

Overall Business Development

Consolidated balance sheet (short version)

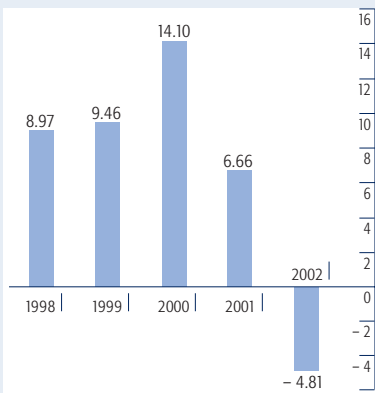
ASSETS	2002 € bn	2001 € bn	EQUITY AND LIABILITIES	2002 € bn	2001 € bn
Intangible assets	18.3	16.9	Shareholders' equity	21.8	31.7
Investments in affiliated enterprises	11.3	10.2	Minority interests in shareholders' equity	8.2	17.3
Investments	285.3	345.3	Participation certificates and subordinated liabilities	14.2	12.2
Investments held on account and at risk of life insurance policy holders	25.7	24.7	Insurance reserves	305.8	299.5
Loans and advances to banks	86.8	61.3	Insurance reserves for life insurance where the investment risk is carried by policyholders	25.7	24.7
Loans and advances to customers	188.1	239.7	Liabilities to banks	137.3	135.4
Trading assets	124.8	128.4	Liabilities to customers	147.3	177.3
Amounts ceded to reinsurers from insurance reserves	28.4	31.0	Certificated liabilities	78.8	134.7
Other assets	83.3	85.4	Other liabilities	113.1	110.1
Total assets	852.1	942.9	Total equity and liabilities	852.1	942.9

Consolidated income statement (short version)

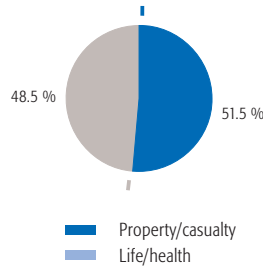
	2002 € bn	2001 € bn
Premiums earned (net)	55.1	52.7
Net interest from banking	4.0	2.4
Income from investments and affiliated enterprises	13.2	15.0
Trading income	1.5	1.6
Fee and commission income, and income resulting from service activities	6.1	4.8
Insurance benefits	- 50.2	- 50.2
Loan loss allowance	- 2.2	- 0.6
Acquisition costs and administrative expenses	- 24.4	- 19.3
Other income/expenses	- 3.1	- 3.9
Amortization of goodwill	- 1.2	- 0.8
Income before taxes	- 1.2	1.8
Taxes	0.7	0.8
Minority interests in earnings	- 0.7	- 1.0
Net income	- 1.2	1.6
Earnings per share in €	- 4.81	6.66

- _ In fiscal 2002, total premium income increased 9.9 percent to 82.6 billion euros.
- _ The Group finished the year with a loss of 1.2 billion euros.
- _ This unsatisfactory result was essentially determined by the difficult economic climate and the weakness in the capital markets, the loss at Dresdner Bank and by a number of special influences, in particular claims from the flood disaster, which totaled 710 million euros. We also decided to increase the reserves for asbestos and environmental (A&E) exposure in the U.S. by 762 million euros.
- _ The deterioration of earnings overshadowed significant improvements in our operating performance. In addition to substantially higher revenues, the major achievements were a clearly improved combined ratio in property and casualty insurance, the trimming of Dresdner Bank's administrative expenses by 12.3 percent and the growth of net inflows in asset management by 43 billion euros.

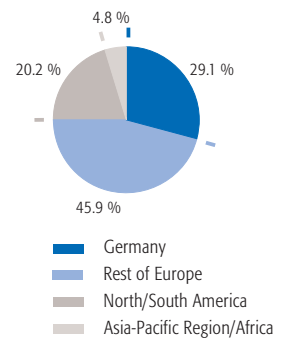
Earnings per share
in €



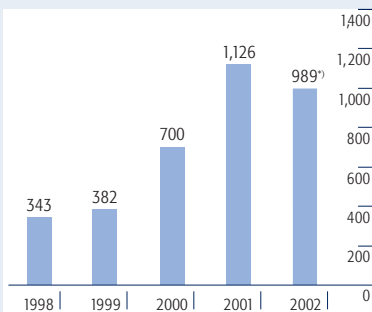
Total premium income by
business segments (€82.6 bn)



Total premium income
by regions (€82.6 bn)

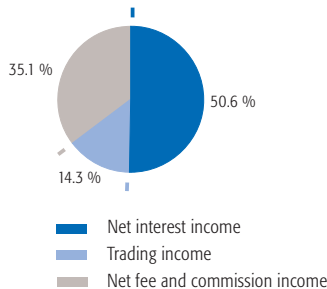


Assets under management
in € bn

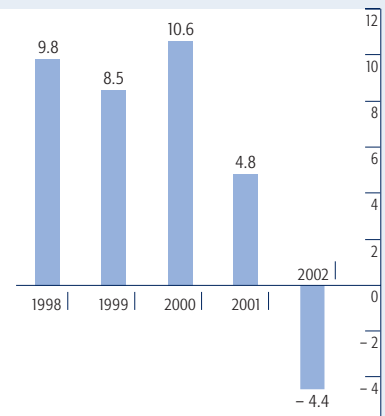


^{*)} For the first time, Group investments also include trading liabilities

Revenues from banking
by category (€7.6 bn)



Return on equity after taxes
in %



- _ Allianz had to report a loss of just under 1.2 billion euros in 2002. A major contributing factor was the extraordinarily difficult situation in the economy and in the capital markets. Another problem was the shortfall of operating income at Dresdner Bank. To make matters worse, our performance was undermined by a number of special influences.
- _ The effects of these special influences were mainly felt in the third quarter, where they completely eroded the net earnings of 1.6 billion euros reported at mid-year. Despite clear improvements of our earnings, the fourth quarter ended with a loss of 0.2 billion euros, mainly due to persistently high write-downs on our equity portfolio. For the full fiscal year 2002, these amounted to 5.6 billion euros.
- _ The abrupt deterioration of our earnings in the third quarter, which was as devastating as it was unexpected, overshadows major improvements in our operating business. Premium income increased substantially in many areas. At the same time, we achieved a substantial reduction of the combined ratio in property and casualty insurance.
- _ We propose to pay our shareholders a dividend of 1.50 euros, the same amount as distributed in the previous year.

Our business performance in 2002 was marred by a combination of negative influences. The downturn in the capital markets forced us to make write-downs on our equity portfolio in the amount of 5.6 billion euros. At the same time, it depressed the trading and commission income of our banking segment. Relatively high fixed costs, particularly in the Corporates & Markets unit, also took their toll. At the same time, loan loss allowances had to be raised substantially because the weak economy increases the probability that borrowers will default. Severe natural catastrophes heavily impacted earnings; the severe flooding in central and eastern Europe alone caused claims of 710 million euros. And finally we had to increase risk provisions for asbestos and environmental (A&E) exposure in the U.S.A. by 762 million euros.

Unfortunate as they may be, these negative influences reflect only one side of the reality of our business. On the other side, there are significant improvements of our operating performance. Total premium income from the insurance business increased 9.9 percent to 82.6 billion euros. Adjusted for the special effects of the flood disaster and asbestos exposure, the combined ratio fell to 101.7 percent. Administrative expenses at Dresdner Bank were cut by 12.3 percent. And despite the adverse conditions in the capital markets, asset management was able to boost net inflows to 43 billion euros, based on the exchange rates at the end of 2001.

What is the bottom line of these conflicting trends? Operating improvements were insufficient to compensate the drop in earnings in the third quarter. While we did succeed in reducing the third-quarter loss of 2.5 billion euros to 0.2 billion euros in the fourth quarter, we finished the fiscal year with an overall loss of 1.2 billion euros.

Overview

		12/31/2002	12/31/2001
Gross premium income	€ bn	82.6	75.1
Net revenues from banking	€ bn	7.6	3.9
Net revenues from asset management	€ bn	2.3	2.0
Total revenues	€ bn	92.5	81.0
Earnings before taxes and amortization of goodwill	€ bn	- 0.1	2.6
Net income	€ bn	- 1.2	1.6
Earnings per share	€	- 4.81	6.66
Return on equity after taxes	%	- 4.4	4.8

Earnings

Total earnings before taxes and amortization of goodwill amounted to a loss of 52 million euros, following a profit of 2.6 billion euros in the previous year. Amortization of goodwill increased to 1,162 (808) million euros, mainly for two reasons:

- _ The Dresdner Bank Group was for the first time consolidated for the full fiscal year.
- _ We increased our interests in the Group companies Allianz Lebensversicherungs-AG, Bayerische Versicherungsbank AG and Frankfurter Versicherungs-AG.

Fiscal 2002 produced tax income of 735 million euros. The taxes actually paid by our companies amounted to 844 million euros. But since we were able to capitalize deferred taxes in the amount of 1,653 million euros, which resulted from temporary differences between the figures stated in the balance sheet and their tax basis, we recognized the tax income mentioned above.

Minority interests in earnings decreased to 0.7 (1.0) billion euros, which brought the total loss for fiscal 2002 to 1.2 billion euros. Earnings per share came to - 4.81 euros.

Our free float now extends to more than 500,000 shareholders. Even in difficult times, we want to maintain the continuity of our dividend policy and will therefore propose to the Annual General Meeting to distribute a dividend of 1.50 euros per share for 2002, unchanged from last year.

Premium income from the insurance business

Total premium income from the insurance business increased 7.5 billion euros or 9.9 percent to 82.6 billion euros. In property and casualty insurance, revenues were up 2.7 percent while total premium income in life and health insurance increased 18.9 percent. Changes in the scope of consolidation contributed 223 million euros to sales growth.

Exchange rate fluctuations – in particular the rise of the euro against the U.S. dollar and the pound sterling – reduced premium income by 736 million euros. Disregarding consolidation and currency effects, total revenues from the insurance business grew by 10.6 percent.

In IFRS accounts, which only recognize the cost and risk components of investment-oriented life insurance as premium income, revenue increased 2.5 percent to 63.2 billion euros.

Asset management

Assets under management in the Allianz Group decreased to 1.0 (1.1) trillion euros. Investments for third-party investors, which account for 57 percent of the overall portfolio, decreased 9.5 percent to 561 (620) billion euros. Of this decline, 25 billion euros are attributable to falling prices on the international stock markets, another 77 billion euros to the depreciation of the U.S. dollar against the euro. Net revenues came to 2.3 billion euros.

Banking

Net revenues from banking amounted to 7.6 billion euros. This figure includes interest and commission income as well as trading income. The 100 percent increase over the previous year (3.9 billion euros) is due to a special effect: the figures of Dresdner Bank, which almost exclusively determines the development of our banking business, were for the first time included in our annual statements on a full-year basis. In the previous year, the bank was not consolidated until July, 23. On a comparable basis, operating income of Dresdner Bank dropped 18.6 percent, mainly as a result of the weaknesses in the economy and the capital markets. In addition, loan loss provisions in the amount of 2.2 billion euros undermined the earnings performance of the banking segment. To counteract this trend, the comprehensive Turnaround 2003 program was launched in the fall of 2002, which is designed to intensify the initiatives to upgrade efficiency already under way.

Shareholders' equity

At the end of 2002, the shareholders' equity of the Allianz Group came to 21.8 billion euros. This figure takes into account 23,588,411 treasury shares, which reduce shareholders' equity and were acquired at a cost of 6.0 billion euros. Overall, shareholders' equity was down 9.9 billion euros compared with the end of 2001. This is primarily due to the substantially lower balance of unrealized gains and losses, which dropped from 7.2 to 1.0 billion euros, mainly as a result of lower stock market prices.

Market capitalization

The continuing downturn in the capital markets also brought down the Allianz share. Insurance stocks clearly underperformed the market average in 2002 because the bear market forced insurers to make substantial write-downs on their investment portfolios. On the final trading day of 2002, the market capitalization of Allianz AG came to 22 billion euros after deduction of treasury shares. That was 42 billion euros or 65.7 percent lower than the comparable 2001 figure. These figures are based on the Xetra closing price on the last trading day of the year, which was 91 euros.

Human Resources

The total number of employees worldwide increased slightly by 1,705 to 181,651 at the end of 2002. This increase was mainly due to the build-up of our sales network in Germany and the first-time consolidation of recent acquisitions.

RECOMMENDATION FOR APPROPRIATION OF PROFIT

The Board of Management and the Supervisory Board propose that the available unappropriated earnings of Allianz AG in the amount of 1,164,997,000.00 euros be appropriated as follows:

- _ Distribution of a dividend of 1.50 euros per eligible share
- _ Allocation of 791,088,059.50 euros to other appropriated retained earnings.

The recommendation for appropriation of earnings takes into account own shares held directly or indirectly by the company, which in accordance with the German Stock Corporation Act (clause § 71 b AktG) are not entitled to receive a dividend. Further purchases or sales of own shares during the period prior to the Annual General Meeting may increase or decrease the number of shares eligible for dividends. In this case, an amended proposal for the appropriation of profit based upon an unchanged dividend in the amount of 1.50 euros per eligible share will be submitted to the Annual General Meeting for ratification.

Munich, February 27, 2003
Allianz Aktiengesellschaft

The Board of Management

Dr. Schulte-Noelle	Diekmann
Dr. Achleitner	Bremkamp
Dr. Faber	Dr. Fahrholz
Dr. Hagemann	Dr. Müller
Dr. Perlet	Dr. Rupprecht
Dr. Zedelius	