

# **AMB Generali**

## **Financial Results H1 2004**

**Presentation August 12, 2004**  
**Investor Relations**



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## 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 <sup>1)</sup>	H1 04	Δ H1 04/03
<b>Total premiums (German GAAP) <sup>2)</sup></b>	<b>11.7 bn</b>	<b>6.1 bn</b>	<b>6.2 bn</b>	<b>2.1%</b>
<b>Consolidated gross premiums (IFRS) <sup>3)</sup></b>	<b>10.7 bn</b>	<b>5.6 bn</b>	<b>5.7 bn</b>	<b>1.0%</b>
• 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%
<b>Claims &amp; benefits</b>	<b>9.8 bn</b>	<b>4.3 bn</b>	<b>5.3 bn</b>	<b>1.0 bn</b>
<b>Operating expenses</b>	<b>2.1 bn</b>	<b>1.0 bn</b>	<b>1.1 bn</b>	<b>10.2%</b>
<b>Investment income (net)</b>	<b>3.2 bn</b>	<b>1.0 bn</b>	<b>1.7 bn</b>	<b>722 m</b>
Result of ordinary operations	740 m	475 m	216 m	-259 m
Tax	-731 m	-589 m	-104 m	485 m
<b>Consolidated net income</b>	<b>7 m <sup>4)</sup></b>	<b>-115 m</b>	<b>111 m</b>	<b>226 m</b>
<b>Shareholders' equity</b>	<b>2.8 bn</b>	<b>2.9 bn</b>	<b>2.8 bn</b>	<b>-0.7% <sup>5)</sup></b>

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

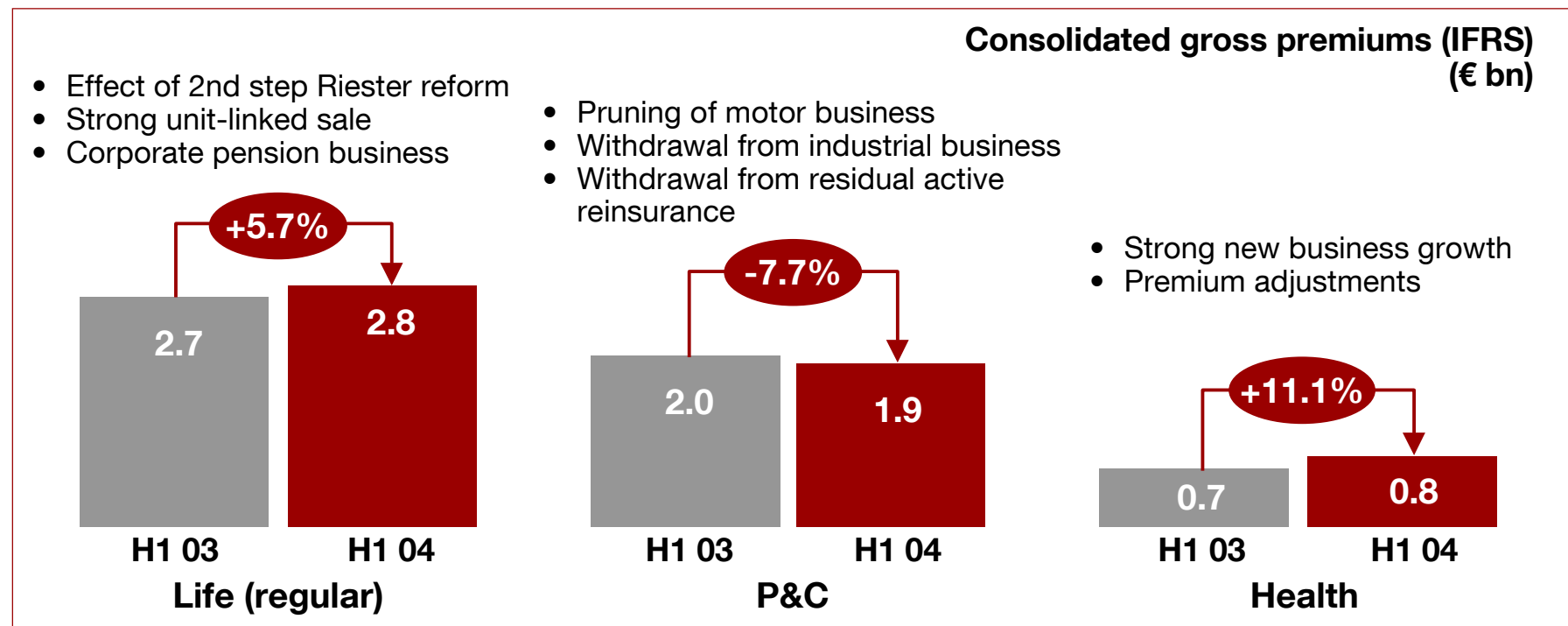
3) excl. savings portions of ul and Riester contracts; adjustment without effect on income  
 4) including extraordinary items  
 5) in relation to 31.12.2003



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## Good growth rates in life and health business

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



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



## Combined ratio below 100%

(%)	2003	H1 03 <sup>*)</sup>	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
<b>Combined ratio</b>	<b>99.5</b>	<b>97.3</b>	<b>99.8</b>	<b>2.5%-p</b>

- **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**

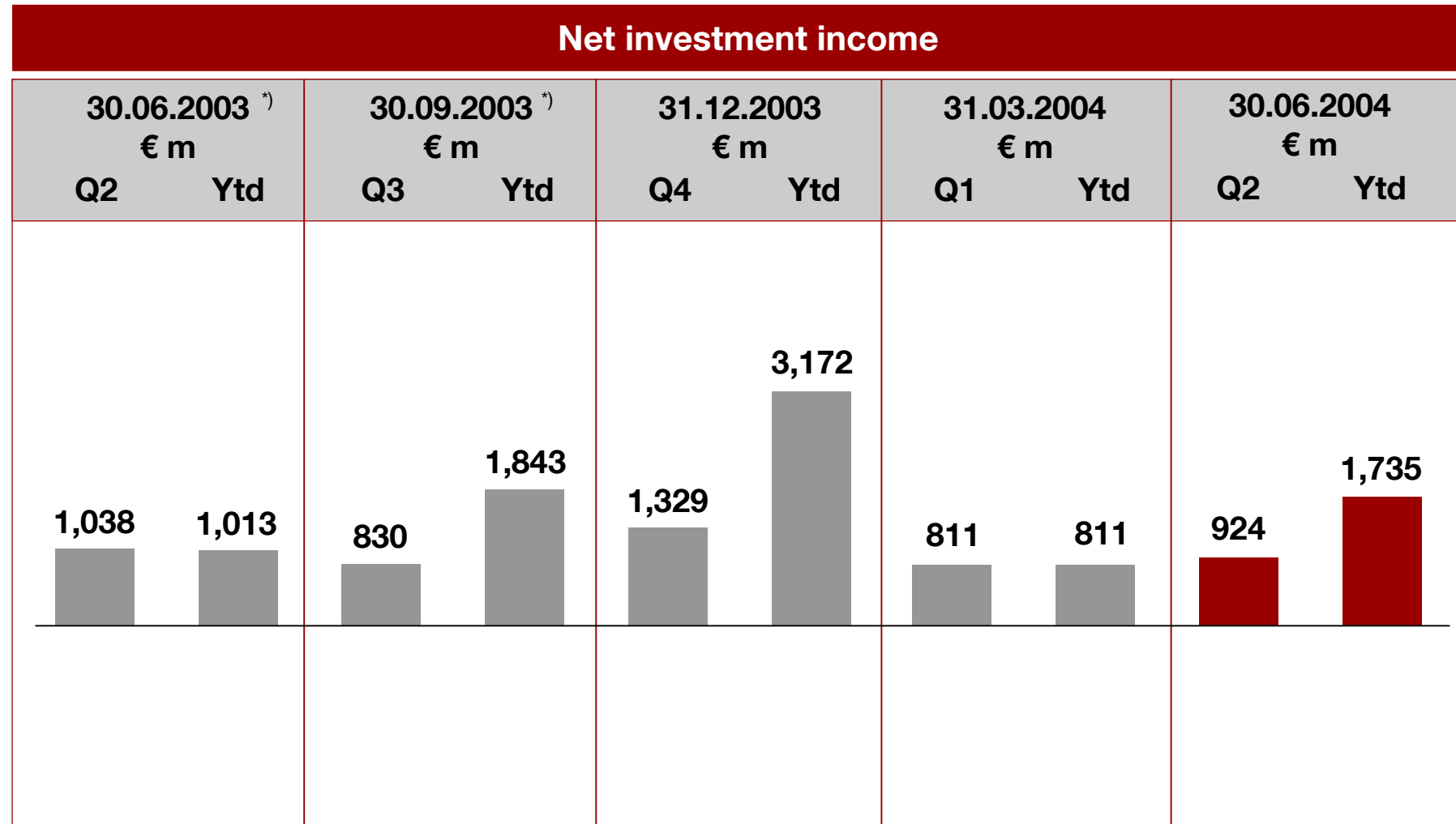
**Combined ratio in line with 2004 target**

<sup>\*)</sup> retroactively adjusted due to new segmentation of AMB Generali Holding AG reinsurance segment



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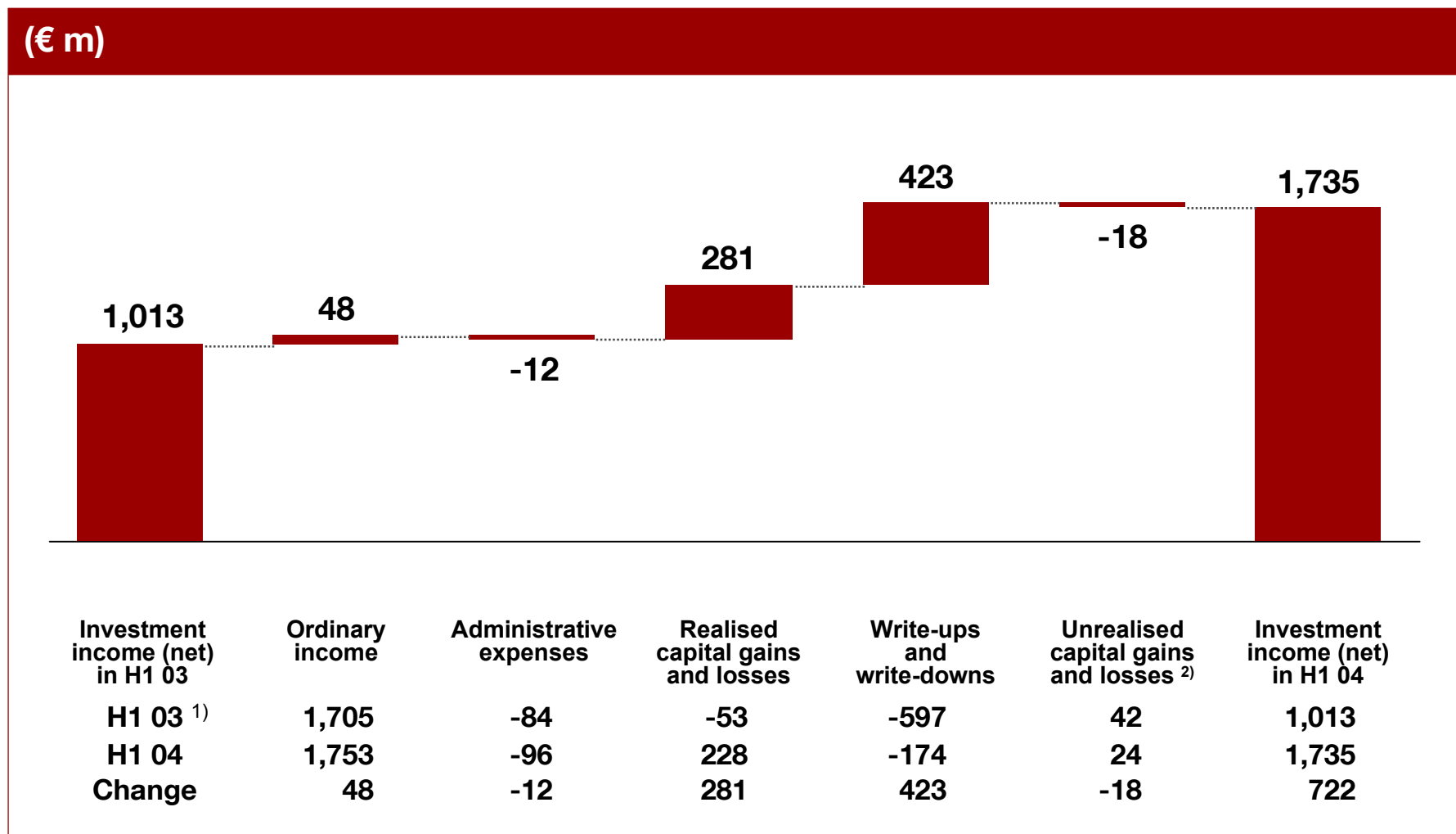
## Investment income above previous year's level



Ytd = year to date (accumulated value since start of year)  
<sup>\*)</sup> retroactively adjusted due to differentiated recognition of FAS 97



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



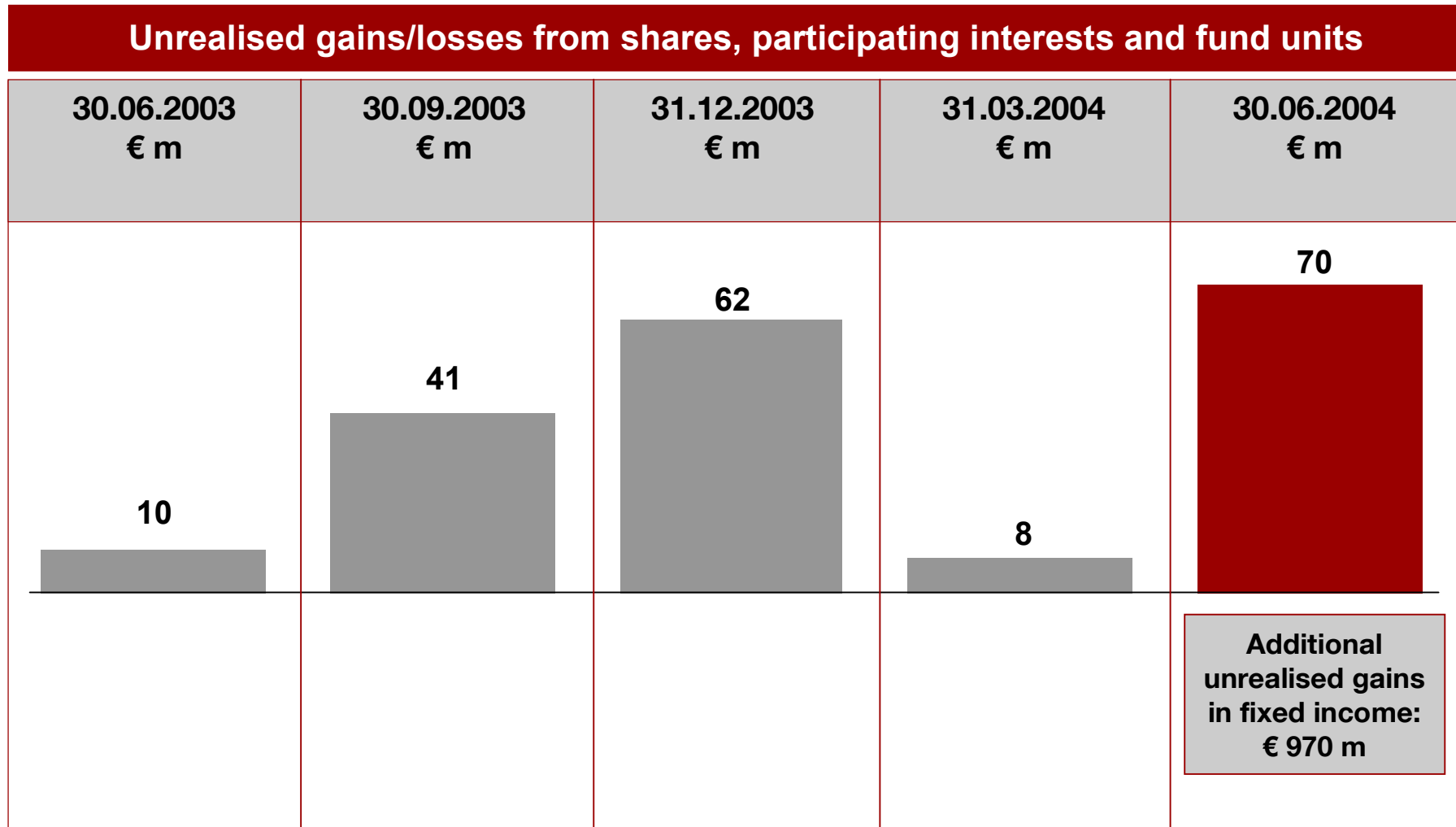
1) retroactively adjusted due to differentiated recognition of FAS 97

2) mostly derivatives

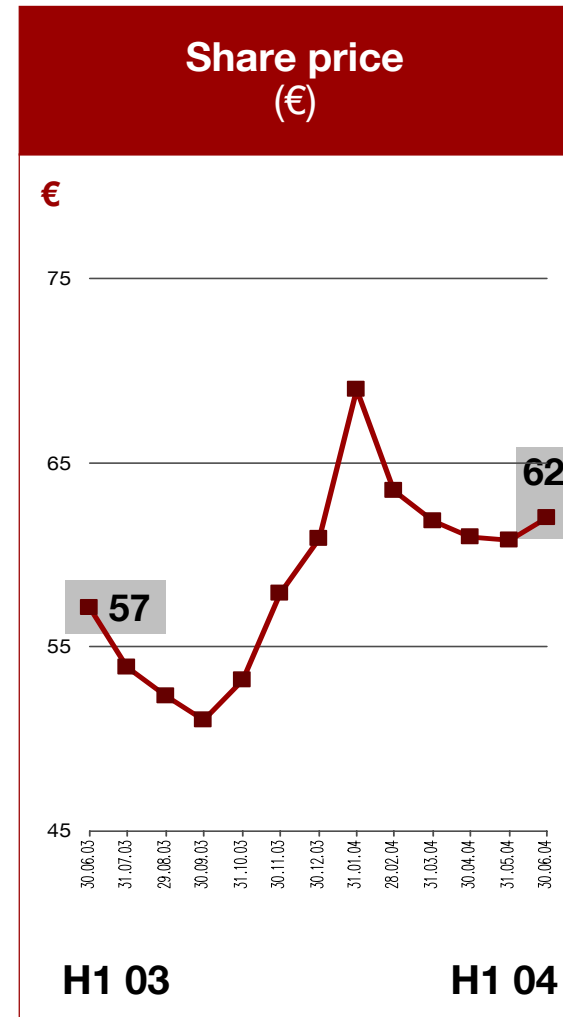
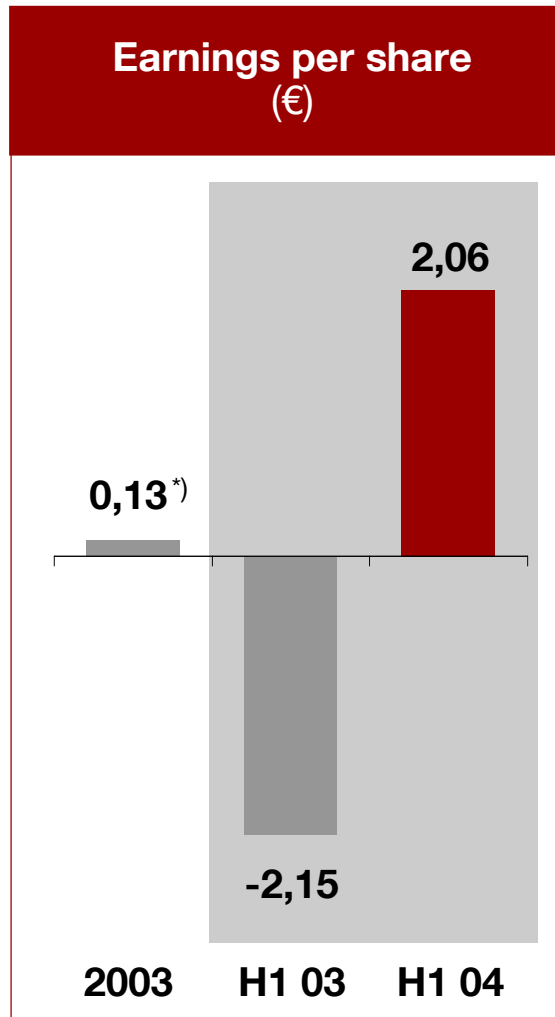
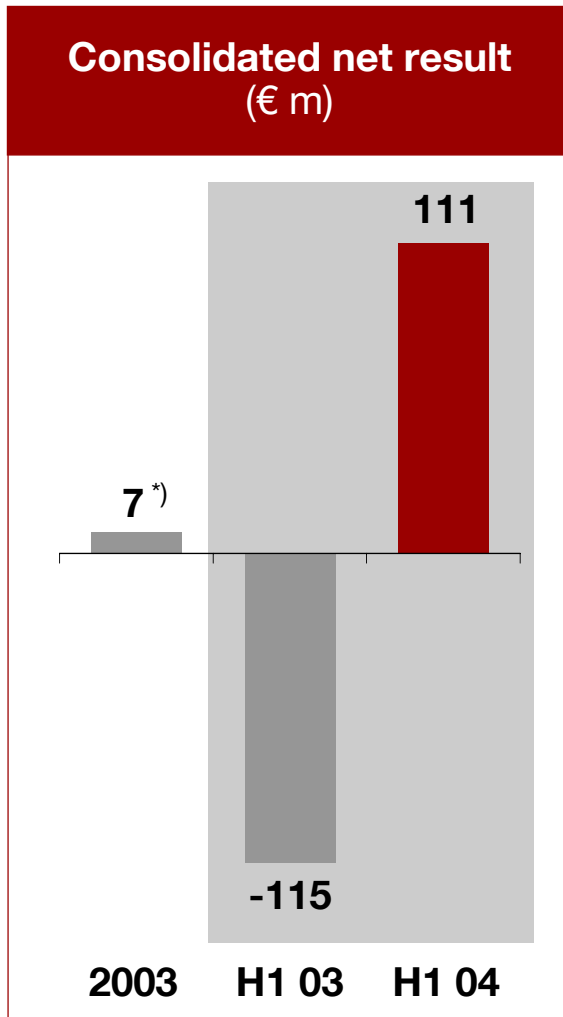


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## Increased reserve in dividend-bearing securities



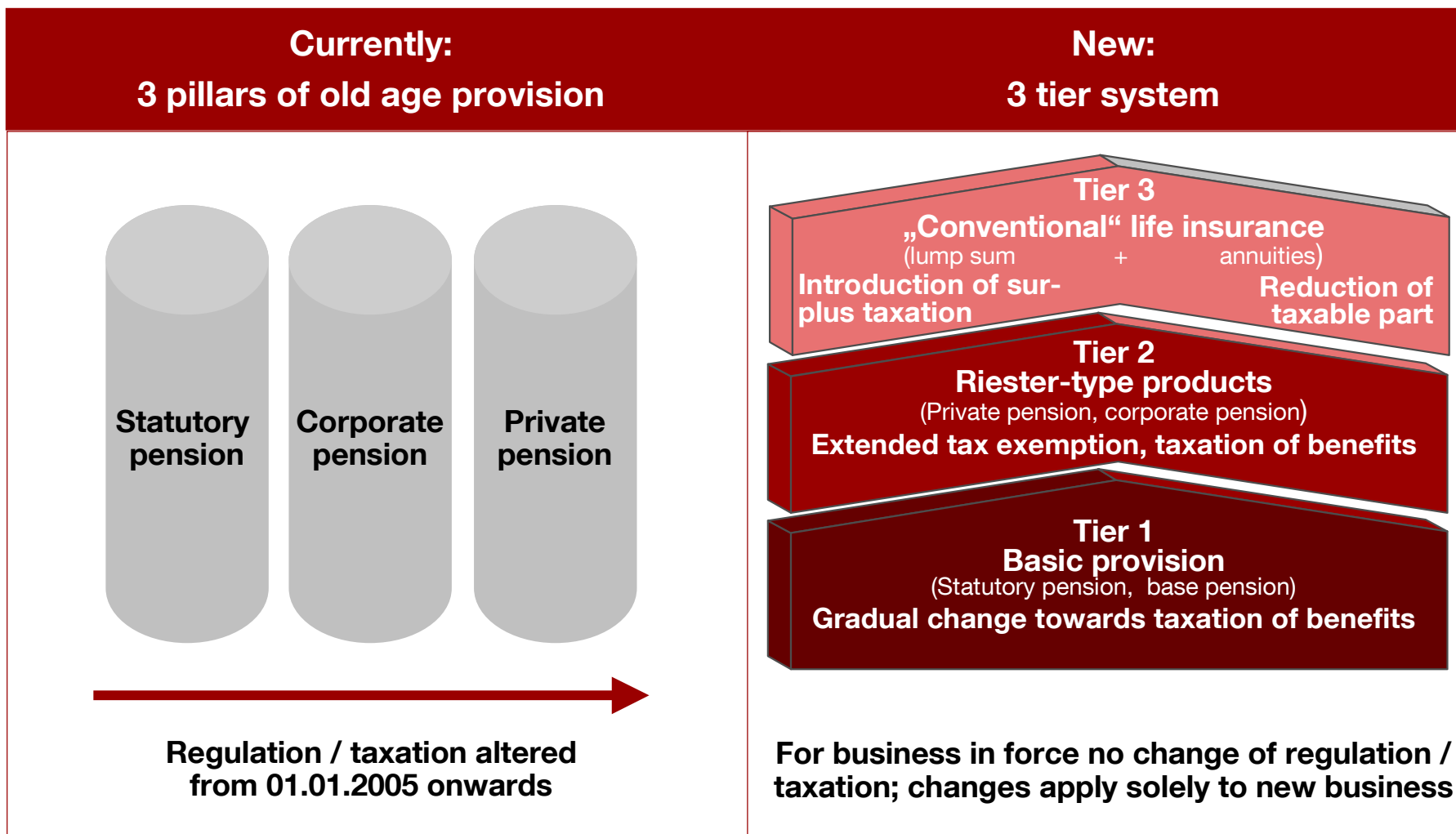
# Satisfying development of shareholder value



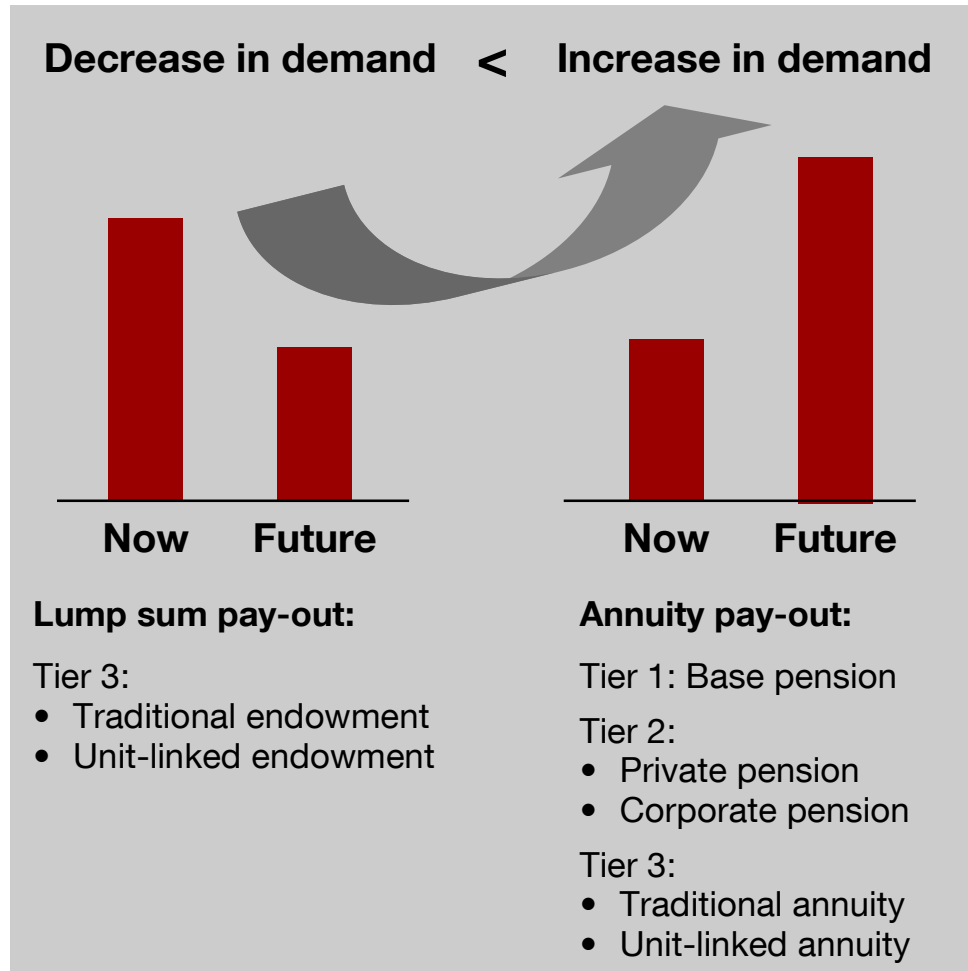
<sup>\*)</sup> including extraordinary items

# 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)

## Focus on new mortality tables in Germany: Consequences of accelerated longevity

<b>Customer:</b> <b>Product perspective</b>	<b>Company:</b> <b>Balance sheet perspective</b>
<ul style="list-style-type: none"> <li>• <b>New business 2005 with 15% / 8% reduction of guaranteed annuity payment for men / women (30-year old applicant; beginning of annuity payment at age 65)</b></li> <li>• <b>Surrender value / endowment option only marginally reduced in comparison to current products</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>German GAAP:</b>  <b>Maintaining safety margins and projection of future developments require additional allocations to provisions</b> <ul style="list-style-type: none"> <li>➔ <b>German market</b>     app. € 4.0 bn</li> <li>➔ <b>AMB Generali</b>     app. € 0.3 bn</li> </ul> </li> <li>• <b>IFRS:</b>  <b>First assessment for loss recognition test based on current best estimates indicates no need for additional measures</b> <ul style="list-style-type: none"> <li>➔ <b>No effect on Group result</b></li> </ul> </li> </ul>



## AMB Generali on track to reach 2004 targets

		Achievements	Targets	
		H1 04	2004	2005
<b>Life/Health</b>	<ul style="list-style-type: none"> <li>Premium growth                             <ul style="list-style-type: none"> <li>– Life regular</li> <li>– Health</li> </ul> </li> <li>Life new business value</li> </ul>	+5.7% ✓ +11.1% ✓ € 59.5 m ✓	above market level € 120 m	above market level € 120 m
	<b>P&amp;C</b>	<ul style="list-style-type: none"> <li>Premium growth</li> <li>Combined ratio</li> </ul>	-4.4% <sup>1)</sup> 99.8% ✓	slight decrease of premiums < 100%
<b>Overall</b>	<ul style="list-style-type: none"> <li>General expenses <sup>2)</sup></li> <li>Net income</li> </ul>	€ 925 m ✓ € 111 m ✓	€ 1,900 m > € 200 m	€ 1,900 m > € 250 m

1) direct business  
2) without commissions

# Back up

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## Life & health development

<b>(€ m) <sup>1)</sup></b>	<b>2003</b>	<b>H1 03 <sup>2)</sup></b>	<b>H1 04</b>	<b>Δ H1 04/03</b>
<b>Total premiums (German GAAP) <sup>3)</sup></b>	<b>8,454</b>	<b>4,045</b>	<b>4,328</b>	<b>7.0%</b>
<b>Gross premiums written (IFRS) <sup>4)</sup></b>	<b>7,480</b>	<b>3,582</b>	<b>3,793</b>	<b>5.9%</b>
<b>Investment income (net)</b>	<b>2,705</b>	<b>867</b>	<b>1,507</b>	<b>640</b>
<b>Claims &amp; benefits (net)</b>	<b>7,815</b>	<b>3,251</b>	<b>4,322</b>	<b>1,071</b>
<b>Expense ratio</b>	<b>16.5%</b>	<b>14.7%</b>	<b>16.6%</b>	<b>1.9%-p</b>
<b>Tax</b>	<b>-637</b>	<b>-503</b>	<b>- 68</b>	<b>435</b>
<b>Net income</b>	<b>86</b>	<b>12</b>	<b>95</b>	<b>83</b>

1) before elimination of intra-group transactions between segments

2) retroactively adjusted due to differentiated recognition of FAS 97 and due to new segmentation

3) gross premiums written incl. savings portions of unit-linked and Riester contracts

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



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## Life development

<b>(€ m) <sup>1)</sup></b>	<b>2003</b>	<b>H1 03 <sup>2)</sup></b>	<b>H1 04</b>	<b>Δ H1 04/03</b>
<b>Total premiums (German GAAP) <sup>3)</sup></b>	<b>7,086</b>	<b>3,370</b>	<b>3,577</b>	<b>6.2%</b>
<b>Gross premiums written (IFRS) <sup>4)</sup></b>	<b>6,112</b>	<b>2,906</b>	<b>3,042</b>	<b>4.7%</b>
<b>Investment income (net)</b>	<b>2,519</b>	<b>803</b>	<b>1,394</b>	<b>591</b>
<b>Claims &amp; benefits (net)</b>	<b>6,542</b>	<b>2,610</b>	<b>3,583</b>	<b>973</b>
<b>Expense ratio</b>	<b>17.5%</b>	<b>15.6%</b>	<b>18.0%</b>	<b>2.4%-p</b>
<b>Tax</b>	<b>-536</b>	<b>-490</b>	<b>- 54</b>	<b>436</b>
<b>Net income</b>	<b>89</b>	<b>4</b>	<b>79</b>	<b>75</b>

1) before elimination of intra-group transactions between segments

2) retroactively adjusted due to differentiated recognition of FAS 97 and due to new segmentation

3) gross premiums written incl. savings portions of unit-linked and Riester contracts

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



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## Health development

<b>(€ m) <sup>1)</sup></b>	<b>2003</b>	<b>H1 03 <sup>2)</sup></b>	<b>H1 04</b>	<b>Δ H1 04/03</b>
<b>Gross premiums written (IFRS)</b>	<b>1,368</b>	<b>676</b>	<b>751</b>	<b>11.1%</b>
<b>Investment income (net)</b>	<b>185</b>	<b>64</b>	<b>113</b>	<b>49</b>
<b>Claims &amp; benefits (net)</b>	<b>1,273</b>	<b>641</b>	<b>738</b>	<b>97</b>
<b>Claims ratio</b>	<b>57.3%</b>	<b>60.2%</b>	<b>55.2%</b>	<b>-5.0%-p</b>
<b>Expense ratio</b>	<b>12.5%</b>	<b>10.6%</b>	<b>10.9%</b>	<b>0.3%-p</b>
<b>Combined ratio</b>	<b>69.8%</b>	<b>70.8%</b>	<b>66.1%</b>	<b>-4.7%-p</b>
<b>Tax</b>	<b>-101</b>	<b>-12</b>	<b>-13</b>	<b>-1</b>
<b>Net income</b>	<b>-3</b>	<b>8</b>	<b>16</b>	<b>8</b>

1) before elimination of intra-group transactions between segments

2) retroactively adjusted due to new segmentation



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## P&C development

<b>(€ m) <sup>1)</sup></b>	<b>2003</b>	<b>H1 03 <sup>2)</sup></b>	<b>H1 04</b>	<b>Δ H1 04/03</b>
<b>Gross premiums written (IFRS)</b>	<b>3,222</b>	<b>2,036</b>	<b>1,882</b>	<b>-7.6%</b>
<b>Investment income (net)</b>	<b>316</b>	<b>74</b>	<b>165</b>	<b>91</b>
<b>Claims ratio</b>	<b>68.0%</b>	<b>66.5%</b>	<b>66.5%</b>	<b>0.0%-p</b>
<b>Expense ratio</b>	<b>31.5%</b>	<b>30.8%</b>	<b>33.3%</b>	<b>2.5%-p</b>
<b>Combined ratio</b>	<b>99.5%</b>	<b>97.3%</b>	<b>99.8%</b>	<b>2.5%-p</b>
<b>Tax</b>	<b>-86</b>	<b>-80</b>	<b>- 39</b>	<b>41</b>
<b>Net income</b>	<b>6</b>	<b>-59</b>	<b>48</b>	<b>107</b>

1) before elimination of intra-group transactions between segments

2) retroactively adjusted due to new segmentation



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## Disclaimer

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**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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