

Investor Relations

Allianz Group – Performance in the First Quarter 2002

Net income of 1.9 billion euros – global premium income up by more than 10 percent – administrative expenses of Dresdner Bank reduced by around 10 percent

During the first three months of the current fiscal year, the Allianz Group achieved net income of 1.9 billion euros. Aside from an improvement in operating business, the increase over the previous year is primarily due to realized capital gains. Total revenues amounted to 25.4 billion euros. The positive growth trend in insurance business continued during the first quarter of 2002. Worldwide the Allianz Group succeeded in increasing its gross premium income by 10.6 percent from 20.6 to 22.8 billion euros. Net revenue in banking business amounted to 2.0 billion euros. Assets under management of the Allianz Group at the end of the first quarter of 2002 increased to 1185 billion euros. Investments for third parties advanced by 3.5 percent to 642 billion euros.

Earnings before taxes and amortization of goodwill amounted to 2.4 billion euros in the first quarter of 2002. Capital gains were the main reason for the increase of more than 70 percent by comparison with 1.4 billion euros in the first three months of the previous year.

Amortization of goodwill went up by 131 million euros to 284 million euros. This was in part due to consolidation of the Dresdner Bank Group since July 23, 2001. The shareholding of Allianz in Dresdner Bank increased by 17.1 percent to 95.6 percent during the first quarter. Another factor influencing goodwill was acquisition of 40.6 percent of the capital in Allianz Lebensversicherungs-AG from Munich Re. Taking into account tax income of 126 million euros and after deduction of minority interests amounting to 320 million euros, the Allianz Group posted net income of 1.9 billion euros during the first three months. **Earnings per share** are 7.96 euros.

Gross premium income in insurance business worldwide increased by 10.6 percent from 20.6 to 22.8 billion euros during the first quarter of 2002, by contrast with the comparable period for 2001.

After adjustment for the effects of consolidation and exchange rates, growth was 9.2 percent. Sales from investment-oriented life-insurance products are only recognized with their risk

and cost elements under IAS rules, and gross premium income here increased by 7.5 percent from 17.6 to 18.9 billion euros.

In **property and casualty insurance** premium income advanced during the first three months by 6.7 percent from 13.0 to 13.9 billion euros. The companies in France, Great Britain, Spain, Switzerland, Eastern Europe and the Asia-Pacific region were particularly notable in contributing to this result with double-digit growth figures. After adjustment for the effects of consolidation and exchange rates, growth was 5.4 percent. Increased premiums, particularly in automotive insurance and in sections of industrial and corporate customer business, exerted a positive effect on sales performance.

The **loss ratio** during the first quarter of 2002 went up by 1.2 percentage points to 76.2 percent by comparison with the figure for the first three months of the previous year. However, compared with the ratio for 2001 adjusted for claims relating to events at the World Trade Center, the Allianz Group achieved an improvement of 0.5 percentage points. The large number of insolvencies due to the tense economic situation in many countries entailed a significant negative effect in credit insurance. Successes were reported in international industrial insurance. The gross loss ratio improved here from 121 percent to 82 percent. The **expense ratio** was 27.2 percent, marking an improvement of 0.5 percentage points over the first quarter of 2002, and 2001 as a whole.

After amortization of goodwill, taxes and minority interests, earnings amounted to 5.6 billion euros. Adjusted by equity sales between group companies, the Allianz Group posted **net income** of 2.3 billion euros in the property and casualty segment.

In **life and health insurance**, total sales of the Allianz Group increased by 16.0 percent from 7.8 to 9.1 billion euros. Nearly 43 percent of this business or 3.9 billion euros was derived from investment-oriented products. Despite poor sentiment in the capital markets, sales of these products climbed by 28.8 percent. Sales growth has been driven primarily by business successes in the USA, Italy and in Germany. After adjustment for the effects of consolidation and exchange rates, growth in the life and health insurance segment was 14.6 percent. Premium income in the IAS account advanced by 8.1 percent from 4.8 to 5.2 billion euros.

Weakness in the capital markets impacted very negatively on investment earnings. At 2.2 billion euros, income was 0.9 billion euros below the figure for the comparable period in 2001.

After amortization of goodwill, taxes and minority interests, net income in the life and health insurance segment came out at 14 million euros.

Assets under management of the Allianz Group increased at the end of the first quarter of 2002 by 1.1 percent or 13 billion euros to 1185 billion euros by comparison with year-end 2001. The **Group's own investments** fell back by 10 billion euros to 517 billion euros as a result of reducing the size of trading portfolios and cash outflows used to finance the increase in shareholdings in Dresdner Bank and Allianz Lebensversicherungs-AG. **Investments for third parties** went up 22 billion euros or 3.5 percent to 642 billion euros.

Improvement of the market position of the Allianz Group continued, in particular as a result of sales in managed funds to private customers in the USA. As compared with the first three months of the previous year, cash inflows doubled to 6.1 billion US dollars. Allianz is now ranked number two for this segment in the USA. The PIMCO Total Return Fund made a significant contribution to this result: net cash inflows of 2.9 billion US dollars made it the best-sold US-American mutual fund in all classes of investment during the first three months of 2002.

Earnings before taxes and amortization of goodwill in the asset management segment amounted to 51 million euros. This includes amortization of loyalty bonuses and retention payments for the PIMCO Group. After adjustment for this amortization, an **operating result** before taxes of 148 million euros was achieved. As expected, negative **earnings** of 91 million euros were posted during the first quarter of 2002 after amortization of goodwill, taxes and minority interests.

In **banking business** weak performance in the markets and the economy overall exerted a negative impact on net income. The sum of net interest income, net fee and commission income, and trading income amounted to 2.0 billion euros. Commission business continued to suffer from the restraint shown by customers. Lower profits in securities trading registered negatively in trading income.

Administrative expenses at Dresdner Bank fell by around 10 percent, to just under 1.8 billion euros compared with the first quarter of the previous year. The cost-cutting programs had a positive impact here. Expenditure on **loan loss provisions** amounted to 332 million euros during the first three months of the current fiscal year.

After amortization of goodwill, taxes and minority interests, the banking segment reported negative **earnings** of 126 million euros.

Allianz is assuming that the ongoing growth trend of previous years will continue during the **current fiscal year**. An increase of at least 4 percent is expected in total premium income for insurance business based on exchange rates for the year 2001. Net income of more than 3 billion euros is anticipated.

Munich, May 16, 2002

Cautionary Note Regarding Forward-Looking Statements

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, (xi) the impact of acquisitions (e.g., Dresdner Bank), including related integration issues, and (xii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of the events on, and following, September 11th 2001.

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