

Allianz With Interim Report for the First Quarter and Final Figures for Fiscal 2000

The first quarter of 2001 saw rise in premium income and improvement in combined ratio at the Allianz Group

In the first quarter of 2001 the Allianz Group increased its earnings (total gross premium income) by 6 percent and clearly improved the combined ratio, i.e. the ratio of losses and expenses to premiums earned. The Allianz Group remains on the track of profitable growth. The outlook for the current fiscal year remains unchanged: an increase in sales exceeding five percent and a hike in earnings of around 13 percent. Allianz will make a recommendation to the Annual General Meeting to increase the dividend by 20 percent from 1.25 to 1.50 euros.

For the first time, Allianz has published complete quarterly financial statements. This year, it was not possible – aside from premium income – to compile comparative figures in relation to the same period in fiscal 2000 because a number of major Group companies have not previously drawn up quarterly financial statements.

Gross premium income increased by 6 percent overall during the first quarter of fiscal 2001, rising from 19.5 billion euros to 20.6 billion euros. This growth rate was supported by the effects of consolidation. Income of 0.3 billion euros were contributed by business acquired from HIH Insurance in Australia, the purchase of Zwolsche Algemeene in the Netherlands, and additions in Romania and Bulgaria. Without the effects of consolidation and assuming currency parity, growth comes out at 4.4 percent.

Property and Casualty grew by 7.9 percent to 13 billion euros. Growth primarily originated in the USA, Great Britain, Spain and Australia. The combined ratio, i.e. the ratio of losses and expenses to premiums earned, improved to 102.7 percent in the first quarter of fiscal 2001 in comparison with the entire previous year (2000: 104.9 percent). The loss ratio decreased by almost 3 percentage points to 75 percent. Substantial improvements were made in France, Great Britain, Austria and Spain. Apart from increases in insurance rates, the Group benefited from the fact that there were no major losses arising from natural disasters during the first quarter. The expense ratio rose slightly from 27 percent to 27.7 percent, as a result of investments in IT.

Life and Health grew by 3 percent to 7.8 billion euros. Premium income from

life insurance products that are primarily savings oriented rose by around 12 percent to a figure in excess of 3 billion euros. These sales are not recognized under IAS accounting rules and gross premiums increased by 2 percent to 4.8 billion euros. The USA was the main engine for growth in the sale of insurance for fixed-interest annuities, while European demand for variable annuities weakened significantly due to the situation in the capital markets.

Earnings before taxes and amortization of goodwill amounted to 1.4 billion euros in the first quarter of 2001. Amortization of goodwill amounted to 153 million euros. Of this, 46 million euros were attributable to PIMCO, Zwolsche Algemeene and Nicholas Applegate. The tax charge amounted to 292 million euros and minority interests in earnings stood at 247 million euros. After taxes, amortization of goodwill and minority interests, the Allianz Group posted net income of 705 million euros. Earnings per share are 2.87 euros.

Assets under management had increased by around 6 percent to 757 billion euros on March 31, 2001. Investments in insurance business amounted to 360 billion euros, of which 337 billion euros came from the Group's own investments and 23 billion euros were generated by investments for variable annuities. Investments for third parties increased from 336 billion euros to 384 billion euros. The takeover of Nicholas Applegate was completed in January 2001 and the company contributed 32 billion euros. PIMCO had assets under management for customers amounting to 314 billion euros at the end of the first quarter of 2001.

Allianz expects an **increase in premium income** in excess of 5 percent to slightly over 72 billion euros for fiscal 2001. **Earnings growth** from the current perspective is expected to undergo an increase of around 13 percent. The basis for comparison is the net income of 2.4 billion euros for the year 2000, adjusted for non-recurrent fiscal effects.

The total number of staff employed by the Allianz Group worldwide on March 31, 2001 was **120,376 employees** – an increase of around 693 over the end of the previous year (12/31/2000: 119,683). The increase is mainly due to our acquisitions.

Final balance sheet figures for fiscal 2000

The Allianz Group achieved **net income** of 3.4 billion euros for fiscal 2000. This corresponds to a leap of around 49 percent by comparison with the previous year (2.3 billion euros). This result includes a substantial non-recurrent fiscal effect as a result of the reduction in corporate income tax in

Germany from 40 to 25 percent. After adjustment for this non-recurrent fiscal effect, earnings are nearly 2.4 billion euros – representing growth of 13.4 percent as compared with the adjusted value for the previous year of 2.1 billion euros.

Total **premium income** for the Allianz Group rose by 13.4 percent worldwide from 60.6 billion euros to 68.7 billion euros. Around 79 percent of premium income was generated in the European domestic market. Apart from consolidation and exchange-rate effects, this growth is primarily due to strong organic growth of 4.8 billion euros (almost 8 percent). Gross premium income calculated under IAS rules (calculated without premiums from life insurance products that are primarily saving oriented) increased up by 7.6 percent to 57.9 billion euros.

Improved earning power beefed up **earnings per share** to 14.10 euros. After the adjustment for the non-recurrent effects outlined above, earnings per share stood at 9.72 euros per share (1999: 8.58 euros). This will be the seventh consecutive year when the Board has recommended an increase in dividend to the Annual General Meeting, this time by 20 percent from 1.25 euros to 1.50 euros.

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Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates including the Euro – U.S. dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments and (xi) general competitive factors, in each case on a local, regional, national and / or global basis.

The matters discussed in this release may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. Allianz AG assumes no obligation to update any forward-looking information contained in this release.