

**AMB GENERALI**  
Holding AG

**German Corporate Conference**  
**Deutsche Bank, Frankfurt**  
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## Structure of presentation

- I. Market position**
- II. Core competence areas and challenges**
- III. Performance 2002 — preliminary figures**

I. Market position

**AMB Generali is no. 3 in German primary insurance market**

**Premium volume 2001, German market (€ bn) <sup>1)</sup>**



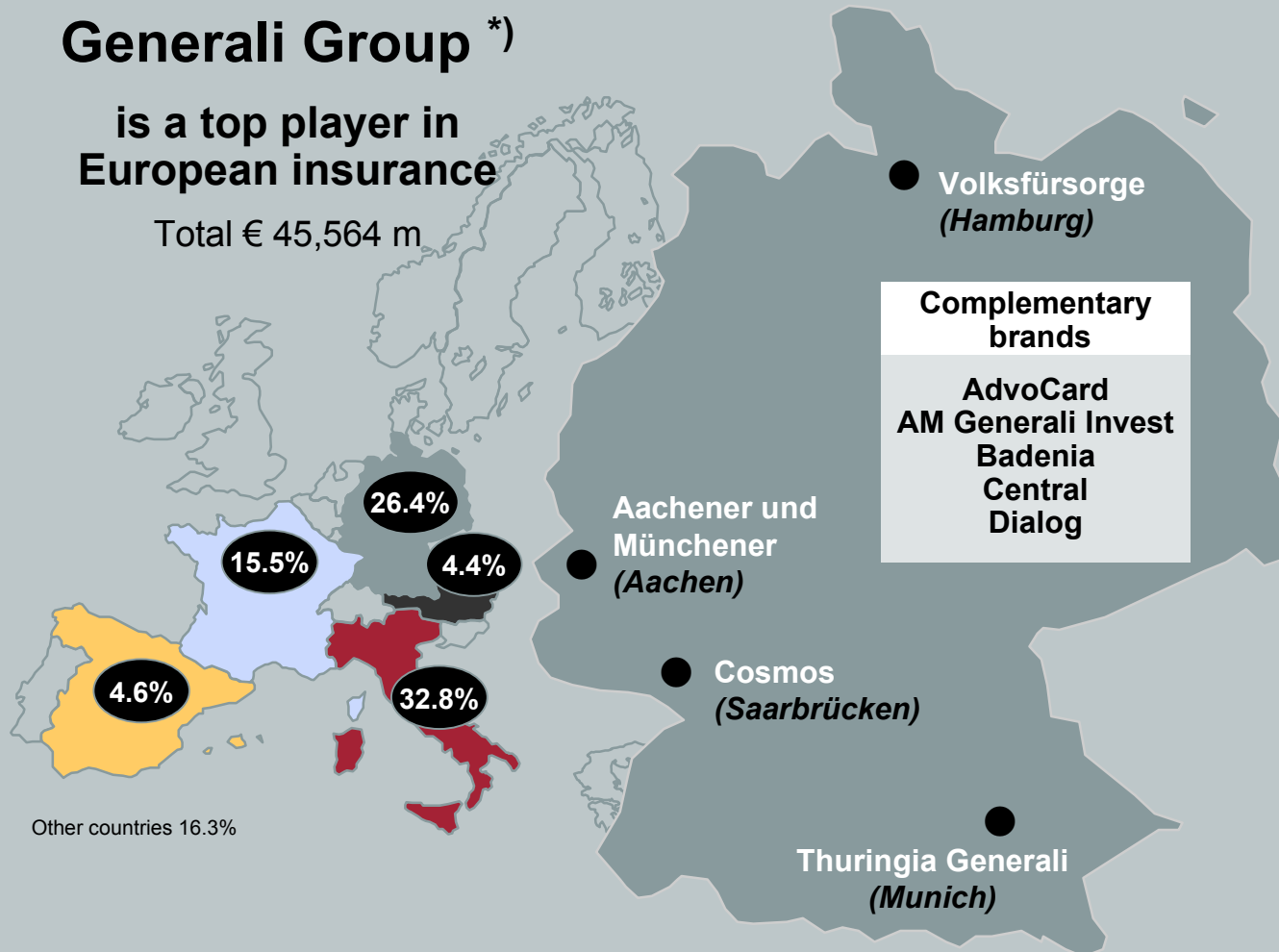
1) gross premiums written, not incl. premiums from business abroad  
2) estimated

# AMB Generali as the German part of Generali Group

## Generali Group \*)

is a top player in  
European insurance

Total € 45,564 m



**Complementary brands**

- AdvoCard
- AM Generali Invest
- Badenia
- Central
- Dialog

## AMB Generali with key position in Generali Group



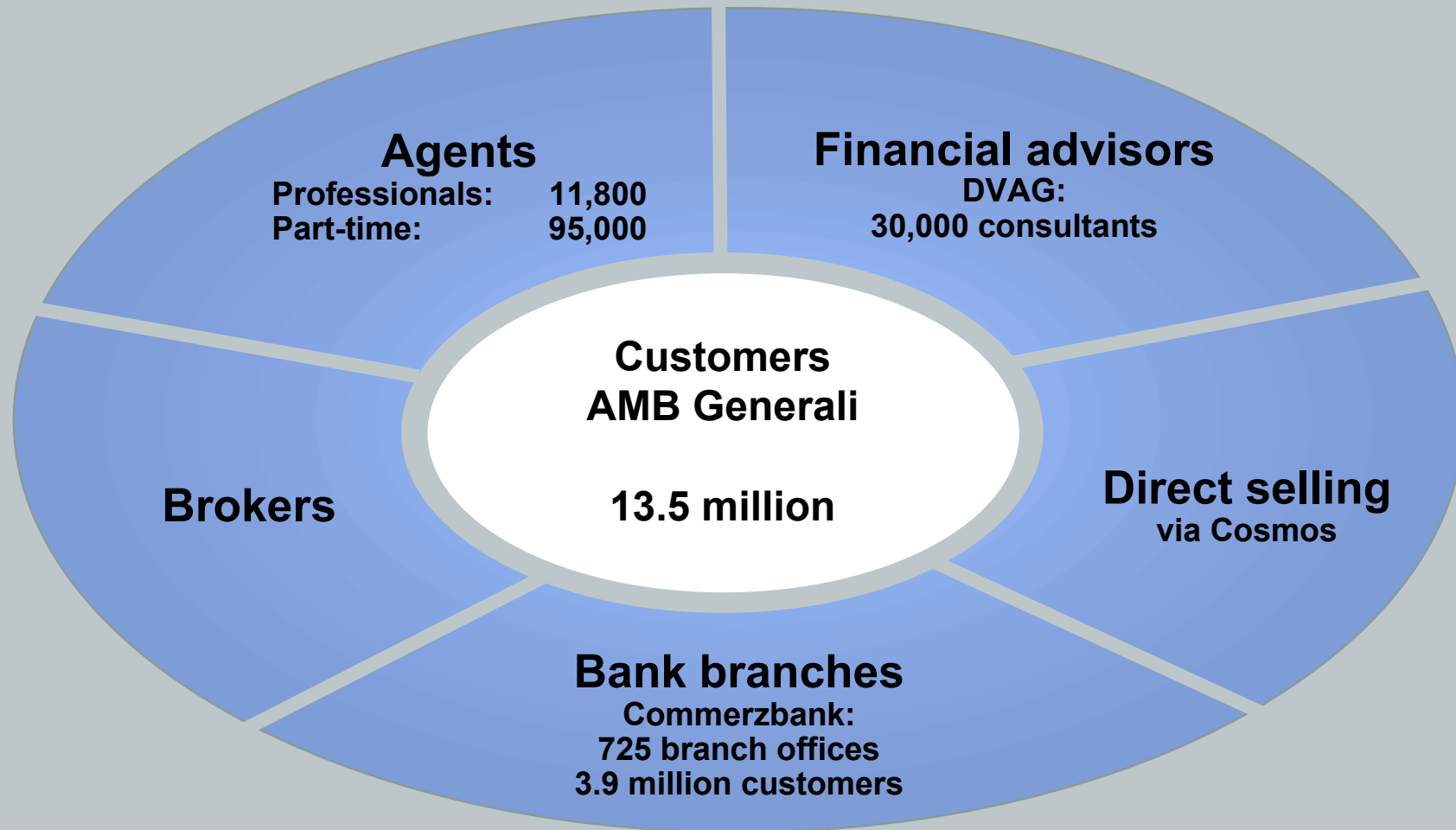
### Focus on

- German market
- Primary insurance
- Private customers
- Variety of brands

\*) consolidated premiums 2001

II. Core competence areas and challenges

Variety of brands and distribution channels as core competence areas



## Centralized infrastructure and high level of integration

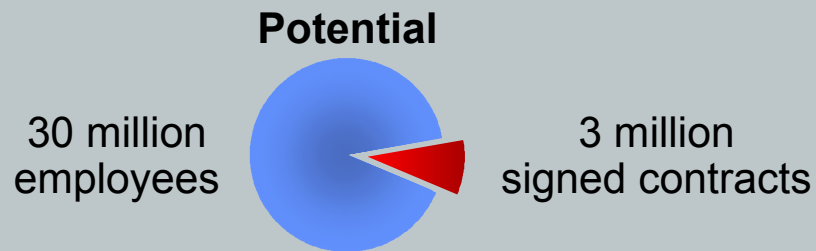
- **Centralized infrastructure efficiently supporting variety of brands and distribution channels**
  - Corporate center (value based management etc.)
  - Asset management
  - IT services
- **Strong expertise in integration of companies**
  - Merger of Thuringia and Generali Lloyd Versicherung
  - Integration of Generali health and legal expense insurances
  - Consolidation of AMB Generali companies located in Aachen
- **Strict underwriting and claims-management discipline**
  - Reorientation of former Generali Lloyd Versicherung (pruning of motor and industrial business)
  - Withdrawal from industrial business across the Group
  - Best practice approach in claims management

II. Core competence areas and challenges

**Good position in pension reform**

**Private pension**

- Riester business with slow start in the market; 3 m contracts until Dec 2002
- But high potential requiring time to unfold



- AMB Generali with
  - 580,000 contracts
  - app. 20% market share
  - ➔ AMB Generali is #2 in Germany
- Medium-term target: > 15% of Riester insurance products

**Corporate pension**

- Market segment with high growth potential
- Small and medium-sized companies currently under-proportionally covered
- Need of integrated product distribution and consulting approach
- AMB Generali with
  - focus on small and medium-sized enterprises
  - presence of all five product lines
  - expanding consulting and distribution capacities

## Health reform as opportunity

### Market

### AMB Generali

#### Compulsory health insurance

- Longer lives and advanced therapies on the one hand, demographic situation and unemployment with no contribution payments on the other hand lead to deficit
- Measures by Federal Government
  - Significant increase of premium rates
  - Continuous reduction of services
  - Increase of income threshold for compulsory insurance

#### Consequences for market

- Increase in premiums encourages customers to change
- Narrowing of private health market due to decrease of voluntarily insured is of minor importance
- Market development still highly uncertain

- Central as #6 in German health insurance market with
  - wide range of high quality products
  - efficient distribution channels
  - premium growth above market average

#### Significant growth potential

- Still 2.5 million voluntarily insured in compulsory health insurance with new quality awareness
- Reduction of services to basic medical care in compulsory health insurance would define new role of private health insurance

## Restrictive accounting approach

### Capital markets

- Share prices decreased for 3rd consecutive year
- 2002 DAX: -44%  
Stoxx: -31%
- Highest ever one-year DAX loss

### Update on IAS accounting

- Amendments of stricter IAS impairment-test rules
- For better comparability, saving portions of Riester and unit-linked products not recognized as premiums but directly accumulated in mathematical provision

### Effects on reported results

- Difficult capital-market situation and strict impairment tests lead to high write-downs but also to reduction of unrealized losses mainly in life
- Lower recognition of premiums under international accounting rules in comparison to German GAAP

## Business development 2002

preliminary figures

(€)	2002e	2001	Δ 02 / 01
● <b>Total premiums German GAAP<sup>1)</sup> :</b>	<b>11.6 bn</b>	<b>11.2 bn</b>	<b>4.1%</b>
■ Life regular premiums	6.5 bn	6.1 bn	5.4% <sup>4)</sup>
● <b>Consolidated gross premiums written IAS<sup>2)</sup> :</b>	<b>10.8 bn</b>	<b>10.5 bn<sup>3)</sup></b>	<b>3.2%</b>
■ Life regular premiums	5.6 bn	5.4 bn <sup>3)</sup>	3.9% <sup>5)</sup>
■ Health	1.2 bn	1.2 bn	5.8%
■ P&C	3.5 bn	3.4 bn	3.0%
● <b>Investment income (net) :</b>	<b>- 928 m</b>	<b>3,343 m<sup>3)</sup></b>	
● <b>Consolidated net income :</b>	<b>- 235 m</b>	<b>316 m</b>	
● <b>EPS :</b>	<b>- 4.38</b>	<b>5.89</b>	

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

2) 1st time excl. savings portions of unit-linked contracts; without effect on income

3) retroactively adjusted

4) life total: € 6.9 bn, +4.3%

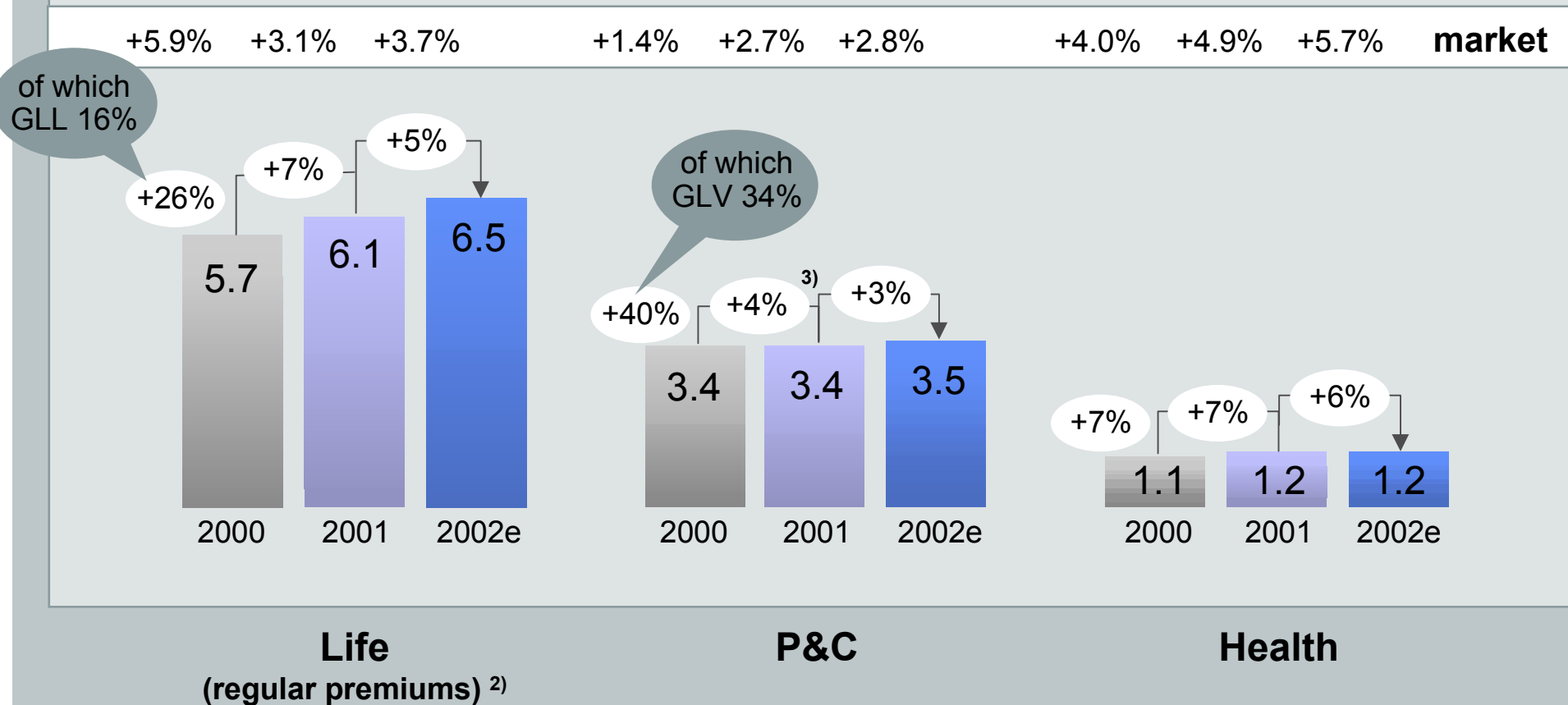
5) life total: € 6.1 bn, +2.8%

III. Performance 2002 - preliminary figures

Continuously good growth rates

preliminary figures

Premium growth  
(German GAAP) <sup>1)</sup>

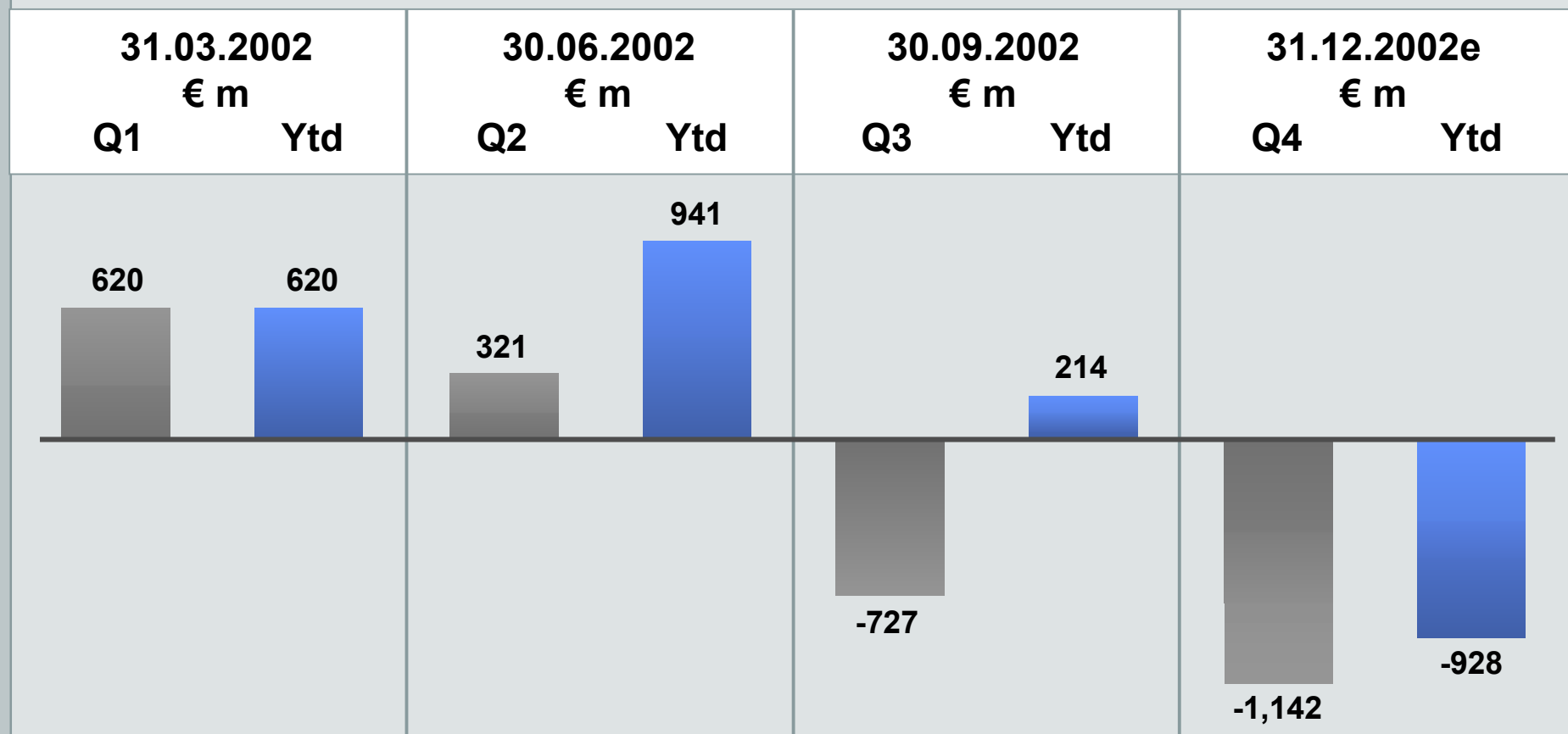


1) consolidated gross premiums in € bn  
 2) life total 2002: € 6.9 bn, +4.3%  
 3) adjusted for Generali Lloyd strategic portfolio pruning; unadjusted growth rate 2001: 1.1%

# Impairment test as main influence on investment income

preliminary figures

## Net investment income



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

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## Amendments of IAS 39 lead to stricter impairment rules

### Q3 2002 and prior

- Decision to recognize impairment losses based on variety of criteria
- Presumption of durable devaluation: market value 20% below acquisition costs over a continuous period of 9 months
- Check of durability using following criteria: industry affiliation, net asset value, PE-ratio and analysts' assessments
- Write-down on higher interim value (e.g. net asset value) possible

→ AMB Generali wrote down on interim value

### Q4 2002

- Stricter interpretation by European auditors
- Discussion about "significant and prolonged"
- Driven by practice mainly used in the US (SEC-view)
- If impaired → only market value as possible value

### 2003 onwards

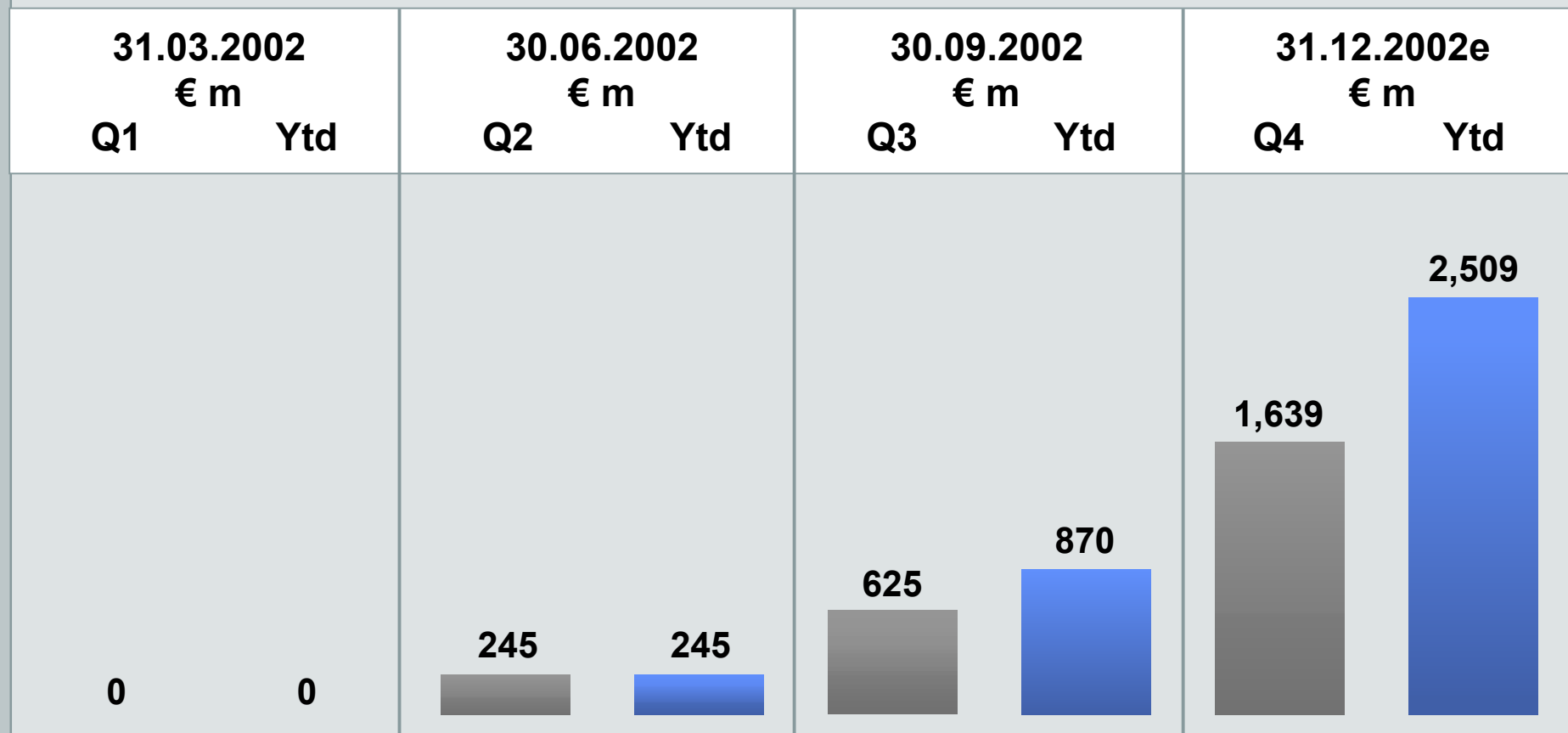
- Proposed amendments planned of standard IAS 39 "financial instruments" (ED) in 2003
- Significant and prolonged decline in the market value automatically triggers off impairment
- According to current best practice under US-GAAP "significant and prolonged" means: market value 20% below acquisition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

AMB Generali decided to apply this strictest interpretation of IAS 39 on shares held directly as well as in special funds and on participating interests

# Strict impairment application triggered off additional write-downs

**preliminary figures**

## Write-downs on shares and participating interests



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

Increase of write-downs leads to decrease of unrealized gains and losses

preliminary figures

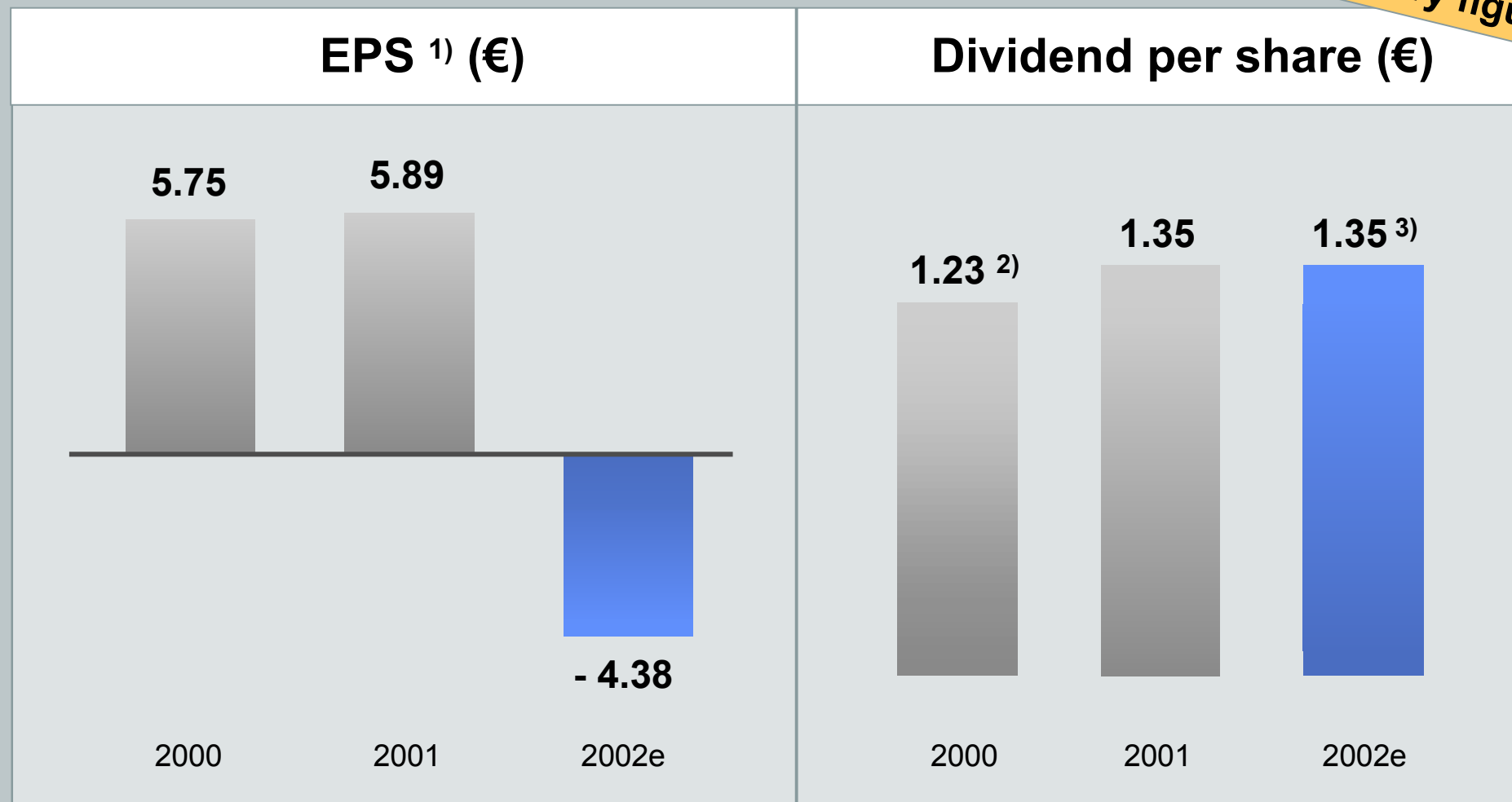
Unrealized gains and losses on shares and participating interests

31.03.2002 € m	30.06.2002 € m	30.09.2002 € m	31.12.2002e € m
-814	-1,637	-2,805	-1,022

III. Performance 2002 - preliminary figures

**Proposal to maintain dividend level**

*preliminary figures*



1) excl. extraordinary influences  
 2) additional tax-driven bonus dividend of € 4.02 in 2000  
 3) dividend proposal

## AMB Generali is well prepared for the future

- **Strong market position through variety of brands and distribution channels**
- **Expected growth 2003**
  - Above-average in life
  - Above-average in health
  - Selectively profitable in p&c
- **Improvements in technical results**
  - Increased efforts in pruning of p&c portfolio
  - Realizing Group-wide synergies
- **Reduction of unrealized losses due to stricter impairment rules**
- **Result expectation**
  - Still highly sensitive to capital market volatility
  - Positive result expectations before taxes, but clearly not as high as previous years
- **No need for capital increase to fulfill solvency requirements**

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