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oliver.schmidt@allianz.com ☎ +49 (0)89-3800-3963
stefan.engelke@allianz.com ☎ +49 (0)89-3800-18124
peter.hardy@allianz.com ☎ +49 (0)89-3800-18180
christian.lamprecht@allianz.com ☎ +49 (0)89-3800-3892

investor.relations@allianz.com Fax +49 (0)89-3800-3899
www.allianzgroup.com/investor-relations

Allianz Group 2003:

- **Turnaround in income generates 1.6 billion euros profit**
- **Upswing in operating earnings of 4.5 billion euros**
- **Turnarounds at AGR and Fireman's Fund concluded**

The Allianz Group has turned income around in the fiscal year 2003 and moved back into the profit zone. Following a loss of 1.2 billion euros in the previous year, net income of 1.6 billion euros was achieved for 2003. The consolidation measures introduced in the "3 Plus 1 Program" are taking effect. This is demonstrated by administrative cost savings of 1.9 billion euros and a reduction in the operating loss in banking business by 1.6 billion euros. The sustained operating achievements have brought about significant improvements in all business segments and in almost all Group companies. The combined ratio in Property and Casualty insurance improved from 105.7 to 97.0 percent. The turnarounds at Allianz Global Risks (AGR) and Fireman's Fund (FFIC) were concluded successfully, and substantial improvements were achieved at AGF and Dresdner Bank. The Group´s capital base was strengthened by 6.9 billion euros. The Allianz Group will consistently focus on its strengths during 2004 and intensify efforts to bring about additional operating improvements and sustained profit growth.

"We achieved an upswing in operating earnings of 4.5 billion euros during the course of the fiscal year 2003 and placed the Group back on a solid capital base. This proves that our "3 Plus 1 Program" is successful. It indicates that Allianz is again becoming a force to be reckoned with. We are convinced that by 2005 at the latest, we will be back where we belong – in the premier league of companies with strong earning power," commented Chairman of the Board of Management Michael Diekmann.

Despite significant operating advances, 2003 saw negative factors exerting an influence and these had an effect on earnings. In particular, these included restructuring expenses at Dresdner Bank amounting to 840 million euros and a tax charge on German life and health insurers amounting to 428 million euros as a consequence of new tax legislation. Unscheduled amortization of capitalized goodwill for the South Korean subsidiary Allianz Life Korea totaled 224 million euros. "We know that we still have some way to go in order to achieve projected profitability goals, particularly in banking business and in some insurance units. However, we have the strength and financial muscle to achieve this," commented Diekmann.

Besides the return to sustained profitability in operating business and strengthening of the capital base, a reduction in the complexity of the business portfolio constituted the focus for 2003. A total of 20 group activities that were not part of the strategic direction were sold, wound up, or – in the case of Advance Bank – incorporated within existing units.

The Board of Management will propose to the Annual General Meeting that a **dividend** of 1.50 euros per share should be distributed, thereby retaining the level of the previous year. “Maintaining dividend continuity for the shareholders has always been an important principle at Allianz,” said Diekmann.

Year-end figures for the fiscal year 2003

Gross premium income in insurance business at Allianz went up in the fiscal year 2003 by 2.8 percent from 82.7 to 85.0 billion euros compared to the previous year. Adjusted for consolidation and exchange-rate effects, internal growth amounted to 7.3 percent.

In **Property and Casualty insurance**, premium income went up by 4.0 percent to 43.4 billion euros, adjusted for consolidation and exchange-rate effects. This development was essentially brought about by a pricing policy more commensurate with the risk involved, in particular in Germany, France, Spain and the USA. At the same time, the Allianz Group continued a consistent policy of streamlining the portfolio by eliminating unprofitable business.

The turnaround programs at Group companies Fireman’s Fund Insurance Company and Allianz Global Risks were brought to a successful conclusion. The Allianz Group’s global industrial insurance business is focused at AGR, and here the combined ratio – i.e. the ratio of claims expenses and costs to premiums earned – improved significantly from 126.3 to 93.8 percent. At FFIC ongoing business has a combined ratio of 88.3 percent. The French AGF is supposed to reduce the combined ratio from 102.8 percent to below 100 percent during the course of this year.

The combined ratio for Property and Casualty business overall was 97.0 percent at the close of 2003. This is 8.7 percentage points below the value for the previous year (105.7 percent). The investment result was 6.5 billion euros and was determined by the sale of shares in Beiersdorf AG, contributing 2.8 billion euros to earnings. Earnings after tax in the segment was 4.5 billion euros. This is a significant improvement compared with the result for the previous year, which amounted to 3.4 billion euros after adjustment for internal Group transactions.

Total sales in **Life and Health insurance** went up by 5.3 percent from 40.2 to 42.3 billion euros. Business with unit-linked life insurance and other investment-oriented products grew by 10.8 percent. In IFRS accounts, which only recognize the risk and cost elements in premium from investment-oriented products, premium income increased 0.1 percent to 20.7 billion euros.

Allianz Lebensversicherung was again able to achieve a very good result in Germany with growth in premium income from new policies totaling 25.9 percent. This result significantly outperformed the market. Considerable increases in Italy and Spain were also reported.

The expense ratio in this segment again improved from 10.0 to 7.9 percent. The recovery in the capital markets increased investment earnings from 7.4 to 9.8 billion euros. Earnings before tax and amortization of goodwill rose from 83 to 1,155 million euros. 224 million euros were written down on capitalized goodwill of Allianz Life Korea. This measure takes account of the current assessments of earnings power based on the reduced interest rates in Korea. Earnings in the segment were lower because of significantly higher overall tax expenditure of 589 million euros. A key factor here was a change in the tax legislation in Germany. There was a loss of 48 million euros overall for the segment, following on from net income of 19 million euros in the previous year. “We can sense that people have accepted the need to make private provision for retirement. That’s why we are once again anticipating good new business at Allianz Leben during the current fiscal year. Assuming that development in the capital markets continues to be favorable, we also anticipate a significantly improved and positive result net of taxes in Life and Health insurance,” commented Board Member Helmut Perlet.

Banking business is primarily governed by performance at Dresdner Bank and the operating result improved significantly compared to the previous year by 1.6 billion euros to minus 357 million euros. The Institutional Restructuring Unit (IRU) concluded with an operating loss of 728 million euros and the reduction of non-strategic credits proceeded more rapidly than anticipated. The risk assets of Dresdner Bank were reduced by 21.6 percent from 142.5 to 111.7 billion euros. The burden of 1.6 billion euros (before amortization of goodwill) in the non-operating part of the banking segment is particularly due to write-downs and restructuring charges. The segment concluded the fiscal year 2003 with a loss of 1.3 billion euros (2002: minus 1.4 billion euros).

The operating revenues fell from 7.6 to 6.7 billion euros. This is primarily due to the reduction of risk assets as well as the deconsolidation of Deutsche Hyp. Risk provisions in loan business eased considerably and at 1.0 billion euros it was 54.4 percent below the figure for the previous year. Administrative expenses in banking business were again reduced significantly by 16.8 percent to 6.1 billion euros compared with the previous year.

“The team at Dresdner Bank has succeeded in improving the cost-income ratio very significantly,” commented Perlet. “The bank is on the right track to becoming profitable and competitive once again. We are confident that consistent implementation of the “New Dresdner” Program will result in the bank earning its cost of capital in the fiscal year 2005.”

Asset Management at the Allianz Group is managed under the umbrella of Allianz Dresdner Asset Management (ADAM). Assets under management totaled 996 billion euros at the close of 2003. 565 billion euros of these assets, i.e. 57 percent, were managed on behalf of third parties. This includes net inflows of 25 billion euros and growth of 47 billion euros brought about by market forces. However, these positive factors must be set against a negative exchange-rate effect – principally due to the weakness of the US dollar against the euro – of 68 billion euros. The operating result in the Asset Management rose from 495 to 733 million euros and was improved by 48 percent compared with the previous year. A loss of 270 million euros in this segment resulted after deducting acquisition-related expenses, taxes and minority interests. It was possible to reduce the loss by 197 million euros compared with the previous year.

High growth was achieved in business with fixed income funds given a net inflow of 33 billion euros. The PIMCO Total Return Fund increased its investment volume to 74 billion US dollars by the year-end. This established the fund as the biggest investment fund in the world. The dit Euro Bond Total Return Fund “powered by PIMCO” enabled the European equivalent to take up a strong position as well. This fund booked inflows of more than 1.7 billion euros during the course of the year, making it one of the most popular mutual funds in Germany. The dit Group reported total net inflows for mutual securities funds of 3.5 billion euros. ADAM Deutschland continues to be the number one in Germany for business with institutional customers. China is a strong growth market for fund providers and the joint venture Guotai Junan Allianz Fund Management had an extremely successful start in this market with the launch of the Desheng Stable Balanced Fund and a sales volume of 398 million euros.

The **headcount** at the Allianz Group fell by 7,901 to 173,750 worldwide as at 31 December 2003. This reduction is due to comprehensive measures designed to make processes leaner and consolidate individual divisions.

Outlook for fiscal year 2004

Allianz is assuming further improvements in operating result for the current fiscal year 2004. Implementation of the "3 Plus 1 Strategy" will continue at the same fast pace. An increase in total premium income of 4 percent is expected. With continued disciplined underwriting policy and strict cost management, a combined ratio below 97 percent is anticipated in Property and Casualty insurance, assuming that there are no significant natural disasters or other exceptional charges. Plans are underway to reduce costs in banking business further and moderately improve operating income. An increase of 10 percent in managed third-party investments is the goal in Asset Management, combined with a further reduction in the cost-income ratio. "We have ambitious targets that we will be able to achieve with the "3 Plus 1 Strategy". This is a time of great uncertainty for the population at large, and we want to provide our customers with guidance and security. Our goal is to return Allianz to its position as the international financial services provider for Protection, Provision and Poerformance. A financial services provider in whom people will place their full confidence," said Diekmann.

Key figures of Allianz Group	**2002**	**2003**
Total premium income (bn €)	82.7	85.0
Net income (bn €)	- 1.2	1.6
Shareholders´equity (bn €)	21.7	28.6
Earnings per share (€)	- 4.44	4.77
Dividend per share (€)	1.50	1.50
Market capitalization at year-end (bn €)	22.0	36.7

- You will find this notice together with the 2003 annual report on the Internet at **www.allianzgroup.com/investor-relations**.
- The **annual report** will be available in hard copy as from mid-April.
- The **financial press conference** will take place today at 10 a.m. CET and will be broadcast live via the Internet on www.allianzgroup.com.
- We would like to remind you that we are holding an **analysts' conference** on 19 March 2004. It will also be broadcast live via the Internet. The conference will begin at 11 a.m. CET. The pdf file of the presentation for the analysts will be available in the Internet for download as of 10 a.m. at www.allianzgroup.com/investor-relations.

These assessments are, as always, subject to the disclaimer provided below.

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) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) 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 terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG’s filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

No duty to update

The company assumes no obligation to update any information contained herein.