Allianz Group

Interim Report

First quarter of 2003

Contents

OVERVIEW

In the first three months of the current year, Allianz Group clearly improved its operating performance. But due to persistent difficulties in the capital markets we had to post a loss of 0.5 billion euros.

The clear improvements in the operating business concern all segments:

- In the first three months of 2003, total premium income from the insurance business increased 9.8 percent to 25.1 billion euros. Disregarding exchange rate and consolidation effects, the growth rate would have been 14.2 percent. In life and health insurance, we boosted our revenues 17.3 percent to 10.7 billion euros.
- We were able to improve the combined ratio, which measures claims and expenses as a percentage of net premiums earned, by 5.7 percentage points to 97.7 percent in the first quarter of 2003. This brings us a decisive step closer to reaching our objective of keeping the combined ratio to under 100 percent for the full year.
- In banking, we were able to generate net revenues of 2.0 billion euros, unchanged from last year. On the cost side, we pared administrative expenses by 10.8 percent compared to the first quarter 2002. With loan loss provisions staying within expected limits, we reached a positive operating result of 69 million euros.
- The asset management segment produced an operating profit of 137 million euros. After deduction of acquisition-related expenses as well as taxes and minority interests, we had to record – as expected – a loss of 85 million euros.

By March 31, 2003, share prices on the international stock markets had once again dropped substantially from the end of the previous year. This weakness in the capital markets resulted in further write-downs of 2.3 billion euros on our investment portfolios. Of this amount, 0.8 billion euros impact first-quarter earnings.

Despite clear improvements of our operating performance, we report – after amortization of goodwill, taxes and minority interests – a loss of 0.5 billion euros in the first quarter.

Earnings

Total earnings before taxes and amortization of goodwill for the first three months of the current year amounted to 152 million euros. Amortization of goodwill increased from 284 million euros to 305 million euros. Taxes produced a charge of 247 million euros, compared to tax income of 126 million euros in the prior-year period.

After deduction of minority interests, which fell from 320 million euros to 120 million euros, we posted a loss of 520 million euros on March 31, 2003. This translates into a loss per share of 2.10 euros.

Premium income from the insurance business

Total premium income from the insurance business in the first three months of 2003 increased 9.8 percent to 25.1 billion euros. Disregarding exchange rate effects which reduced revenue by 1.1 billion euros, and not taking into accounts changes in the scope of consolidation, the growth rate would have reached 14.2 percent.

In IFRS accounts, gross premium income grew 2.4 percent to 19.4 billion euros, after deduction of income from investment-oriented life insurance products, which increased by 1.8 billion euros or 45.7 percent to 5.6 billion euros.

Banking

In the first quarter of 2003, we succeeded in stabilizing net revenues in banking, i.e. net income from interest, commissions and trading, at the prior-year level of 2.0 billion euros. Lower net commission income due to the continuing difficulties in the capital markets and the economy were compensated by higher trading income. On the cost side, we achieved further improvements by reducing administrative expenses by 192 million euros or 10.8 percent compared to the prior-year period. Loan loss provisions, which totaled 355 million euros, developed as expected. On the whole, we posted an operating result of 69 million euros.

Asset Management

Assets under management in the Allianz Group amounted to 979 billion euros on March 31 of this year. This included 553 billion euros invested for third parties. That amount decreased slightly by 8 billion euros in the first three months of 2003, mainly due to exchange rate effects.

Shareholders' equity

On March 31, 2003, the shareholders' equity of the Allianz Group amounted to 19.7 billion euros. This figure takes into account 17,440,301 treasury shares, which reduce shareholders' equity and were acquired at a cost of 4.4 billion euros. However, this figure does not take into account the capital increase which we carried out in April. With respect to the end of 2002, our shareholder's equity decreased by 2.1 billion euros. This is due to the negative development of the capital market and changes in the scope of consolidation.

In the first quarter of 2003, we took an important step towards the reduction of our cross-holdings with Munich Re. Through sales on the stock exchange, we brought down our interest in Munich Re from 22.4 to slightly less than 20 percent. For this reason, we no longer consolidated Munich Re by the equity method on March 31, 2003, but recognized our interest at market value as "securities available for sale, equity securities". This means that future results of Munich Re will no longer be directly reflected on a pro-rata basis in our financial statements. The only income recognized from our shareholding is the dividend distributed.

In the present quarterly report for the period ended March 31, 2003, the pro-rata share of Munich Re's fourth quarter 2002 loss as well as the capital gains from the sale of just under 3 percentage points of our interest in Munich Re and the interim results consolidated in past fiscal years were realized and recognized in the income statement.

Market capitalization and the Allianz share

The market capitalization of Allianz AG, adjusted for treasury shares, amounted to 11.3 billion euros on March 31, 2003. Unable to resist the downturn in the stock markets and in particular the disproportionate slide of insurance stocks, the Allianz share dropped 49.9 percent since the end of 2002. This was 35.3 percentage points more than the Dow Jones Euro STOXX 50 and 21.9 percentage points more than the Dow Jones Euro STOXX Insurance index. By the end of April, our share price had recovered 56.5 percent and was down 21.6 percent from the end of last year.

Employees

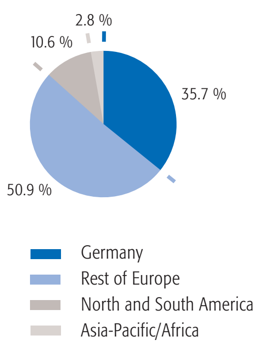
Since the end of the previous year, the number of employees world-wide decreased by 2,233 to 179,418 at the end of the first quarter.

PROPERTY AND CASUALTY INSURANCE

Premium income from property and casualty insurance rose to 14.6 billion euros in the first three months of the current year – an increase of 4.7 percent. Especially our subsidiaries in Spain and France and our credit insurance business contributed to this solid performance.

The higher gross premium income is due to the positive development of new business and to rate increases. The overall growth we achieved is all the more remarkable because we aggressively restructured our portfolios and abandoned unprofitable insurance lines, particularly in the U.S.A., but also in other markets.

Property and casualty insurance – premium income by region (€ 14.6 bn)



The claims ratio improved from 76.2 percent in the prior-year period to 72.6 percent. This was primarily due to rate adjustments, but also to fewer elementary losses and large claims, particularly in Germany and in Great Britain. The lower claims ratio also reflects our selective underwriting policy, particularly in the U.S.A.

The expense ratio also decreased from 27.2 to 25.1 percent because we were able to keep expenses down while premiums went up.

The combined ratio, which measures claims and expenses as a percentage of net premiums earned, stood at 97.7 percent in the first quarter of 2003. This brings us a decisive step closer to reaching our objective of keeping the combined ratio to under 100 percent. The large majority of our companies also achieved a combined ratio below this ceiling. Our restructuring measures in France, the U.S.A. and in the industrial insurance business are already producing clear successes. The strict implementation of these measures continues.

Investment income amounted to 0.4 billion euros. This includes write-downs of 0.8 billion euros on investments available for sale.

In the property and casualty insurance segment earnings before taxes and amortization of goodwill amounted to 198 million euros. After amortization of goodwill, taxes and minority interests, net income came to 27 million euros.

The following table shows the performance of our companies in individual countries:

Property and casualty insurance

	Gross premiums written	Change	Combined ratio		Earnings after taxes[1]	
	3/31/2003 € mn	%	3/31/2003 %	3/31/2002 %	3/31/2003 € mn	3/31/2002 € mn
Germany[2]	5,274	4.0	92.4	101.2	122	6,277
France[3]	1,766	18.0	105.3	107.4	42	– 4
Italy	1,173	3.4	96.9	97.6	51	53
Switzerland	772	0.0	99.1	98.4	– 8	– 18
Great Britain	668	– 4.1	94.9	103.8	63	4
Spain	546	17.1	94.8	97.0	14	14
Austria	346	5.1	100.1	101.2	– 5	– 17
U.S.A.	1,168	– 15.6	99.7	113.8	– 36	– 143
Australia	263	1.1	96.4	102.9	– 1	3
Allianz Global Risks Re	466		102.8		14	
Credit insurance	440	6.6	81.6	119.4	36	12
Travel insurance and assistance services	213	– 1.1	93.0	92.9	4	5
Allianz Marine & Aviation	423		102.6		15	

[1] Earnings after taxes and before amortization of goodwill and minority interests.
[2] The figures for 2003 as well as the pro-forma comparison figures showing the change in gross premiums written do not include Allianz Marine & Aviation and Allianz Global Risks Rückversicherungs-AG.
[3] The figures for 2003 as well as the pro-forma comparison figures showing the change in gross premiums written do not include Allianz Marine & Aviation.

In Germany, Allianz Sachgruppe Deutschland was able to increase its gross premium income to 4.5 billion euros – an increase of 4.4 percent over the prior-year period. This growth was primarily generated by automobile insurance, liability insurance, dynamic property insurance and casualty insurance. The claims situation in the first quarter of 2003 was determined by a reduction of elementary losses and a favorable development of large claims. The reduction of the combined ratio from 101.2 to 92.4 percent was in part also due to the fact that administrative expenses and distribution costs were, in absolute terms, lower than in the prior-year period.

In France, we were able to increase gross premium income 18.0 percent to 1.8 billion euros. This significant growth is mainly due to rate adjustments in the business arranged by agents and brokers. In addition, we could account for a larger number of contracts with major corporate customers. With gross revenues on the rise, we were able to bring down the combined ratio to 105.3 percent. A selective underwriting policy and continued efforts to restructure our portfolios should produce further improvements.

In Italy, we succeeded in increasing premium income by 3.4 percent. This is in particular due to automobile insurance where RAS was able to raise its premium income by 7.3 percent. In addition, our direct insurer Genialloyd continued its strong growth and boosted its premium income 73 percent to 43.0 million euros. The improved combined ratio is due to a lower expense ratio.

In Spain, we were able to grow gross premium income 17.1 percent from 466 to 546 million euros. This growth in revenue was essentially generated by automobile insurance and by the industrial insurance business. Despite the strong growth of automobile insurance in the past year, the loss frequency remained stable. In personal insurance, loss expenses declined despite several major losses.

In the process of restructuring Fireman's Fund, we severed business relations that had no profit potential. Premium losses from discontinued insurance lines could be compensated only partially by massive rate adjustments in the retained lines. But the restructuring of these portfolios brought a substantial improvement of our operating result. The combined ratio in the U.S.A. fell to 99.7 percent.

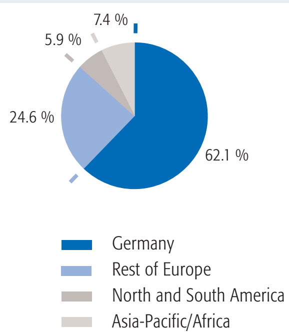
Our restructuring measures are also beginning to produce positive effects at Allianz Global Risks Rückversicherungs-AG (AGR). We were able to impose rate increases and revised contractual conditions as well as higher retentions. In the first quarter of 2003, the combined ratio was 102.8 percent. We therefore expect to reach profitability in the course of the current fiscal year.

Credit insurance is currently a growth market. While the number of insolvencies grows, the demand for insurance guarantees is on the rise. Rate increases were another contributing factor to the 6.6 percent growth of gross premium income. In the absence of large claims, the loss ratio improved, which resulted in a significant drop of the combined ratio from 119.4 to 81.6 percent.

LIFE AND HEALTH INSURANCE

Total premium income in life and health insurance grew 17.3 percent to 10.7 billion euros. 5.6 billion euros of this amount were generated from unit-linked life insurance and other investment-oriented products, which we were able to boost by 45.7 percent.

Life and health insurance – premium income by region (€ 10.7 bn)



Adjusted for consolidation and exchange rate effects, total premium income in the life and health insurance segment grew 24.0 percent.

In IFRS accounts, which recognize only the cost and risk elements as revenue from investment-oriented life insurance products, premium income decreased 3.9 percent to 5.0 billion euros.

The expense ratio with respect to total revenue improved from 10.5 percent to 9.7 percent.

Investment income decreased from 2.2 to 1.1 billion euros, which was mainly attributable to a 1.3 billion euro write-down on investments available for sale. Due to profit participation, this decline is only partially reflected in the result.

Earnings before taxes and amortization of goodwill increased from 126 to 165 million euros. After amortization of goodwill of 43 million euros, taxes of 94 million euros and minority interests of 41 million euros, we had to record a loss of 13 million euros for the first three months of 2003.

The following table shows the performance of our companies in individual countries:

Life and health insurance

	Gross premiums written	Change	Expense ratio		Earnings after taxes[*)]	
	3/31/2003 € mn	%	3/31/2003 %	3/31/2002 %	3/31/2003 € mn	3/31/2002 € mn
Germany Life	2,498	8.3	16.6	11.9	– 71	47
Germany Health	735	3.5	10.6	10.0	4	9
Italy	2,366	54.6	33.8	29.1	1	16
France	1,014	– 7.6	49.5	39.1	81	48
Switzerland	532	9.6	20.1	19.3	1	– 36
U.S.A.	2,401	46.2	61.0	49.2	36	– 6
South Korea	440	– 4.3	18.6	16.7	4	17

[*)] Earnings after taxes and before amortization of goodwill and minority interests.

In the German life insurance business, total premium income in the first three months of 2003 were up 8.3 percent from the corresponding prior-year period. After Allianz Leben was able to sign one million new contracts in 2002, new business continued its brisk growth in the first quarter of this year. New premiums increased 36 percent. The persistently strong growth of our new business shows that customers, particularly in times of uncertain capital markets, place particular value on the solidity and financial strength of a life insurer. In state-subsidized retirement provision, our Riester business continued to show only moderate growth and we were able to sign 25,000 new contracts. At the same time, our business in company pension plans developed very positively. In the first three months of 2003, our pension fund already registered about 66,000 contracts, which brings the total number of retirement provision contracts with employees to over 200,000. Due to substantially lower investment income, a loss of 71 million euros was reported.

Allianz Private Krankenversicherung increased its premium income by 3.5 percent. The ongoing debate and controversy over health care policies unsettles potential customers to an extent that they refrain from taking out private health insurance policies at this time.

In Italy, our bancassurance joint ventures with Unicredito and Banca Antoniana Veneta continued to have a very positive impact on premium growth. Compared to the corresponding prior-year period, total premium income generated by this cooperation increased 76 percent.

In France, the AGF group had to register a 7.6 percent drop in revenue. Business with investment-oriented products, which are distributed by our agents, showed a substantial decline. This was in part due to the guaranteed interest on these products, which was comparatively cautious in comparison to the overall market.

In the U.S.A., total premium income was fuelled by particularly dynamic growth. Boosting our revenues by 46.2 percent to 2.4 billion euros, we were able to continue last year's positive development without interruption. Based on U.S. dollar amounts, the growth rate was a stunning 75.9 percent. The calculation of the reported expense ratio is based on IFRS premiums and therefore does not reflect most of the revenue growth. However, based on total premium income, the expense ratio declined. Allianz Life was brought back to profitability and reported earnings of 36 million euros.

In South Korea, total gross premium income fell 4.3 percent to 440 million euros, mainly due to the fact that we reduced the number of agents from 16,000 to 13,000 in the past year. This measure is intended to improve the quality of new business over the medium term, particularly the cancellation rate. The increase of the expense ratio is mainly attributable to lower premium income. At the bottom line, we recorded earnings of 4 million euros.

BANKING

While the weakness in the capital markets persisted and the difficult economic environment continued to drive up the number of insolvencies, we were able to achieve a positive operating result in the first three months of the current year. After write-downs on investments, amortization of goodwill, taxes and minority interests, the first quarter ended with a loss of 424 million euros – essentially in line with our expectations.

Despite the tenaciously adverse context of declining markets and lackluster economies, we were able to stabilize the operating income in the banking business. The reduction of interest income from 992 to 690 million euros is primarily attributable to the deconsolidation of Deutsche Hyp and to the disposal of risk-weighted assets as planned. Net commission and fee income was down 12.5 percent. This decline was compensated by trading income, which, compared to the prior-year period, almost tripled to 619 million euros. Over one third of this increase is due to positive valuation effects. Additional growth in the first quarter was generated by very successful trading in interest products.

On the cost side, we were able to pare administrative expenses by 192 million euros or 10.8 percent with respect to the prior-year period. This shows that the cost cutting measures introduced are effective.

Banking

		03/31/2003	03/31/2002
Net interest and current income	€ mn	690	992
Net fee and commission income	€ mn	694	793
Trading income	€ mn	619	221
Other income/expenses	€ mn	-303	-52
Administrative expenses	€ mn	-1,579	-1,771
Loan loss provisions	€ mn	-355	-332
Earnings after taxes January to March 2003	€ mn	-424	-126
Operating Cost Income Ratio	%	78.8	88.3
Loans and advances to customers and banks	€ bn	264	303
Liabilities to customers and banks	€ bn	314	322

At 355 million euros, loan loss provisions remained within expected limits.

The overall operating result thus came to 69 million euros and the operating cost income ratio improved to 78.8 percent. Other income/expenses amounted to – 303 million euros (– 52 million euros in the previous year) and essentially resulted from write-downs on equity portfolios and restructuring expenses in connection with the Advance Group. After amortization of goodwill, taxes and minority interests, the banking segment contributes a loss of 424 million euros to the result of Allianz Group.

The establishment of the Institutional Restructuring Unit (IRU) was essentially completed in April. The following discussion of the development of our earnings situation in the Private Customers & Business Customers and Corporates & Markets segments is therefore still based on figures that include the business activities transferred to the IRU.

Private Customers & Business Customers

Due to the difficult market conditions referred to above, operating revenues of the Private Customers & Business Customers segment declined 6.0 percent to 849 million euros. At the same time, administrative expenses increased slightly by 2.6 percent to 740 million euros. This pushed the operating cost income ratio from 79.8 to 87.2 percent. The loan loss provisions came to 98 million euros – 32 million euros more than in the prior-year period. We generated an operating profit of 11 million euros. However, expenses in connection with the restructuring of the Advance Group amounted to 54 million euros. After a profit of 42 million euros in the first quarter of the previous year, we had to record a loss of 70 million euros.

Private Customers & Business Customers

		03/31/2003	03/31/2002
Operating income	€ mn	849	903
Administrative expenses	€ mn	– 740	– 721
Other income/expenses	€ mn	– 40	– 24
Loan loss allowance	€ mn	– 98	– 66
Earnings after taxes	€ mn	– 70	42
Operative Cost Income Ratio	%	87.2	79.8

Corporates & Markets

With operating income of 989 million euros, the Corporates & Markets segment was able to slightly improve its results. On the cost side, we substantially reduced administrative expenses by 24.2 percent to 690 million euros, which brought down the operating cost income ratio from 92.9 percent to 69.8 percent. The loan loss provisions, which we increased by 39 million euros, reduced earnings by 243 million euros. After a loss of 116 million euros in the prior-year period, we were able to generate a profit of 11 million euros.

Corporates & Markets

		03/31/2003	03/31/2002
Operating income	€ mn	989	980
Administrative expenses	€ mn	– 690	– 910
Other income/expenses	€ mn	27	9
Loan loss allowance	€ mn	– 243	– 204
Earnings after taxes	€ mn	11	– 116
Operating Cost Income Ratio	%	69.8	92.9

ASSET MANAGEMENT

Our assets under management totaled 979 billion euros at the end of the first quarter 2003. The Asset Management segment generated an operating profit of 137 million euros. After deduction of acquisition-related expenses as well as taxes and minority interests, this translates – as expected – into a loss of 85 million euros.

Assets Under Management

	Current values 3/31/2003 € bn	Current values 03/31/2002 € bn
Group's own investments	400	403
Investments for unit-linked life insurance	26	26
Investments for third parties	553	561
Assets Under Management	979	989

Since the end of 2002, the Group's own investments decreased slightly by 3 billion euros to 400 billion euros.

In euro accounts, investments for third parties (which are not shown in the consolidated balance sheet) declined by 8 billion euros or 1.3 percent to 553 billion euros. In addition to falling prices in the international stock markets, which essentially neutralized the positive development in the fixed-income markets, the strength of the euro with respect to the U.S. dollar reduced the value of assets managed by our U.S. and Asian units by 19 billion euros upon conversion into euros. High currency-adjusted net inflows of 8 billion euros were able to partially compensate this influence.

74 percent of the assets managed for third parties are invested in interest-bearing securities and 23 percent in equities. Business with institutional customers accounts for 62 percent of investments for third parties, while 38 percent come from business with private customers.

We were able to achieve persistently high growth rates in fixed-income securities. Altogether, this segment produced a net inflow of 11 billion euros. This enabled our PIMCO Total Return Fund to increase its assets under management to 73 billion U.S. dollars and to establish itself as the biggest investment fund in the world. At the same time, its European equivalent, the dit Euro Bond Total Return Fund „powered by PIMCO" was able to attract net inflows of about 3 billion euros within eleven months after its launch at the beginning of May, 2002.

In the public fund business, we were able to strengthen our market position. In terms of net inflows, our funds ranked second in the U.S.A. through direct sales, and third in Germany.

The operating result amounted to 137 million euros. Acquisition-related expenses came to 172 million euros. This includes amortization of goodwill totaling 90 million euros and capitalized loyalty premiums of 36 million euros to the management of the PIMCO group, which are amortized over periods of five years from the date of the acquisition. An additional 46 million euros were in particular retention payments, for the employees and management of PIMCO and Nicholas-Applegate, which were also agreed upon at the time of the acquisition.

Taxes produced income of 4 million euros. Minority interests in earnings came to 54 million euros and mainly concern Pacific Life, which still holds a minority interest in PIMCO.

As planned, the asset management segment thus recorded a loss of 85 million euros in the first three months.

With PIMCO minority shareholder Pacific Life, we signed an agreement for the acquisition of the remaining PIMCO shares by Allianz. Neither Allianz nor PIMCO's former corporate parent, Pacific Life, may place a put or call effective before October 2004 on the totality of the PIMCO shares still held by Pacific Life. However, beginning March 31, 2003, the parties may exercise put or call options of up to 250 million U.S. dollars for these shares at the end of each quarter. At the end of the first quarter, Pacific Life exercised its right to offer us a 250 million U.S. dollar tranch of PIMCO shares. The purchase price for this transaction was due on April 30, 2003.

OUTLOOK

After the end of the first quarter, we launched a capital increase and issued 117 million new shares. The subscription period went from April 15 to 29. For 15 existing shares, shareholders were able to acquire seven new shares at a price of 38 euros per share. That amounts to a discount of 33 percent on the closing price of April 7, which served as the reference for setting the share price. 99.7 percent of the drawing rights for new shares were exercised. The capital increase produced a total inflow of 4.4 billion euros to shareholders‘ equity. The issued capital increased 44 percent to 982 million euros, while 4.2 billion euros were allocated to additional paid-in capital. The new shares are entitled to a full dividend for fiscal 2003. At the same time, we offered holders of our profit participation certificates an increase under comparable condition.

- In property and casualty insurance, we expect to be able to keep the combined ratio below 100 percent throughout the full year.
- In life and health insurance, we are confident that we will be able to continue our dynamic growth.
- In banking, our performance will to a great extent depend on the capital market and the economy. Our cost cutting efforts are right on target.
- In asset management, we expect our business to stay on track.
- If the stock market moves sideways, further substantial write-downs can be expected.

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 information contained herein.

Consolidated Financial Statements First Quarter of 2003

Consolidated Balance Sheet as of March 31, 2003 and as of December 31, 2002

ASSETS	Note	3/31/2003 € mn	12/31/2002 € mn
A. Intangible assets	2	17,740	18,273
B. Investments in affiliated enterprises, joint ventures and associated enterprises		8,715	11,345
C. Investments	3	282,630	285,340
D. Investments held on account and at risk of life insurance policyholders		25,708	25,657
E. Loans and advances to banks	4	92,549	86,822
F. Loans and advances to customers	5	199,756	188,084
G. Trading assets		136,164	124,842
H. Cash and cash equivalents		26,180	21,008
I. Amounts ceded to reinsurers from the insurance reserves	6	28,304	28,420
J. Deferred tax assets		13,292	13,258
K. Other assets		54,012	49,007
Total assets		885,050	852,056

EQUITY AND LIABILITIES	Note	3/31/2003 € mn	12/31/2002 € mn
A. Shareholders' equity		19,661	21,772
B. Minority interests in shareholders' equity	7	5,693	8,165
C. Participation certificates and subordinated liabilities	8	13,756	14,174
D. Insurance reserves	9	310,142	305,763
E. Insurance reserves for life insurance where the investment risk is carried by policyholders		25,744	25,687
F. Liabilities to banks		155,636	137,332
G. Liabilities to customers		162,903	147,266
H. Certificated liabilities		67,551	78,750
I. Trading liabilities		62,549	53,520
J. Other accrued liabilities	10	12,265	13,069
K. Other liabilities	11	33,454	31,360
L. Deferred tax liabilities		12,454	12,188
M. Deferred income		3,242	3,010
Total equity and liabilities		885,050	852,056

Consolidated Income Statement for the Period from January 1 to March 31, 2003 and from January 1 to March 31, 2002

	Note	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
1. Premiums earned (net)	12	13,788	13,711
2. Interest and similar income	13	5,400	7,442
3. Income from affiliated enterprises, joint ventures and associated enterprises		145	1,761
4. Other income from investments	14	2,346	2,886
5. Trading income	15	959	144
6. Fee and commission income, and income resulting from service activities	16	1,569	2,010
7. Other income		846	664
Total income (1. to 7.)		25,053	28,618
8. Insurance benefits (net)	17	– 11,265	– 12,694
9. Interest and similar expenses	18	– 1,570	– 3,328
10. Other expenses for investments	19	– 4,768	– 2,187
11. Loan loss provisions	20	– 358	– 336
12. Acquisition costs and administrative expenses	21	– 5,611	– 5,956
13. Amortization of goodwill		– 305	– 284
14. Other expenses		– 1,329	– 1,708
Total expenses (8. to 14.)		– 25,206	– 26,493
15. Earnings from ordinary activities before taxes		– 153	2,125
16. Taxes	22	– 247	126
17. Minority interests in earnings	7	– 120	– 320
18. Net income		– 520	1,931

		€	€
Earnings per share	23	– 2.10	7.96
Earnings per share after elimination of amortization of goodwill	23	– 0.87	9.13
Diluted earnings per share	23	– 2.10	7.96

Statement of Changes in Shareholders' Equity

	Paid-in capital € mn	Revenue reserves € mn	Unrealized gains and losses € mn	Consolidated unappropriated profit € mn	Shareholders' equity € mn
12/31/2001	14,769	8,209	8,276	410	31,664
Currency translation adjustments		– 1,232	– 29		– 1,261
Changes in the group of consolidated companies		364			364
Capital paid in	16				16
Treasury stock		– 157			– 157
Unrealized investment gains and losses			– 7,198		– 7,198
Net income for the year		– 2,332		1,165	– 1,167
Shareholders' dividend				– 364	– 364
Miscellaneous		– 79		– 46	– 125
12/31/2002	14,785	4,773	1,049	1,165	21,772
Currency translation adjustments		– 330	– 27		– 357
Changes in the group of consolidated companies		– 1,192	876		– 316
Treasury stock		1,548			– 1,548
Unrealized investment gains and losses			– 1,411		– 1,411
Net income		– 520			– 520
Reclassification of unappropriated profit		1,165		– 1,165	–
Miscellaneous		– 1,055			– 1,055
3/31/2003	14,785	4,389	487	–	19,661

Cash Flow Statement

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Net income	– 520	1,931
Change in unearned premiums	3,483	3,091
Change in aggregate policy reserve[1]	1,266	1,200
Change in reserve for loss and loss adjustment expenses	309	741
Change in other insurance reserves[2]	– 2,188	– 823
Change in deferred acquisition costs	– 1,008	– 584
Change in funds held by others under reinsurance business assumed	7	708
Change in funds held under reinsurance business ceded	134	– 223
Change in accounts receivable/payable on reinsurance business	164	29
Change in trading securities[3]	– 1,674	8,443
Change in receivables from banks and customers	– 17,767	– 24,803
Change in loans and advances to banks and customers	33,991	19,675
Change in certificated liabilities	– 10,941	– 8,760
Change in other receivables and liabilities	– 523	1,128
Change in deferred tax assets/liabilities[4]	281	– 407
Non-cash investment income/expenses	1,325	– 1,446
Amortization of goodwill	305	284
Other	– 2,707	– 1,101
Net cash flow provided by (used in) operating activities	3,937	– 917
Change in securities available for sale	– 3,297	3,192
Change in securities held to maturity	2,018	71
Change in real estate	– 733	123
Change in other investments	3,181	2,790
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	–	– 7,332
Other	– 241	965
Net cash flow provided by (used in) investing activities	928	– 191
Change in participation certificates and subordinated liabilities	– 418	163
Change in investments held on account and at risk of life insurance policyholders	– 401	– 1,578
Change in aggregate policy reserve for life insurance products according to SFAS 97	3,032	2,556
Cash inflow from capital increases	–	–
Dividend payouts	– 50	– 159
Other from shareholders' equity and minority interests[5]	– 1,819	– 2,691
Net cash flow provided by financing activities	344	– 1,709
Effect of exchange rate changes on cash and cash equivalents	– 37	– 4
Change in cash and cash equivalents	5,172	– 2,821
Cash and cash equivalents at beginning of period	21,008	21,240
Cash and cash equivalents at end of period	26,180	18,419

[1] Without aggregate policy reserve for life insurance products in accordance with SFAS 97
[2] Without change in the reserves for latent premium refunds from unrealized investment gains and losses
[3] Including trading liabilities
[4] Without change in deferred tax assets/liabilities from unrealized investment gains and losses
[5] Without change in revenue reserves from unrealized investment gains and losses

The data for the cash flow statement were prepared in accordance with International Financial Reporting Standards (IFRS).

The cash flow statement excludes effects of major changes in the scope of consolidation; in the first quarter of 2003 in particular the deconsolidation of Pioneer Allianz Life Insurance Corporation, Metro Manila.

The deconsolidation reduced the value of investments held (excluding funds held by others) by € 24 (751 increase) mn while the net total of other assets and liabilities increased by € 24 (3,993) mn. Outflow for taxes on income amounted to € 1,792 (1,002) mn.

Consolidated Balance Sheet by Business Segments as of March 31, 2003 and as of December 31, 2002

ASSETS	Property/Casualty		Life/Health	
	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn
A. Intangible assets	2,942	2,960	4,742	4,817
B. Investments in affiliated enterprises, joint ventures and associated enterprises	49,621	51,448	5,968	6,183
C. Investments	75,151	76,855	187,555	189,172
D. Investments held on account and at risk of life insurance policyholders	–	–	25,708	25,657
E. Loans and advances to banks	5,614	5,219	2,031	3,490
F. Loans and advances to customers	3,094	2,882	27,327	24,747
G. Trading assets	2,218	1,404	1,092	1,177
H. Cash and cash equivalents	2,292	2,880	1,330	2,267
I. Amounts ceded to reinsurers from the insurance reserves	17,254	17,188	17,239	17,623
J. Deferred tax assets	7,761	7,410	2,385	2,601
K. Other assets	23,801	21,482	19,121	17,320
Total assets	189,748	189,728	294,498	295,054

EQUITY AND LIABILITIES	Property/Casualty		Life/Health	
	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn
A. Participation certificates and subordinated liabilities	3,938	4,342	–	–
B. Insurance reserves	90,225	87,557	226,182	224,673
C. Insurance reserves for life insurance where the investment risk is carried by policyholders	–	–	25,744	25,687
D. Liabilities to banks	5,012	5,166	980	1,708
E. Liabilities to customers	–	–	–	–
F. Certificated liabilities	18,431	19,031	258	263
G. Trading liabilities	1,097	544	984	825
H. Other accrued liabilities	5,524	5,626	816	850
I. Other liabilities	18,486	18,312	20,988	20,555
J. Deferred tax liabilities	7,481	7,356	2,610	2,551
K. Deferred income	95	104	351	354
Total equity and liabilities	150,289	148,038	278,913	277,466

	Banking		Asset Management		Consolidation Adjustments		Group	
	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn
	3,369	3,509	6,687	6,987	–	–	17,740	18,273
	3,208	4,349	18	20	– 50,100	– 50,655	8,715	11,345
	29,754	28,965	625	993	– 10,455	– 10,645	282,630	285,340
	–	–	–	–	–	–	25,708	25,657
	85,214	76,748	135	1,863	– 445	– 498	92,549	86,822
	178,443	168,919	187	228	– 9,295	– 8,692	199,756	188,084
	132,733	122,139	149	156	– 28	– 34	136,164	124,842
	22,579	16,322	586	940	– 607	– 1,401	26,180	21,008
	–	–	–	–	– 6,189	– 6,391	28,304	28,420
	3,080	3,161	66	86	–	–	13,292	13,258
	16,601	15,416	3,515	3,672	– 9,026	– 8,883	54,012	49,007
	474,981	439,528	11,968	14,945	– 86,145	– 87,199	885,050	852,056

	Banking		Asset Management		Consolidation Adjustments		Group	
	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn
	9,826	9,846	–	–	– 8	– 14	13,756	14,174
	–	–	–	–	– 6,265	– 6,467	310,142	305,763
	–	–	–	–	–	–	25,744	25,687
	149,713	130,568	247	177	– 316	– 287	155,636	137,332
	163,807	146,945	490	2,754	– 1,394	– 2,433	162,903	147,266
	54,651	64,569	283	435	– 6,072	– 5,548	67,551	78,750
	60,478	52,152	–	–	– 10	– 1	62,549	53,520
	5,376	5,984	549	609	–	–	12,265	13,069
	7,654	5,468	853	1,239	– 14,527	– 14,214	33,454	31,360
	2,307	2,220	56	61	–	–	12,454	12,188
	2,791	2,545	5	7	–	–	3,242	3,010
	456,603	420,297	2,483	5,282	– 28,592	– 28,964	859,696	822,119
					Equity[*)]		25,354	29,937
					Total equity and liabilities		885,050	852,056

[*)] Shareholders' equity and minority interests

Consolidated income statement by business segments for the period from January 1 to March 31, 2003 and from January 1 to March 31, 2002

	Property/Casualty		Life/Health	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
1. Premiums earned (net)	9,177	9,025	4,611	4,686
2. Interest and similar income	933	1,085	2,653	2,527
3. Income (net) from affiliated enterprises, joint ventures and associated enterprises	– 178	4,898	480	268
4. Other income from investments	895	1,448	1,309	1,175
5. Trading income	142	115	202	– 196
6. Fee and commission income, and income from service activities	193	418	46	54
7. Other income	479	409	241	169
Total income (1. to 7.)	11,641	17,398	9,542	8,683
8. Insurance benefits (net)	– 6,606	– 7,036	– 4,659	– 5,660
9. Interest and similar expenses	– 372	– 366	– 82	– 123
10. Other expenses for investments	– 1,122	– 527	– 3,363	– 1,453
11. Loan loss provisions	– 2	– 2	– 1	– 2
12. Acquisition costs and administrative expenses	– 2,385	– 2,555	– 1,117	– 1,017
13. Amortization of goodwill	– 94	– 88	– 43	– 46
14. Other expenses	– 956	– 1,047	– 155	– 302
Total expenses (8. to 14.)	– 11,537	– 11,621	– 9,420	– 8,603
15. Earnings from ordinary activities before taxes	104	5,777	122	80
16. Taxes	– 40	56	– 94	– 30
17. Minority interests in earnings	– 37	– 221	– 41	– 36
18. Net income	27	5,612	– 13	14

Banking		Asset Management		Consolidation Adjustments		Group	
1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
–	–	–	–	–	–	13,788	13,711
2,000	3,973	18	54	– 204	– 197	5,400	7,442
– 113	38	–	2	– 44	– 3,445	145	1,761
145	296	1	7	– 4	– 40	2,346	2,886
619	221	– 3	3	– 1	1	959	144
794	880	658	781	– 122	– 123	1,569	2,010
126	85	32	16	– 32	– 15	846	664
3,571	5,493	706	863	– 407	– 3,819	25,053	28,618
–	–	–	–	–	2	– 11,265	– 12,694
– 1,311	– 3,000	– 8	– 30	203	191	– 1,570	– 3,328
– 298	– 201	– 1	– 6	16	–	– 4,768	– 2,187
– 355	– 332	–	–	–	–	– 358	– 336
– 1,672	– 1,859	– 531	– 616	94	91	– 5,611	– 5,956
– 78	– 50	– 90	– 100	–	–	– 305	– 284
– 170	– 250	– 111	– 160	63	51	– 1,329	– 1,708
– 3,884	– 5,692	– 741	– 912	376	335	– 25,206	– 26,493
– 313	– 199	– 35	– 49	– 31	– 3,484	– 153	2,125
– 117	86	4	14	–	–	– 247	126
6	– 13	– 54	– 56	6	6	– 120	– 320
– 424	– 126	– 85	– 91	– 25	– 3,478	– 520	1,931

1 Accounting regulations

In accordance with § 292 a of the German Commercial Code (HGB), the consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS). In establishing these consolidated financial statements, all standards currently applicable to the interim report have been adhered to.

Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards continue to be cited as International Accounting Standards (IAS).

IFRS do not provide specific guidance concerning the reporting of insurance transactions in financial statements. In such cases as envisioned in the IFRS Framework, the provisions embodied under accounting principles generally accepted in the United States of America (U.S. GAAP) have been applied.

The present interim report follows the same accounting and valuation principles as the most recent annual financial statements.

The financial statements were prepared in euros (€).

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED BALANCE SHEET

2 Intangible assets

Intangible assets comprise the following:

	3/31/2003 € mn	12/31/2002 € mn
Goodwill	13,393	13,786
Other intangible assets	4,347	4,487
Total	17,740	18,273

Changes in goodwill for the period under review were as follows:

	€ mn
Gross amount capitalized 12/31/2002	17,262
Accumulated amortization 12/31/2002	– 3,476
Value stated as of 12/31/2002	13,786
Translation differences	– 175
Value stated as of 1/1/2003	13,611
Additions	87
Amortization	– 305
Value stated as of 3/31/2003	13,393
Accumulated amortization 3/31/2003	– 3,781
Gross amount capitalized 3/31/2003	17,174

Additions are mainly comprised of goodwill from the increase of the interest in Riunione Adriatica di Sicurtà S. p. A. by 4.3 % to 55.4 %.

3 Investments

	3/31/2003 € mn	12/31/2002 € mn
Securities held to maturity	4,488	6,533
Securities available for sale	264,703	265,997
Real estate used by third parties	11,388	10,747
Funds held by others under reinsurance contracts assumed	2,051	2,063
Total	282,630	285,340

Securities available for sale

	Amortized cost		Unrealized gains		Unrealized losses		Marktet values	
	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn	3/31/2003 € mn	12/31/2002 € mn
Equity securities	47,061	53,066	5,873	6,938	10,415	11,833	42,519	48,171
Government bonds	123,480	120,755	6,714	6,450	150	426	130,044	126,779
Corporate bonds	82,893	79,775	4,193	5,451	414	472	86,672	84,754
Other	5,255	6,061	221	253	8	21	5,468	6,293
Total	258,689	259,657	17,001	19,092	10,987	12,752	264,703	265,997

	Realized gains		Realized losses	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Equity securities	1,436	2,231	2,152	1,205
Government bonds	404	144	20	94
Corporate bonds	195	298	184	59
Other	9	21	3	4
Total	2,044	2,694	2,359	1,362

Realized gains and losses on securities are principally determined by applying the average cost method.

4 Loans and advances to banks

	3/31/2003 € mn	12/31/2002 € mn
Loans	5,118	5,213
Other advances	87,735	82,017
Loans and advances to banks	92,853	87,230
Less loan loss allowance	304	408
Loans and advances to banks after loan loss allowance	92,549	86,822

5 Loans and advances to customers

	3/31/2003 € mn	12/31/2002 € mn
Loans and advances to customers	206,453	194,643
Less loan loss allowance	6,697	6,559
Loans and advances to customers after loan loss allowance	199,756	188,084

6 Amounts ceded to reinsurers from the insurance reserves

	3/31/2003 € mn	12/31/2002 € mn
Unearned premiums	1,931	1,507
Aggregate policy reserves	11,187	11,350
Reserve for loss and loss adjustment expenses	15,015	15,334
Other insurance reserves	121	179
Subtotal	28,254	28,370
Insurance reserves for life insurance where the investment risk is carried by policyholders	50	50
Total	28,304	28,420

7 Minority interests in shareholders' equity/earnings

The primary subsidiaries included are the AGF Group, Paris, the RAS Group, Milan, and PIMCO Group, Delaware.

The interests of minority shareholders are made up as follows:

	3/31/2003 € mn	12/31/2002 € mn
Other reserves		
Unrealized gains and losses	– 200	– 76
Share of earnings	– 120	688
Other equity components	6,013	7,553
Total	5,693	8,165

8 Participation certificates and subordinated liabilities

	3/31/2003 € mn	12/31/2002 € mn
Participation certificates	1,571	1,955
Subordinated liabilities	12,185	12,219
Total	13,756	14,174

9 Insurance reserves

	3/31/2003 € mn	12/31/2002 € mn
Unearned premiums	16,015	12,248
Aggregate policy reserves	212,670	210,109
Reserves for loss and loss adjustment expenses	65,443	65,961
Reserves for premium refunds	14,803	16,190
Premium deficiency reserves	379	385
Other insurance reserves	832	870
Total	310,142	305,763

10 Other accrued liabilities

	3/31/2003 € mn	12/31/2002 € mn
Reserves for pensions and similar obligations	5,717	5,715
Accrued taxes	1,830	1,775
Miscellaneous accrued liabilities	4,718	5,579
Total	12,265	13,069

11 Other liabilities

	3/31/2003 € mn	12/31/2002 € mn
Funds held under reinsurance business ceded	8,646	8,562
Accounts payable on direct insurance business	7,677	7,972
Accounts payable on reinsurance business	2,130	2,257
Other liabilities	15,001	12,569
Total	33,454	31,360

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

12 Premiums earned (net)

	Property/Casualty*)		Life/Health*)		Total	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Gross premiums written	14,400	13,734	5,007	5,212	19,407	18,946
Premiums ceded in reinsurance	– 1,962	– 1,917	– 260	– 306	– 2,222	– 2,223
Change in unearned premiums (net)	– 3,431	– 2,971	34	– 41	– 3,397	– 3,012
Premiums earned (net)	9,007	8,846	4,781	4,865	13,788	13,711

*) After eliminating intra-Group transactions between segments

13 Interest and similar income

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Income from		
Securities held to maturity	93	115
Securities available for sale	2,816	2,906
Real estate used by third parties	243	239
Lending, money market transactions and loans	2,058	3,826
Leasing agreements	11	60
Other interest-bearing instruments	179	296
Total	5,400	7,442

Net interest margin from banking business*)

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Interest and current income	1,993	4,025
Interest expenses	– 1,287	– 2,988
Net interest and current income	706	1,037
Less loan loss provisions	355	332
Net interest and current income after loan loss provisions	351	705

*) After eliminating intra-Group transactions between segments

14 Other income from investments

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Realized gains on		
Securities held to maturity	1	4
Securities available for sale	2,044	2,694
Real estate used by third parties	32	65
Other investments	5	12
Subtotal	2,082	2,775
Income from revaluations of		
Securities held to maturity	4	–
Securities available for sale	252	100
Real estate used by third parties	3	11
Other investments	5	–
Subtotal	264	111
Total	2,346	2,886

15 Trading income

Trading income includes income amounting to € 342 (– 83) mn from derivative financial instruments where hedge accounting is not applied. These include gains on derivative financial instruments embedded in exchangeable bonds issued amounting to € 5 (71) mn. Trading income also includes gains of € 337 (– 154) mn from the use of other derivative financial instruments by insurance companies.

Trading income amounting to € 959 (144) mn includes € 619 (221) mn income from trading activities of the banking business*). This is comprised as follows:

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Trading in interest products	213	97
Trading in equity products	92	73
Foreign exchange/precious metals trading	105	93
Other trading activities	209	– 42
Total	619	221

*) After eliminating intra-Group transactions between segments

16 Fee and commission income, and income resulting from service activities

Out of the total fee and commission income, and income resulting from service activities, € 724 (834) mn are attributable to banking business*).

Net fee and commission income from banking business*)

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Fee and commission income	724	834
Fee and commission expenses	– 88	– 82
Total	636	752

*) After eliminating intra-Group transactions between segments

Net fee and commission income from banking business includes the following:

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Securities business	333	366
Lending business	1	47
Underwriting business (new issues)	24	43
Other	278	296
Net fee and commission income	636	752

17 Insurance benefits

Insurance benefits in Property/Casualty*) include the following:

	Gross		Ceded in reinsurance		Net	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Claims						
Claims paid	– 7,523	– 7,564	1,168	1,120	– 6,355	– 6,444
Change in reserves for loss and loss adjustment expenses	192	– 288	– 351	13	– 159	– 275
Subtotal	– 7,331	– 7,852	817	1,133	– 6,514	– 6,719
Change in other reserves						
Aggregate policy reserves	– 54	– 34	8	7	– 46	– 27
Other	118	– 28	– 1	– 2	117	– 30
Subtotal	64	– 62	7	5	71	– 57
Expenses of premium refunds	25	– 69	– 16	8	9	– 61
Total	– 7,242	– 7,983	808	1,146	– 6,434	– 6,837

*) After eliminating intra-Group transactions between segments

Insurance benefits in Life/Health*) include the following:

	Gross		Ceded in reinsurance		Net	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Benefits paid	– 4,878	– 4,360	260	270	– 4,618	– 4,090
Change in reserves						
Aggregate policy reserves	– 1,330	– 1,517	59	27	– 1,271	– 1,490
Other	– 193	– 56	1	27	– 192	– 29
Subtotal	– 6,401	– 5,933	320	324	– 6,081	– 5,609
Expenses of premium refunds	1,246	– 249	4	1	1,250	– 248
Total	– 5,155	– 6,182	324	325	– 4,831	– 5,857

*) After eliminating intra-Group transactions between segments

18 Interest and similar expenses

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Interest expenses for		
Deposits	– 657	– 727
Certificated liabilities	– 539	– 1,895
Subtotal	– 1,196	– 2,622
Other interest expenses	– 374	– 706
Total	– 1,570	– 3,328

19 Other expenses for investments

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Realized losses on		
Securities held to maturity	–	– 1
Securities available for sale	– 2,359	– 1,362
Real estate used by third parties	– 8	– 2
Other investments	– 1	– 10
Subtotal	– 2,368	– 1,375
Depreciation and write-downs on		
Securities held to maturity	– 5	– 5
Securities available for sale	– 2,329	– 743
Real estate used by third parties	– 62	– 64
Other investments	– 4	–
Subtotal	– 2,400	– 812
Total	– 4,768	– 2,187

20 Loan loss provisions

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Additions to allowances including direct write-offs	– 618	– 546
Less amounts released	250	192
Less recoveries on loans previously written off	10	18
Loan loss provisions	– 358	– 336

21 Acquisition costs and administrative expenses

	Property/Casualty*)		Life/Health*)	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Acquisition costs				
Payments	– 1,843	– 1,856	– 933	– 874
Change in deferred acquisition costs	249	337	261	239
Subtotal	– 1,594	– 1,519	– 672	– 635
Administrative expenses	– 971	– 1,204	– 326	– 352
Underwriting costs (gross)	– 2,565	– 2,723	– 998	– 987
Less commissions and profit-sharing received on reinsurance business ceded	224	295	43	61
Underwriting costs (net)	– 2,341	– 2,428	– 955	– 926
Expenses for management of investment securities	– 79	– 107	– 105	– 99
Total acquisition costs and administrative expenses	– 2,420	– 2,535	– 1,060	– 1,025

	Banking Business*)		Asset Management*)	
	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Personnel expenses	– 954	– 1,149	– 268	– 325
Operating expenses	– 624	– 617	– 84	– 105
Fee and commission expenses	– 88	– 82	– 113	– 118
Total acquisition costs and administrative expenses	– 1,666	– 1,848	– 465	– 548

*) After eliminating intra-Group transactions between segments

Acquisition costs and administrative expenses in insurance business include the personnel and operating expenses of the insurance business allocated to the functional areas “Acquisition of insurance policies”, “Administration of insurance policies” and “Asset management”. Other personnel and operating expenses are reported under Insurance benefits (claims settlement expenses) and other expenses.

In Banking, all personnel and operating expenses are reported under “Acquisition costs and administrative expenses”.

22 Taxes

The tax charge shown in the income statement comprises the taxes actually charged to individual Group enterprises and changes in deferred tax assets and liabilities.

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Current taxes	– 203	– 180
Deferred taxes	– 35	314
Subtotal	– 238	134
Other taxes	– 9	– 8
Total	– 247	126

OTHER INFORMATION

23 Other information

Number of employees

The Group had a total of 179,418 (181,651) employees as of the balance sheet date. 85,435 (86,768) of these were employed in Germany and 93,983 (94,883) in other countries. The number of employees undergoing training decreased by 858 to 6,731.

Personnel expenses

	1/1–3/31/2003 € mn	1/1–3/31/2002 € mn
Salaries and wages	2,010	2,261
Social security contributions and employee assistance	410	363
Expenses for pensions and other post-retirement benefits	199	176
Total	2,619	2,800

Hedge accounting

Fair Value Hedging is mainly applied in the Allianz Group. Derivatives used for fair value hedges show a negative fair value of € 50 (180) mn. Ineffectiveness resulted in a loss of € 5 (1) mn. In addition, foreign currency hedging instruments with a negative fair value of € 17 (9) mn were used as hedges of a net investment in an economically independent foreign entity. This reduced the item Other reserves by € 34 (– 47) mn.

Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the period under review by the weighted average number of common shares outstanding.

		3/31/2003	3/31/2002
Net income for the period	€ mn	– 520	1,931
Weighted average number of shares		247,895,702	242,707,303
Number of shares (not including shares held by the company)		249,125,324	242,986,892
Earnings per share	€	– 2.10	7.96
Earnings per share after elimination of amortization of goodwill	€	– 0.87	9.13
Diluted earnings per share	€	– 2.10	7.96

The weighted average number of shares does not include 18,669,923 (23,720,697) shares held by the company.

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