Allianz Group

Interim Report

First half of 2003

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OVERVIEW

In the second quarter of 2003, Allianz Group achieved net income of 622 million euros. The main contributing factors were continued operating improvements and the recovery on capital markets. Taking into account the first-quarter loss, this translates into net income of 102 million euros for the first six months of the current fiscal year.

In all segments, we were able to make substantial progress in the operating business:

- Total premium income from the insurance business increased 6.3 percent to 44.8 billion euros. Adjusted for consolidation and exchange rate effects, the growth rate would even have come to 11.5 percent.
- The combined ratio, which measures claims and expenses as a percentage of net premiums earned, improved 5.1 percentage points compared to the first half of 2002 and now stands at 97.1 percent.
- In property and casualty insurance as well as in life and health insurance, we focused on profitable growth. Adjusted for exchange rate and consolidation effects, total premium income increased 18.2 percent in this segment. The expense ratio improved by 3.6 percentage points to 17.2 percent. Despite the pressure from the capital markets, we reported net income of 191 million euros in the first half of 2003.
- In the banking segment, we were able to generate operating income of 3.7 billion euros in the first half and thus succeeded in nearly stabilizing the income side of our banking business. On the cost side, we cut administrative expenses by 17.9 percent from the comparable prior-year figure. Loan loss provisions declined from 1,068 million euros to 699 million euros. Overall, we thus achieved an almost balanced operating result of minus 21 million euros.
- In the asset management segment, we increased net inflows to 18 billion euros, after adjustment for exchange-rate effects. At the same time, rigorous cost management brought down the cost/income ratio from 71.9 percent to 69.0 percent. Total operating income came to 320 million euros. After deduction of acquisition-related expenses, taxes and minority interest, we posted a less-than-expected loss of 130 million euros.

Due to the recovery on capital markets, write-downs on our investments were considerably lower in the second quarter than in the first three months. While first-quarter write-downs still amounted to 2.3 billion euros, they fell to 0.8 billion euros in the second quarter. At the same time, gains of 1.1 billion euros were recorded on securities written down in earlier periods. This brought net write-downs in the first six months of the current year to 2.0 billion euros. Of this total, 0.9 billion euros were charged to profit.

We substantially reduced our stock exposure through direct sales as well as the use of derivatives. According to IFRS accounting standards, changes in the market value of the derivatives used for such macro hedges are recognized as income, while the concomitant changes of the market value of the underlying stocks are directly recognized as shareholders' equity and do not affect profit until they are realized in the capital market. Due to the recovery of the stock market, this different treatment of changes in market values produced a charge of 1.1 billion euros related to derivatives. To offset this charge, we partially realized the corresponding higher valuation reserves in shareholder's equity.

Significantly aided by progress in the operating business, we were able to return to profitability after a loss of 0.5 billion euros in the first quarter. After amortization of goodwill, taxes and minority interests, we posted net income of 102 million euros.

Earnings

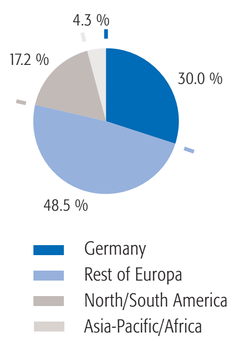
In the first half of 2003, we achieved earnings of 446 million euros before taxes and amortization of goodwill. Compared to the prior-year period, amortization of goodwill went up slightly, from 567 million euros to 599 million euros. Tax income increased by 332 million euros to 607 million euros. The taxes effectively paid increased marginally from 502 million euros to 520 million euros. But these were offset by deferred taxes of 1,127 million euros (after 777 million euros in the previous year).

After deduction of minority interests in earnings, which fell from 879 million euros to 352 million euros, we reported net income of 102 million euros. This translates into earnings per share of 0.33 euros.

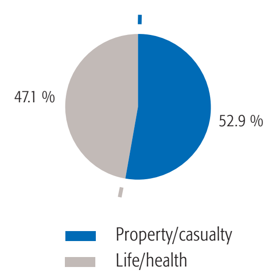
Premium income from the insurance business

In the insurance business, we were able to raise total premium income by 6.3 percent to 44.8 billion euros. An increase of 201 million euros was attributable to changes in the scope of consolidation, whereas exchange rate effects totaling 2.4 billion euros heavily depressed premium income in euro accounts. After adjustment for these effects, the growth rate was 11.5 percent.

Total premium income by region (€ 44.8 bn)



Total premium income by business segment (€ 44.8 bn)



Property and casualty insurance contributed 52.9 percent to total premium income, while 47.1 percent came from the life and health segment, which thereby increased its share of total premium income by 2.2 percentage points.

Revenues from investment-oriented life insurance products grew 23.0 percent to 11.1 billion euros. In IFRS accounts, where only the risk and cost elements of gross premiums are recognized, a slight growth from 33.1 billion to 33.8 billion euros was reported.

Banking

Net revenues from banking, which comprise income from interest, commissions and trading, stabilized at the prior-year level of 3.7 billion euros. The decline in the net interest and commission income as well as net fee and commission income induced by the downturn in the capital markets and the difficult economic situation was compensated by higher trading income, particularly in the first quarter of this year. On the cost side, we clearly reduced administrative expenses by 659 million euros, or 17.9 percent, with respect to the comparable prior-year period. Loan loss provisions declined from 1,068 million euros to 699 million euros. We were thus able to clearly reduce the operating loss from 951 million euros in the prior-year period to 21 million euros.

Asset Management

Assets under management in the Allianz Group increased by 31 billion euros to 1,020 billion euros since the beginning of the year. In addition to 420 billion euros in Group investments, this includes investments from unit-linked life insurance amounting to 29 billion euros. Third-party investments, which increased by 10 billion euros since the end of the year, reached 571 billion euros. Net inflows of 18 billion euros, as well as stock price gains of 32 billion euros, were to a great extent offset by the negative exchange rate effects from the conversion of portfolios to euro accounts, which amounted to 40 billion euros. At last year's exchange rates, the result would have been an increase of 50 billion euros.

Shareholders' equity

On June 30, 2003, the shareholders' equity of the Allianz Group amounted to 27.4 billion euros. This figure takes into account 18,632,649 treasury shares, which reduced shareholders' equity by their acquisition cost of 4.4 billion euros. Compared to the end of 2002, equity was up 5.6 billion euros. This is mainly attributable to the capital increase launched in April. After deduction of transactions costs, the 117 million new shares issued at a price of 38 euros increased our shareholder's equity by a good 4.4 billion euros.

Market capitalization and the Allianz share

On June 30, 2003, the market capitalization of Allianz AG, adjusted for treasury shares, amounted to 26.5 billion euros. Since March 31, 2003, the Allianz share has made substantial gains and registered a price increase of 78.9 percent. In comparison, the Dow Jones Euro STOXX 50 gained only 18.8 percent during the period, while the DJ Euro STOXX Insurance was up 32.6 percent. Looking at the first six months of 2003, however, the Allianz share declined by a total of 10.4 percent.

Employees

In the first six months of the current year, the number of employees world-wide decreased by 2,986 to 178,665.

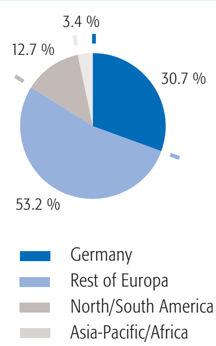
PROPERTY AND CASUALTY INSURANCE

Compared to the first half of 2002, premium income from property and casualty insurance increased 0.5 billion euros to 24.1 billion euros. This growth came mainly from Europe.

Adjusted for consolidation and exchange rate effects, premium income grew by 6.0 percent. This increase is essentially due to rate increases and particularly significant in view of the portfolio restructurings we carried out, especially in the U.S.A., where we effectively severed business relations that offered no prospects of profitability.

In the following breakdowns according to countries and regions, transactions between reporting units are not consolidated. In order to provide a clear picture of business operations, we have adjusted reported results by eliminating the amortization of goodwill and extraordinary items.

Premium income by region - property/casualty (€ 24.1 bn)



The claims ratio improved 3.2 percentage points to 71.4 percent. This is primarily attributable to our selective underwriting policy. In addition, we benefited from a decline in elementary losses and the more favorable development of major claims.

The expense ratio also declined from 27.6 to 25.7 percent. In particular, this is due to cost reductions in Germany and the U.S.A. In other countries, for example France, Spain and Italy, we were able to practically stabilize costs while premium income climbed.

The combined ratio, which measures claims and expenses as a percentage of net premium earned, was 97.1 percent in the first half of 2003. This is an essential step towards achieving our target of 100 percent for the full year.

The turnaround programs we launched in France, the U.S.A., and in our industrial insurance business made good progress. Allianz Global Risks, which comprises our worldwide business with international industrial customers, was able to achieve a combined ratio of 96.8 percent for the first half of 2003. At Fireman's Fund, our efforts also resulted in an improved combined ratio of 100.3 percent. In the business lines retained, the combined ratio even came down to 91.7 percent. The companies had therefore already surpassed their full-year targets by the end of the first half. To sustain this positive trend throughout the second half of the year, further efforts will be required. Particularly at AGF in France, which posted a first-half combined ratio of 105.3 percent for its property and casualty business (that includes some of the health insurance business), we must vigorously pursue the programs we have launched.

Property and casualty insurance

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	24,059	23,569	22,316
Claims ratio	%	71.4	74.6	74.8
Expense ratio	%	25.7	27.6	27.4
Half-year net income	€ mn	769	6,865	1,639
Investments	€ mn	140,375	140,694	131,749
Insurance reserves	€ mn	88,190	89,434	85,967

Investment income came to 1.3 billion euros. It was depressed by write-offs on securities available for sale amounting to 1.0 billion euros, which were mainly made in the first quarter. In the second quarter, capital losses and gains were almost evenly balanced. The charges relating to our macro hedges were more than compensated by realized gains.

Earnings before taxes and amortization amounted to 924 million euros. Compared to the prior-year period, amortization of goodwill increased from 177 to 193 million euros. Taxes produced income of 191 million euros. After deduction of minority interests amounting to 153 million euros, half-year net income came to 769 million euros, 742 million euros more than in the first quarter.

GERMANY

Our German property and casualty insurance business, which is combined in the **Allianz Sachgruppe Deutschland**, upgraded its **premium income** in the first half of 2003 by 4.0 percent to 6.3 billion euros. With an increase of 5.6 percent, the strongest premium growth was generated by non-automobile insurance. Especially in dynamic property insurance, revenues were up 11.2 percent, aided by rate adjustments. Solid growth was once again posted by fire and property insurances (up 7 percent) and by liability insurance (up 7.8 percent). Boosted by our increased share of the business contracted through an insurance service, automobile insurance grew 2.2 percent. At the end of the first half, our long-term policy portfolio contained 42.0 million contracts, 2.2 percent less than at the end of the prior-year period.

Sachgruppe Deutschland

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	6,309	6,067	6,082
Claims ratio	%	64.4	67.0	67.9
Expense ratio	%	26.3	29.1	27.2
Earnings after taxes	€ mn	297	967	359
Investments	€ mn	22,309	20,986	23,835

Excluding Allianz Marine & Aviation as of 2002.

The **claims ratio** clearly improved to 64.4 (67.0) percent. The number of claims received declined 7.2 percent to 2.0 million. This positive trend was particularly noticeable in automobile liability insurance as well as in property and comprehensive automobile insurance, which were especially affected by the storm and hail disasters of last year. Despite a multitude of smaller storm and hail damages, natural catastrophe claims remained below the high volume of last year. The major claims situation also continued to develop positively.

Lower distribution costs and administrative expenses, particularly at headquarters, significantly reduced the **expense ratio** by 2.8 percentage points to 26.3 percent.

Net investment income declined substantially from 1.5 to 0.3 billion euros. This can be largely attributed to the fact that the prior-year result was bolstered by realized capital gains from the disposal of shares of HypoVereinsbank and Mannesmann AG.

Earnings after taxes totaled 297 million euros.

Gross premium income from the **reinsurance business** of Allianz AG decreased 1.9 percent to 3.2 billion euros in the current half year, after adjustment for the premium income of Allianz Global Risks Rückversicherungs-AG and Allianz Marine & Aviation, which is now reported separately. This decline is mainly attributable to the fact that Allianz Sachgruppe Deutschland substantially increased its retention.

Allianz AG

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	3,223	3,969	3,126
Claims ratio	%	72.5	72.4	75.4
Expense ratio	%	27.8	29.7	26.9
Earnings after taxes	€ mn	841	7,191	1,510
Investments	€ mn	87,209	86,451	67,463

For 2002, these figures include Allianz Global Risks and Allianz Marine & Aviation. As of 2003, both units are reported separately.

We were able to stabilize the **claims ratio** at 72.5 percent.

The **expense ratio**, which is primarily determined by commissions paid, was 27.8 percent.

Net investment income fell to 451 million euros. This is due to the fact that the prior-year result included substantial realized gains from the intercompany restructuring of our German shareholdings.

Total **earnings after taxes** amounted to 841 million euros.

FRANCE

In the current year, the business of Allianz Marine & Aviation France is combined with that of Allianz Marine & Aviation Germany and reported separately. After adjustment of the prior-year figures for this effect, premium volume grew 12.3 percent to 3.0 billion euros. This growth is essentially due to the fact that we were able to impose considerable rate increases. A significant part of the growth in revenue was attributable to automobile insurance, where we increased premiums in the private customer segment by 9 to 15 percent. In commercial automobile insurance, we made rate adjustments of 15 to 30 percent. In addition to the positive development of revenues in automobile insurance, premium growth was fuelled by increases ranging from 10 to 40 percent in building and household insurance and commercial property insurance.

France

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	2,988	2,975	2,643
Claims ratio	%	81.7	83.6	81.9
Expense ratio	%	23.6	25.6	27.6
Earnings after taxes	€ mn	140	470	333
Investments	€ mn	20,819	21,550	17,501

Excluding Allianz Marine & Aviation as of 2002.

The **claims ratio** improved to 81.7 percent. While major claims in the commercial lines drove up the claims ratio in this segment, the private customer segment performed substantially better than last year. Particularly in automobile insurance, we saw the loss frequency decline by about 10 percent. In addition, our selective underwriting policy as well as portfolio restructurings in all segments improved the quality of our contract portfolio.

The **expense ratio** declined substantially to 23.6 percent. This is due to the savings we were able to achieve, particularly by cutting IT and administrative costs.

Total **earnings after taxes** amounted to 140 million euros.

ITALY

In Italy, the RAS Group was able to increase its **gross premium income** by 1.9 percent to 1.8 billion euros, while Lloyd Adriatico raised its premium income by 6.1 percent to 0.7 billion euros. Total premiums thus came to 2.5 billion euros. However, the growth rate of 3.1 percent did not match last year's 7.9 percent. The slow-down is attributable to automobile liability insurance, where the market permitted no rate increases. Significant premium growth was generated by accident insurance and comprehensive automobile insurance. For our direct insurer, Genialloyd, the first half was marked by continuing dynamic growth, which boosted premium income by 67.4 percent to 86.9 million euros. Approximately 40 percent of the total was generated by on-line sales.

Italy

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	2,452	2,379	2,204
Claims ratio	%	73.2	75.5	78.2
Expense ratio	%	22.6	23.3	23.2
Earnings after taxes	€ mn	245	751	169
Investments	€ mn	8,588	10,327	9,938

The loss frequency once again improved on the previous year, driving down the **claims ratio** 2.3 percentage points to 73.2 percent.

The **expense ratio** fell 0.7 percentage points to 22.6 percent as a result of our drive to improve the efficiency of administrative procedures.

Net investment income was lower than in the previous year, when substantial gains were realized from the sale of a real estate company.

Overall, **earnings after taxes** declined from 751 to 245 million euros.

SWITZERLAND

Our Swiss companies increased their **gross premiums** by 3.4 percent to 922 million euros in the first half of 2003. This growth came primarily from automobile insurance and, to a lesser extent, from property insurance.

Allianz Suisse

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	922	892	833
Claims ratio	%	74.8	74.4	77.7
Expense ratio	%	24.7	24.4	26.8
Earnings after taxes	€ mn	3	– 14	65
Investments	€ mn	3,134	3,565	4,200

The **claims ratio** remained nearly stable at 74.8 percent.

The **expense ratio** increased slightly to 24.7 percent, due to project costs that included improvements of the IT infrastructure.

Due to persistent weakness in the capital markets, **net investment income** amounted to 27 million euros.

Overall, our Swiss companies were able to return to profitability and reported **earnings after taxes** of 3 million euros, following a loss of 14 million euros in the first half of 2002.

GREAT BRITAIN

While **gross premium income** of our British subsidiary Allianz Cornhill increased 4.0 percent in local currency during the first half of 2003, they fell by 5.7 percent to 1.3 billion in euro accounts. This moderate growth compared to the previous year reflects the development of the British automobile insurance market, which has already reached the peak of its cycle and permits no further price increases.

Cornhill

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	1,335	1,416	1,238
Claims ratio	%	65.7	71.3	73.2
Expense ratio	%	28.9	30.0	31.7
Earnings after taxes	€ mn	141	34	35
Investments	€ mn	2,935	2,802	2,522

The **claims situation** developed favorably in the first half, and the **claims ratio** fell from 71.3 to 65.7 percent. In particular, this is attributable to automobile and property insurance, where active loss management and a revision of all claims settlement processes in the company are beginning to pay off.

The **expense ratio** declined by additional 1.1 percentage points to 28.9 percent.

As a result of the positive development of its key indicators, but also because of on-target net investment income, Allianz Cornhill was able to report **earnings after taxes** of 141 million euros – a clear improvement on the previous year.

SPAIN

Our company in Spain boosted its revenues by a solid 14.8 percent to 936 million euros. This growth came mainly from automobile insurance, which contributed approximately two-thirds of the total **premium income**. But the other lines of private customer, commercial and industrial insurance also registered substantial increases in premiums. At the same time, Allianz Seguros benefited from the targeted promotion of their distribution activities and the corresponding gains in productivity.

Spain

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	936	815	696
Claims ratio	%	77.9	76.2	77.5
Expense ratio	%	18.5	21.1	22.6
Earnings after taxes	€ mn	28	32	24
Investments	€ mn	1,738	1,485	1,565

An increase in the claims volume in automobile insurance was reflected by a somewhat higher **claims ratio** of 77.9 (76.2) percent.

Systematic efforts to further streamline workflows once again brought down the **expense ratio**, from 21.1 percent in the prior-year period to 18.5 percent in the first half of 2003.

Net investment income of 35 million euros was slightly below the prior-year result.

Total **earnings after taxes** declined slightly to 28 million euros.

CENTRAL AND EASTERN EUROPE

In Central and Eastern Europe, we were able to benefit disproportionately from the growth of the insurance markets and boost our gross premium income 42.9 percent to 0.9 billion euros.

In Hungary, gross premium income grew 12.9 percent to 297 million euros (in local currency, the increase was 17.4 percent). **Allianz Hungária** continues to hold a market-leading position and was able to increase its market share by 2 percentage points to 45.4 percent in the first three months of the current year.

With a total of 87 million euros, gross premiums at **Allianz Polska** were up 29.7 percent (in local currency, the increase was 50.5 percent) from the prior-year period. This strong performance is attributable to the growth of the fronting business in the industrial insurance.

Our company in **Prague** increased its gross premium income by 12.7 percent to 134 million euros (in local currency, the increase was 17.8 percent). The strongest growth came from automobile and industrial insurance.

In Slovakia, the merger of Allianz Bratislava and Allianz Slovenská poist'ovna was completed successfully. Since January of 2003, the new company has been operating under the name of **Allianz Slovenská poist'ovna**. Gross premium income amounted to 204 million euros in the first six months of the current year. The company has a market share of 59 percent.

NAFTA REGION

In the U.S.A., the restructuring of **Fireman's Fund**, launched two years ago, has been nearly completed. Due to our selective underwriting policy, which we continued in the first half of 2003, **gross premium income** in local currency declined 2.6 percent. In euro accounts, they amounted to 1.9 billion euros. **Allianz Insurance Company**, which specializes in corporate customer business, was completely integrated into the business of Allianz Global Risks and significantly upgraded its **gross premiums** by 18.9 percent to 420 million euros.

NAFTA

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	2,649	3,045	3,272
Claims ratio	%	71.8	82.7	78.4
Expense ratio	%	28.2	30.9	28.5
Earnings after taxes	€ mn	– 10	– 365	– 47
Investments	€ mn	20,165	18,879	19,858

The successful focus on profitable segments and the rate increases obtained at our American subsidiaries are reflected in the **combined ratio**, which we were able to bring down from 113.6 percent to 100.0 percent. This is mainly due to the successful selective underwriting policy at Fireman's Fund. In the ongoing business lines, the combined ratio even fell to 91.7 percent.

Overall, we were able to clearly reduce our **loss** from 365 to 10 million euros. This positive development was in particular due to Fireman's Fund where, after a loss of 237 million euros in the prior-year period, we were able to return to profitability and generate half-year profit of 25 million euros.

SOUTH AMERICA

The economic situation in South America remained unstable in the first half of 2003. While Brazil showed signs of a recovery, developments in Argentina and Venezuela remained uncertain.

Our companies in South America reported **gross premium income** of 308 million euros and **earnings after taxes** of 13 million euros.

In April, we withdrew from our life insurance business in Chile, and in the future we will concentrate on the property and casualty insurance business in this region.

ASIA-PACIFIC

Because of the Iraq conflict, the terrorist attacks and the SARS outbreak, the first two quarters of 2003 proved to be very difficult for the Asia-Pacific region. Nonetheless, Asia and Australia were able to continue their economic growth. Our premium income was up 3.5 percent to 763 million euros, mainly due to **Allianz Australia**, which contributed most of the growth and was able once again to increase its premium income, from 525 to 541 million euros. Since the operative integration of the business segments acquired from HIH has now been completed, business is continuing on its positive course.

In **China**, Allianz was granted an operating license in mid-February and is now actively developing its business.

In **South Korea**, we decided to shut down our property insurance company, Allianz General Insurance Korea, Ltd.

In **India**, our joint venture Bajaj Allianz General Insurance continues to be the leading private property insurer.

Overall, we were able to bring the Asia-Pacific region back to profitability, and achieved **earnings after taxes** of 30 million euros, following a loss of 31 million euros in the comparable prior-year period.

ALLIANZ GLOBAL RISKS RÜCKVERSICHERUNGS-AG

Allianz Global Risks, which has been in existence since January 1, 2002, pools our world-wide business with international industrial customers. For the first six months of the current year, it reported gross premium income of 857 million euros. The combined ratio in the first half of 2003 was 96.8 percent.

Allianz Global Risks Rückversicherungs-AG

		30.6.2003
Gross premiums	€ mn	787
Claims ratio	%	70.9
Expense ratio	%	30.8
Earnings after taxes	€ mn	– 21
Investments	€ mn	1,039

A part of this entity is **Allianz Global Risks Rückversicherungs-AG**. In the first half of 2003, this company, which has assumed reinsurance for the international industrial insurance business of Allianz Group, had gross premium income of 787 million euros. This is an increase of 63.7 percent over the prior-year period. The main contributors to this premium growth were fire and property insurance. The positive development in these insurance lines is mainly attributable to our turnaround efforts. In technical insurance, particularly in Germany, Great Britain and the U.S.A., the hard insurance market enabled us to raise premiums by an average of 25 percent.

The **claims ratio** was 70.9 percent. The marked decline of losses, combined with lower loss amounts – particularly in fire and property insurance – and the success of our nearly completed portfolio-restructuring measures, were able to compensate for the tornado losses in the U.S.A.

The **expense ratio** in the first half of 2003 was 30.8 percent.

Overall, the company did not quite achieve profitability in the second year of its existence. Compared to the first year, we were able to further optimize the purchase of our reinsurance capacities and thereby substantially reduce the cost of reinsurance ceded. Despite these improvements, we posted a **loss** of 21 million euros for the first half.

CREDIT INSURANCE

Our global credit insurance business is combined in the Allianz group company EULER HERMES S.A., which is headquartered in Paris. EULER HERMES, the world's largest insurer in this market segment, reported **gross premium income** of 831 million euros in the first half of 2003. Despite declining demand due to slow economic growth, systematic rate adjustments enabled us to increase premium income by 2.7 percent over the first six months of the previous years.

Credit insurance

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	831	809	877
Claims ratio	%	58.5	79.2	70.0
Expense ratio	%	30.4	39.2	41.3
Earnings after taxes	€ mn	33	40	74
Investments	€ mn	2,580	2,450	2,794

As a result of the restructuring of our portfolios and a declining number of major insolvencies, the **claims ratio** fell 20.7 percentage points to 58.5 percent.

The reduction of the **expense ratio** by 8.8 percentage points to 30.4 percent is attributable to strict cost-cutting measures. In addition, the cost allocation in the service business was harmonized in connection with the integration of Euler and Hermes.

Net investment income was heavily weighed down by write-downs on the equity portfolio.

Total **eanings after taxes** fell from 40 million euros to 33 million euros.

TRAVEL INSURANCE AND ASSISTANCE SERVICES

Due to the war in Iraq, the SARS epidemic and the ongoing global recession, the international travel insurance market registered a strong decline. But, while the development of our business was clearly hampered by this situation, we were able to keep **gross premium income** constant at 414 (412) million euros. Lower premiums from travel insurance, particularly in Germany, Switzerland, the Netherlands and Belgium, were compensated by the positive development of assistance services in countries such as France, Italy, Germany, Austria, Greece, Poland and Brazil.

Travel insurance and assistance services

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	414	412	382
Claims ratio	%	62.2	62.6	64.4
Expense ratio	%	31.8	29.9	27.5
Earnings after taxes	€ mn	8	5	18
Investments	€ mn	480	449	418

Another factor that weighed heavily upon revenues in euro accounts was the weakness of the British pound and the U.S. dollar against the euro. Almost one quarter of our revenues came from Great Britain and the U.S.A.

The **claims ratio** improved 0.4 percentage points to 62.2 percent.

Inversely, the **expense ratio** increased 1.9 percentage points to 31.8 percent.

Together, travel insurance and assistance services generated **earnings after taxes** of 8 (5) million euros.

ALLIANZ MARINE & AVIATION

Allianz Marine & Aviation is our European specialist insurer for transportation, shipping and aviation risks. Under unified management and control, this company now includes Allianz Marine & Aviation Versicherungs-AG (formerly Allianz Globus MAT Versicherungs-AG) and Allianz Marine & Aviation France, the former AGF MAT.

Allianz Marine & Aviation

		30.6.2003
Gross premiums	€ mn	546
Claims ratio	%	62.9
Expense ratio	%	21.2
Earnings after taxes	€ mn	26
Investments	€ mn	1,222

Premium income dropped 12 percent to 546 million euros in the first half of 2003. This decline is attributable to the strict limitation of underwriting activities at Allianz Marine & Aviation France.

The **claims ratio** improved to 62.9 percent. This is the result of our rigorous portfolio reorganization, which eliminated claims-prone and unprofitable business. In addition, we were spared the major claims that have exerted extreme downward pressure on our claims ratio in past years.

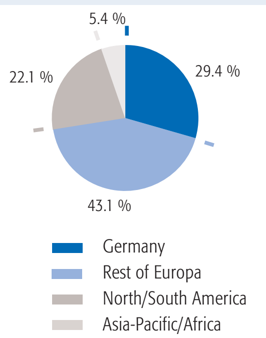
The **expense ratio** of 21.2 percent is satisfactory.

Earnings after taxes amounted to 26 million euros.

LIFE AND HEALTH INSURANCE

In life and health insurance, we were able to sustain our growth and to increase total premium income in the original currencies by 18.2 percent to 21.1 billion euros. 52.4 percent of the premium income came from unit-linked life insurance and other investment-oriented products. Disregarding exchange rate effects, we were able to boost sales of these products by 34.8 percent.

Total premium income by region - life/health
(€ 21.1 bn)



In euro accounts, total premium income grew 11.5 percent.

In IFRS accounts, which recognize only the cost and risk elements as revenue from investment-oriented life insurance products, premium income increased 1.1 percent to 10.0 billion euros. These results once again reflect the negative impact of exchange rate effects, particularly in relation to the U.S. dollar. Settings aside consolidation and exchange rate effects, growth amounted to 3.4 percent.

Strict cost management and a clear focus on growth in more profitable areas pushed down the expense ratio from 20.8 to 17.2 percent. Based on total revenues, it was reduced from 10.4 to 7.7 percent.

Investment income fell from 5.2 billion euros to 4.0 billion euros. In particular, this was due to the fact that, compared to the first half of 2002, the weakness of the capital markets forced us to more than double write-downs on securities held for sale. In the first six months of 2003, they amounted to 1.7 billion euros, of which 1.3 billion euros were already required in the first quarter. However, the effect of lower net investment income on our bottom line is to a great extent absorbed by lower profit participation payouts.

Earnings before taxes and amortization of goodwill came to 505 million euros in the first half of 2003. After amortization of goodwill of 87 million euros, taxes of 105 million euros and minority interests of 122 million euros, net income amounted to 191 million euros.

Life and health insurance

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	21,102	18,931	15,610
Gross premiums	€ mn	10,057	9,950	9,383
Expense ratio	%	17.2	20.8	22.8
Half-year net income	€ mn	191	203	263
Investments	€ mn	230,729	214,897	212,815
Insurance reserves	€ mn	232,747	216,389	211,223

GERMANY

The German life insurance market continued its growth in the first half of 2003. New business at Allianz Leben was up 23.0 percent during this period. On the one hand, this is attributable to the financial strength of Allianz Leben: when taking out a new life insurance policy, customers increasingly scrutinize the provider's financial strength, especially since the solidity of certain competitors has become the subject of critical discussion. In addition, the growth of new business was also boosted by sales through the branches of Dresdner Bank, where new business in terms of contract value was up 26.6 percent. At the same time, brokers have increasingly opted for our products, because they are looking for a financially strong provider in the current market situation.

New business at Allianz Pensionskasse, which signed 110,000 of these contracts, developed with equal success.

Total **premium income** increased 6.0 percent to 4.8 billion euros in the first six months of the current year.

Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	4,766	4,498	4,199
Gross premiums	€ mn	4,550	4,414	4,199
Expense ratio	%	8.2	13.9	17.2
Earnings after taxes	€ mn	– 31	125	175
Investments	€ mn	111,403	107,186	110,341

Due to the positive development of new corporate business and new business from higher annual increments, acquisition costs were below average. In conjunction with the simultaneous increase of premium income, this resulted in a substantial reduction of the **expense ratio** from 13.9 percent to 8.2 percent.

In the **investment area**, Allianz Leben mainly restructured its equity portfolios in the first six months of fiscal 2003. Equity investments were scaled down, mostly by selling stock portfolios hedged with futures, and the hedges were dissolved. To limit individual risks, we purposefully reduced larger positions. Due to the substantial deterioration of the market situation, investment income was 1.8 billion euros less than in the first half of 2002.

As a result, we posted a **loss** of 31 million euros for the first six months of this year.

Allianz Private Krankenversicherung (formerly Vereinte Krankenversicherung) increased its **premium income** to 1.5 billion euros, 3.6 percent more than in the first half of 2003. This growth was generated by both rate adjustments and new business.

Allianz Private Krankenversicherungs-AG

		6/30/2003	6/30/2002	6/30/2001
Gross premiums	€ mn	1,477	1,425	1,335
Claims ratio	%	71.6	72.2	74.3
Expense ratio	%	9.9	9.9	10.4
Earnings after taxes	€ mn	31	31	14
Investments	€ mn	13,035	11,269	10,931

The current discussion on health care policy continues to disconcert potential customers, preventing them from opting for full health insurance coverage. At the same time, members of the public are already investing in supplementary insurance plans, thus confirming their willingness to make individual health care provisions and the necessity for doing so. In the past six months, supplementary health insurance registered strong growth.

Our benefits and health management initiatives brought down the **claims ratio** from 72.2 percent to 71.6 percent.

We were able to stabilize the **expense ratio** at 9.9 percent.

Total **earnings after taxes** amounted to 31 million euros.

FRANCE

Total **premium income** decreased 3.3 percent to 2.1 billion euros. This is due to the fact that life insurance sales through agents had dropped off sharply in the first quarter. Only part of this setback was made up for in the second quarter. On the other hand, premium income from life insurance grew by 10.8 percent, which is attributable to rate adjustments in all segments. However, to cover the rising health care costs in France, further rate adjustments will be required.

France

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	2,071	2,141	2,063
Gross premiums	€ mn	743	758	721
Expense ratio	%	48.2	49.8	46.4
Earnings after taxes	€ mn	181	7	102
Investments	€ mn	39,425	42,109	42,823

Nonetheless, we were able to lower the **expense ratio** by 1.6 percentage points to 48.2 percent, which is due to savings in administrative and IT costs.

Net investment income benefited from the sale of our stake in Crédit Lyonnais in connection with the takeover offer by Crédit Agricole and rose to 928 million euros.

Earnings after taxes increased to 181 million euros.

ITALY

Our Italian companies were able to boost their total revenues by 26.2 percent to 4.9 billion euros. Once again, this growth was mainly attributable to our bancassurance business, which generated additional premium income of 44.8 percent. This distribution channel, which is mainly operated by our bancassurance joint ventures with UniCredito and Banca Antoniana Popolare Veneta, has more than 3,700 outlets in Italy. Investment-oriented products with guaranteed capital continue to generate a substantial share of new business.

Italy

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	4,858	3,850	2,769
Gross premiums	€ mn	567	583	572
Expense ratio	%	28.1	28.9	27.1
Earnings after taxes	€ mn	122	245	180
Investments	€ mn	18,812	15,660	15,076

We were able to reduce the **expense ratio** from 28.9 to 28.1 percent.

Due to lower net investment income, which had been bolstered by the sale of a real estate company in the previous year, **earnings after taxes** fell to 122 million euros.

SWITZERLAND

Total revenues of our Swiss companies increased 12.3 percent to 804 million euros. This increase of revenues is mainly due to the fact that premium income from collective life insurance is now recognized in the period in which it originates. This effect will balance out over the full year. In addition, the growth is attributable to the positive development of new business with non-recurring premiums in consumer life insurance.

Allianz Suisse

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	804	716	704
Gross premiums	€ mn	453	331	307
Expense ratio	%	13.6	18.6	27.7
Earnings after taxes	€ mn	– 10	– 35	3
Investments	€ mn	8,239	8,424	8,095

The **expense ratio** declined by 5.0 percentage points to 13.6 percent, mainly due to higher premium income.

At the bottom line, we posted an **after-tax loss** of 10 million euros for the first half of 2003.

U.S.A.

Our subsidiary Allianz Life operates our U.S. life insurance business. In the first half of the current year, total **gross premium income** grew by 47.8 percent to 4.6 billion euros in local currency. In euro accounts, growth came to 20.6 percent. This growth is mainly attributable to strong sales of annuity and investment products through our distribution network, which was expanded considerably in the past years. We reacted to the substantial drop in interest rates in the second quarter and the resulting strong pressure on our margins by lowering profit participation, cutting commissions and halting the sale of certain products. Now that the guaranteed minimum interest was lowered by Non Forfiture Law in most states, we will launch new products in August. This will enable us to once again meet our profitability targets.

Allianz Life

		6/30/2003	6/30/2002	6/30/2001
Total revenues	€ mn	4,619	3,831	2,274
Gross premiums	€ mn	549	717	748
Expense ratio	%	54.5	43.7	48.6
Earnings after taxes	€ mn	84	– 16	23
Investments	€ mn	19,560	12,974	9,998

The **expense ratio** increased from 43.7 to 54.5 percent. In relation to total revenues, it decreased from 5.7 percent to 5.0 percent.

Net investment income, which was heavily depressed by write-downs in the previous year, improved significantly.

Overall, we posted **earnings after taxes** of 84 million euros in the first half, which exceeded our expectations.

ASIA-PACIFIC

In the Asia-Pacific region, we were able to raise our gross premium income to 1.1 billion euros, 6.4 percent more than in the previous year. This increase is mainly due to improvements and efficiency gains in agency sales and direct distribution.

Two-thirds of premium income comes from Allianz Life Korea. In February of this year, we signed contracts for the creation of an additional Korean joint venture with Hana Bank. The mission of the new company, Hana Life Insurance Co., Ltd, is to continue the successful cooperation between Allianz and Hana Bank (Hana Allianz ITMC), which has been in existence since the end of 2000, and to build a strong basis for the very promising bancassurance business, which will be authorized to a limited extent in Korea as of August 2003.

In **China**, our current joint venture partner, Dazhong, has announced its intention to sell its 49 percent interest in connection with a planned flotation. First discussions with potential new partners are under way.

BANKING

Although the market situation of financial institutions has not yet shown any substantial improvements, we were able to stabilize operating income in the first half of this year at nearly the same level as in the previous year. On the cost side, we reduced administrative expenses by 17.9 percent. Overall, our banking business reported an operating loss of 21 million euros.

Banking

		6/30/2003	6/30/2002
Net interest and current income	€ mn	1,362	1,979
Net fee and commission income	€ mn	1,274	1,455
Trading income	€ mn	1,071	371
Operating income	€ mn	3,707	3,805
Administrative expenses	€ mn	– 3,029	– 3,688
Loan loss provisions	€ mn	– 699	– 1,068
Operating result	€ mn	– 21	– 951
Other income/expenses	€ mn	– 795	– 346
Half-year net income	€ mn	– 437	– 1,058
Operating cost/income ratio	%	81.7	96.9
Loans and advances to customers and banks	€ bn	271	283
Liabilities to customers and banks	€ bn	334	294

In banking, we generated operating income of 3.7 billion euros in the first half of 2003. The decline of net interest and current income as well as net fee and commission income was almost compensated by higher trading income.

The main reasons for the decline of net interest and current income from 1,979 to 1,362 million euros were the deconsolidation of Deutsche Hyp in the second half of 2002 as well as the reduction of risk assets which we pursued vigorously.

Net fee and commission income was down 12.4 percent on the prior-year period. This reflects the persisting reluctance of our customers with respect to the capital markets.

Trading income, which developed very positively – particularly in the first quarter – more than doubled to 1,071 million euros. Nearly half of this growth was generated by very successful trading in interest products.

Our cost-cutting drive continued to produce substantial results. By swiftly and consistently implementing our cost cutting measures we were able to lower administrative expenses by 659 million euros, or 17.9 percent, on the prior-year period.

Loan loss provisions declined from 1,068 million euros to 699 million euros.

The overall result is an operating loss of 21 million euros. The balance of other income/expenses, which amounted to – 795 million euros (– 346 million euros in the previous year), essentially resulted from write-offs and restructuring expenses.

After amortization of goodwill, taxes and minority interests, the banking business reported a loss of 437 million euros.

Private Customers & Business Customers

Despite the persisting difficulties in the market, we were able to stabilize our operating result in the "Private Customers & Business Customers" segment. In the first half of 2003, operating income amounted to 1,641 million euros. At the same time, we were able to slightly reduce administrative expenses by 1.2 percent, which brought down the operating cost/income ratio from 87.8 to 86.8 percent. Loan loss provisions rose to 214 million euros, 88 million euros more than in the prior-year period. Overall, we managed to post an operating result of 3 million euros. However, after deduction of other income/expenses, the segment reported a loss of 131 million euros for the first half of 2003, following net income of 28 million euros in the previous year.

Private Customers & Business Customers

		6/30/2003	6/30/2002
Operating income	€ mn	1,641	1,643
Administrative expenses	€ mn	– 1,424	– 1,442
Loan loss provisions	€ mn	– 214	– 126
Operating result	€ mn	3	75
Other income/expenses	€ mn	– 107	12
Earnings after taxes	€ mn	– 131	28
Operating cost/income ratio	%	86.8	87.8

Corporates & Markets

In "Corporates & Markets", substantial trading income from interest products enabled us to boost operating income to 1,995 million euros. On the cost side, the restructuring measures applied to this activity produced palpable results, cutting administrative expenses by a solid 24.8 percent to 1,347 million euros. This pushed the operating cost/income ratio down from 96.1 percent to 67.5 percent. Loan loss provisions came to 536 million euros. Overall, we posted an operating result of 112 million euros. Taking into account other income/expenses, we were able to substantially reduce the loss to 121 million euros compared to the prior-year period.

Corporates & Markets

		6/30/2003	6/30/2002
Operating income	€ mn	1,995	1,866
Administrative expenses	€ mn	– 1,347	– 1,792
Loan loss provisions	€ mn	– 536	– 800
Operating result	€ mn	112	– 726
Other income/expenses	€ mn	– 131	– 107
Earnings after taxes	€ mn	– 121	– 738
Operating cost/income ratio	%	67.5	96.1

Institutional Restructuring Unit

At the beginning of 2003, the Institutional Restructuring Unit (IRU) began its activities as a new unit of Dresdner Bank. With the transfer of business activities to the IRU in the course of completion, we will include the IRU as a separate division after 2004. Until then, we will report the business development of this unit through news releases.

In the first half of 2003, the IRU generated operating income of 290 million euros. After deducting administrative expenses of 212 million euros and the loan loss provisions accrued in this corporate unit, of 437 million euros, an operating loss is derived of 359 million euros. Taking into account other income/expenses amounting to 226 million euros, the after-tax loss came to 473 million euros.

Breakdown by segment after the transfer of business activities to the Institutional Restructuring Unit.

		Institutional Restructuring Unit	Private Customers & Business Customers	Corporates & Markets
Operating income	€ mn	290	1,611	1,749
Administrative expenses	€ mn	– 212	– 1,370	– 1,212
Loan loss provisions	€ mn	– 437	– 152	– 138
Operating result	€ mn	– 359	89	399
Other income/expenses	€ mn	– 226	– 114	40
Earnings after taxes	€ mn	– 473	– 63	161
Operating cost/income ratio	%	73.1	85.0	69.3

Looking at the "Private Customers & Business Customers" and "Corporates & Markets" segments after the transfer of business activities to the Institutional Restructuring Unit, their operating result improved to 89 and 399 million euros. After deducting the balance of other income/expenses, the loss in "Private Customers & Business Customers" declined to 63 million euros. In "Corporates & Markets", after-tax earnings came to 161 million euros.

ASSET MANAGEMENT

Our assets under management amounted to 1,020 billion euros on June 30, 2003. This is an increase of 31 billion euros, or 3.1 percent, compared with the end of fiscal 2002. We once again succeeded in increasing net inflows. The recovery of the equity and bond markets also had a positive effect. Overall, this was sufficient to more than compensate the negative exchange rate effects due to the weakness of the U.S. dollar, particularly in the conversion of third-party investments managed by PIMCO and Nicholas-Applegate into euros.

Assets Under Management

	current values 6/30/2003 € bn	current values 12/31/2002 € bn
Group investments	420	403
Investments for unit-linked life insurance	29	25
Investments for third-party investors	571	561
Total assets under management	1,020	989

Group investments increased slightly by 17 billion euros, or 4.2 percent, to 420 billion euros since the end of fiscal 2002.

We were also able to increase third-party investments in euro accounts by 10 billion euros, or 1.8 percent, to 571 billion euros, despite negative exchange rate effects of 40 billion dollars. The main contributing factors were high net inflows of 18 billion euros, portfolio gains of 32 billion euros due to rising equity and bond prices, and conversion losses from the weaker dollar of 40 billion euros. At constant exchange rates, the increase would have come to 50 billion euros, or 8.9 percent.

Approximately 75 percent of this amount is invested in interest-bearing securities and about 25 percent in equities. 61 percent of investments for third parties comes from the institutional client business and 39 percent from the private client business.

In the fixed-income business, we were able to sustain last year's success in the first half of 2003. Our PIMCO Total Return Fund increased its assets under management to 76 billion U.S. dollars and thus retained its position as the world's leading actively managed investment fund. In institutional asset management in Germany, our subsidiary dbi, with managed assets of 65.5 billion euros, is the unrivalled market leader in the area of special funds. With dit, we were able to gain a 12-percent market share of net inflows in Germany through innovative products in the public funds area and intensified sales support.

The operating result amounted to 320 million euros, following 334 million euros in the corresponding prior-year period. At constant exchange rates, we would have surpassed the prior-year result by 378 million euros, or 13.3 percent. Stricter cost management enabled us to bring down the cost/income ratio from 71.9 percent to 69.0 percent. Acquisition-related expenses totaled 339 million euros. They include amortization of goodwill of 182 million euros as well as write-offs of 72 million euros on capitalized loyalty bonuses for the management of the PIMCO group, which are written off over a five-year period from the date of acquisition. An additional 85 million euros were retention payments to the management and employees of PIMCO and Nicholas-Applegate, which were also agreed upon at the time of acquisition of the fund management companies.

Taxes amounted to a charge of 6 million euros. Third party interests in earnings amounting to 105 million euros are mainly attributable to Pacific Life, which still holds a minority interest in PIMCO. The asset management segment thus reported a lower than expected first-half loss of 130 million euros.

We signed a new agreement with Pacific Life, the biggest minority shareholder of PIMCO, on the acquisition of its remaining stake in PIMCO by Allianz. Since March 31, 2003, both sides now have the possibility of placing a put or call option of up to 250 million U.S. dollars on this stake at the end of each quarter. At the end of the first and second quarters, Pacific Life exercised its right to sell us tranches of 250 million U.S. dollars each.

OUTLOOK

In the property and casualty insurance business, we are very confident that we will be able to keep the combined ratio under 100 percent for the entire year, provided that no further extraordinary losses occur.

In life and health insurance, we are striving to continue our growth. However, due to the unusually high premium volume in the second half of 2002, particularly in the U.S.A., the growth rate for the full year will be somewhat lower than in the first half.

In banking, we expect a considerable improvement of our operating result. Whether we can reach the threshold of profitability in the current financial year, will to a great extent depend on the recovery of the economy, the situation in the capital markets and the willingness of our customers to acquire corresponding investment products, which is conditioned by these factors. Our ongoing cost-cutting measures will be pursued relentlessly.

In asset management, we go on the assumption that our operating result will continue to improve.

The progress of the economy and the persistent volatility in the capital markets will continue to be the decisive influence on our future net investment income. To reduce the dependency of our net investment income on the stock market, we are substantially reducing our equity quota – a move we are supporting through short-term hedges.

Following the reduction of our stake in Munich Re through sales on the stock market from 22.4 percent to just under 20 percent in the first quarter, we will continue our withdrawal from the share capital of that company. An additional reduction by 3 percentage points will be obtained by repaying a first tranche of about 50 percent of the MILES bond issued in January of 2001 ahead of schedule by releasing Munich Re shares.

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on the headline or the page number.

Consolidated Financial Statements First Half of 2003

To read the notes, simply click ➤➤ on the number

Consolidated Balance Sheet as of June 30, 2003 and as of December 31, 2002

ASSETS	➤➤ Note	6/30/2003 € mn	12/31/2002 € mn
A. Intangible assets	2	17,284	18,273
B. Investments in affiliated enterprises, joint ventures and associated enterprises		8,656	11,345
C. Investments	3	295,495	285,340
D. Investments held on account and at risk of life insurance policyholders		29,312	25,657
E. Loans and advances to banks	4	102,327	86,822
F. Loans and advances to customers	5	200,519	188,084
G. Trading assets		147,820	124,842
H. Cash and cash equivalents		30,820	21,008
I. Amounts ceded to reinsurers from the insurance reserves	6	26,969	28,420
J. Deferred tax assets		13,610	13,258
K. Other assets		53,748	49,007
Total assets		926,560	852,056

EQUITY AND LIABILITIES	➤➤ Note	6/30/2003 € mn	12/31/2002 € mn
A. Shareholders' equity		27,384	21,772
B. Minority interests in shareholders' equity	7	6,552	8,165
C. Participation certificates and subordinated liabilities	8	12,720	14,174
D. Insurance reserves	9	314,640	305,763
E. Insurance reserves for life insurance where the investment risk is carried by policyholders		29,315	25,687
F. Liabilities to banks		177,614	137,332
G. Liabilities to customers		162,910	147,266
H. Certificated liabilities		61,872	78,750
I. Trading liabilities		70,904	53,520
J. Other accrued liabilities	10	12,248	13,069
K. Other liabilities	11	34,777	31,360
L. Deferred tax liabilities		12,509	12,188
M. Deferred income		3,115	3,010
Total equity and liabilities		926,560	852,056

Consolidated Income Statement for the Period from January 1 to June 30, 2003 and from January 1 to June 30, 2002

	➤➤ Note	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
1. Premiums earned (net)	12	27,503	26,905
2. Interest and similar income	13	11,866	14,675
3. Income (net) from affiliated enterprises, joint ventures and associated enterprises		– 232	3,210
4. Other income from investments	14	5,749	4,146
5. Trading income	15	34	472
6. Fee and commission income, and income resulting from service activities	16	3,030	3,896
7. Other income		1,892	1,616
Total income (1. to 7.)		49,842	54,920
8. Insurance benefits (net)	17	– 24,147	– 25,271
9. Interest and similar expenses	18	– 3,515	– 5,440
10. Other expenses for investments	19	– 6,803	– 4,876
11. Loan loss provisions	20	– 703	– 1,087
12. Acquisition costs and administrative expenses	21	– 10,847	– 12,203
13. Amortization of goodwill		– 599	– 567
14. Other expenses		– 3,381	– 3,297
Total expenses (8. to 14.)		– 49,995	– 52,741
15. Earnings from ordinary activities before taxes		– 153	2,179
16. Taxes	22	607	275
17. Minority interests in earnings	7	– 352	– 879
18. Net income		102	1,575
		€	€
Earnings per share	23	0.33	5.69*)
Earnings per share after elimination of amortization of goodwill	23	2.26	7.74*)
Diluted earnings per share	23	0.33	5.69*)

*) Adjusted for subscription rights issued in April 2003

Consolidated Income Statement for the Period from April 1 to June 30, 2003 and from April 1 to June 30, 2002

	4/1–6/30/2003 € mn	4/1–6/30/2002 € mn
1. Premiums earned (net)	13,715	13,194
2. Interest and similar income	6,467	7,234
3. Income (net) from affiliated enterprises, joint ventures and associated enterprises	– 377	1,442
4. Other income from investments	3,403	1,207
5. Trading income	– 924	328
6. Fee and commission income, and income resulting from service activities	1,461	1,884
7. Other income	681	956
Total income (1. to 7.)	24,426	26,245
8. Insurance benefits (net)	– 12 883	– 12,565
9. Interest and similar expenses	– 1,946	– 2,194
10. Other expenses for investments	– 2,035	– 2,638
11. Loan loss provisions	– 345	– 751
12. Acquisition costs and administrative expenses	– 5,236	– 6,220
13. Amortization of goodwill	– 293	– 283
14. Other expenses	– 1,687	– 1,540
Total expenses (8. to 14.)	– 24,425	– 26,191
15. Earnings from ordinary activities before taxes	1	54
16. Taxes	853	150
17. Minority interests in earnings	– 232	– 560
18. Net income	622	– 356

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		– 895	– 9		– 904
Changes in the group of consolidated companies		484			484
Treasury stock		– 87			– 87
Unrealized investment gains and losses			– 3,883		– 3,883
Net income		1,575			1,575
Reclassification of unappropriated profit		46		– 46	–
Shareholders' dividend				– 364	– 364
Miscellaneous		210			210
6/30/2002	14,769	9,542	4,384	–	28,695
12/31/2002	14,785	4,773	1,049	1,165	21,772
Currency translation adjustments		– 840	– 53		– 893
Changes in the group of consolidated companies		– 1,312	876		– 436
Capital paid-in	4,482				4,482
Treasury stock		1,530			1,530
Unrealized investment gains and losses			2,276		2,276
Net income		102			102
Reclassification of unappropriated profit		791		– 791	–
Shareholders' dividend				– 374	– 374
Miscellaneous		– 1,075			– 1,075
6/30/2003	19,267	3,969	4,148	–	27,384

Cash Flow Statement

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Net income	102	1,575
Change in unearned premiums	2,543	2,430
Change in aggregate policy reserves[1]	6,614	2,029
Change in reserves for loss and loss adjustment expenses	364	1,279
Change in other insurance reserves[2]	– 1,196	– 64
Change in deferred acquisition costs	– 1,318	– 554
Change in funds held by others under reinsurance business assumed	– 41	1,140
Change in funds held under reinsurance business ceded	196	– 287
Change in accounts receivable/payable on reinsurance business	– 22	244
Change in trading securities[3]	– 5,882	17,023
Change in loans and advances to banks and customers	– 28,679	– 9,450
Change in liabilities to banks and customers	56,033	– 8,825
Change in certificated liabilities	– 16,342	– 9,152
Change in other receivables and liabilities	1,731	296
Change in deferred tax assets/liabilities[4]	– 1,055	– 702
Non-cash investment income/expenses	1,778	– 2,370
Amortization of goodwill	599	567
Other	– 3,209	– 2,788
Net cash flow provided by (used in) operating activities	12,216	– 7,609
Change in securities available-for-sale	– 5,066	5,139
Change in securities held-to-maturity	2,393	247
Change in real estate	– 530	1,303
Change in other investments	– 695	1,575
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	–	– 9,119
Other	295	578
Net cash flow provided by (used in) investing activities	– 3,603	– 277
Change in participation certificates and subordinated liabilities	– 1,454	– 135
Change in investments held on account and at risk of life insurance policyholders	– 4,254	– 1,604
Change in aggregate policy reserves for life insurance products according to SFAS 97	4,952	4,324
Cash inflow from capital increases	4,482	–
Dividend payouts	– 632	– 409
Other from shareholders' equity and minority interests[5]	– 1,821	1,541
Net cash flow provided by financing activities	1,273	3,717
Effect of exchange rate changes on cash and cash equivalents	– 74	– 87
Change in cash and cash equivalents	9,812	– 4,256
Cash and cash equivalents at beginning of period	21,008	21,240
Cash and cash equivalents at end of period	30,820	16,984

[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 was 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 half of 2003, in particular the deconsolidation of Pioneer Allianz Life Assurance Corporation, Metro Manila.

The deconsolidation reduced the value of investments held (excluding funds held by others) by € 24 (856 increase) mn while the total of other assets and liabilities had a net increase of € 24 (5,523) mn. Income taxes paid amounted to € 1,462 (1,002) mn.

Consolidated Balance Sheet by Business Segments as of June 30, 2003 and as of December 31, 2002

ASSETS	Property/Casualty		Life/Health	
	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn
A. Intangible assets	2,733	2,960	4,682	4,817
B. Investments in affiliated enterprises, joint ventures and associated enterprises	49,614	51,448	5,945	6,183
C. Investments	79,213	76,855	196,519	189,172
D. Investments held on account and at risk of life insurance policyholders	–	–	29,312	25,657
E. Loans and advances to banks	8,594	5,219	3,064	3,490
F. Loans and advances to customers	2,667	2,882	27,971	24,747
G. Trading assets	1,749	1,404	1,224	1,177
H. Cash and cash equivalents	2,205	2,880	1,067	2,267
I. Amounts ceded to reinsurers from the insurance reserves	16,322	17,188	16,867	17,623
J. Deferred tax assets	7,676	7,410	2,240	2,601
K. Other assets	23,261	21,482	18,760	17,320
Total assets	194,034	189,728	307,651	295,054

EQUITY AND LIABILITIES	Property/Casualty		Life/Health	
	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn
A. Participation certificates and subordinated liabilities	3,941	4,342	–	–
B. Insurance reserves	88,190	87,557	232,747	224,673
C. Insurance reserves for life insurance where the investment risk is carried by policyholders	–	–	29,315	25,687
D. Liabilities to banks	5,161	5,166	3,538	1,708
E. Liabilities to customers	–	–	–	–
F. Certificated liabilities	17,071	19,031	248	263
G. Trading liabilities	1,431	544	1,083	825
H. Other accrued liabilities	5,536	5,626	625	850
I. Other liabilities	19,223	18,312	20,889	20,555
J. Deferred tax liabilities	7,491	7,356	2,759	2,551
K. Deferred income	99	104	359	354
Total equity and liabilities	148,143	148,038	291,563	277,466

Banking		Asset Management		Consolidation Adjustments		Group	
6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn
3,259	3,509	6,610	6,987	–	–	17,284	18,273
3,366	4,349	18	20	– 50,287	– 50,655	8,656	11,345
29,605	28,965	676	993	– 10,518	– 10,645	295,495	285,340
–	–	–	–	–	–	29,312	25,657
91,495	76,748	198	1,863	– 1,024	– 498	102,327	86,822
179,671	168,919	223	228	– 10,013	– 8,692	200,519	188,084
144,691	122,139	173	156	– 17	– 34	147,820	124,842
27,462	16,322	595	940	– 509	– 1,401	30,820	21,008
–	–	–	–	– 6,220	– 6,391	26,969	28,420
3,628	3,161	66	86	–	–	13,610	13,258
15,721	15,416	3,481	3,672	– 7,475	– 8,883	53,748	49,007
498,898	439,528	12,040	14,945	– 86,063	– 87,199	926,560	852,056

Banking		Asset Management		Consolidation Adjustments		Group	
6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn
8,787	9,846	–	–	– 8	– 14	12,720	14,174
–	–	–	–	– 6,297	– 6,467	314,640	305,763
–	–	–	–	–	–	29,315	25,687
169,509	130,568	358	177	– 952	– 287	177,614	137,332
164,158	146,945	520	2,754	– 1,768	– 2,433	162,910	147,266
50,077	64,569	213	435	– 5,737	– 5,548	61,872	78,750
68,422	52,152	–	–	– 32	– 1	70,904	53,520
5,515	5,984	572	609	–	–	12,248	13,069
6,933	5,468	1,265	1,239	– 13,533	– 14,214	34,777	31,360
2,194	2,220	65	61	–	–	12,509	12,188
2,653	2,545	4	7	–	–	3,115	3,010
478,248	420,297	2,997	5,282	– 28,327	– 28,964	892,624	822,119
				Equity[*)]		33,936	29,937
				Total equity and liabilities		926,560	852,056

[*)] Shareholders' equity and minority interests

Consolidated income statement by business segments for the period from January 1 to June 30, 2003 and from January 1 to June 30, 2002

	Property/Casualty		Life/Health	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
1. Premiums earned (net)	18,380	17,954	9,123	8,951
2. Interest and similar income	2,256	2,464	5,687	5,858
3. Income (net) from affiliated enterprises, joint ventures and associated enterprises	45	6,854	139	433
4. Other income from investments	2,680	1,939	2,649	2,076
5. Trading income	– 1,196	49	138	57
6. Fee and commission income, and income from service activities	314	871	103	92
7. Other income	886	1,069	735	332
Total income (1. to 7.)	23,365	31,200	18,574	17,799
8. Insurance benefits (net)	– 13,294	– 13,829	– 10,853	– 11,441
9. Interest and similar expenses	– 796	– 729	– 131	– 255
10. Other expenses for investments	– 1,834	– 1,380	– 4,380	– 2,870
11. Loan loss provisions	– 3	– 14	– 1	– 5
12. Acquisition costs and administrative expenses	– 4,946	– 5,249	– 1,822	– 2,109
13. Amortization of goodwill	– 193	– 177	– 87	– 86
14. Other expenses	– 1,568	– 2,146	– 882	– 624
Total expenses (8. to 14.)	– 22,634	– 23,524	– 18,156	– 17,390
15. Earnings from ordinary activities before taxes	731	7,676	418	409
16. Taxes	191	– 17	– 105	– 80
17. Minority interests in earnings	– 153	– 794	– 122	– 126
18. Net income	769	6,865	191	203

Banking		Asset Management		Consolidation Adjustments		Group	
1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
–	–	–	–	–	–	27,503	26,905
4,282	6,801	33	73	– 392	– 521	11,866	14,675
– 75	286	1	13	– 342	– 4,376	– 232	3,210
417	180	7	21	– 4	– 70	5,749	4,146
1,071	371	11	1	10	– 6	34	472
1,502	1,606	1,364	1,452	– 253	– 125	3,030	3,896
279	171	48	57	– 56	– 13	1,892	1,616
7,476	9,415	1,464	1,617	– 1,037	– 5,111	49,842	54,920
–	–	–	–	–	– 1	– 24,147	– 25,271
– 2,921	– 4,892	– 16	– 54	349	490	– 3,515	– 5,440
– 603	– 622	– 2	– 5	16	1	– 6,803	– 4,876
– 699	– 1,068	–	–	–	–	– 703	– 1,087
– 3,258	– 3,840	– 1,047	– 1,109	226	104	– 10,847	– 12,203
– 137	– 104	– 182	– 200	–	–	– 599	– 567
– 813	– 290	– 236	– 300	118	63	– 3,381	– 3,297
– 8,431	– 10,816	– 1,483	– 1,668	709	657	– 49,995	– 52,741
– 955	– 1,401	– 19	– 51	– 328	– 4,454	– 153	2,179
527	339	– 6	27	–	6	607	275
– 9	4	– 105	– 120	37	157	– 352	– 879
– 437	– 1,058	– 130	– 144	– 291	– 4,291	102	1,575

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

The financial statements are presented in euros (€).

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED BALANCE SHEET

2 Intangible assets

Intangible assets comprise the following:

	6/30/2003 € mn	12/31/2002 € mn
Goodwill	13,193	13,786
Other intangible assets	4,091	4,487
Total	17,284	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	– 307
Value stated as of 1/1/2003	13,479
Additions	313
Amortization	– 599
Value stated as of 6/30/2003	13,193
Accumulated amortization 6/30/2003	– 4,075
Gross amount capitalized 6/30/2003	17,268

Additions are mainly comprised of goodwill due to the increase in ownership interest in:

- Riunione Adriatica di Sicurtà S. p. A. by 4.3 % to 55.4 %,
- PIMCO Advisors L. P. by 5.0 % to 74.5 %

3 Investments

	6/30/2003 € mn	12/31/2002 € mn
Securities held-to-maturity	4,091	6,533
Securities available-for-sale	278,233	265,997
Real estate used by third parties	11,082	10,747
Funds held by others under reinsurance contracts assumed	2,089	2,063
Total	295,495	285,340

Securities available-for-sale

	Amortized cost		Unrealized gains		Unrealized losses		Marktet values	
	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn	6/30/2003 € mn	12/31/2002 € mn
Equity securities	44,912	54,637	5,115	3,601	4,888	10,067	45,139	48,171
Government bonds	129,527	120,755	8,065	6,450	197	426	137,395	126,779
Corporate bonds	84,543	79,775	5,536	5,451	211	472	89,868	87,754
Other	5,485	6,061	359	253	13	21	5,831	6,293
Total	264,467	261,228	19,075	15,755	5,309	10,986	278,233	265,997

	Realized gains		Realized losses	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Equity securities	3,410	3,029	3,322	2,286
Government bonds	658	269	63	192
Corporate bonds	529	418	154	154
Other	16	25	3	25
Total	4,613	3,741	3,542	2,657

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

4 Loans and advances to banks

	6/30/2003 € mn	12/31/2002 € mn
Loans	4,666	5,213
Other advances	97,974	82,017
Loans and advances to banks	102,640	87,230
Less loan loss allowance	313	408
Loans and advances to banks after loan loss allowance	102,327	86,822

5 Loans and advances to customers

	6/30/2003 € mn	12/31/2002 € mn
Loans and advances to customers	207,170	194,643
Less loan loss allowance	6,651	6,559
Loans and advances to customers after loan loss allowance	200,519	188,084

6 Amounts ceded to reinsurers from the insurance reserves

	6/30/2003 € mn	12/31/2002 € mn
Unearned premiums	1,805	1,507
Aggregate policy reserves	10,912	11,350
Reserve for loss and loss adjustment expenses	13,976	15,334
Other insurance reserves	226	179
Subtotal	26,919	28,370
Insurance reserves for life insurance where the investment risk is carried by policyholders	50	50
Total	26,969	28,420

7 Minority interests in shareholders' equity and earnings

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

The minority interests in shareholders' equity is comprised of:

	6/30/2003 € mn	12/31/2002 € mn
Other reserves		
Unrealized gains and losses	413	– 76
Share of earnings	352	688
Other equity components	5,787	7,553
Total	6,552	8,165

8 Participation certificates and subordinated liabilities

	6/30/2003 € mn	12/31/2002 € mn
Participation certificates	1,599	1,955
Subordinated liabilities	11,121	12,219
Total	12,720	14,174

9 Insurance reserves

	6/30/2003 € mn	12/31/2002 € mn
Unearned premiums	14,884	12,248
Aggregate policy reserves	214,812	210,109
Reserves for loss and loss adjustment expenses	64,008	65,961
Reserves for premium refunds	19,732	16,190
Premium deficiency reserves	390	385
Other insurance reserves	814	870
Total	314,640	305,763

10 Other accrued liabilities

	6/30/2003 € mn	12/31/2002 € mn
Reserves for pensions and similar obligations	5,684	5,715
Accrued taxes	1,620	1,775
Miscellaneous accrued liabilities	4,944	5,579
Total	12,248	13,069

11 Other liabilities

	6/30/2003 € mn	12/31/2002 € mn
Funds held under reinsurance business ceded	8,655	8,562
Accounts payable on direct insurance business	7,581	7,972
Accounts payable on reinsurance business	2,013	2,257
Other liabilities	16,528	12,569
Total	34,777	31,360

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

12 Premiums earned (net)

	Property/Casualty*)		Life/Health*)		Total	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Gross premiums written	23,706	23,209	10,048	9,939	33,754	33,148
Premiums ceded in reinsurance	– 3,122	– 3,299	– 510	– 614	– 3,632	– 3,913
Change in unearned premiums (net)	– 2,548	– 2,305	– 71	– 25	– 2,619	– 2,330
Premiums earned (net)	18,036	17,605	9,467	9,300	27,503	26,905

*) After eliminating intra-Group transactions between segments

13 Interest and similar income

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Income from		
Securities held-to-maturity	197	248
Securities available-for-sale	6,556	6,924
Real estate used by third parties	498	533
Lending, money market transactions and loans	4,213	6,359
Leasing agreements	35	75
Other interest-bearing instruments	367	536
Total	11,866	14,675

Net interest margin from banking business*)

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Interest and current income	4,260	6,798
Interest expenses	– 2,891	– 4,763
Net interest and current income	1,369	2,035
Less loan loss provisions	699	1,068
Net interest and current income after loan loss provisions	670	967

*) After eliminating intra-Group transactions between segments

14 Other income from investments

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Realized gains on		
Securities held-to-maturity	–	–
Securities available-for-sale	4,613	3,741
Real estate used by third parties	89	243
Other investments	7	50
Subtotal	4,709	4,034
Income from revaluations of		
Securities held-to-maturity	18	–
Securities available-for-sale	1,006	106
Real estate used by third parties	8	2
Other investments	8	4
Subtotal	1,040	112
Total	5,749	4,146

15 Trading income

Trading income includes expenses amounting to € 1,112 (+110) mn from derivative financial instruments where hedge accounting according to IAS 39 is not applied. Derivative financial instruments embedded in exchangeable bonds did not have an impact on results for the reporting period. Options and forwards were used (macro hedges) to reduce exposure to equities. This resulted in a charge of € 1,131 mn. Trading income also includes gains of € 19 (– 73) mn from the use of other derivative financial instruments by insurance companies.

Trading income amounting to € 34 (472) mn includes € 1,071 (371) mn income from trading activities of the banking business*). This is comprised as follows:

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Trading in interest products	472	222
Trading in equity products	101	– 22
Foreign exchange/precious metals trading	186	218
Other trading activities	312	– 47
Total	1,071	371

*) After eliminating intra-Group transactions between segments

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

Of the total fee and commission income, and income resulting from service activities, € 1,373 (1,521) mn are attributable to banking business*).

Net fee and commission income from banking business*)

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Fee and commission income	1,373	1,521
Fee and commission expenses	– 214	– 146
Total	1,159	1,375

*) After eliminating intra-Group transactions between segments

Net fee and commission income from banking business is comprised of the following:

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Securities business	602	529
Lending business	10	6
Underwriting business (new issues)	55	62
Other	492	778
Net fee and commission income	1,159	1,375

17 Insurance benefits

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

	Gross		Ceded in reinsurance		Net	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Claims						
Claims paid	– 14,556	– 14,925	2,162	2,283	– 12,394	– 12,642
Change in reserves for loss and loss adjustment expenses	298	– 313	– 713	– 144	– 415	– 457
Subtotal	– 14,258	– 15,238	1,449	2,139	– 12,809	– 13,099
Change in other reserves						
Aggregate policy reserves	– 126	– 196	32	16	– 94	– 180
Other	77	– 68	1	– 9	78	– 77
Subtotal	– 49	– 264	33	7	– 16	– 257
Expenses of premium refunds	– 73	– 128	– 7	16	– 80	– 112
Total	– 14,380	– 15,630	1,475	2,162	– 12,905	– 13,468

*) After eliminating intra-Group transactions between segments

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

	Gross		Ceded in reinsurance		Net	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Benefits paid	– 8,963	– 8,146	540	637	– 8,423	– 7,509
Change in reserves						
Aggregate policy reserves	– 2,839	– 2,754	10	– 129	– 2,829	– 2,883
Other	– 122	– 143	– 65	114	– 187	– 29
Subtotal	– 11,924	– 11,043	485	622	– 11,439	– 10,421
Expenses of premium refunds	186	– 1,383	11	1	197	– 1,382
Total	– 11,738	– 12,426	496	623	– 11,242	– 11,803

*) After eliminating intra-Group transactions between segments

18 Interest and similar expenses

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Interest expenses for		
Deposits	– 1,565	– 1,351
Certificated liabilities	– 891	– 3,188
Subtotal	– 2,456	– 4,539
Other interest expenses	– 1,059	– 901
Total	– 3,515	– 5,440

19 Other expenses for investments

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Realized losses:		
Securities held-to-maturity	– 1	– 1
Securities available-for-sale	– 3,542	– 2,657
Real estate used by third parties	– 18	– 12
Other investments	– 1	– 54
Subtotal	– 3,562	– 2,724
Depreciation and write-downs:		
Securities held-to-maturity	– 10	– 18
Securities available-for-sale	– 3,090	– 1,966
Real estate used by third parties	– 139	– 162
Other investments	– 2	– 6
Subtotal	– 3,241	– 2,152
Total	– 6,803	– 4,876

20 Loan loss provisions

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Additions to allowances including direct write-offs	– 1,236	– 1,513
Less amounts released	503	383
Less recoveries on loans previously written off	30	43
Loan loss provisions	– 703	– 1,087

21 Acquisition costs and administrative expenses

	Property/Casualty*)		Life/Health*)	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Acquisition costs				
Payments	– 3,410	– 3,443	– 1,865	– 1,830
Change in deferred acquisition costs	242	217	876	521
Subtotal	– 3,168	– 3,226	– 989	– 1,309
Administrative expenses	– 1,949	– 2,187	– 656	– 711
Underwriting costs (gross)	– 5,117	– 5,413	– 1,645	– 2,020
Less commissions and profit-sharing received on reinsurance business ceded	419	507	56	116
Underwriting costs (net)	– 4,698	– 4,906	– 1,589	– 1,904
Expenses for management of investment securities	– 223	– 291	– 195	– 209
Total acquisition costs and administrative expenses	– 4,921	– 5,197	– 1,784	– 2,113

	Banking Business*)		Asset Management*)	
	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Personnel expenses	– 1,844	– 2,229	– 521	– 632
Operating expenses	– 1,179	– 1,452	– 165	– 186
Fee and commission expenses	– 214	– 146	– 219	– 248
Total acquisition costs and administrative expenses	– 3,237	– 3,827	– 905	– 1,066

*) After eliminating intra-Group transactions between segments

Acquisition costs and administrative expenses for the insurance segments 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.

For the Banking business, 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.

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Current taxes	– 491	– 470
Deferred taxes	1,127	777
Subtotal	636	307
Other taxes	– 29	– 32
Total	607	275

OTHER INFORMATION

23 Other information

Number of employees

The Group had a total of 178,665 (181,651) employees as of the balance sheet date. Of the Group's total number of employees, 84,278 (86,768) were employed in Germany and 94,387 (94,883) in other countries. The number of employees undergoing training decreased by 1,235 to 6,353.

Personnel expenses

	1/1–6/30/2003 € mn	1/1–6/30/2002 € mn
Salaries and wages	4,125	4,542
Social security contributions and employee assistance	843	823
Expenses for pensions and other post-retirement benefits	306	384
Total	5,274	5,749

Hedge accounting

Fair value hedging is applied within the Allianz Group. Derivatives used for fair value hedges show a negative fair value of € 50 (+24) mn. Hedge ineffectiveness resulted in a loss of € 9 (1) mn. Foreign currency hedging instruments that were used as hedges of a net investment in an economically independent foreign entity were closed out during the reporting period.

Earnings per share

Earnings per share are calculated by dividing the consolidated net income for the period under review by the weighted average number of common shares outstanding.

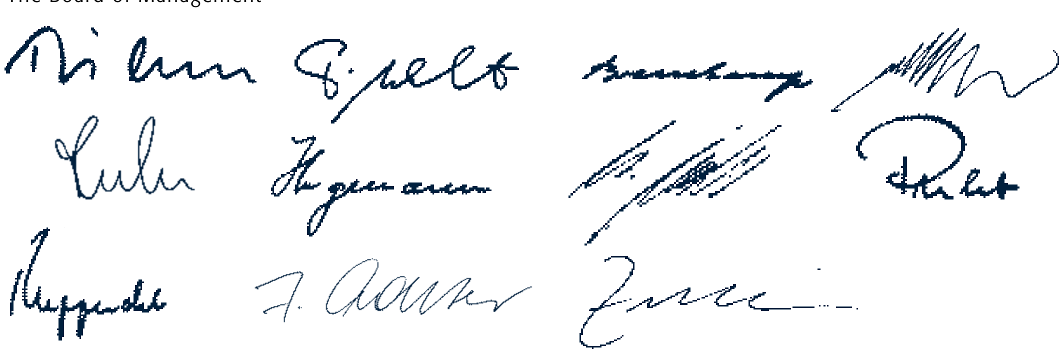
		6/30/2003	6/30/2002
Net income	€ mn	102	1,575
Weighted average number of shares		310,326,058	276,635,101*)
Number of shares (not including shares held by the company)		365,120,476	242,986,892
Earnings per share	€	0.33	5.69*)
Earnings per share after elimination of amortization of goodwill	€	2.26	7.74*)
Diluted earnings per share	€	0.33	5.69*)

*) Adjusted for drawing rights issued in April 2003

The weighted average number of shares does not include 19,210,096 (23,720,697) shares held by the company.

Munich, August 13, 2003

Allianz Aktiengesellschaft
The Board of Management



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