

AMB Generali

Financial Results 9M 2005

November 10, 2005
Investor Relations



AMB GENERALI

Ongoing profitable growth in first nine months 2005

- **Life and health business with continuously strong growth rates**
 - **Life regular premiums go up +7.8%**
 - **Health gross premiums increase by +5.2%**
- **P&C premiums go down -1.2% due to selective profit-oriented underwriting**
- **Improvements in operating profitability**
 - **Reduction by 400 administrative-staff FTEs in first nine months**
 - **Combined ratio improves significantly to 95.9%**
- **Further increase of investment income by +11.8% to € 2.7 bn**
- **Financial and competitive position of AMB Generali's insurance companies certified by "AA" Standard & Poor's-Rating**

Net profit of € 228 m
in line with 2005 target of > € 300 m (before goodwill amortisation)



Business development: an overview

(€)	9M 05	9M 04 ¹⁾	Δ 9M 05/04
Total premiums (German GAAP) ²⁾	9.4 bn	9.0 bn	5.0%
Consolidated gross premiums (IFRS) ³⁾	8.5 bn	8.2 bn	3.6%
• Life	4.8 bn	4.6 bn	5.9%
• Health	1.2 bn	1.1 bn	5.2%
• P&C	2.5 bn	2.5 bn	-1.5%
Life new business regular premiums	711 m	829 m	-14.3%
Claims & benefits	-7.9 bn	-7.6 bn	3.6%
Operating expenses	-1.7 bn	-1.6 bn	4.1%
Investment income (net)	2.7 bn	2.4 bn	11.8%
Profit before goodwill amortisation	497 m	321 m	176 m
Goodwill amortisation	0 m	-23 m	23 m
Operating profit	497 m	298 m	199 m
Finance costs	-6 m	-6 m	0 m
Tax	-263 m	-156 m	-107 m
Net profit before goodwill amortisation	228 m	159 m	69 m
Net profit	228 m	136 m	92 m
• Attributable to minority interests	2 m	2 m	0 m
Shareholders' equity	3.7 bn	3.2 bn ⁴⁾	15.3% ⁵⁾

1) retrospective adjustments

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

3) excl. savings portions of unit-linked and Riester contracts; without effect on profit

4) balance-sheet position shown as at 31.12.2004

5) in relation to 31.12.2004



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Changes in IFRS impairment rules

IAS 39 defines in what cases a decline in the fair value of shares, participating interests and fund units triggers off impairment losses

Since Q4 2002

(based on IAS 39,
revised 2000)

- **Best practice** determines **impairment losses** if **decline** in fair value below acquisition costs of the investment is
"significant (> 20%) **and** prolonged (> 6 months)"
- **Recovery** of investment leads to **reversal of impairment losses** ("write-up") in **income statement** (impact on income statement)

Since 2005

(based on IAS 39,
revised 2004)

- **Best practice** determines **impairment losses** if **decline** in fair value below acquisition costs of the investment is
"significant (> 20%) **or** prolonged (> 6 months)"
- **Recovery** of investment leads to **reversal of impairment losses** only in **equity** (no impact on income statement)
- Standard has to be **applied retrospectively**, so that **preceding year's figures** had to be adjusted
 - ➔ - **This change** affects **investment income** and hereby **claims & benefits, tax, net profit** and **shareholders' equity**
 - **Total effect** on **net profit** of first nine months 2004 of € -35 m



Revised figures due to retrospective IFRS adjustments

(€)	9M 04 / <u>after</u> retro- spective adjustment	9M 04 / <u>before</u> retro- spective adjustment
Total premiums (German GAAP) ¹⁾	9.0 bn	9.0 bn
Consolidated gross premiums (IFRS) ²⁾	8.2 bn	8.2 bn
• Life	4.6 bn	4.6 bn
• Health	1.1 bn	1.1 bn
• P&C	2.5 bn	2.5 bn
Life new business regular premiums	829 m	829 m
Claims & benefits	-7.6 bn	-7.8 bn
Operating expenses	-1.6 bn	-1.6 bn
Investment income (net)	2.4 bn	2.6 bn
Profit before goodwill amortisation	321 m	370 m
Goodwill amortisation	-23 m	-23 m
Operating profit	298 m	347 m
Finance costs	-6 m	-6 m
Tax	-156 m	-170 m
Net profit before goodwill amortisation	159 m	193 m
Net profit	136 m	170 m
• Attributable to minority interests	2 m	2 m
Shareholders' equity ³⁾	3.2 bn	3.0 bn

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

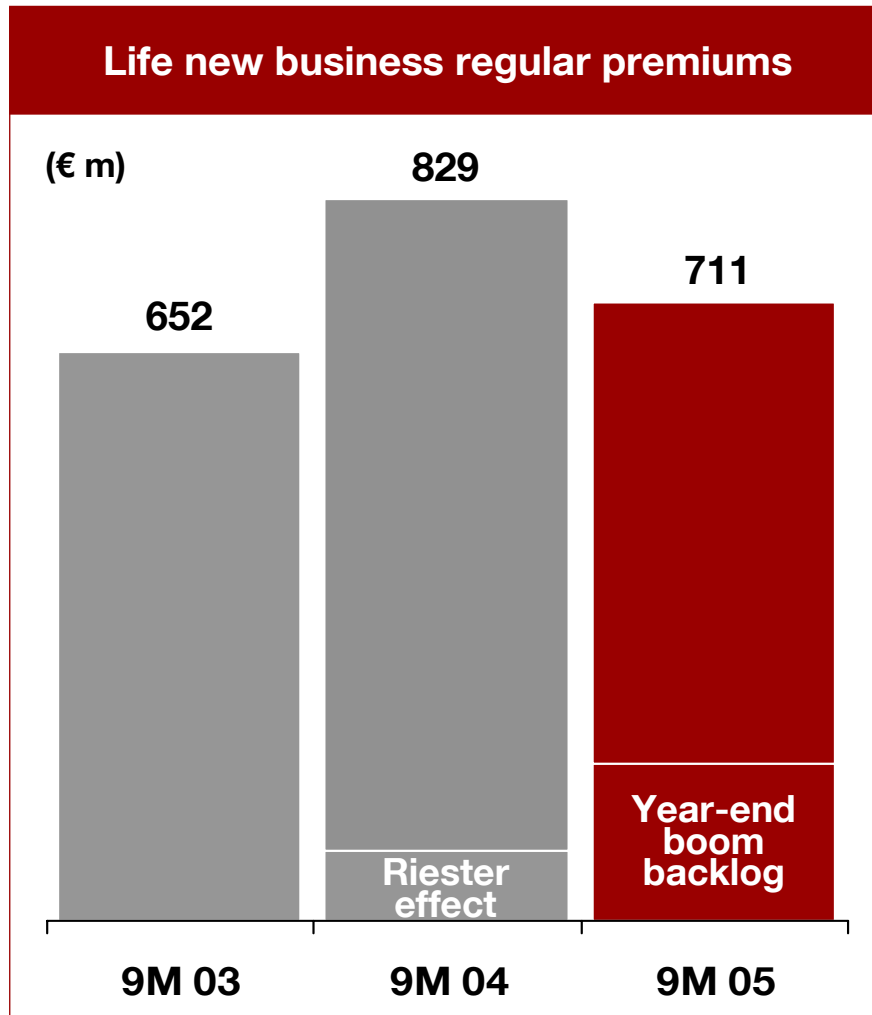
2) excl. savings portions of unit-linked and Riester contracts; without effect on profit

3) balance-sheet position shown as at 31.12.2004 after retrospective adjustment incl. minority interests



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Life new business influenced by various effects



Development

9M 2005:

- **Life new business** at **-14.3%** compared to first nine months of **2004** which were positively influenced by **Riester effect in Q1** (2nd Riester step)
- **Life new business** still supported by backlog from 2004; effect levels off in the course of the year
- **Restrained demand** after extraordinary year-end business in 2004

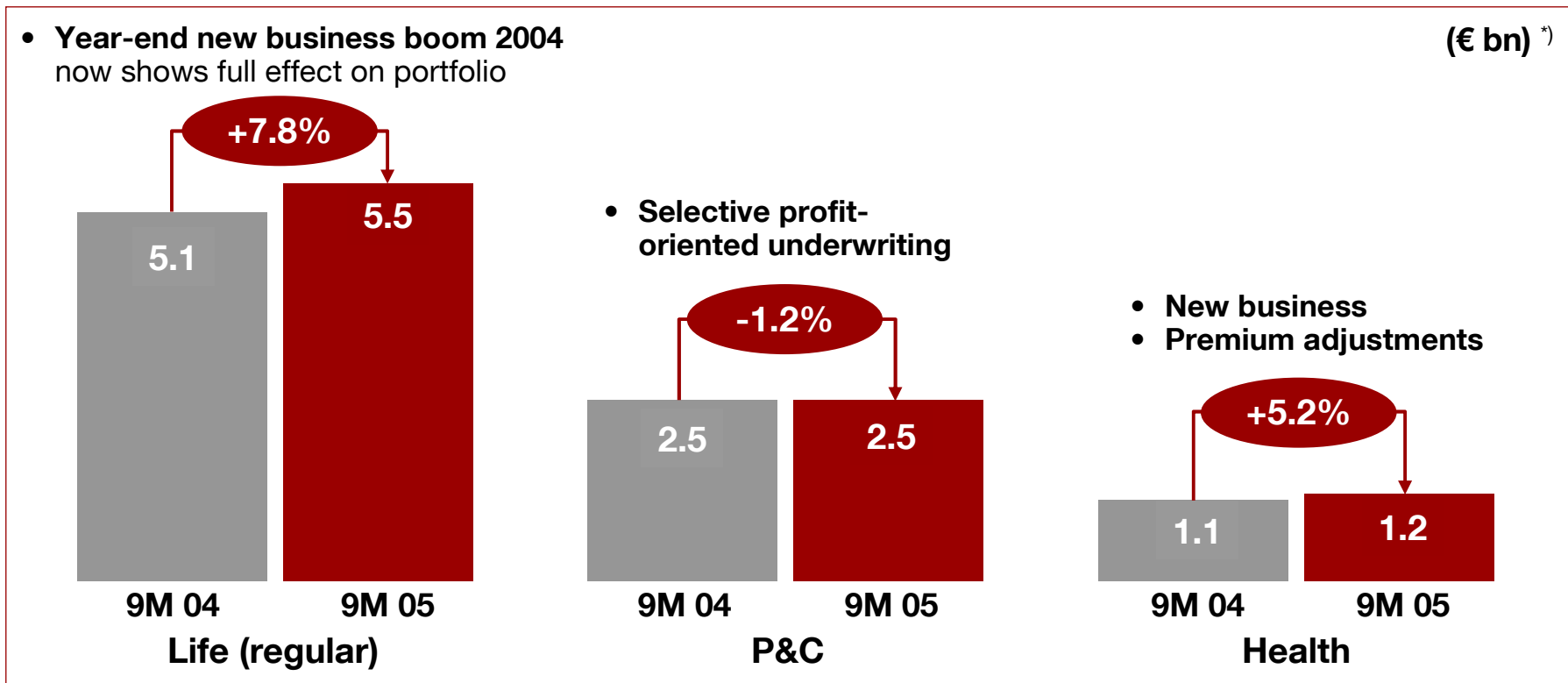
Outlook FY 2005:

- **Life new business:** expected to be significantly below 2004 figures after tax-induced boom in 2004
- **Life premiums:** despite weakness of life new business, strong life premium growth expected; last year's boom now shows full effect on portfolio since it mostly materialised in the last two months of 2004



Above-average premium growth rates in life and health business

(€ bn)	9M 05	9M 04	Δ 9M 05/04
Total premiums (German GAAP)	9.4	9.0	5.0%



^{*}) gross premiums German GAAP, direct business



Strong improvement of combined ratio due to better claims experience

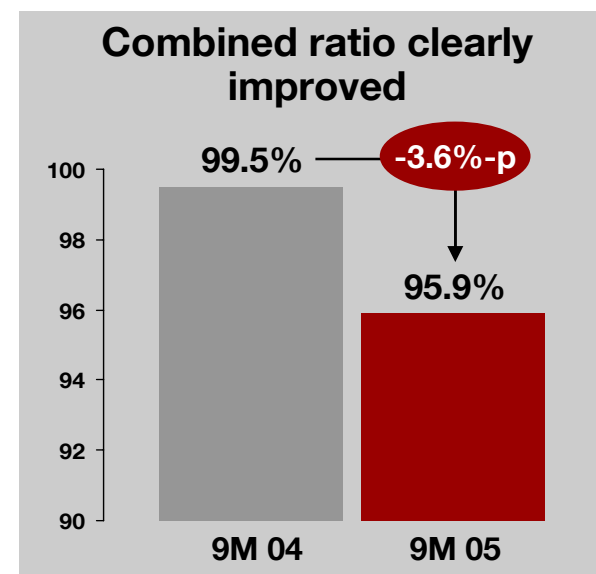
(%)	9M 05	9M 04	Δ 9M 05/04
Claims ratio	63.4	67.2	-3.8%-p
Expense ratio	32.5	32.3	0.2%-p
Combined ratio	95.9	99.5	-3.6%-p

Claims ratio

- **Significant decrease of claims ratio by 3.8%-points** due to
 - **better claims experience** across the market
 - **profit-oriented underwriting**
 - **improved claims management**

Expense ratio

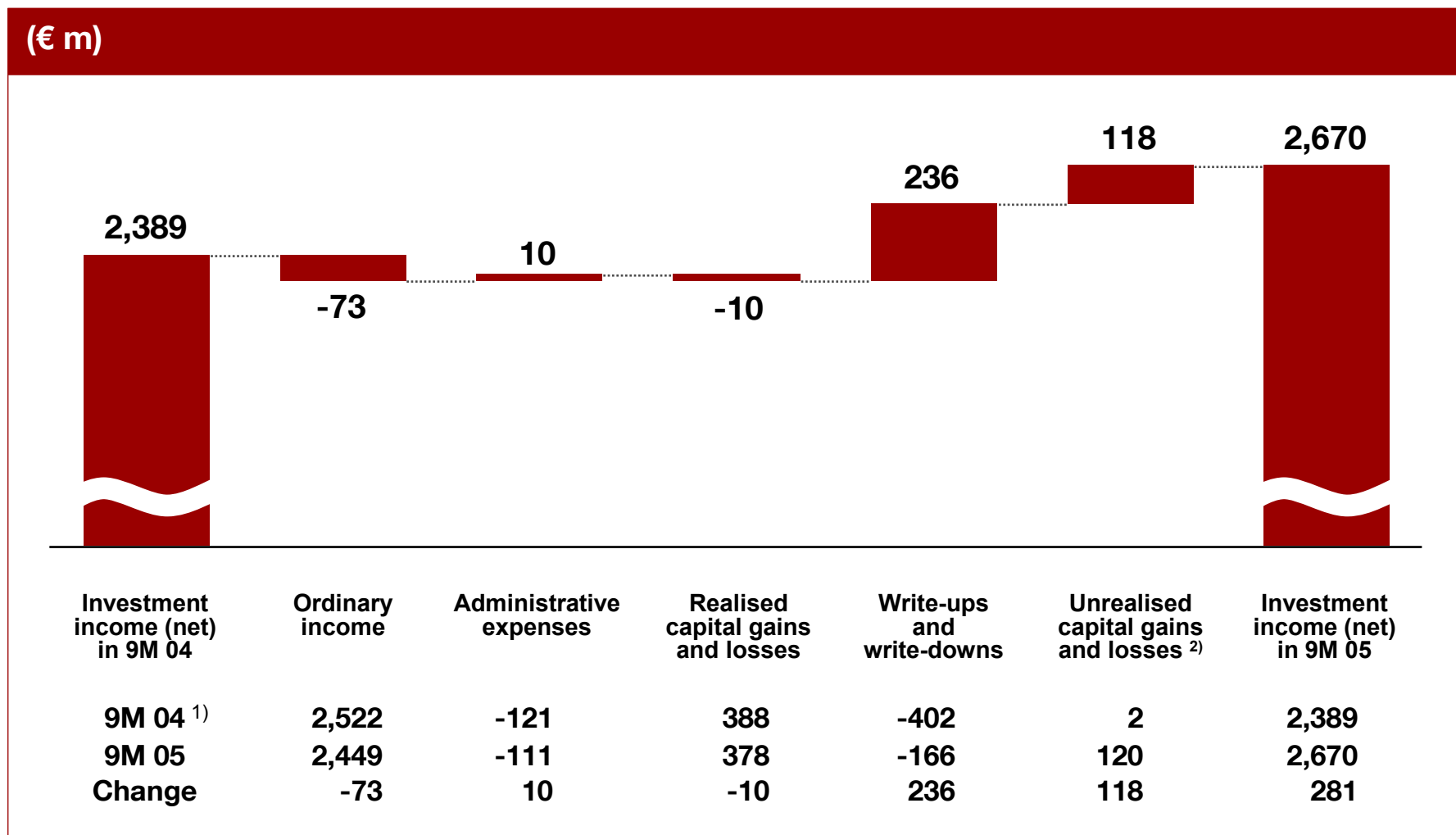
- **Total expense ratio increases slightly by 0.2%-points**
 - due to **lower** income from **reinsurance commissions** as a result of higher retentions
 - despite **decrease** of **administrative expenses**



Combined ratio in line with 2005 target



Increase of investment income mainly due to revised IFRS impairment rules

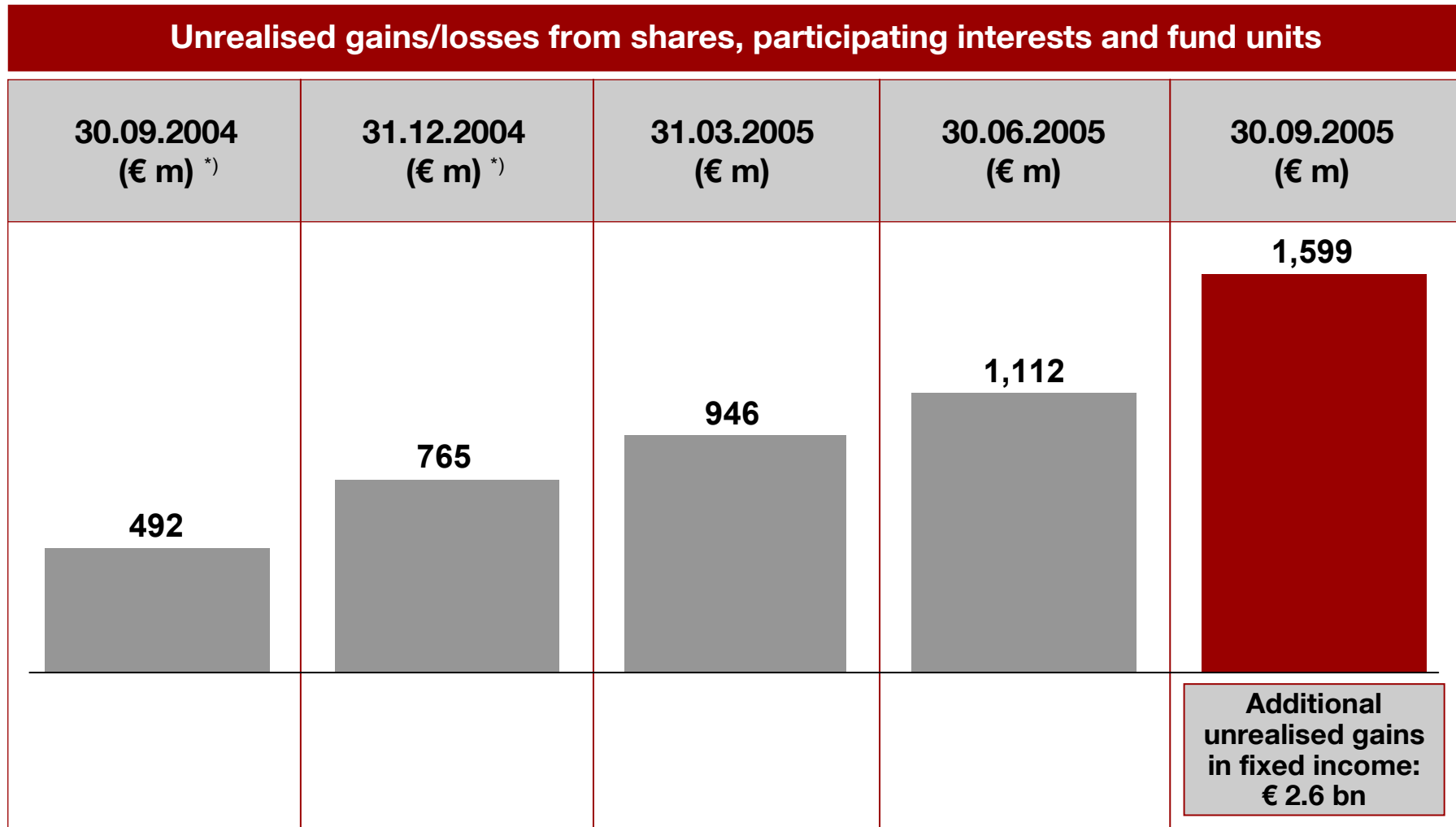


1) retrospective adjustments
2) mainly derivatives



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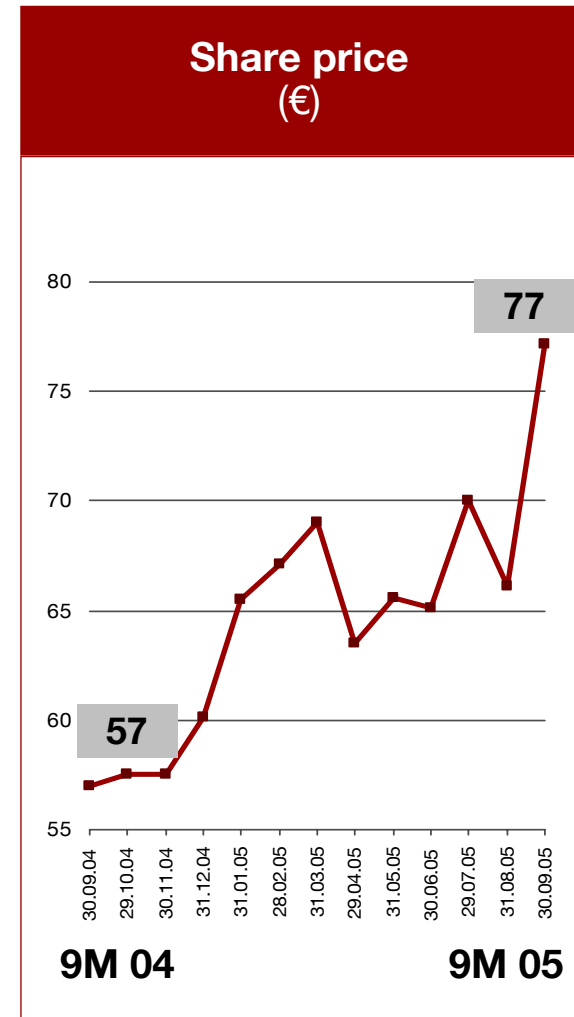
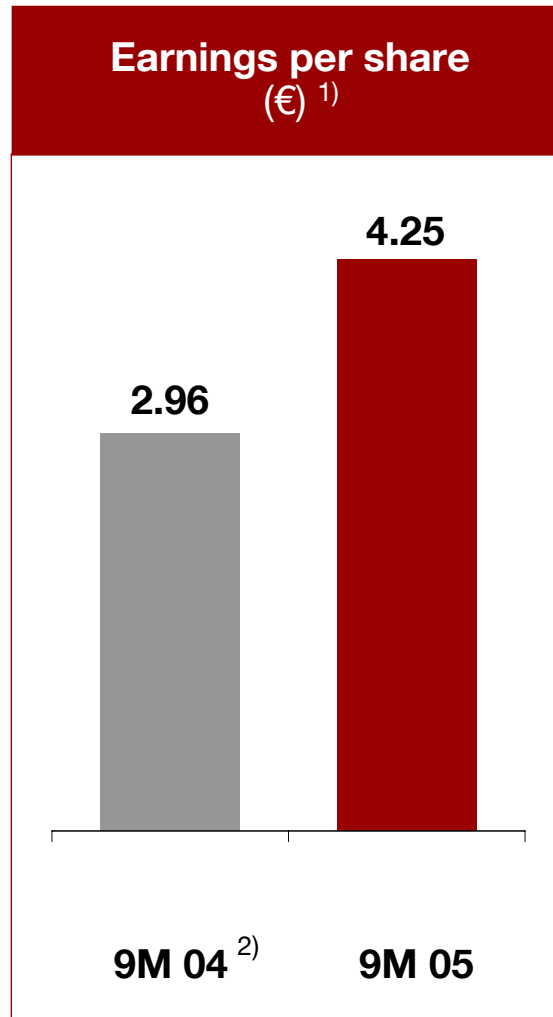
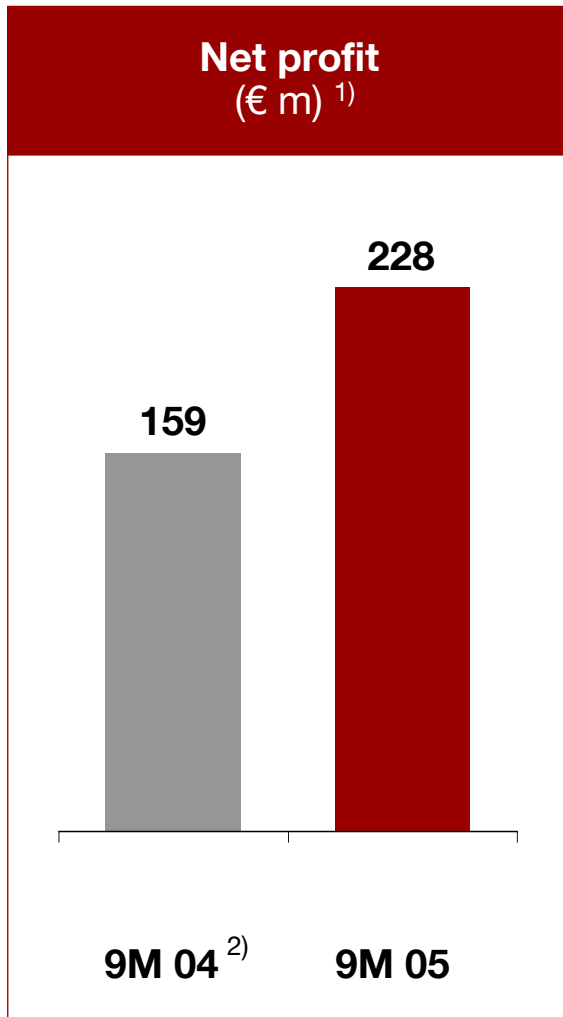
Continuous improvement of reserves in dividend-bearing securities



*) retrospective adjustments



Positive development of shareholder value



1) before goodwill amortisation
2) retrospective adjustments

Financial and competitive position certified by "AA" Standard & Poor's-Rating

Interactive rating of AMB Generali's insurance companies in 2005



- **S&P certifies a very strong financial strength** of the **AMB Generali insurance companies**
- The **Group** is characterised by a **strong competitive position** oriented at target groups
- Additional **strategic strong points** are the **Group's unrivalled distribution / brand diversity** and **comprehensive customer coverage** while **simultaneously** it benefits from **economies of scale**
- AMB Generali's **earnings capacity** is **strong** and **improving**

The AMB Generali Group is a powerful core activity supported by Assicurazioni Generali and has an excellent growth potential

Information on the most current rating is available at www.standardandpoors.com or from Standard & Poor's at +44 (0)20 7176 3800.
Ratings are not a guarantee of an insurer's financial strength nor a recommendation as to the insurer.



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AMB Generali on good track to reach 2005 targets

		Achievements 9M 04	Achievements 9M 05	Targets 2005
Life/Health	•Premium growth ¹⁾ – Life regular – Health	+7.0% +10.8%	+7.8% +5.2%	above market level
	•Life NBV	€ 89.3 m	€ 78.8 m	€ 120 m
P&C	•Premium growth ¹⁾	-4.0%	-1.2%	market level
	•Combined ratio	99.5%	95.9%	< 99%
Overall	•General expenses ²⁾	€ 1,390 m	€ 1,384 m	€ 1,900 m
	•Net profit before goodwill amortisation ⁴⁾	€ 159 m ³⁾	€ 228 m	> € 300 m

1) gross premiums German GAAP, direct business

2) German GAAP figure, excluding commissions

3) retrospective adjustments

4) under IFRS 3 goodwill will no longer be amortised on a scheduled basis



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Back up



Life development

(€ m) ¹⁾	9M 05	9M 04 ²⁾	Δ 9M 05/04
Total premiums (German GAAP) ³⁾	5,770	5,342	8.0%
Gross premiums written (IFRS) ⁴⁾	4,802	4,533	5.9%
Investment income (net)	2,156	1,905	13.2%
Claims & benefits (net)	-5,354	-5,138	4.2%
Expense ratio	18.9%	18.3%	0.6%-p
Profit before goodwill amortisation	299	166	133
Goodwill amortisation	0	-9	9
Tax	-167	-65	-102
Net profit	132	92	40

1) before elimination of intra-group transactions between segments
2) retrospective adjustments

3) gross premiums written incl. savings portions of unit-linked and Riester contracts
4) excl. savings portions of unit-linked and Riester contracts; without effect on profit



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Health development

(€ m) ¹⁾	9M 05	9M 04 ²⁾	Δ 9M 05/04
Gross premiums written (IFRS)	1,192	1,133	5.2%
Investment income (net)	212	154	37.5%
Claims & benefits (net)	-1,201	-1,086	10.6%
Claims ratio	56.2%	53.8%	2.4%-p
Expense ratio	10.7%	11.8%	-1.1%-p
Combined ratio	66.9%	65.6%	1.3%-p
Profit before goodwill amortisation	61	54	7
Goodwill amortisation	0	0	0
Tax	-24	-33	9
Net profit	37	21	16

1) before elimination of intra-group transactions between segments
 2) retrospective adjustments



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P&C development

(€ m) ¹⁾	9M 05	9M 04 ²⁾	Δ 9M 05/04
Gross premiums written (IFRS)	2,483	2,530	-1.9%
Investment income (net)	193	223	-13.7%
Claims & benefits (net)	-1,363	-1,422	-4.1%
Claims ratio	63.4%	67.2%	-3.8%-p
Expense ratio	32.5%	32.3%	0.2%-p
Combined ratio	95.9%	99.5%	-3.6%-p
Profit before goodwill amortisation	167	135	32
Goodwill amortisation	0	-14	14
Tax	-65	-60	-5
Net profit	102	61	41

1) before elimination of intra-group transactions between segments
 2) retrospective adjustments



AMB GENERALI

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