure to Commercial Property and Marine
- Net Combined ratio down from 100.1% to 99.8% due to expense ratio
- Integration between Zurich and Continent successfully completed

Spain

- Gross written premium +14%, robust growth in all business line
- Net combined ratio from 90.2% to 87.4% thanks to 3 pp loss ratio improvement

CEE

- Good growth and excellent technical result: net COR 91.7%

IFRS restated FY 2004 results

1H05 at a Glance

Life & P&C Review

► **Group Financials**
Earnings
Cost savings
EV & Capital

Conclusions

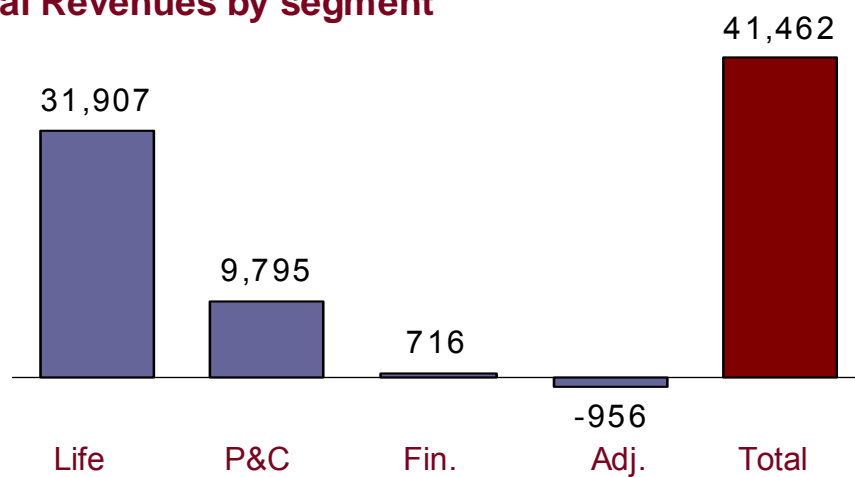
Appendix

Profit & loss account

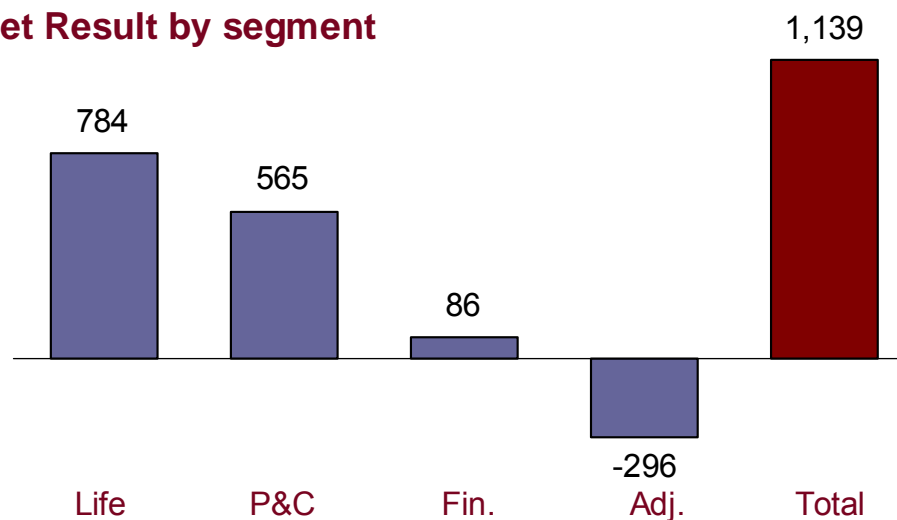
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Euro mln	30.06.04	30.06.05	Change (%)
Total Revenues , of which:	35,121.7	41,462.5	18.1%
Net earned premiums	25,991.4	30,763.2	18.4%
Income from group companies	96.0	44.8	-53.3%
Income from financial instruments & other investments	6,206.2	6,586.4	6.1%
Net income from financial instruments at fair value thr. P&L	1,603.4	2,774.2	73.0%
Other income	1,224.7	1,293.9	5.6%
Total Costs , of which:	33,642.5	39,442.3	17.2%
Claims incurred	26,290.3	31,937.6	21.5%
Charges from group companies	31.7	146.0	
Charges from financial instruments & other investments	1,385.9	1,224.6	-11.6%
Operating expenses	4,228.9	4,460.3	5.5%
Other charges	1,705.7	1,673.7	-1.9%
Pretax profit	1,479.2	2,020.2	36.6%
Income taxes	436.8	631.0	44.5%
Minority interests	161.4	249.9	54.8%
Net Profit	881.0	1,139.4	29.3%

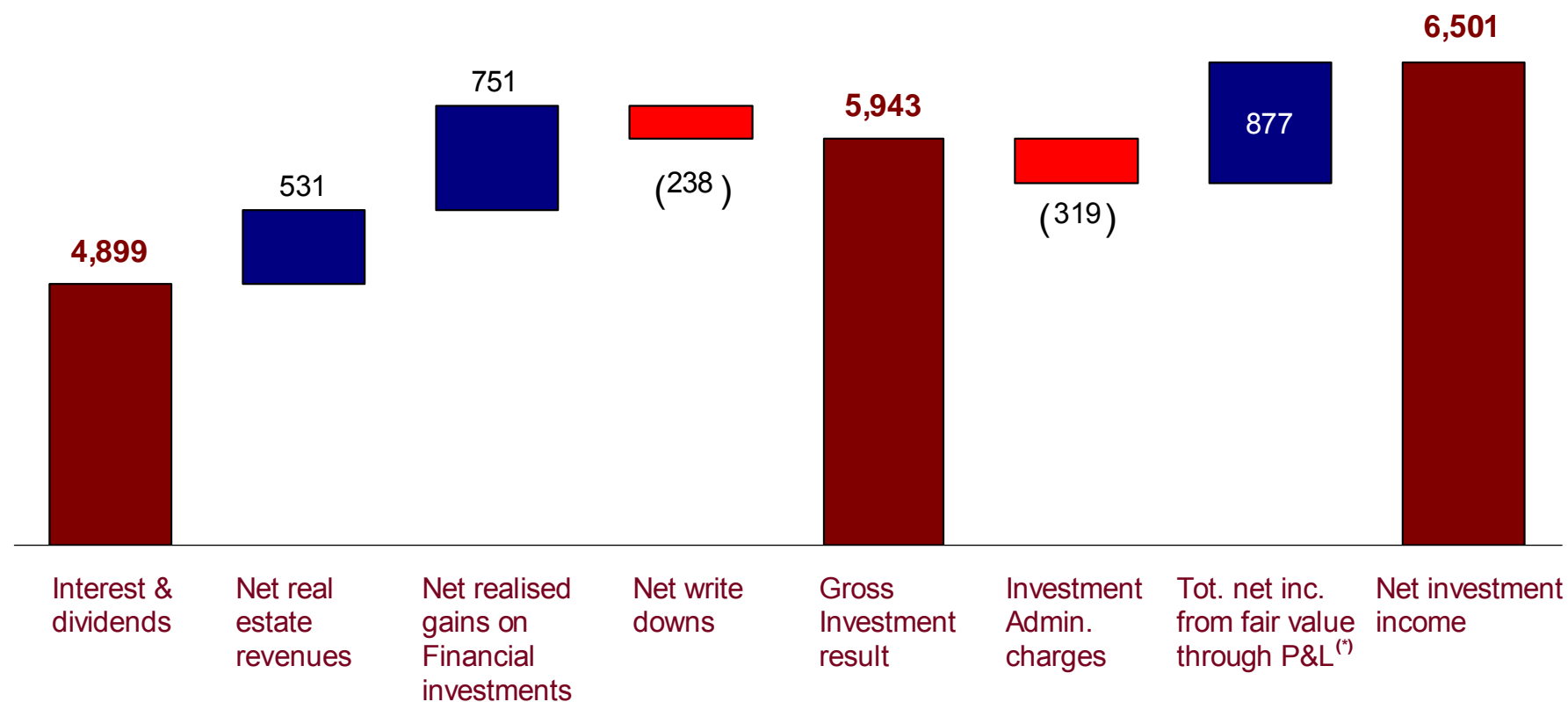
Total Revenues by segment



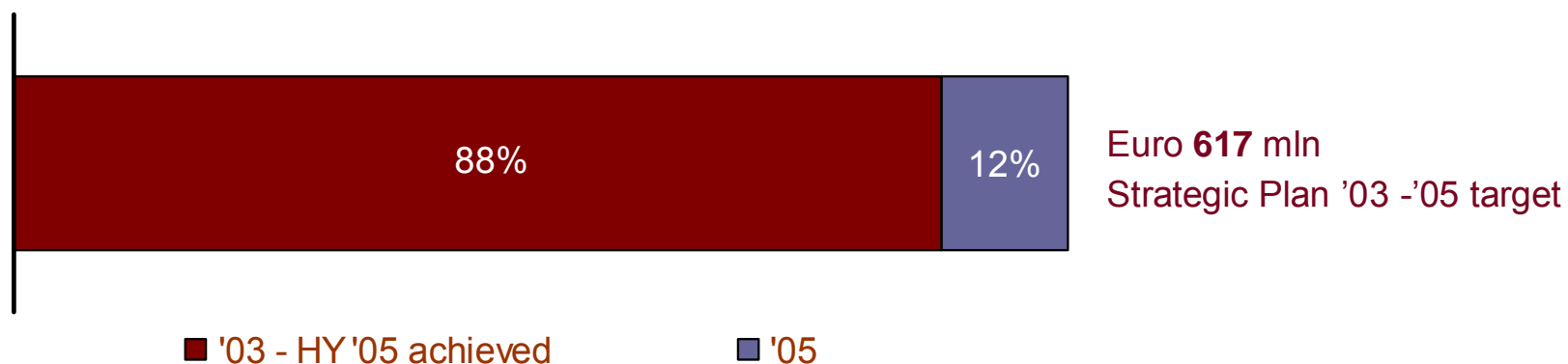
Net Result by segment



Composition of 1H05 investment result before policyholder participation



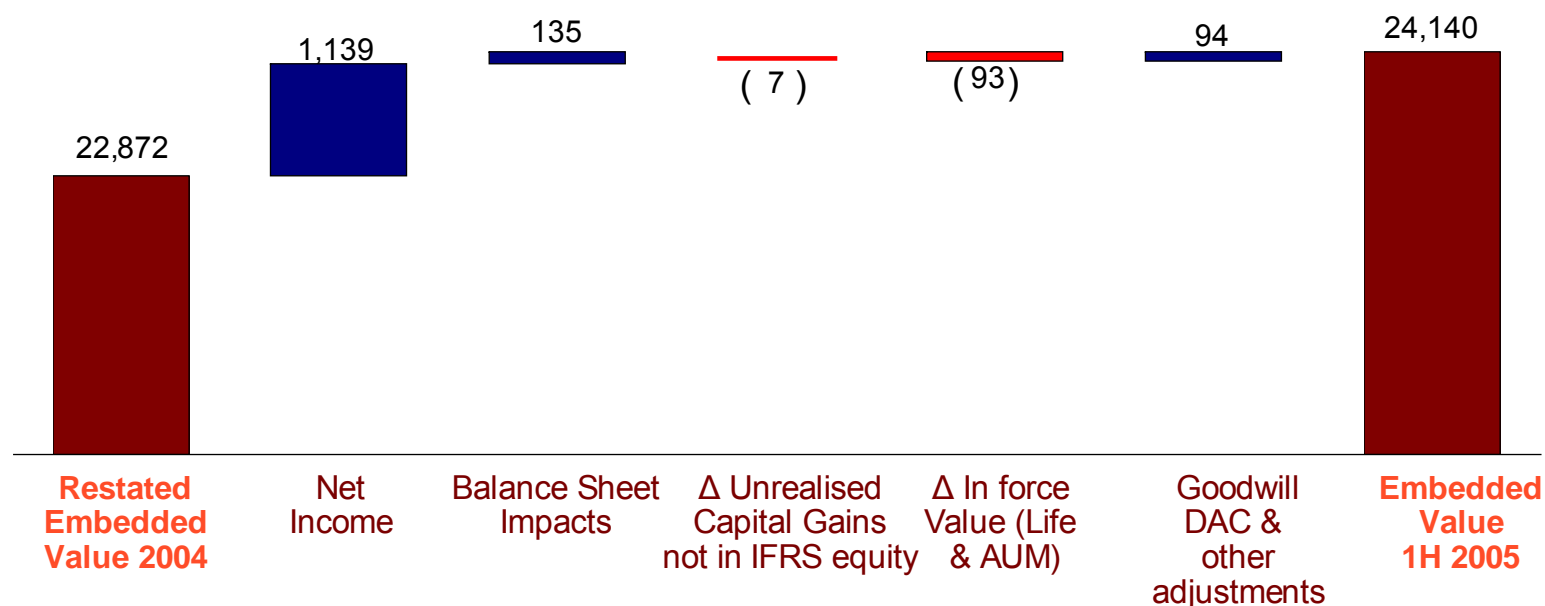
(*) Excluding assets covering Unit Linked reserves



Headcount Reduction Programme

	Achieved '03 – HY '05	Delta '05	Targets '03 – '05
Italy	392	208	600
International operations	2,599	-399	2,200
Total	2,991	-191	2,800
% on total 2003-2005 Targets	107%	-7%	100%

Roll forward Embedded Value (Euro mln)



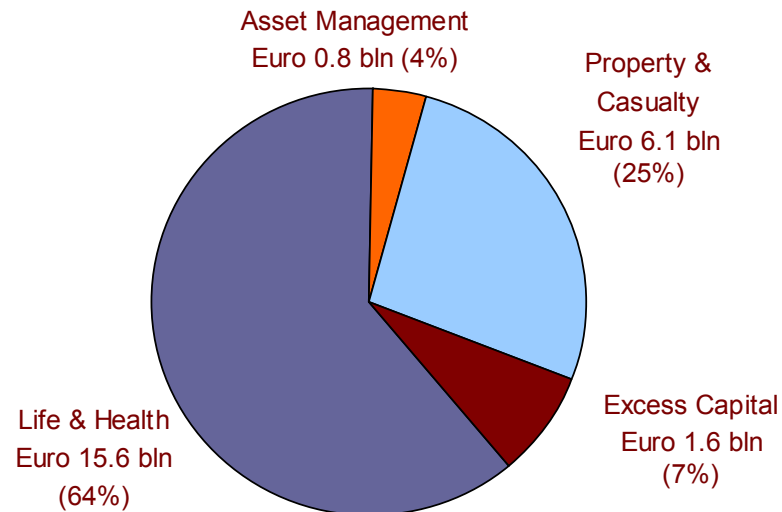
Embedded Value Earnings (Euro mln)

Embedded Value 1H05	24,140 (€ 18.93 p.s.)
Embedded Value 2004	22,872
Capital movements / Dividend	275
Embedded Value Earnings	1,543

Return on Embedded Value

13.5%

Capital Allocation: total Euro 24.1 bln



Economic Capital

Property & Casualty

42% net earned premiums

Life & Health

3.8% life technical reserves

plus

value of in force

Asset Management

0.5% assets under management

plus

value of in force

IFRS restated FY 2004 results

1H05 at a Glance

Life & P&C Review

Group Financials

► **Conclusions**

Appendix

- Consistent shareholder value creation
- Disciplined growth
- Planning for the future

Agenda

IFRS restated FY 2004 results

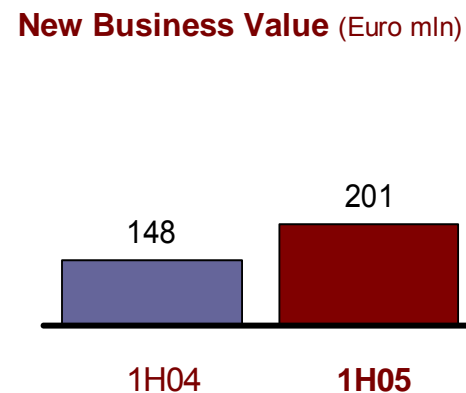
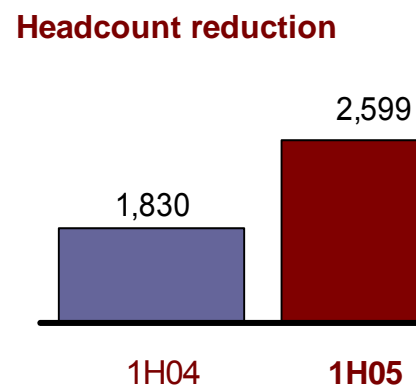
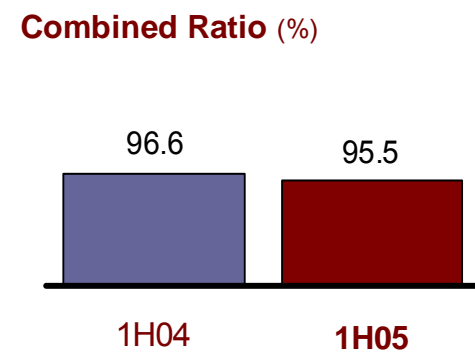
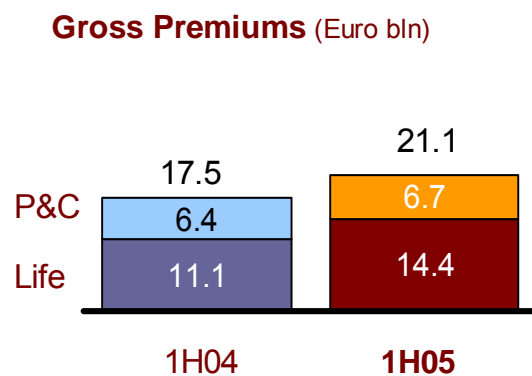
1H05 at a Glance

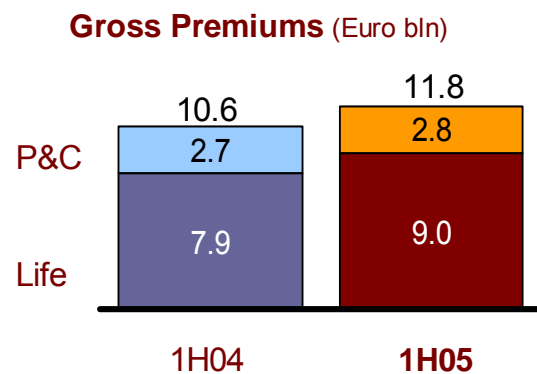
Life & P&C Review

Group Financials

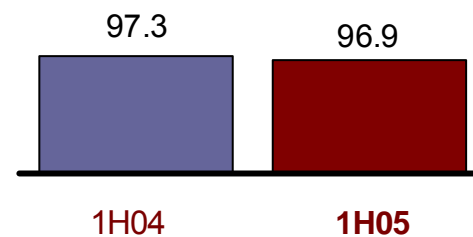
Conclusions

► **Appendix**

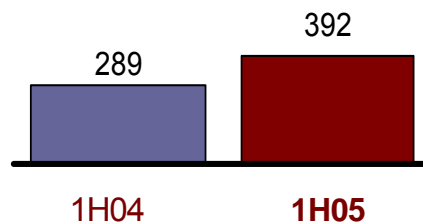




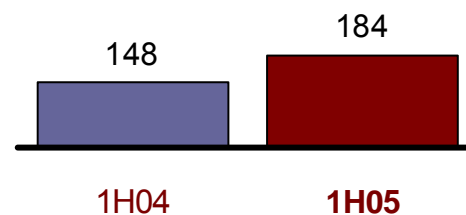
Combined Ratio (%)



Headcount reduction



New Business Value (Euro mIn)



Life

Gross Written Premiums €23,456 mln

Country	Premiums	
	Increase (1)	weight on consolidated
Italy	14.8%	38.6%
Germany	7.4%	21.0%
France	19.4%	21.3%
Spain	20.2%	2.3%
Austria	11.7%	1.7%
Switzerland	-5.6%	1.6%
Eastern Europe	17.9%	0.5%
Rest of Europe	15.1%	1.9%
Rest of World	312.0%	11.1%
Total	24.1%	100.0%

(1) On homogeneous bases

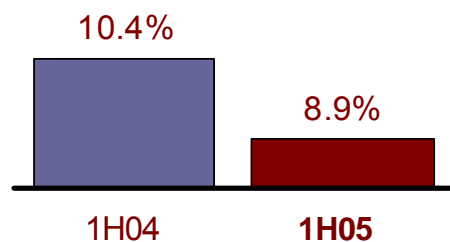
P&C

Gross P&C Premiums €9,417 mln

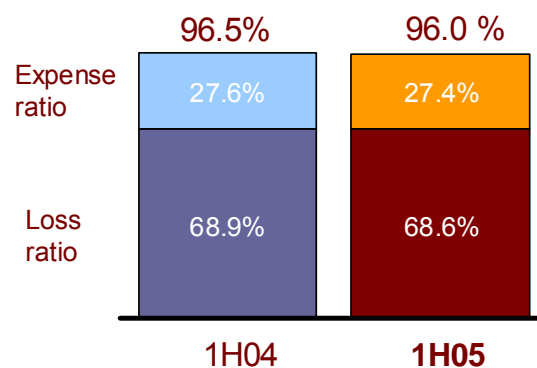
Country	Premiums	
	Increase (1)	weight on consolidated
Italy	1.1%	29.3%
Germany	-1.0%	19.8%
France	-2.5%	18.3%
Spain	14.0%	8.3%
Austria	-0.9%	7.8%
Switzerland	6.2%	3.3%
Eastern Europe	5.8%	3.2%
Rest of Europe	30.3%	4.8%
Rest of World	18.8%	5.2%
Total	3.0%	100.0%

(1) On homogeneous bases

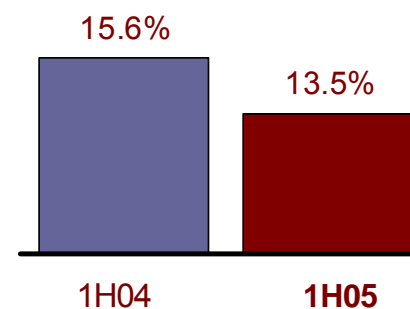
Life - Expense Ratio



P&C - Combined Ratio



Total - Expense Ratio



Combined ratio by country

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		ITA	GER	FRA	SPA	AUT	SWI	ISR	CONSOLIDATED
Loss Ratio									
	1H05	74.1%	62.6%	74.9%	63.5%	66.9%	72.8%	68.3%	68.6%
	1H04	75.2%	62.6%	74.2%	67.2%	70.6%	71.7%	67.6%	68.9%
Expense Ratio									
	1H05	22.8%	32.2%	24.9%	23.9%	29.9%	20.7%	27.7%	27.4%
	1H04	22.1%	33.7%	25.9%	23.0%	28.5%	21.3%	28.9%	27.6%
Combined Ratio									
	1H05	96.9%	94.8%	99.8%	87.4%	96.8%	93.5%	96.0%	96.0%
	1H04	97.3%	96.3%	100.1%	90.2%	99.1%	93.0%	96.5%	96.5%

	ITA	GER	FRA	SPA	AUT	SWI	ISR	CONSOLIDATED
Total Expense Ratio								
1H05	5.9%	16.1%	6.3%	4.7%	18.9%	20.9%	17.1%	8.9%
1H04	5.4%	19.3%	7.9%	6.0%	26.2%	23.2%	16.6%	10.4%

P&L: 1H05 results segmental analysis

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Euro mln	LIFE	P&C	FINANCIAL	CONS ADJ.	TOTAL
Total Revenues , of which:	31,907.5	9,795.0	715.6	-955.5	41,462.5
Net earned premiums	23,076.8	7,691.0	0.0	-4.6	30,763.2
Income from subsidiaries, associated companies and JV	121.0	267.4	5.9	-349.4	44.8
Income from financial instruments & other investments	5,421.4	1,046.7	235.0	-116.6	6,586.4
Net income from financial instruments at fair value thr. P&L	2,636.8	90.8	46.6	0.0	2,774.2
Other income	651.6	699.0	428.1	-484.9	1,293.9
Total Costs , of which:	30,479.5	9,075.3	558.3	-671.0	39,442.3
Claims incurred	26,767.2	5,283.1	0.0	-112.7	31,937.6
Charges from subsidiaries, associated companies and JV	103.0	73.5	8.2	-38.8	146.0
Charges from financial instruments & other investments	689.8	450.7	148.7	-64.6	1,224.6
Operating expenses	2,092.6	2,162.4	210.1	-4.7	4,460.3
Other charges	827.0	1,105.6	191.4	-450.2	1,673.7
Pretax profit	1,428.0	719.6	157.3	-284.5	2,020.2
Income taxes	454.5	138.8	37.7	0.0	631.0
Minority interests	189.7	15.6	33.5	11.1	249.9
Net Profit	783.7	565.2	86.0	-295.6	1,139.4

Assets

	FY04	1H05
€ bln	IFRS	IFRS
Intangible assets	2.9	2.9
Investments and cash	278.6	301.2
Other credits	8.8	9.7
Tangible assets	3.5	3.5
Other assets (*)	16.5	16.9
Total Assets	310.3	334.2

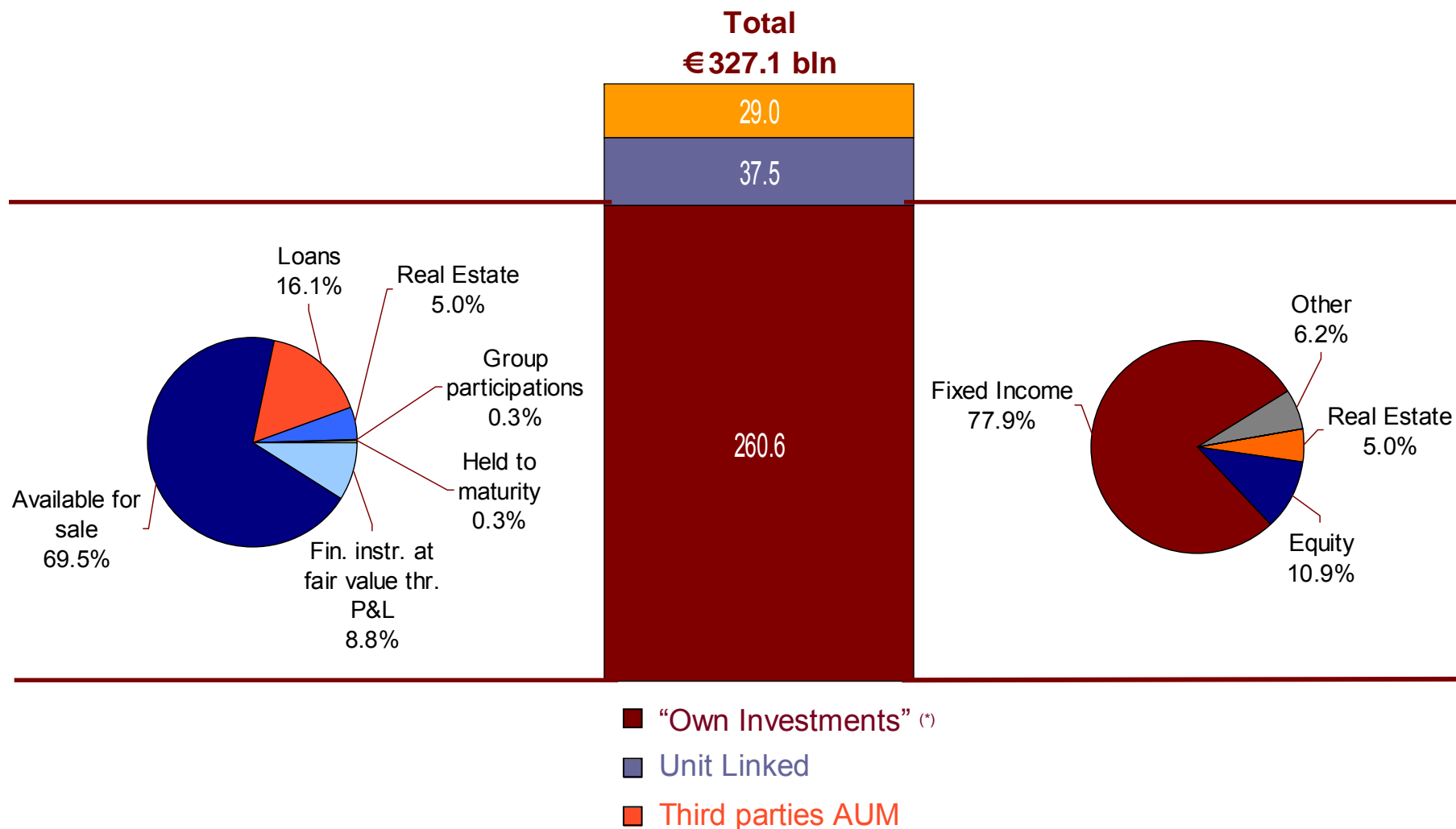
(*) including reinsurance amounts of technical reserves

Liabilities

	FY04	1H05
€ bln	IFRS	IFRS
Shareholders Equity (Group share)	11.4	12.6
Minorities interests	3.2	3.4
Shareholders Equity	14.6	16.0
Subordinated and financial liabilities	28.7	29.9
Technical reserves	249.6	268.9
Other debts and allowances	10.3	11.1
Other liabilities	7.1	8.3
Total Liabilities and Shareholders Equity	310.3	334.2

(Euro mln)	FY04 % on total		1H05 % on total	
Real Estate (*)	13,195	4.8%	12,990	4.4%
Group participations	840	0.3%	910	0.3%
Loans	38,434	14.0%	41,922	14.1%
Held to maturity	668	0.2%	892	0.3%
Available for sale	166,529	60.6%	181,023	60.7%
Fin. instr. at fair value thr. P&L	54,979	20.0%	60,308	20.2%
Total investments	274,647	100.0%	298,045	100.0%

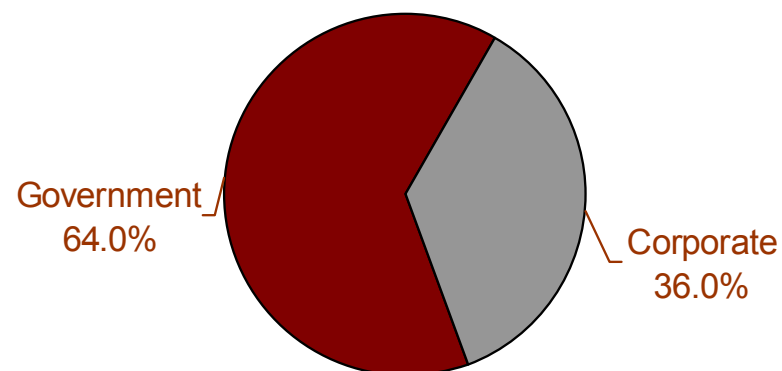
(*) Including own use real estate



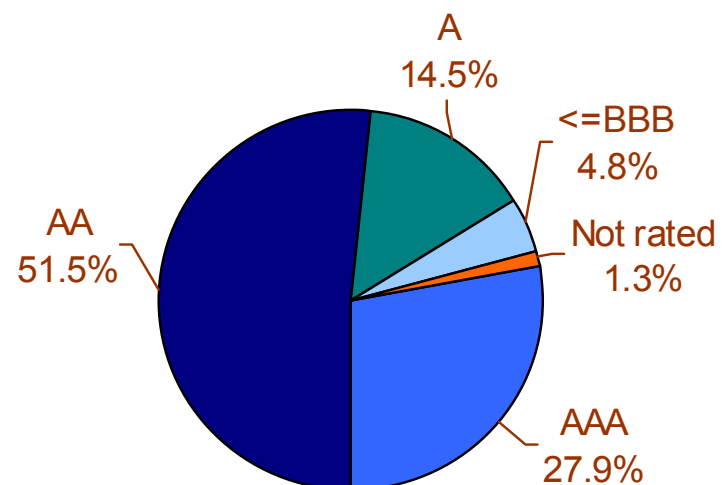
(*) "Own Investments" include real estate for own use. Without this asset class "Own Investments" would amount to € 257.7 bln.

Bond Portfolio Composition (Euro 162.6 bln)

By issuer



By rating



Group embedded value

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Euro mln

Book equity (IFRS)	12,659	
Net unrealised gains not in IFRS equity	5,032	
In-force value (Life & AUM)	9,374	
Goodwill, DAC and other adjustments	-3,220	
Own shares	295	
Embedded Value 30/06/2005	24,140	€18.93 per share
Embedded Value 31/12/2004	22,872	
Capital movements / Dividend	275	
Embedded Value earnings	1,543	
Return on Embedded Value (RoEV)	13.5%	

Generali Group

Interim Results 2005

