

**AMB GENERALI**  
Holding AG

# Financial Results Q1 2003

**Investor Relations**

Aachen, May 13, 2003

## Elements of impact on result

- **Selective premium development by segments** according to Group strategy
- Relief by **operational improvement of combined ratio** about app. 5%-points
- **Investment income** burdened by further impairment write-downs amounting to € 536 m
- **Highly increased tax expenditure** of € 235 m due to write-downs and realized capital losses not being tax-deductible

**Consolidated net result after tax: € -87 m**

# Business development

(€)	2002	Q1 02 <sup>3)</sup>	Q1 03	Δ Q1 03/02
<b>Total premiums (German GAAP) <sup>1)</sup></b>	<b>11.6 bn</b>	<b>3.5 bn</b>	<b>3.5 bn</b>	<b>-0.5%</b>
<b>Consolidated gross premiums (IAS) <sup>2)</sup></b>	<b>10.8 bn</b>	<b>3.3 bn</b>	<b>3.3 bn</b>	<b>-1.1%</b>
● Life	6.1 bn	1.5 bn	1.5 bn	+0.7%
● Health	1.2 bn	0.3 bn	0.3 bn	+9.9%
● Property & casualty	3.5 bn	1.5 bn	1.5 bn	-4.9%
<b>Investment income (net)</b>	<b>-928 m</b>	<b>616 m</b>	<b>- 259 m</b>	<b>-875 m</b>
<b>Claims &amp; benefits</b>	<b>6.8 bn</b>	<b>2.4 bn</b>	<b>1.5 bn</b>	<b>-36.6%</b>
Result of ordinary operations	-166 m	67 m	148 m	+81 m
Tax	-65 m	-9 m	-235 m	-226 m
<b>Consolidated net income</b>	<b>-235 m</b>	<b>56 m</b>	<b>-87 m</b>	<b>-143 m</b>
<b>Shareholders' equity</b>	<b>2.8 bn</b>	<b>3.3 bn</b>	<b>2.7 bn</b>	<b>-2.6% <sup>4)</sup></b>

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

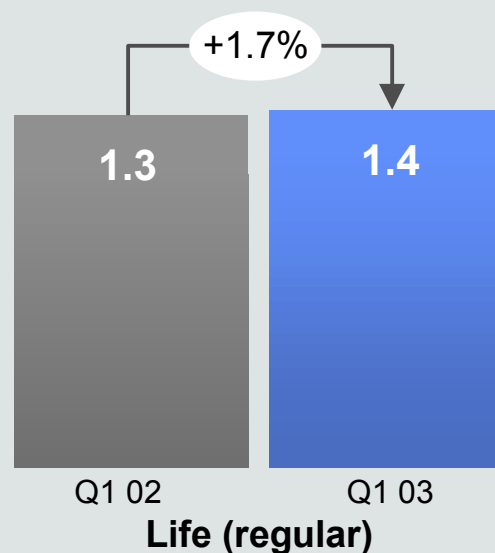
3) retroactively adjusted  
 4) in relation to 31.12.2002

# Premium growth influenced by pruning of p&c portfolio and consumer reluctance

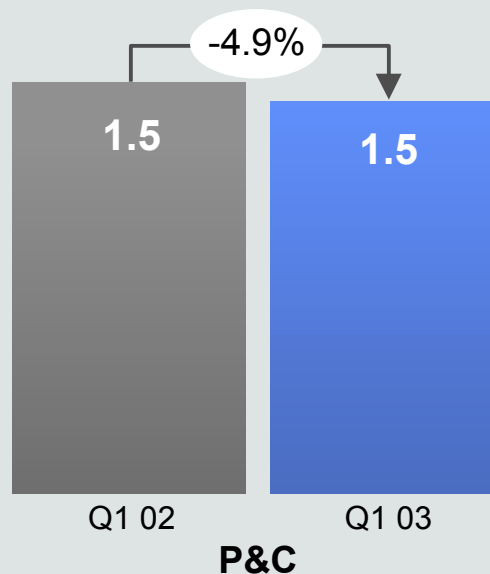
(€ bn)	2002	Q1 02 <sup>3)</sup>	Q1 03	Δ Q1 03/02
<b>Total premiums (German GAAP) <sup>1)</sup></b>	<b>11.6</b>	<b>3.5</b>	<b>3.5</b>	<b>-0.5%</b>
<b>Consolidated gross premiums (IAS) <sup>2)</sup></b>	<b>10.8</b>	<b>3.3</b>	<b>3.3</b>	<b>-1.1%</b>

## Consolidated gross premiums (IAS) (€ bn)

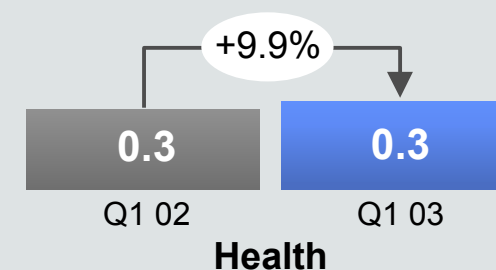
- Reduction of unit-linked due to capital markets



- Pruning of motor
- Withdrawal from industrial business



- New business growth
- Portfolio premium increases



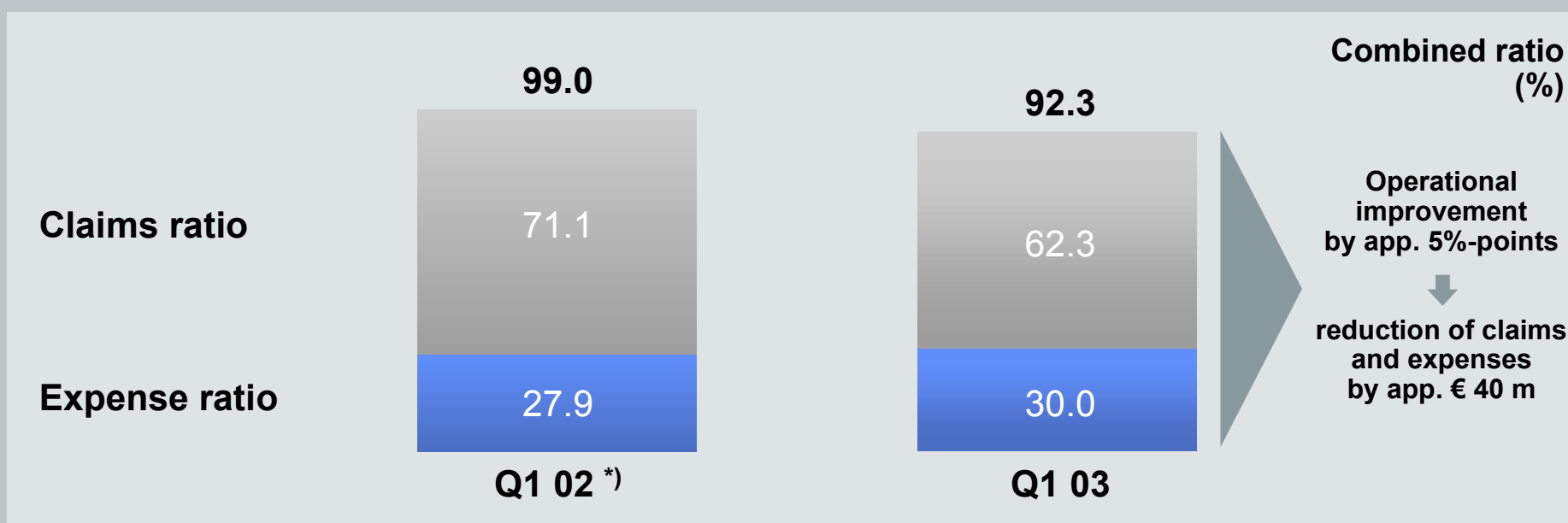
1) consolidated gross premiums incl. savings portions of unit-linked and Riester contracts

2) excl. savings portions of unit-linked contracts; without effect on income

3) retroactively adjusted

## Combined ratio considerably improved

Combined ratio p&c (%)	2002	Q1 02 <sup>*)</sup>	Q1 03
Claims ratio	75.1	71.1	62.3
Expense ratio	32.6	27.9	30.0
<b>Combined ratio</b>	<b>107.7</b>	<b>99.0</b>	<b>92.3</b>

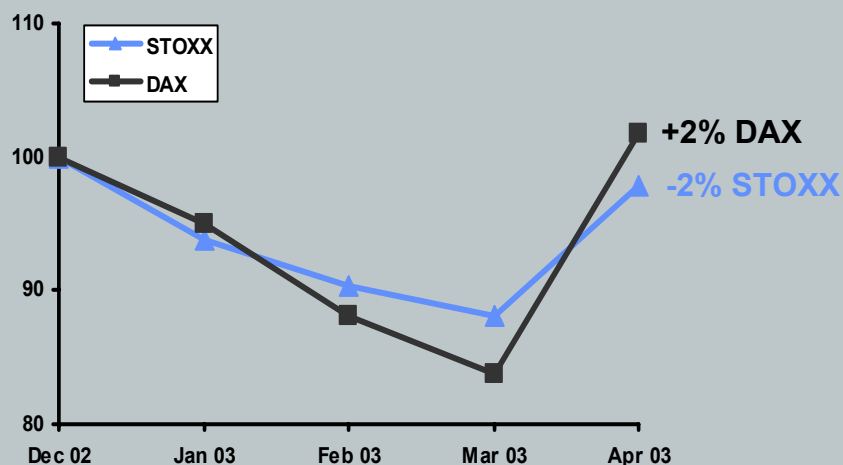


<sup>\*)</sup> retroactively adjusted

# Capital market development and strict impairments take their toll on performance

## Capital markets

- In 2002, share prices decreased for 3rd consecutive year; in 2002 highest ever 1-year DAX loss: DAX: -44%, Stoxx: -31%
- In Q1 2003 further deterioration of capital market situation: DAX: -16%, Stoxx: -12%
- Since start of Q2 2003: Rebound of capital markets in April: DAX: +21%, Stoxx: +11%

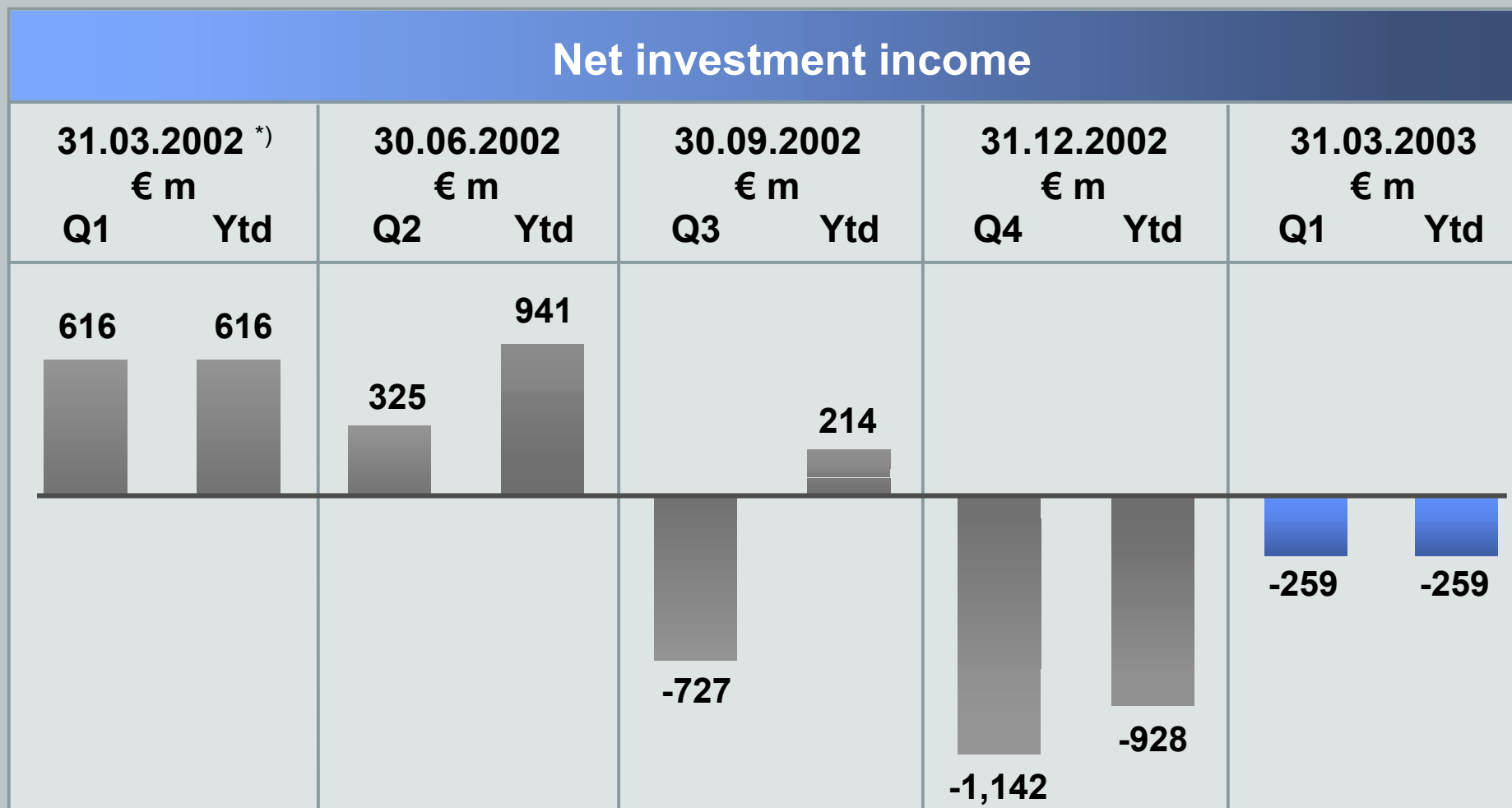


## IAS accounting

- Development of IAS impairment-test rules:
  - Proposed amendments of standard IAS 39 "financial instruments" (ED) in 2003
  - Significant and prolonged decline in market value automatically triggers off impairment
  - According to current best practice under US-GAAP "significant and prolonged" means: market value 20% below acquisition costs over a period of 6 months

**To address future development, AMB Generali decided already in Q4 for 2002 to use strictest interpretation of current IAS / US-GAAP best practices to determine impairment of shares, participations and fund units**

## Investment income still affected by capital market situation



Ytd = year to date (accumulated value since start of year)

\*) retroactively adjusted

## Reduced write-downs in Q1 2003

### Write-downs on shares, participating interests and fund units

31.03.2002 € m		30.06.2002 € m		30.09.2002 € m		31.12.2002 € m		31.03.2003 € m	
Q1	Ytd	Q2	Ytd	Q3	Ytd	Q4	Ytd	Q1	Ytd
0	0	-245	-245	-625	-870	-1,639	-2,509	-536	-536

Ytd = year to date (accumulated value since start of year)

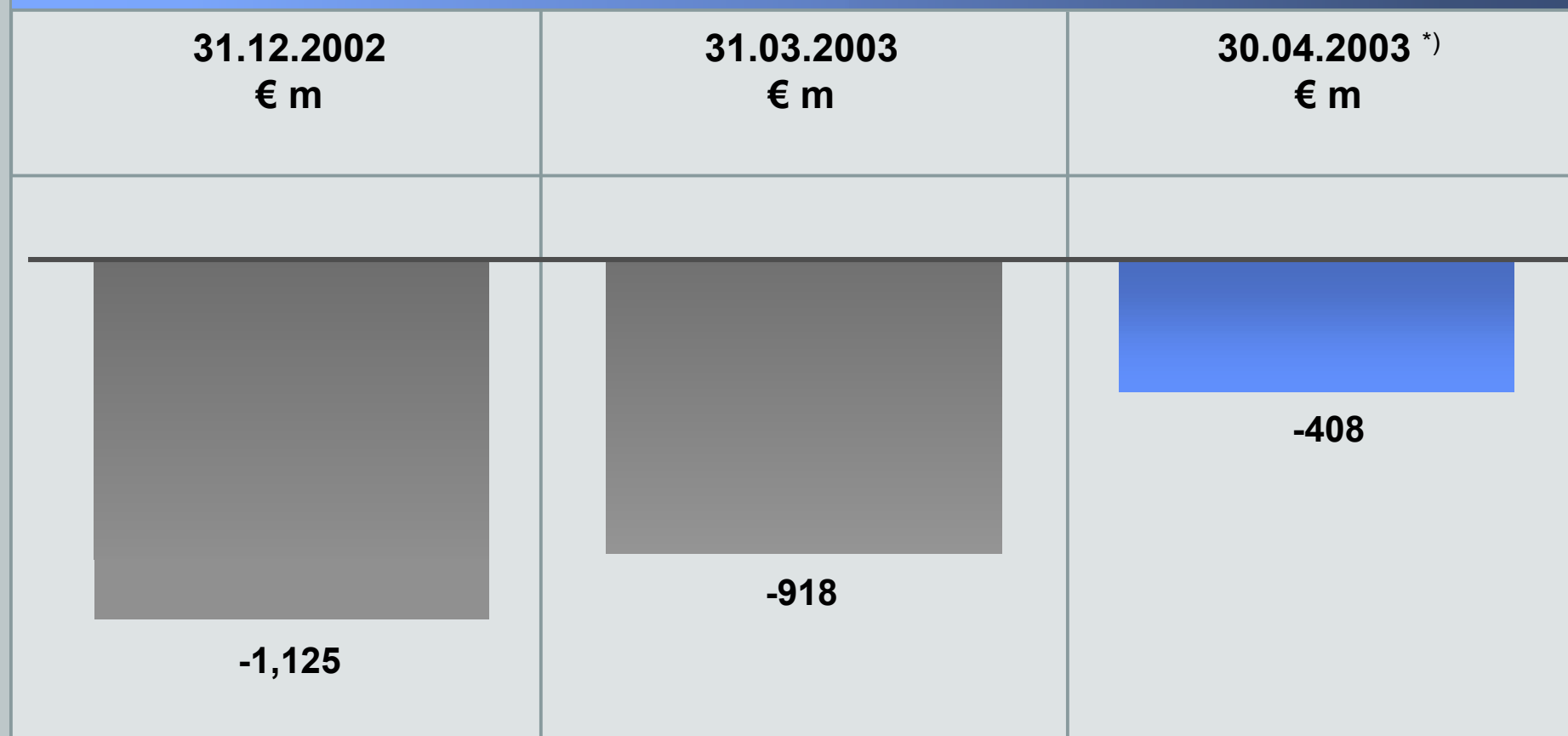
**Further decrease of unrealized losses despite negative capital market development**

**Unrealized gains/losses on shares, participating interests and fund units**

<b>31.12.2001</b> € m	<b>31.03.2002</b> € m	<b>30.06.2002</b> € m	<b>30.09.2002</b> € m	<b>31.12.2002</b> € m	<b>31.03.2003</b> € m
-1,203	-826	-1,705	-2,902	-1,125	-918

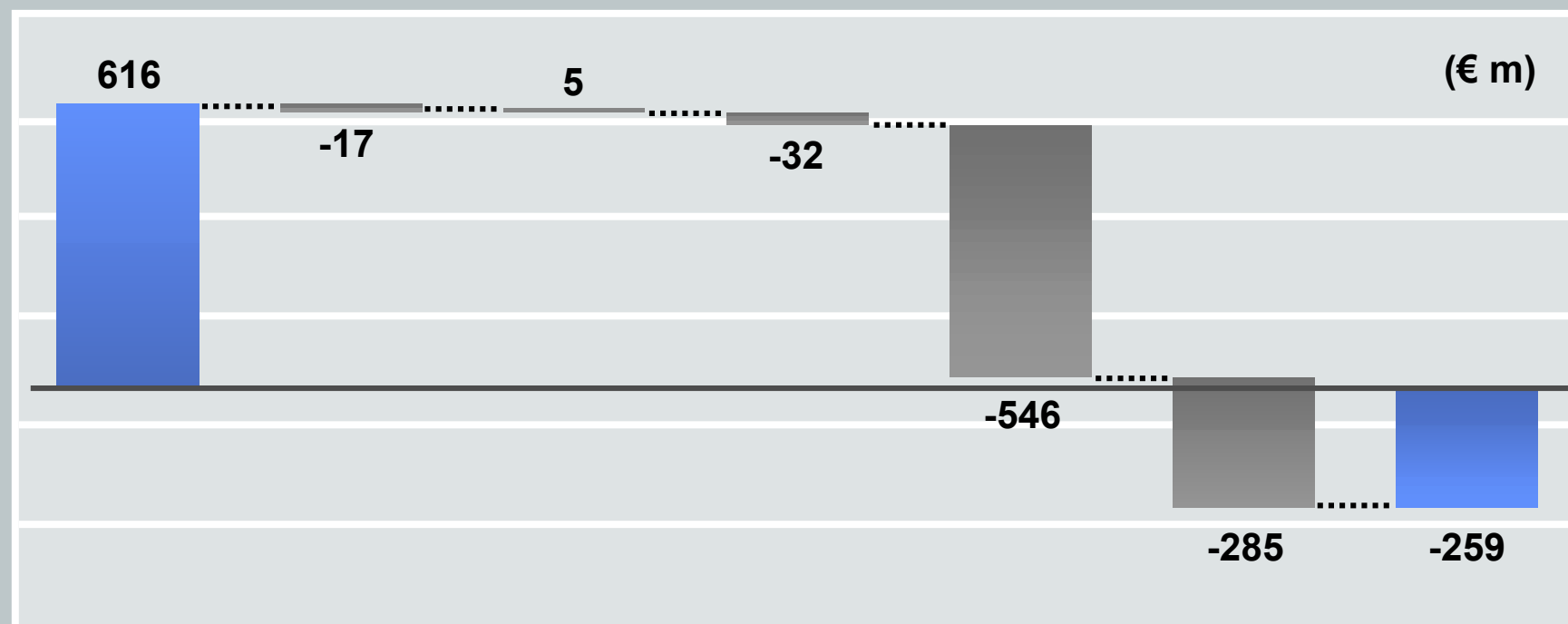
**Favourable stock market development in April 2003  
substantially reduces amount of unrealized losses**

**Unrealized gains/losses on shares, participating interests and fund units**



\*) not audited

# Development of investment income mainly influenced by write-downs and unrealized capital losses



	Investment income (net) in Q1 02	Ordinary income	Administrative expenses	Realized capital gains and losses	Write-ups and write-downs	Unrealized capital gains and losses	Investment income (net) in Q1 03
<b>Q1 02</b> *)	<b>874</b>	<b>-42</b>	<b>-244</b>	<b>-17</b>	<b>45</b>	<b>616</b>	
<b>Q1 03</b>	<b>857</b>	<b>-37</b>	<b>-276</b>	<b>-563</b>	<b>-240</b>	<b>-259</b>	
<b>Change</b>	<b>-17</b>	<b>5</b>	<b>-32</b>	<b>-546</b>	<b>-285</b>	<b>-875</b>	

\*) retroactively adjusted

## Net income influenced by substantially higher tax expenditure

(€ m)	2002	Q1 02	Q1 03	Δ Q1 03/02
<b>Group operating result</b>	<b>-166</b>	<b>67</b>	<b>148</b>	<b>+81</b>
● Tax	-65	-9	-235	-226
● Minority interests	-4	-2	0	+2
<b>Consolidated net income <sup>1)</sup></b>	<b>-235</b>	<b>56</b>	<b>-87</b>	<b>-143</b>

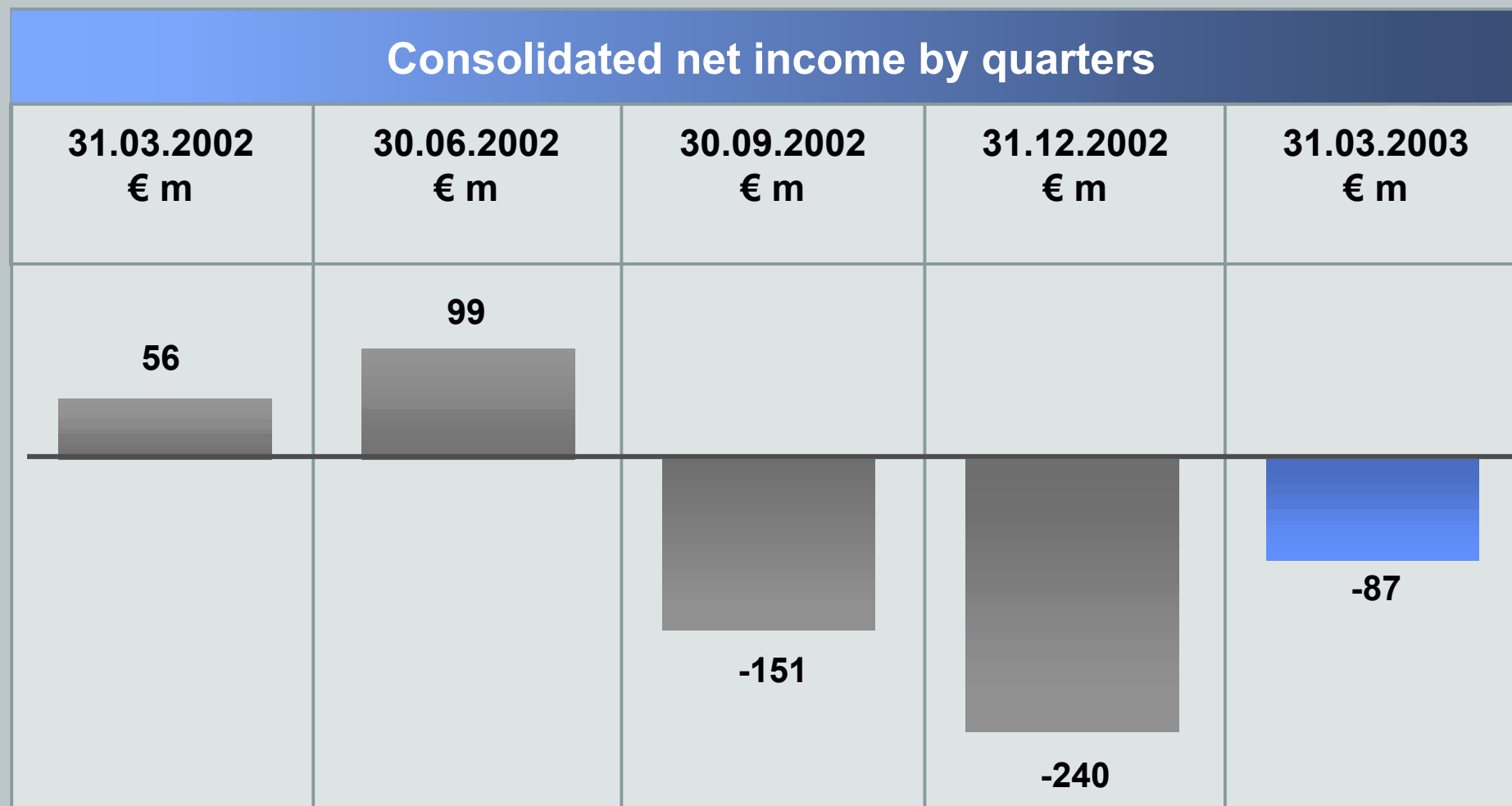
### High tax expenditure in Q1 2003 due to

- non-deductible write-downs on shares, participating interests and fund units
- non-deductible realized capital losses from shares, participating interests and fund units
- tax legislation currently under discussion

1) no extraordinary influences

## Rising tendency in net income

### Consolidated net income by quarters



Ytd = year to date (accumulated value since start of year)

## Life & health development

(€ m) <sup>1)</sup>	2002	Q1 02 <sup>4)</sup>	Q1 03	Δ Q1 03/02
<b>Total premiums (German GAAP) <sup>2)</sup></b>	<b>8,142</b>	<b>1,956</b>	<b>2,014</b>	<b>+3.0%</b>
<b>Gross premiums written (IAS) <sup>3)</sup></b>	<b>7,309</b>	<b>1,763</b>	<b>1,803</b>	<b>+2.3%</b>
<b>Investment income (net)</b>	<b>-1,113</b>	<b>502</b>	<b>-275</b>	<b>-777</b>
<b>Claims &amp; benefits (net)</b>	<b>4,617</b>	<b>1,839</b>	<b>998</b>	<b>-841</b>
<b>Expense ratio</b>	<b>13.3%</b>	<b>15.1%</b>	<b>11.8%</b>	
<b>Net income</b>	<b>-74</b>	<b>35</b>	<b>-35</b>	<b>-70</b>

1) before elimination of intra-group transactions between segments  
 2) gross premiums written incl. savings portions of unit-linked and Riester products

3) excl. savings portions of unit-linked contracts; without effect on income  
 4) retroactively adjusted

## Life development

(€ m)	2002	Q1 02 <sup>3)</sup>	Q1 03	Δ Q1 03/02
<b>Total premiums (German GAAP) <sup>1)</sup></b>	<b>6,891</b>	<b>1,649</b>	<b>1,676</b>	<b>+1.7%</b>
<b>Gross premiums written (IAS) <sup>2)</sup></b>	<b>6,062</b>	<b>1,456</b>	<b>1,466</b>	<b>+0.7%</b>
<b>Investment income (net)</b>	<b>-1,173</b>	<b>505</b>	<b>-291</b>	<b>-796</b>
<b>Claims &amp; benefits (net)</b>	<b>3,497</b>	<b>1,551</b>	<b>670</b>	<b>-881</b>
<b>Expense ratio</b>	<b>13.2%</b>	<b>15.7%</b>	<b>12.1%</b>	
<b>Net income</b>	<b>-63</b>	<b>50</b>	<b>-20</b>	<b>-70</b>

1) gross premiums written incl. savings portions of unit-linked and Riester products

2) excl. savings portions of unit-linked contracts; without effect on income

3) retroactively adjusted

## Health development

(€ m)	2002	Q1 02 <sup>*)</sup>	Q1 03	Δ Q1 03/02
<b>Gross premiums written (IAS)</b>	<b>1,246</b>	<b>307</b>	<b>337</b>	<b>+9.9%</b>
<b>Investment income (net)</b>	<b>60</b>	<b>-3</b>	<b>16</b>	<b>+19</b>
<b>Claims &amp; benefits (net)</b>	<b>1,119</b>	<b>288</b>	<b>328</b>	<b>+40</b>
<b>Claims ratio</b>	<b>61.1%</b>	<b>66.9%</b>	<b>65.1%</b>	
<b>Expense ratio</b>	<b>13.9%</b>	<b>12.5%</b>	<b>10.3%</b>	
<b>Combined ratio</b>	<b>75.0%</b>	<b>79.4%</b>	<b>75.4%</b>	
<b>Net income</b>	<b>-12</b>	<b>-16</b>	<b>-15</b>	<b>+6.1%</b>

\*) retroactively adjusted

## Property & casualty development

(€ m) <sup>1)</sup>	2002	Q1 02 <sup>2)</sup>	Q1 03	Δ Q1 03/02
<b>Gross premiums written (IAS)</b>	<b>3,861</b>	<b>1,652</b>	<b>1,585</b>	<b>- 4.1%</b>
<b>Investment income (net)</b>	<b>419</b>	<b>107</b>	<b>50</b>	<b>- 57</b>
<b>Claims ratio</b>	<b>75.1%</b>	<b>71.1%</b>	<b>62.3%</b>	
<b>Expense ratio</b>	<b>32.6%</b>	<b>27.9%</b>	<b>30.0%</b>	
<b>Combined ratio</b>	<b>107.7%</b>	<b>99.0%</b>	<b>92.3%</b>	
<b>Net income</b>	<b>2</b>	<b>43</b>	<b>26</b>	<b>- 38.2%</b>

1) before elimination of intra-group transactions between segments  
 2) retroactively adjusted

## AMB Generali with positive outlook

- **Expected growth 2003**

- Above-average in life and health
- Decrease of premiums in p&c due to strategic pruning measures

- **Improvements in technical result due to successful...**

- ...pruning of p&c portfolio
- ...realization of group-wide synergies

- **Result expectation**

- Result continues to be sensitive to capital market volatility
- Positive pre-tax result expected

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