Annual Report 2002
Allianz Aktiengesellschaft

ALLIANZ AKTIENGESELLSCHAFT		2002	Change from previous year in %	2001	Change from previous year in %	2000	Change from previous year in %	Details on page
Gross premiums written	€ mn	5,600	– 1.6	5,690	– 5.8	6,040	16.6	7
Retention	in %	68.9		61.9		65.5		
Loss ratio on own account	in %	77.5		93.0		76.0		6
Gross expense ratio	in %	26.3		27.3		26.2		6
Underwriting result	€ mn	– 231		– 645		– 201		10
Non-underwriting result	€ mn	2,351	119.5	1,071	14.0	940	– 18.5	10
Earnings before tax	€ mn	2,120	397.1	426	– 42.3	739	– 28.3	10
Taxes	€ mn	210		119		126		10
Net income	€ mn	2,330	327.1	545	– 36.9	865	22.1	10
Investments under management	€ mn	74,025	22.4	60,489	51.6	39,913	13.6	9
Shareholders' equity	€ mn	20,316	10.8	18,335	61.1	11,383	7.0	26
as percent of net premium income	in %	526.2		520.8		287.6		
Insurance reserves	€ mn	19,679	3.2	19,062	10.8	17,211	7.6	23
Dividend per share	€	1.50		1.50		1.50		10
Total dividend	€ mn	374		364		369		
Allianz share price at 12/31	€	91		266		399		
Market capitalization of Allianz shares at 12/31*)	€ bn	22.0		64.2		98.0		

*) Excluding own shares

Cover photo

Small cause, big effect. Our cover photo shows a microscopic view of a corroded microvalve on an offshore drilling platform, which caused the shut-down of an entire platform in March 2001, although it only weighs a few milligrams. The Allianz Technical Center identified the cause of the problem.

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Contents

Ladies and Gentlemen,

In the course of the year 2002, the members of the Supervisory Board dealt in depth with the situation of the company against the background of a difficult economic environment. We advised the Board of Management with respect to the management of the company, oversaw its conduct of business and were directly involved in decisions of fundamental importance.

The Supervisory Board held five meetings during the reporting period. Between meetings, the Board of Management informed us in writing on important matters. In addition, the Chairman of the Supervisory Board was kept up to date on major developments and decisions.

The Board of Management regularly provided us with timely, detailed information on matters involving strategy, corporate planning and business developments as well as on the economic situation of the Group, including its risk exposure and risk management. We discussed deviations from plans and targets.

Development and integration of Dresdner Bank The performance of Dresdner Bank and its integration into the Allianz Group was one of our key concerns. The Board of Management had included these issues in its agenda of urgent priorities for fiscal 2002.

We devoted special attention to the precarious earnings situation of Dresdner Bank and received special reports on developments in the recent past as well as on the "Corporates & Markets" division. In order to increase the earning power of Dresdner Bank, management has adopted a series of far-reaching cost reduction measures, which have already started to produce positive effects. We will monitor the progress of Dresdner Bank's "Turnaround 2003" program very attentively to ensure rigorous implementation. This program is expected to contribute significantly to a return to profitability.

The members of the Supervisory Board regularly had occasion to form an impression as to the current status of integration measures. At various meetings, we were also able to ascertain that the process of integration is proceeding on schedule. Among other things, we received reports on the status of asset management activities regrouped under the roof of Allianz Dresdner Asset Management GmbH, and we were briefed on the progress of the merger of the building and loan associations of the two companies.

Other topics of discussion At our meetings, the Board of Management informed us on the development of Group revenues and earnings, the performance of the business segments and the overall financial situation. Positive performance in the insurance area, especially with respect to life and healthcare insurance, was overshadowed by substantial charges. In particular, the dramatic deterioration of prices on the equity markets and major sources of claims such as the severe flooding in central Europe had a negative impact on the business. We dealt in depth with cases of insolvency on the part of non-affiliated companies that affect the Group's credit and investment portfolios or the credit and surety insurance activities.

The terrorist attack of September 11, 2001, which resulted in a net payout in the amount of approximately 1.5 billion euros for the Allianz Group alone, provided an occasion to address the feasibility of insuring such risks in the future. In this context, we discussed the creation of a special insurance company for terrorist risks located in Luxembourg, which is jointly owned by Allianz and other internationally active direct insurers and reinsurers. In Germany, Allianz also holds an interest in Extremus Versicherungs-AG, which was created with the support of the Federal Government.

The Supervisory Board received a general presentation on the subject of changes in company retirement plans, which, among other things, included the introduction of pension funds as a new insurance model in this area. This opens up very interesting business potential for Allianz.

We received an overview of the Mondial Assistance Group, which handles the travel insurance and assistance services activities of the Allianz Group. In addition, we approved the Board of Management's decision to relaunch the stock purchase plan for employees of the Allianz Group in 2002. This plan was made available to employees in 24 countries.

Corporate Governance and Declaration of Compliance The German Corporate Governance Code sets standards for proper and responsible corporate management and supervision. The majority of the recommendations contained in the code were already part of everyday practice for Allianz before the code went into effect. The Supervisory Board has formed a work group to deal with the implementation of recommendations covering the activities of the Supervisory Board. The Standing Committee and the board itself regularly received reports on the work of this group. At the meeting of the Supervisory Board held on September 18, 2002, we recognized the principles embodied in the recommendations of the German Corporate Governance Code. We then revised our procedural rules to incorporate the recommendations. In this context, we formed an Audit Committee, the members of which are Dr. Klaus Liesen (Chairman), Dr. Diethart Breipohl, Dr. Gerhard Cromme, Prof. Dr. Rudolf Hickel and Horst Meyer. We discussed in depth the ramifications of the new U.S. corporate governance legislation (Sarbanes-Oxley Act) for the Allianz Group. Finally, the reporting obligations of the Board of Management vis-à-vis the Supervisory Board were specified.

The Board of Management and the Supervisory Board signed the first Declaration of Compliance with the German Corporate Governance Code on December 17 and December 18, 2002 respectively. This statement confirms that Allianz Aktiengesellschaft complies with all recommendations contained in the code. More detailed information on corporate governance within the Allianz Group can be found on pages 8 to 11 of the Annual Report of Allianz Group as well as on the Internet at www.allianzgroup.com/corporate-governance.

Activities of the committees The members of the Supervisory Board formed a Standing Committee, a Personnel Committee and an Audit Committee as well as a Mediation Committee as called for by the German Codetermination Act. These committees do preliminary work on topics to be dealt with by the Supervisory Board as a whole to provide the board with decision-making information. In certain cases, the Supervisory Board has also given these committees decision-making authority.

At its four meetings held in the course of the year, the Standing Committee addressed primarily corporate governance issues and the commissioning of the independent auditors to audit the financial statements. The Personnel Committee, which deals with matters involving the compensation and benefits of members of the Board of Management, met six times. There was no need for the Mediation Committee to convene.

The Audit Committee was created in September 2002. This committee provides the Supervisory Board with the information required to adopt the annual accounts, approve the consolidated financial statements and appoint the independent auditors. In addition, this committee audits the quarterly interim reports and the independence of the auditors. And, finally, it will in the future commission the independent auditors and determine the priorities of the audit. The newly created Audit Committee met once in the course of 2002. At this meeting, the committee adopted its procedural rules and dealt primarily with the interim report for third-quarter 2002. Following the end of fiscal 2002, the committee worked on the documents for the annual financial statements of the parent company and the group, examined the risk monitoring system and discussed the auditors' report with the auditors.

Annual accounts and consolidated financial statements KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of Allianz AG and the Allianz Group as well as the respective management reports and issued their certification without any reservations. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The independent auditors have confirmed that the consolidated financial statements and the management report meet the conditions required to exempt the company from its obligation to prepare consolidated financial statements in accordance with German law.

The financial statements and the auditor's reports submitted by KPMG were made available to all members of the Supervisory Board in due time. These documents were discussed in depth by the Audit Committee on March 17, 2003, as well as by the Supervisory Board at a meeting held for this purpose on March 19, 2003. The independent auditors participated in these discussions. They presented the results of the audits and were available to provide supplementary information.

On the basis of our own review of the financial statements of Allianz AG and the Allianz Group and the corresponding reports of management, we concurred with the findings of the audit by KPMG and approved the financial statements of Allianz AG and the Allianz Group prepared by the Board of Management. The Supervisory Board hereby adopts the individual accounts. We consent to the appropriation of earnings as proposed by the Board of Management.

Members of the Supervisory Board and the Board of Management The Annual General Meeting of June 12, 2002, appointed Dr. Gerhard Cromme and Dr. Bernd W. Voss to the Supervisory Board as representatives of the shareholders. Dr. Cromme had already been appointed by the courts to succeed Dr. Karl-Hermann Baumann on the Supervisory Board. Dr. Voss succeeded Dr. Alfons Titzrath, who resigned from the Supervisory Board before the end of his term, as did Dr. Albrecht Schmidt. Dr. Uwe Haasen, who was appointed as replacement member, has become a full member of the Supervisory Board.

We have expressed our appreciation to the former members of the Supervisory Board members for their valuable contribution to our work.

The period of office of the present Supervisory Board will end as of the Annual General Meeting on April 29, 2003.

It was with regret that we learned of Dr. Henning Schulte-Noelle's decision to resign from the Board of Management and his chairmanship with effect as of the end of the Annual General Meeting on April 29, 2003. Dr. Schulte-Noelle headed our company for more then eleven years and during that time maintained a record of outstanding achievement. We have expressed our appreciation to Dr. Schulte-Noelle for his successful performance and his trust and cooperation. We propose the upcoming Annual General Meeting elect Dr. Schulte-Noelle to the Supervisory Board.

We appointed Michael Diekmann to succeed Dr. Schulte-Noelle as Chairman of the Board of Management with effect as of the end of the Annual General Meeting of April 29, 2003. Mr. Diekmann has been a member of the Board of Management since 1998 and was last in charge of "Americas/Group Human Resources". Mr. Diekmann has in the past distinguished himself through outstanding performance in all positions he has held. We are convinced that under the chairmanship of Mr. Diekmann the Board of Management will continue to function as a well-coordinated, effective team after the departure of Dr. Schulte-Noelle and will in every way be capable of mastering present and future challenges.

In connection with his intended departure from the Board of Management of Dresdner Bank, Professor Dr. Bernd Fahrholz has asked us to release him prematurely from his mandate on the Allianz Board of Management; the Supervisory Board has acceded to his request. Previously, we had already approved the request of Mr. Leonhard H. Fischer to end his mandate as member of the Board of Management before its expiration. We have expressed our gratitude to Professor Dr. Fahrholz and to Mr. Fischer for their dedicated work in a difficult market context.

The Supervisory Board has appointed Dr. Herbert Walter as member of the Board of Management with immediate effect. As successor of Professor Dr. Fahrholz he will head the "Allianz Dresdner Banking" division. Another new appointment to the Board of Management is Mr. Jan R. Carendi who will assume responsibility for the North and South America region effective as of May 1, 2003.

In our capacity as members of the Supervisory Board, we would like to take this opportunity to thank all employees of our Group companies for their contribution in the course of the year under review.

Munich, March 19, 2003

For the Supervisory Board

Dr. Klaus Liesen
Chairman

Supervisory Board

DR. KLAUS LIESEN Chairman of the Supervisory Board E.ON AG
Chairman

FRANK LEY Employee, Allianz Lebensversicherungs-AG
Deputy Chairman

DR. BERND W. VOSS Member of the Supervisory Board Dresdner Bank AG
Deputy Chairman, since June 13, 2002

NORBERT BLIX Employee, Allianz Versicherungs-AG

DR. DIETHART BREIPOHL Former member of the Board of Management Allianz AG

BERTRAND COLLOMB Président Directeur Général Lafarge

DR. GERHARD CROMME Chairman of the Supervisory Board ThyssenKrupp AG

JÜRGEN DORMANN Chairman of the Supervisory Board Aventis S. A.

HINRICH FEDDERSEN Member of the Federal Steering Committee ver.di – Vereinte Dienstleistungsgewerkschaft

DR. UWE HAASEN Former member of the Board of Management Allianz AG
since June 13, 2002

PETER HAIMERL Employee, Dresdner Bank AG

PROFESSOR DR. RUDOLF HICKEL Professor of finance

HORST MEYER Employee, Hermes Kreditversicherungs-AG

UWE PLUCINSKI Employee, Dresdner Bank AG

REINHOLD POHL Employee, Allianz Immobilien GmbH

ROSWITHA SCHIEMANN Branch Manager, Allianz Versicherungs-AG

DR. ALBRECHT SCHMIDT Chairman of the Supervisory Board Bayerische Hypo- und Vereinsbank AG
until June 12, 2002

DR. MANFRED SCHNEIDER Chairman of the Supervisory Board Bayer AG

DR. HERMANN SCHOLL Managing Director Robert Bosch GmbH

JÜRGEN E. SCHREMPP Chairman of the Board of Management DaimlerChrysler AG

JÖRG THAU Employee, Allianz Private Krankenversicherungs-AG

DR. ALFONS TITZRATH Former member of the Supervisory Board Dresdner Bank AG
until June 12, 2002

Board of Management

DR. HENNING SCHULTE-NOELLE
Chairman of the Board of Management

DR. PAUL ACHLEITNER
Group Finance

DETLEV BREMKAMP
Europe II

JAN R. CARENDI
Americas
since May 1, 2003

MICHAEL DIEKMANN
Americas, Group Human Resources

DR. JOACHIM FABER
Allianz Dresdner Asset Management

DR. BERND FAHRHOLZ
Allianz Dresdner Banking
until March 25, 2003

LEONHARD H. FISCHER
Dresdner Corporates & Markets
until October 31, 2002

DR. REINER HAGEMANN
Europe I
Director responsible for Labour Relations

DR. HORST MÜLLER
Group Financial Risk Management

DR. HELMUT PERLET
Group Controlling, Accounting,
Taxes, Compliance

DR. GERHARD RUPPRECHT
Group Information Technology,
Life Insurance Germany

DR. HERBERT WALTER
Allianz Dresdner Banking
since March 19, 2003

DR. WERNER ZEDELIUS
Growth Markets

REINSURANCE

In addition to acting as the Group's management holding, Allianz AG also operates as a reinsurer. Most of its premium income derives from Allianz subsidiaries and affiliates.

Gross premium income in fiscal 2002 fell by 1.6 percent to 5.6 (previous year: 5.7) billion euros, mainly for two reasons:

- On the one hand, Group-internal reinsurance for new business with International Corporate Clients was, since January 1, 2002, no longer underwritten by Allianz AG but by Allianz Global Risks Rückversicherungs-AG (AGR). This transfer reduced gross premium income by approximately 450 million euros and mainly concerned the industrial reinsurance lines fire, liability, marine, engineering and business interruption.
- On the other hand, we converted additional contracts from proportional to non-proportional coverage concepts. While this decision reduced premium income in 2002, it should substantially improve our earnings performance in the years to come.

In absolute terms, revenues of Allianz AG were therefore lower. But premium income in the remaining reinsurance business increased substantially in some areas because immediately after the World Trade Center attack in 2001, we adjusted rates and conditions to the more difficult market situation. In addition, some of our non-German subsidiaries increased the share of their portfolios reinsured by Allianz AG. The premium income of the remaining business lines also grew as a result of the higher revenues of some of our direct insurance clients.

As a consequence of the higher retentions, net premium income increased by 9.7 percent to 3.9 (3.5) billion euros.

The proportion of total premium income contributed by companies outside Germany remained practically the same as in the previous year and came to 25.7 (26.1) percent.

As expected, the **underwriting result** (before allocations to the claims equalization reserve) improved substantially, which reduced our loss to 71.5 (737.5) million euros. The exceptionally high deficit in the previous year was attributable to the financial aftermath of the terrorist attack on the World Trade Center (497 million euros). But even though this event, which produced the biggest insurance loss in history, did not impact the year under review, we were unable to reach a positive underwriting result. This is mainly due to a number of severe natural catastrophes: storm and hail in Germany in the spring, the flooding disaster in central Europe in the summer, hurricane Isidore over Mexico in September and windstorm Jeanett in western Europe in October.

Despite these disasters, the **claims ratio** for own account (excluding redemptions and premium refunds) fell to 72.2 (87.4) percent.

The **expense ratio** was 26.3 (27.3) percent. It is primarily determined by reinsurance commissions.

Clearly better results in the most important reinsurance lines increased the claims equalization reserve by 159.8 million euros (after withdrawals of 93.0 billion euros in the previous year). After allocations to the claims equalization reserve, the **underwriting loss** decreased to 231.3 (644.6) million euros.

Gross premiums written and results by insurance line in 2002

	Gross premiums written		Net underwriting result	
	2002 € mn	Change in %	2002 € mn	Change in %
Automobile	1,366.4	4.2	– 109.8	– 12.2
Fire	627.1	– 16.1	– 50.0	405.2
Liability	501.6	– 6.2	40.4	67.3
Personal accident	465.6	11.4	5.0	– 41.6
Engineering	285.9	– 10.2	– 19.3	3.3
Homeowners	140.9	4.2	– 14.5	– 19.5
Household effects	125.0	29.6	2.8	– 3.6
Business interruption	39.2	– 33.0	– 4.1	7.6
Marine	175.6	– 3.8	– 8.7	4.8
Legal expenses	128.7	– 2.2	– 1.3	5.1
Life	850.5	– 4.6	– 2.2	– 35.2
Health	111.7	– 32.7	– 1.6	11.4
Other	781.8	11.9	– 68.0	20.7
Total	5,600.0	– 1.6	– 231.3	413.3

“Other” reinsurance lines include:

- emergency assistance,
- burglary, theft and robbery,
- omnium (comprehensive cover for goods during the manufacturing process),
- extended coverage,
- glass,
- hail,
- credit and bond,
- water damage,
- aviation,
- aircraft and spacecraft liability,
- storm,
- animal (livestock),
- other property and casualty business.

The following report provides an overview of the specific developments affecting the various reinsurance lines.

Premium income from **automobile reinsurance** increased 4.2 percent to 1,366 (1,311) million euros. The growth is mainly attributable to reinsurance premiums from Germany and several east European countries. After allocation of 47.2 (20.2) million euros to the claims equalization reserve, a loss of 109.8 (97.6) million euros was reported.

In **fire reinsurance**, premium income fell 16.1 percent to 627.1 (747.2) million euros, mainly because of the transfer of portfolios to AGR. In part, these transfers were compensated by premium growth in France, Italy and the Asia-Pacific region. Another contributing factor were rate increases by direct insurers to compensate for higher loss expenses. After this reinsurance line had been hit particularly hard by the terrorist attack in New York in the previous year, the claims ratio now dropped from 198.7 percent to 59.7 percent, which also improved earnings. Before allocation to the claims equalization reserve, fire reinsurance posted earnings of 60.2 million euros, following a loss of 477.0 million euros in the previous year. After allocation to the claims equalization reserve, the loss decreased to 50.0 (455.2) million euros.

The above-mentioned transfer of portfolios to AGR also reduced premium income in **liability reinsurance** to 501.6 (534.6) million euros. After allocation to the claims equalization reserve, this reinsurance line posted earnings of 40.4 million euros, after a loss of 26.9 million euros in the previous year. This recovery was favored by a small number of major losses and the improved earnings situation of the direct insurers. A reinsurance contract with Fireman's Fund Insurance Company provides for the cession of the asbestos and environmental claims reserve for a portfolio entry premium in the amount of 1.3 billion U.S. dollars. In return, Allianz AG provides reinsurance coverage up to a maximum of 2.16 billion U.S. dollars. The reserve is calculated on the basis of two reports by independent experts. These confirm a survival ratio of 13 years, i.e. sufficient funds are reserved over this period to cover claims arising from these risks. The survival ratio was determined on the basis of claims already settled, which were adjusted for extraordinary effects in connection with environmental exposure. This transaction does not affect earnings.

Premium income from **personal accident reinsurance** increased to 465.6 (418,0) million euros. After allocation to the claims equalization reserve, earnings fell to 5.0 (46.6) million euros. On the one hand, this is due to lower direct insurance results, particularly in Germany. On the other hand, growing revenues and a favorable loss situation over several years necessitated an increase of the claims equalization reserve by 8.1 million euros (after withdrawals of 18.7 million euros in the previous year).

Reinsurance of engineering business was also affected by the portfolio transfers described above. Premium income decreased to 285.9 (318.3) million euros. In Germany, this reinsurance line was heavily impacted by the flood catastrophe in August. As a result, the loss (after allocation to the claims equalization reserve) decreased only slightly to 19.3 (22.6) million euros.

Premium income from **homeowners' reinsurance** and **household effects reinsurance** increased to 265.9 (231.7) million euros. These reinsurance lines were particularly hard-hit by the flood catastrophe in central Europe in the summer of 2002. Even after withdrawing 30.3 (12.8) million euros from the claims equalization reserve, they posted a loss of 11.7 million euros, following earnings of 11.3 million euros in 2001.

The decrease of premium income in **business interruption reinsurance** to 39.2 (58.5) million euros is explained by the transfer of portfolios to AGR. Earnings were boosted by the improved claims ratio. But after allocation to the claims equalization reserve, this reinsurance line still posted a loss of 4.1 (11.7) million euros.

Revenues from **marine reinsurance** came to 175.6 (182.6) million euros. The loss after allocation to the claims equalization reserve decreased to 8.7 (13.5) million euros, which is primarily attributable to the improved claims ratio of 74.6 (75.1) percent.

Premium income from **legal expenses reinsurance** fell to 128.7 (131.6) million euros. The substantial drop in earnings of this reinsurance line is attributable to the poor performance of the direct insurance business in Germany, which dominates this portfolio. Compared to the previous year, the claims equalization required lower allocations in the year under review (1.4 vs. 11.7 million euros), which reduced the loss after allocation to the claims equalization to 1.3 (6.4) million euros.

Premium income from **life reinsurance** fell to 850.5 (891.7) million euros. The loss of revenue is a result of the agreement between Munich Re and Allianz AG to disengage from their jointly held participations. This eliminated a large part of the premiums ceded by direct insurers of Munich Re Group. Higher premium income form reinsurance contracts with Group companies only made up for two thirds of this reduction. Earnings declined sharply. This was, on the one hand, attributable to an exceptionally high number of major losses, mainly in the U.S. and in Germany. On the other hand, earnings were impacted by premium adjustments related to earlier years. These special effects produced a loss of 2,2 million euros, after earnings of 33,0 million euros in the previous year.

The disengagement from Munich Re also resulted in substantially lower premium income from **health reinsurance**, which fell from 166.0 to 111.7 million euros. The drop in revenues would have been substantially higher had it not been for the fact that Allianz Private Krankenversicherung AG (formerly Vereinte Krankenversicherung) increased its reinsurance share. Earnings improved substantially to – 1.6 (– 13,0) million euros. In the previous year, an exceptionally high health reinsurance loss in the U.S. had caused a sharp drop in earnings.

Premium income from **other reinsurance lines** increased to 781.8 (698.8) million euros. With 155.7 (120.5) million euros, credit reinsurance contributed the biggest share of revenue. Premium income form extended coverage reinsurance dropped to 87.0 (133.2) million euros after parts of the portfolio were transferred to AGR. Other property and casualty reinsurance generated premiums in the amount of 444.4 (369.0) million euros. After allocation to the claims equalization reserve, other reinsurance lines reported a loss of 68.0 (88.7) million euros. This was mainly attributable to the deficit in credit reinsurance, which, as a result of the difficult economic situation, posted a loss of 39.1 (14.1) million euros.

Premium income of the Singapore branch office opened in 1998 amounted to 256.7 million euros in fiscal 2002.

INVESTMENTS

The **book value of the investments** of Allianz AG increased by 22.4 percent to 74.0 (60.5) billion euros.

After sales to other Group companies, **real estate holdings** decreased to 91.6 (273.5) million euros.

The net book value of **investments in affiliated and associated companies** increased to 61.2 (45.0) billion euros.

The most important transactions were the following:

- we acquired the Dresdner Bank shares that were still outstanding. Together with the squeeze out of the remaining minority shareholders, this transaction amounted to 11.8 billion euros.
- from Munich Re, we acquired an additional 40.5 percent interest in Allianz Lebensversicherungs-AG through Jota-Vermögensverwaltungsgesellschaft mbH. This transaction was valued at 2.5 billion euros.
- we increased the capital of several subsidiaries, among them the holding Allianz of America, which required 2.6 billion euros.

Other investments decreased to 3.1 (5.4) billion euros, mainly for two reasons: first, Group-internal restructurings reduced our equity and investment fund unit portfolios to 0.6 (2.1) billion euros. Second, we decreased our bank deposits to 1.4 (2.1) billion euros. Our fixed-interest securities portfolio remained practically unchanged at 1.1 (1.2) billion euros.

The market value of real estate holdings, dividend-bearing securities (investments in affiliated and associated enterprises, stock and investment fund units) and bearer bonds amounted to 70.8 (84.9) billion euros on December 31, 2002. The corresponding balance sheet value was 58.4 (44.9) billion euros. Realized gains and falling stock prices caused the valuation reserves for these investments to drop by 27.6 billion euros.

Funds held by others under reinsurance business assumed decreased to 9.6 (9.8) billion euros.

Investment income soared from 3,674.2 million euros in the previous year to 11,797.4 million euros in 2002. This increase was due to the following developments:

- realized gains from investments increased sharply to 8,472.1 (1,228.9) million euros. Of this amount, 6,904.6 million euros were attributable to investments in affiliated and associated enterprises, 1,035.4 million euros to stock and investment fund units and 512.4 million euros to real estate.
- income from profit transfers soared to 1,392.0 (283.8) million euros, mainly due to gains realized by our subsidiaries. These increased the profit transfers from Allianz Versicherungs-AG to 1,372.8 (283.8) million euros.
- investments in other enterprises contributed 884.5 (857.0) million euros to investment income.
- however, income from other investments fell to 959.2 (1,135.3) million euros.

Realized investment losses came to a total of 341.3 (27.2) million euros. Of this amount, 289 (18) million euros were attributable to stock, investment fund units and other variable income securities, 48 (9) million euros to investments in affiliated enterprise and 4 (0) million euros to other loans.

Depreciation and write-downs went up sharply to 5,254.7 (159.4) million euros. Of this total, 5,000.4 million euros are attributable to write-downs by Allianz Finanzbeteiligungs-GmbH. This step was necessitated by the impairment of equity positions held by Dresdner Bank.

Overall **net income from investments** rose to 3,826.1 (2,175.0) million euros. This amount is the net result after:

- deduction of investment management expenses amounting to 238.6 (210.5) million euros,
- an increase of interest expenses to 1,296.8 (847.8) million euros, mainly as a result of new bond and loan issues in order to finance the acquisition of Dresdner Bank and
- loss transfers in the amount of 656.9 (219.2) million euros. The biggest loss transfers originated from Allianz Global Risks Rückversicherungs-AG (409 million euros), ADVANCE Holding AG (157.3 million euros) and Orpheus GmbH (80.0 million euros).

Of this net income, 445.3 (563.8) million euros were credited to the underwriting account as allocated interest return.

TOTAL EARNINGS

The balance of other non-underwriting income and expenses came to – 1,029.8 (– 540.3) million euros. This includes write-downs on own equities in the amount of 1,052 million euros, which were based on the share price at balance sheet date in application of the strict lower of cost or market principle.

Overall, non-underwriting activities generated earnings of 2,351.1 (1,071,0) million euros. Offset against the underwriting loss of 231.3 (644.6) million euros, earnings before taxes came to 2,119.8 (426.4) million euros. Taxes for fiscal 2002 produced income of 210.2 (119.1) million euros.

Overall net income for the year amounted to 2,330.0 (545.5) million euros. Of this amount, 1,165.0 (136.5) million euros were transferred to the reserve for other appropriated retained earnings, leaving 1.165.0 (410.0) million euros in unappropriated net income. At the Annual General Meeting to be held on April 29, 2003, shareholders will be asked to approve an additional appropriation of 791.1 (48.2) million euros from net income to retained earnings. The dividend to be paid on each share qualifying for dividends is to remain unchanged at 1.50 euros.

RISK MANAGEMENT

As providers of financial services, we consider risk management one of our core competencies. As a result, risk management is an integrated part of our controlling process, which involves identifying, measuring, aggregating and managing risks. This process is used to determine how capital is allocated to the Group's various divisions.

Responsibilities

In our business, successful management essentially means controlling risks in order to increase the value of the Allianz Group. This is done through risk-adequate allocation of capital resources and activities required to achieve sustainable growth. As a result, the Board of Management formulates the business objectives of the Allianz Group on the basis of return and risk criteria. These objectives are implemented by the Allianz Group Center and the local operational units. Our risk-control strategy involves assignment of responsibility for risk management to local entities, which operate within the legal frameworks applicable for their respective locations.

This decentralized approach is complemented by centralized responsibility. This is necessary because we need to deal with an accumulation of global risks which can considerably increase potential risk exposure. As a result, central controls are essential. The responsibility for central control lies with Group Risk Controlling, a unit that was expanded in 2002. Central control now also includes the banking business.

Group Controlling assesses the Allianz Group's risk exposure on the basis of local and global risks. The results of these analyses are then submitted to senior management. At the same time, Group Controlling ensures that the processes are transparent and comprehensive. Risk management activities are supervised by both internal and external auditors.

Risk Categories

Total risk exposure of the Allianz Group is subdivided into individual risk categories:

Actuarial risks These risks are based on the technicalities of the insurance business: we have to guarantee future payment commitments, and the volume of such payments must be calculated in advance. Different actuarial risks exist in the various insurance lines.

In **property and casualty insurance**, actuarial risks arise from an unexpected variance:

- the volume of losses exceeds premiums fixed in advance (**premium risk**), or
- the payout for claims made is higher than the corresponding provisions (**reserve risk**).

In **life insurance**, actuarial risks arise because we are committed to making guaranteed long-term payments in return for a fixed insurance premium calculated in advance even though the biometric data of the population may change over time (e.g., longer life expectancy as a result of medical progress).

Credit and counterparty risks These risks involve potential losses that may result from the default of a business partner. "Default" means the inability or refusal of a counterparty, an issuer or another contracting party to meet contractual obligations. Credit risk also includes the risk of a deterioration of a business partner's creditworthiness. It thus includes:

- **credit risks** from the lending business and credit insurance
- **counterparty risks** from trading activities
- **country risks** in connection with cross-border transactions and the local business of foreign units.

Counterparty risks from trading activities relate primarily to derivatives and especially OTC transactions. In the insurance business, these risks stem from the possibility that receivables may remain unpaid, in particular those due from reinsurers.

Market risks Market risks result from portfolio valuation fluctuations due to changes in share prices, interest rates or exchange rates. Also risk relevant are changes observed in the variation behavior (volatility) of an asset price, for example.

In the banking business, the volatility risk especially concerns trading activities, which are shown in the institution's trading portfolio. Unlike the latter, the non-trading portfolio, which contains customer business and strategic investments, is exposed to long-term factors. In this case, the market risk is essentially the **interest rate risk** resulting from granting long-term fixed-rate loans, which are funded in part by short-term deposits. In addition, loans and deposits in foreign currencies are exposed to **currency risks**.

Investment risks in the insurance business primarily include all counterparty and market risks. There is a direct link between investments and obligations to our customers. Certain insurance lines are exposed to an **interest guarantee risk**. Life insurance, for example, must generate the guaranteed interest payment agreed upon.

Liquidity risks These risks can materialize under various circumstances, for example:

- if present or future payment obligations cannot be met in full or as of the due date, or
- if refinancing capital can only be raised at higher rates (**refinancing risk**) in the case of a liquidity crisis or if assets can only be liquidated below current market prices (**market liquidity risk**).

Health insurance risks Health insurance risks are treated either as property and casualty insurance risks or as life and health insurance risks, depending on the segment to which the health insurance is assigned in the given market.

Management of the Allianz Group through risk capital

We control our activities through our respective local companies. Economic Value Added (EVA) and risk capital are the most important parameters used in the context of our risk-based controlling process.

Risk capital is required to cover unexpected losses. The amount of risk capital is calculated by using internal models. These models are based on generally accepted quantification methods, which are used for purposes of group-internal risk management as well.

In the insurance business, we calculate risk capital for premium, reserve, investment and credit risks. Within these risk categories, we distinguish between the following types of risks:

- actuarial risks. In property and casualty insurance these include the premium and reserve risks for the various insurance lines. Reinsurance is considered separately. In the case of life insurance, we calculate the insurance provisions required.
- investment risks, which include market and counterparty risks. The market risks are subdivided according to dividend-bearing instruments, interest-bearing instruments and real estate. The credit and counterparty risk as part of investment risks is assessed on the basis of the debtor's creditworthiness or rating class.
- credit and counterparty risks in connection with receivables in the insurance business. This risk is mainly assessed on the basis of the financial strength or the rating class of our reinsurance partners.

In 2002, we launched a comprehensive project which substantially improved internal risk analysis in the insurance business. Our new tools enable us to systematically evaluate internal data by means of models based on the theory of probability. This process takes into account the special characteristics of our local units as well as the specific nature of their risks. It also takes into account portfolio effects. In the current year, we intend to further stabilize the results of this large-scale project. By 2004, we expect to be able to convert our value-oriented controlling to risk capital that was calculated with the help of this model. At present, we are using risk capital models provided by the Standard & Poor's rating agency.

Risk controlling in the insurance business

To control risks in the insurance business, we focus on premium risks, reserve risks, credit and counterparty risks and investment risks.

Premium risks Premium risks are controlled primarily with the help of actuarial models used to calculate premiums and monitor claim patterns. In addition, we issue guidelines for concluding insurance contracts and assuming insurance risks. In the case of life insurance, we essentially concentrate on biometric risks – e.g., life expectancy, disability, illness and long-term care requirements. We also focus on risks that could arise from future policy cancellations.

Risk management also includes participation in scientific and technical loss prevention. We regularly carry out technical studies for the manufacturing and automobile industries, for example. The sole purpose of these studies is to reduce the probability of claims and keep losses to a minimum.

Natural disasters such as earthquakes, storms and floods represent a special challenge for risk management. Although they happen considerably less frequently than other incidents, the consequences are far more extensive when, for example, entire regions are devastated. We make use of special modeling techniques to control such risks. They involve the collection of data on earthquakes and weather patterns, which are used to simulate natural disaster scenarios and estimate the potential for damage.

Reserve risks We have to constitute provisions for insurance claims that have been submitted but not yet settled. The amount is estimated on the basis of past experience and on the use of statistical methods. We also limit risks by constantly monitoring the development of these provisions and use the information we obtain to make forecasts. In the area of life insurance, reserves are calculated by using actuarial methods. In addition to other criteria, these calculations take into account the biometric data of the populations insured by using, for example, national mortality tables.

Credit and counterparty risks To limit its liability from insurance business the Group cedes part of the risks it assumes to the international reinsurance market when necessary. When selecting our reinsurance partners, we consider only companies that offer excellent security. Our Group companies use comprehensive rating information for the active management of credit risks. This information is either in the public domain or gathered through internal investigations.

Investment risks Investments are an integral part of insurance coverage. They ensure our ability to meet the payment commitments we make in our insurance contracts. The tight link between insurance obligations and investment of the capital related to these obligations is investigated by using specific models. This also enables us to manage risks arising from interest guarantees provided to our customers.

We monitor market risks by means of sensitivity analyses and stress testing. Exchange rate fluctuations represent a risk that can essentially be disregarded because our insurance commitments are to a very large extent backed by funds in the same currency.

We limit credit risks by setting high requirements on the creditworthiness of our debtors and by spreading the risk. We consolidate our exposure according to debtors and across all investment categories, and we use limit lists to monitor exposure.

In individual cases, we use derivative financial instruments such as swaps, options and futures to hedge against changes in prices or interest rates. The end users of these derivatives are Allianz Group companies. Our internal investment and monitoring rules are considerably stricter than the regulations imposed by supervisory authorities.

Market and counterparty risks arising from the use of derivative financial instruments are subject to particularly strict control procedures:

- credit risks are assessed by calculating replacement values.
- market risks are monitored by means of up-to-date value-at-risk calculations and stress tests and limited by specifying stop-loss limits.

We limit liquidity risks by reconciling our investment portfolio with our insurance commitments. In addition, we plan our cash flow from ordinary activities.

Asset structure and diversification are other elements in our management of investment risk.

Organizational risk controlling In terms of organization, we limit our investment risks through a clear separation of management and controlling functions. Within the Allianz Group, risk management is implemented in cooperation with the local units in a top-down bottom-up process. The Allianz Finance Committee, which is made up of members of the Allianz Board of Management, delegates far-reaching decision-making authority to the regional Finance Committees, which monitor activities in their respective regions or countries. The duties and responsibilities at each decision-making level are defined by guidelines issued at the Group level. These guidelines are then applied by the regional Finance Committees, which formulate specific local investment guidelines. These are adapted according to national legislation and the nature of the local insurance and capital markets. Operational responsibility for investment portfolios lies with the local units.

Risk controlling in the banking business

In this business segment, the following types of risks are controlled: credit and counterparty risks including counterparty risks from trading activities, country risks, market risks in the trading and investment portfolios, and liquidity risks.

Credit and counterparty risks These risks are directly linked to granting credits in the banking business. The bank controls these risks through guidelines and credit risk committees. The ratings of our customers and their credit engagements represent the central element used in the approval, supervisory and control process in the area of credit and derivatives activities. This process involves analyzing and weighting the various creditworthiness characteristics of the customers and presenting the results in the form of rating scales. The forecasting quality, up-to-dateness and portfolio coverage of the rating methods used are controlled by periodic sampling and regular reports.

In the past year, Dresdner Bank increased the number of rating classes from 8 to 16. The first six classes correspond to "investment grade", classes VII to XIV signify "non investment grade". Rating classes XV and XVI are default classes according to the Basel II Definition. At the end of fiscal 2002, about 70 percent of all counterparty risks in the trading and banking portfolios of Dresdner Bank fell into rating classes I to VI.

Counterparty risks are now centrally controlled by Dresdner Bank's Risk Management and Control Committee, which is headed by the Chief Risk Officer of Dresdner Bank. The newly created body issues the appropriate guidelines and standards for the risk strategy and risk control of the Dresdner Bank Group and ensures compliance. In addition, the committee decides on essential projects involving a credit risk. In this context, the Risk Management and Control Committee oversees the coordination between the risk management of the company's divisions and the Corporate Center Risk Control Unit. This is done in close cooperation with Allianz AG's Group Risk Controlling (Allianz Group Center). In addition, the committee is responsible for the monthly audit of the overall portfolio. This audit, which is performed in cooperation with the divisions, is controlled by Risk Controlling. Its purpose is to monitor credit risks on a continuing basis and to make sure that the management's credit risk strategy is adhered to.

In the past year, Dresdner Bank set up the Institutional Restructuring Unit (IRU) at Dresdner Bank. The task of this unit is to unwind non-strategic obligations of Dresdner Bank that are exposed to a high risk, thus liberating risk capital. This process primarily concerns lines of credit in North and South America, in Germany and in the areas of private equity and commercial real estate.

Counterparty risk from trading activities: in the credit-sensitive trading business with OTC derivatives, the selection of counterparties plays a decisive role. The selection process is aimed at counterparties with top-quality credit ratings. In the derivatives portfolios of Dresdner Bank, 95 percent of the positive replacement values, which are essential for assessing counterparty risk, involve counterparties in risk classes I to VI described above and are thus of "investment grade". To reduce the counterparty risk from trading activities, so-called cross-product netting master agreements with the business partners are set up. In the case of a defaulting counterparty, netting makes it possible to offset any claims and liabilities not yet due.

Country risks We control these risks by using internal country ratings. These ratings are based upon macroeconomic data and key qualitative indicators. The latter take into account the economic, social and political environment and focus on a country's ability to make payments in foreign currencies. At present, Dresdner Bank's country rating system includes eight risk groups.

At the end 2002, Dresdner Bank's country risk provisions totaled 367 million euros.

Market risks Dresdner Bank uses a proprietary value-at-risk model that takes into account all aspects of general and specific risks. Value-at-risk is defined as the potential loss which may occur during a specific period of time and with a given confidence level. In 1998, the German Federal Supervisory Authority for Financial Service Providers (BAFin) first approved Dresdner Bank's value-at-risk model for purposes of reporting in accordance with Principle I of the German Banking Act. It also approved the improvements made in 2001 and 2002. The value-at-risk data used to calculate capital adequacy requirements for regulatory purposes must take into account potential market movements within a confidence level of 99 percent, based on an assumed holding period of 10 trading days.

Market risks in the trading portfolio: the risks from Dresdner Bank's trading activities decreased in comparison to the previous year. This is mainly attributable to reduced holdings of interest-bearing instruments.

The value-at-risk for interest rate risk in the banking portfolio of Dresdner Bank Group decreased 67 percent to 31.9 million euros at the end of the year. This indicator also takes into account portfolio effects. The reduction is mainly due to the deconsolidation of Deutsche Hyp.

Currency risks at Dresdner Bank are limited by applying the following principle: all loans and deposits in foreign currencies are refinanced or reinvested in the same currency with matching maturities.

Liquidity risks As part of a Group liquidity policy, Treasury and Risk Control establishes principles for liquidity management. This policy meets both regulatory requirements and internal standards. The liquidity risk limits include a reporting process for limit breaches and provisions for emergency planning.

Liquidity risk measurement is based on the liquidity management system. This system models the maturities of all cash flows and draws up a scenario-based liquidity balance sheet, taking into account available prime-rated securities.

Organizational risk controlling At the organizational level, risk management and risk controlling are strictly separated on the basis of the principle of dual control. Dresdner Bank's risk management sets the limits for the company's different activities that are exposed to risks. This is done in accordance with a general framework approved by the Board of Management.

Risk control in asset management

Risk control in asset management is an integral part of the processes of the local units or the investment platform. The Corporate Center ensures that Group-wide standards for asset management are applied at the local level. The individual asset management companies continually monitor the portfolio risks of the customer assets they manage by using analytical tools specifically adapted to the risk profile of the product concerned. At the same time, the performance of the various product lines is periodically monitored and analyzed at the Group level.

Operational risks

Operational risks are risks caused by inadequacies or faults in business processes or controls. These may be related to technical problems or employees, operational structures or external influences. We intend to minimize such risks by installing a comprehensive system of internal controls and security systems in each operating unit. Operational risks are limited by a wide range of technical and organizational measures such as redundant hardware configurations, communications equipment and systems, back-up computing facilities, and data backups to maintain IT capability in emergencies. In addition, procedures are in place for safeguarding the confidentiality and integrity of stored data and information. For this purpose, high-performance firewall systems were introduced to protect the IT network against external interference along with complex access authorization procedures, supervision and control processes. The principle of dual control is adhered to in the case of operating procedures. The purpose of these measures is to ensure and document an adequate standard for Group-internal processes.

Legal risks result from contractual agreements or legal frameworks. They include risks from the adoption of new statutory regulations, disadvantageous amendments to existing legislation or regulations or prejudicial changes in their interpretation. Legal risks also take into account the possibility that contractual agreements may not be enforceable through legal action or court proceedings. The limitation of legal risks is an important task of the Group's Legal Department. This is done, for example, by using internationally recognized standard documentation and, if necessary, by obtaining legal opinions. Contracts for established products are continuously reviewed to include any amendments required by changes in legislation or jurisdiction. In addition, the Group's Legal Department assists Group companies in matters pertaining to business transactions and contractual negotiations to ensure compliance with minimum standards. It also supports the management and supervisory bodies of Allianz in meeting their statutory obligations.

Outlook

At the beginning of 2003, we set up a Risk Committee for the Allianz Group. It is composed of members of the Board of Management of Allianz AG and chaired by our Chief Risk Officer. The purpose of this committee is to make early warning indicators from our risk analyses available to the entire Group even more quickly than has been the case in the past. This will establish closer ties between local responsibilities and central risk controlling.

In addition, we intend to strengthen our operating risk management in 2003. Data on internal losses attributable to operating risks will be compiled and analyzed. If the insights gained from this process are sufficiently stable, the data will also be integrated into our risk capital computation model so that the corresponding risks can be backed with capital.

Additional improvements will result from the closer implication of local risk management in the group-wide transfer of know-how, another project for the current fiscal year. In this context, we will concentrate our efforts on Asset-Liabilities Management and Natural Catastrophes.

Dresdner Bank is continually refining its system for the assessment of creditworthiness in the lending and trading business, as well as its authorization, supervision and control processes. These measures are based on the future Basel Capital Accord (Basel II), which is currently being revised. The new accord provides for a fundamental reform of regulatory capital requirements for credit risks and, for the first time, includes operating risks. The objective is to bring statutory minimum equity capital requirements in line with actual risks. Basel II also provides for different calculation options for credit risks and operational risks, whereby different levels of security are permitted within a given risk class. In either case, Dresdner Bank intends to implement the approach with the most stringent requirements. For credit risks, this is the Internal Rating Based Advanced Approach and for operational risks the Advanced Measurement Approach.

Risk monitoring by third parties

Supervisory authorities and rating agencies are additional risk monitoring bodies. Supervisory authorities specify the minimum precautions that must be taken in individual countries and at the international level. Rating agencies determine the relationship between the required risk capital of a company and the available safeguards. In their evaluation of capital resources, the rating agencies include equity shown in the balance sheet, minority interests and other items representing additional securities in times of crisis. At the end of the year, this total was slightly below the level that corresponds to our current ratings. But the evaluation of creditworthiness and the corresponding assignment of rating classes is not determined by this assessment alone. In addition to capital resources, the rating process also takes into account elements such as, mainly, the strategic position of the company in individual business areas and markets as well as its medium-term business prospects.

OUTLOOK

As the Group's reinsurer, Allianz AG participates in the premium income and earnings performance of the Group's subsidiaries and affiliates. We are determined to continue the expansion of our reinsurance business in 2003 and expect higher reinsurance rates as well as contractual conditions that reflect actual claims developments. Premium income should continue to grow while our earnings performance will show further, and in some areas significant, improvements.

However, there are two elements that slow the growth of premium income: on the one hand, our portfolios still contained a number of industrial insurance contracts in 2002, which will be eliminated in 2003. On the other hand, we will agree on higher retentions within the Group, which will result in lower reinsurance premiums. Additional conversions to non-proportional coverage concepts will further reduce revenues but at the same time make it possible to generate higher earnings. We assume that the lower premium income can be compensated for by higher reinsurance shares of Allianz AG in the direct insurance business and in new business.

Our underwriting result should continue to improve in 2003, driven in part by the adjustment of rates and conditions. Investment income in 2003 will be lower than in the year under review. In 2002, it was determined by substantial realized gains for which the current situation of the stock market leaves little margin, even if the capital markets will not be shaken by renewed turmoil. This forecast is also made on the assumption that no extraordinary major losses or natural catastrophes will occur.

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

Cautionary Note Regarding Forward-Looking Statements:

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue' and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking information contained herein.

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	

Balance Sheet as of December 31

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

ASSETS	➤➤ Note	2002 € thou	2002 € thou	2001 € thou
A. Intangible assets	1		7,603	981
B. Investments	1 - 5			
I. Real estate		91,607		273,514
II. Investments in affiliated and associated enterprises		61,208,132		45,032,471
III. Other investments		3,128,738		5,364,495
IV. Funds held by others under reinsurance business assumed		9,596,065		9,818,259
			74,024,542	60,488,739
C. Receivables				
I. Accounts receivable on reinsurance business		809,328		967,523
including				
from affiliated enterprises: 357,685 (386,524) € thou				
from other enterprises in which long-term equity investments are held*): 266,054 (379,931) € thou				
II. Other receivables		3,496,411		2,437,590
including				
from affiliated enterprises: 2,667,256 (571,452) € thou				
from other enterprises in which long-term equity investments are held*): 1,935 (1,303) € thou				
			4,305,739	3,405,113
D. Other assets				
I. Tangible fixed assets and inventories		3,049		1,140
II. Cash with banks, checks and cash on hand		40,820		83,948
III. Own shares		566,378		209,103
mathematical 16,092 (2,012) € thou				
IV. Miscellaneous assets	6	153,614		114,785
			763,861	408,976
E. Prepaid expenses	7			
I. Accrued interest and rents		33,971		36,509
II. Other prepaid expenses		342,695		419,270
			376,666	455,779
Total assets			79,478,411	64,759,588

*) Companies in which we hold an interest

EQUITY AND LIABILITIES	Note	2002 € thou	2002 € thou	2002 € thou	2001 € thou
A. Shareholders' equity	8				
I. Capital stock			682,408		682,056
II. Additional paid-in capital			14,102,335		14,086,998
III. Appropriated retained earnings					
1. required by law		1,229			1,229
2. for own shares		566,378			209,103
3. other		3,798,850			2,945,609
			4,366,457		3,155,941
IV. Unappropriated retained earnings			1,164,997		410,000
				20,316,197	18,334,995
B. Participation certificates	9			449,491	449,519
C. Subordinated liabilities	10			3,574,587	–
D. Special untaxed reserve	11			1,000	89,770
E. Insurance reserves					
I. Unearned premiums					
1. Gross		864,090			961,641
2. less: amounts ceded		248,356			354,727
			615,734		606,914
II. Aggregate reserve					
1. Gross		8,876,539			9,232,728
2. less: amounts ceded		891,327			1,080,110
			7,985,212		8,152,618
III. Reserve for loss and loss adjustment expenses					
1. Gross		9,003,610			7,981,514
2. less: amounts ceded		3,403,452			3,491,873
			5,600,158		4,489,641
IV. Reserve for non-experience-rated premium refunds					
1. Gross		167,188			121,283
2. less: amounts ceded		57,048			57,455
			110,140		63,828
V. Claims equalization and similar reserves			671,301		511,495
VI. Other insurance reserves					
1. Gross		96,532			253,006
2. less: amounts ceded		15,381			25,252
			81,151		227,754
				15,063,696	14,052,250

EQUITY AND LIABILITIES	Note	2002 € thou	2002 € thou	2002 € thou	2001 € thou
F. Other accrued liabilities	12			3,639,784	2,932,591
G. Funds held under reinsurance business ceded				1,123,022	1,288,025
H. Other liabilities	13				
I. Accounts payable on reinsurance business			608,706		666,591
including					
to affiliated enterprises: 491,387 (544,905) € thou					
to other enterprises in which long-term equity investments are held*): 6,239 (18,294) € thou					
II. Bonds			273,846		–
III. Liabilities to banks			2,247,292		3,079,220
IV. Miscellaneous liabilities			32,180,657		23,866,605
including taxes of: 88,123 (19,614) € thou					
including 28,476,079 (20,956,470) € thou due to affiliated enterprises					
including 353,856 (44,098) € thou due to other enterprises in which long-term equity investments are held*)					
				35,310,501	27,612,416
I. Deferred income				133	22
Total equity and liabilities				79,478,411	64,759,588

*) Companies in which we hold an interest

Income Statement for the period from January 1 to December 31

	Note	2002 € thou	2002 € thou	2002 € thou	2001 € thou
I. Underwriting account					
1. Premiums earned - net					
a) Gross premiums written	14	5,600,038			5,689,769
b) Premiums ceded		– 1,739,348			– 2,169,349
			3,860,690		3,520,420
c) Change in unearned premiums - gross		58,779			– 47,742
d) Change in unearned premiums ceded		– 90,363			29,414
			– 31,584		– 18,328
				3,829,106	3,502,092
2. Allocated interest return - net	15			394,925	501,654
3. Other underwriting income - net				16,084	25,357
4. Loss and loss adjustment expenses - net					
a) Claims paid:					
aa) Gross		– 3,397,025			– 4,163,062
bb) Amounts ceded in reinsurance		1,686,935			1,553,642
			– 1,710,090		– 2,609,420
b) Change in reserve for loss and loss adjustment expenses					
aa) Gross		– 1,348,121			– 1,438,462
bb) Amounts ceded in reinsurance		91,494			789,730
			– 1,256,627		– 648,732
				– 2,966,717	– 3,258,152
5. Change in other insurance reserves - net	16			– 104,414	– 278,381
6. Expenses for non-experience-rated premium refunds - net				– 21,141	– 29,348
7. Underwriting expenses - net	17			– 1,089,892	– 936,826
8. Other underwriting expenses - net				– 129,424	– 263,998
9. Subtotal				– 71,473	– 737,602
10. Change in claims equalization and similar reserves				– 159,806	93,035
11. Underwriting result - net				– 231,279	– 644,567

	Note	2002 € thou	2002 € thou	2002 € thou	2001 € thou
II. Non-underwriting account					
1. Investment income	18		11,797,440		3,674,159
2. Investment expenses	19-20		– 7,971,309		– 1,499,124
			3,826,131		2,175,035
3. Allocated interest return			– 445,268		– 563,758
				3,380,863	1,611,277
4. Other income	21		874,767		314,067
5. Other expenses	22		– 1,904,564		– 854,331
				– 1,029,797	– 540,264
6. Non-underwriting result				2,351,066	1,071,013
7. Earnings from ordinary activities before taxation				2,119,787	426,446
8. Income taxes	23	– 396,853			– 17,827
less amounts charged to other companies in the Group		622,001			138,619
			225,148		120,792
9. Other taxes		– 14,942			– 1,694
less amounts charged to other companies in the Group		–			–
			– 14,942		– 1,694
				210,206	119,098
10. Net income	24			2,329,993	545,544
11. Balance brought forward from previous year				–	926
12. Allocation to appropriated earnings					
to other appropriated earnings				– 1,164,996	– 136,470
13. Unappropriated retained earnings				1,164,997	410,000

LEGAL REGULATIONS

The financial statements and Management Report have been prepared in accordance with the regulations contained in the German Commercial Code (HGB), the Corporation Law (AktG), the Law on the supervision of insurance enterprises (VAG), and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

The above-mentioned regulations for the company as a reinsurance company not only address the special contents of the financial statements and Management Report but also the extended deadlines for their preparation. All amounts in the financial statements are stated in and rounded out to euro thousands (€ thou).

ACCOUNTING, VALUATION AND CALCULATION METHODS

Requirement to restate original values, revaluations and special untaxed reserve

The requirement to restate original values was applied for the first time in fiscal year 1999. This requirement involves amounts being written up on assets, which have been written down to a lower market value in previous years, if a higher market value is attributed to them on the balance sheet date. Assets were written up either to the amount of the amortized cost or to a lower market value or stock-market value. They were reported as income. The special tax-allowable reserve that was set up in fiscal 1999 from write-ups of assets was completely reversed in the current fiscal year.

Real estate (i.e. real property and equivalent rights and buildings including buildings on leased land)

is recorded at cost less accumulated depreciation. Depreciation has been calculated at the highest rates allowable for tax purposes using the straight-line or declining balance methods.

Investments in affiliated and associated enterprises and other long-term equity investments

are recorded at cost and written down to fair market value in accordance with the German Commercial Code (clause § 253 (2, iii) HGB).

Stocks, investment fund units, bearer bonds and other fixed and variable income securities, miscellaneous investments and treasury shares

are valued at whichever is lower, the acquisition cost or fair market value on the balance sheet date in accordance with the German Commercial Code (clause § 341 b (2) in conjunction with clause § 253 (1) and (3) HGB). An average cost has been established where securities of the same kind were purchased at different cost.

Investment fund units

are valued at the acquisition cost in accordance with the valid regulations for fixed assets as defined in the German Commercial Code (clause § 341 b (2) HGB). Assets are only written down if diminution in value is permanent.

Tangible and intangible fixed assets and inventories, miscellaneous assets

are recorded at cost less tax-allowable depreciation or amortization. Assets of low value are written off immediately in full.

Receivables

have been recorded at face value less repayments. They consist of the following:

- loans to affiliated enterprises,
- debentures and loans,

- bank deposits,
- funds held by others under reinsurance business assumed,
- accounts receivable on reinsurance business,
- other receivables,
- cash with banks, checks and cash on hand,
- accrued interest and rents.

Insurance reserves

They consist of the following:

- unearned premiums,
- aggregate policy reserve,
- reserve for loss and loss adjustment expenses,
- reserve for premium refunds (non-experience-rated),
- other insurance reserves.

These reserves were set up according to information provided by the ceding insurers, estimated to a certain extent.

The reinsurers' shares were calculated in accordance with the reinsurance contracts.

The claims equalization reserve, the reserve for nuclear plants and the product liability reserve for major pharmaceutical risks were calculated for the net retention portion according to § 341 h of the German Commercial Code in conjunction with § 29 and § 30 of the Government Order on the External Accounting Requirements of Insurance Enterprises.

Other accrued liabilities

The pension accruals are calculated actuarially based on the updated 1998 mortality tables of Prof. Dr. K. Heubeck. The full amount of the liability calculated in this way has been recorded in the financial statements. Miscellaneous accrued liabilities have been recorded as projected. The accrued liabilities for early retirement benefits, employee long-service awards and phased-in retirement have been calculated using actuarial principles.

Liabilities

They consist of the following:

- participation certificates,
- subordinated liabilities,
- funds held under reinsurance business ceded,
- accounts payable on reinsurance business,
- bonds,
- liabilities to banks,
- other liabilities.

These liabilities are recorded at the amounts payable on maturity. Annuities are recorded at present value.

Deferred income

Premiums and discounts carried forward as prepaid expenses are spread over the remaining life of the related loans outstanding.

Foreign currency translation

Investments denominated in foreign currencies are stated at an amount based on the local currency and the exchange rate on the balance sheet date. The modified or strict lower of either cost or market principles is used. The other balance sheet items are valued in accordance with established principles for currency translation for open and – where applicable – closed positions.

SUPPLEMENTARY INFORMATION ON ASSETS

1 Changes under asset headings A., B.I. through B.III in fiscal year 2002

	Values stated 12/31/2001		Additions
	€ thou	%	€ thou
A. Intangible assets			
Other intangible assets	981		8,422
B.I. Real estate	273,514	0.5	14,703
B.II. Investments in affiliated and associated enterprises			
1. Investments in affiliated enterprises	40,762,526	80.5	36,110,003
2. Loans to affiliated enterprises	3,646,218	7.2	3,178,975
3. Investments in other enterprises	623,727	1.2	4,137,457
4. Loans to other enterprises in which long-term equity investments are held	–	–	452
Subtotal B.II.	45,032,471	88.9	43,426,887
B.III. Other investments			
1. Stocks, investment fund units and other variable income securities	2,058,283	4.1	828,011
2. Bearer bonds and other fixed-income securities	1,166,142	2.3	756,274
3. Other loans			
Debentures and loans	12,000	0.0	–
4. Bank deposits	2,128,065	4.2	–
5. Miscellaneous investments	5	0.0	2,637
Subtotal B.III.	5,364,495	10.6	1,586,922
Subotal B.I. through B.III.	50,670,480	100.0	45,028,512
Total	50,671,461		45,036,934

2 Market value of investments

The market value of real estate holdings, dividend-bearing stocks (investments in affiliated and associated enterprises, other shares and investment fund units) and bearer bonds as of December 31, 2002 amounted to € 70.8 bn. The corresponding balance sheet valuation of these investments was € 58.4 bn.

The values are subdivided into individual asset categories as follows:

	Book value 12/31/2002 € bn	Market value 12/31/2002 € bn	Valuation reserve 12/31/2002 € bn
Real estate	0.1	0.4	0.3
Dividend-bearing stocks	57.2	69.3	12.1
Bearer bonds	1.1	1.1	0.0
Total	58.4	70.8	12.4

The following valuation methods have been used to arrive at market value:

Real estate

– Land and buildings as a rule at capitalized earnings value, new buildings at cost, in each case as at December 31, 2002.

Dividend-bearing stocks

– Quoted companies at the stock exchange price quoted on the last trading day of 2002. Non-quoted companies at their net worth calculated by the DVFA method or at acquisition cost.

Bearer bonds and other fixed income securities

– At the stock exchange value quoted on the last trading day of 2002.

Transfers	Disposals	Revaluation	Depreciation	Net Additions (+) Net Disposals (–)	Values stated 12/31/2002	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
–	–	–	1,800	6,622	7,603	
–	184,252	–	12,358	– 181,907	91,607	0.1
–	17,224,988	–	5,000,441	13,884,574	54,647,100	84.8
– 11,444	1,991,177	–	217,064	959,290	4,605,508	7.2
–	2,805,696	–	3	1,331,758	1,955,485	3.0
–	413	–	–	39	39	0.0
– 11,444	22,022,274	–	5,217,508	16,175,661	61,208,132	95.0
–	2,268,787	–	2,357	– 1,443,133	615,150	1.0
11,444	811,880	963	22,515	– 65,714	1,100,428	1.7
–	–	–	–	–	12,000	0.0
–	729,542	–	–	– 729,542	1,398,523	2.2
–	–	–	5	2,632	2,637	0.0
11,444	3,810,209	963	24,877	– 2,235,757	3,128,738	4.9
–	26,016,735	963	5,254,743	13,757,997	64,428,477	100.0
–	26,016,735	963	5,256,543	13,764,619	64,436,080	

In accordance with clause § 341b HGB, a portion of the stocks, investment fund units and other variable income securities with a stated value of € 537.8 mn was classified as fixed assets. The market value of these investments amounts to € 529,7 mn.

3 Real estate (Assets B.I.)

The stated value of land and buildings owned by Allianz AG and used for its own activities amounts to € 1,600 (2,690) thou.

4 Miscellaneous investments (Assets B.III.5.)

These include option rights.

5 Disclosure of equity investments

The information required by the German Commercial Code (clause § 285 no.11 HGB) is filed with the Commercial Register at the Municipal Court (Amtsgericht) in Munich and was made available on the company's website.

6 Other assets (Assets D.IV.)

This heading consists primarily of options on own shares that are used to hedge risks of the Allianz Group under the Long-term Incentive Plan.

7 Other prepaid expenses (Assets E.II.)

This heading includes € 12,011 (18,935) thou in respect of repayment premiums on loans to affiliated enterprises as well as € 327,127 (396,268) thou in respect of debt discount on miscellaneous liabilities and subordinated liabilities.

Collateral

Assets include assets pledged as collateral for a total of € 2,591,591 (1,612,704) which are subject to restricted usage.

Beyond the balance sheet date, assets with a balance sheet value of € 420,541 (38,471) thou were loaned in the securities lending business and reported as participations.

SUPPLEMENTARY INFORMATION ON LIABILITIES

8 Shareholder's Equity (Liabilities A.I.)

In November 2002, 137,625 treasury shares with a mathematical value of € 352,320.00 or 0.05 % of the **issued share capital**, were issued at a price of € 114.00 each, enabling employees of Allianz Group enterprises in Germany and abroad to purchase 136,222 shares at prices between € 79.80 and € 96.90. The remaining 1,403 shares with a mathematical share of € 3,591.68 of the issued share capital were sold on the stock exchange at an average price of € 90.60.

In the year under review, 5,500,000 own shares with a mathematical value of € 14,080,000.00 or 2.24 % of the issued share capital were acquired from Dresdner Bank at a price of € 256.15 each. At the end of the year, the company held 6,286,100 treasury shares. Due to the voluntary offer to exchange profit participation certificates for shares of Allianz AG, the number of own shares held by the company was reduced by 6,148,110 shares after the balance sheet date. On December 31, 2002 Dresdner Bank held 18,471,013 shares of Allianz AG.

The issued capital as of December 31, 2002, amounted to € 682,408,000.00, divided into 266,565,625 registered shares. The shares have no par value as such but have a mathematical value of € 2.56 each as a proportion of the issued capital.

Performance of issued shares

	Number
As of 1/1/2002	241,189,535
Additions	137,625
Sale of treasury shares	481,352
As of 12/31/2002	241,808,512

At the end of the year under review, there was authorized unissued capital 2001/I with a notional principal amount of € 300,000,000.00 (117,187,500 shares), which can be issued at any time up to July 10, 2006. If shares are issued against a non-cash consideration, the pre-emptive rights of shareholders can be excluded. In the case of capital increases against a cash consideration, shareholders have to be granted a pre-emptive right. However, the pre-emptive rights of shareholders to use fractions can be excluded. If capital is increased against a cash consideration the pre-emptive rights of shareholders can also be excluded if the issue price is not significantly less than the stock-market price. Authorized unissued capital 2001/II can be used at any time up to July 10, 2006 to issue shares with a notional principal amount of € 7,841,187.84 (3,062,964 shares) against a cash contribution. Pre-emptive rights of shareholders are excluded, in order to issue the new shares to employees of Allianz AG and of other companies in the Group. Authorized unissued capital 1998 of € 2,556,459.41 (998,617 shares)is available for issue up to July 7, 2003 and can be used to protect the holders of conversion or subscription rights from dilution, in the event of future capital increases for cash by granting them a pre-emptive right to subscribe for new shares. To that extent the pre-emptive rights of shareholders are excluded.

The company had conditionally authorized capital 2001 amounting to € 50,000,000.00 (19,531,250 shares) on which subscription or conversion rights, with pre-emptive rights for shares, can be issued up to July 10, 2006 provided the company 's own shares are not used to service the issue.

The company has a cross-holding with Münchener Rückversicherungs-Gesellschaft AG in Munich, wherein Allianz AG holds an indirect participation of 22.39 % in Münchener Rückversicherungs-Gesellschaft AG while the latter holds 21.18 % of the voting share capital of Allianz AG.

Additional paid-in capital (Liabilities A.II.)

	€ thou
12/31/2001	14,086,998
+ Transfer from capital increases 2002	15,337
As of 12/31/2002	14,102,335

Appropriated retained earnings (Liabilities A.III.)

	12/31/2001 € thou	From unappropriated retained earnings 2001 € thou	From 2002 net income € thou	Transfer for own interests € thou	12/31/2002 € thou
1. Required by law	1,229	–	–	–	1,229
2. For own shares	209,103	–	–	357,275	566,378
3. Other	2,945,609	45,520	1,164,996	– 357,275	3,798,850
Total	3,155,941	45,520	1,164,996	–	4,366,457

9 Participation certificates (Liabilities B.)

The heading participation certificates shows the guaranteed total redemption price that Allianz AG has to pay when the 5,723,154 profit participation certificates which are still outstanding are redeemed by their holders. The portions of profit for the year under review that are attributable to participation certificates are reported under other liabilities.

Allianz AG issued a total of 5,559,983 participation certificates in the period from October 1986 to 1995. The last issue was made in March 1998 when a further 163,529 participation certificates were issued. There were no further issues of profit participation certificates in 1999 to 2002.

In November 2002, Allianz AG made a voluntary public offer to holders of participation certificates to exchange their certificates for Allianz shares. The voluntary exchange offer does not constitute a call for redemption by the company in accordance with the terms governing the participation certificates. Participation certificates for which the exchange offer was not accepted continue to remain in existence. The exchange ratio was 10 shares for 8 participation certificates; the exchange period ended after one extension on January 16, 2003. A total of 4,918,488 participation certificates were exchanged for 6,148,110 shares. The shares for the exchange offer come from Allianz treasury stock. After the exchange, 804,666 participation certificates are currently still outstanding. For these participation certificates the terms set upon their emission continue to apply.

The terms and conditions for participation certificates provide for an annual distribution amounting to 240.0 % of the dividend paid by the company in respect of one Allianz no-par-value share. In addition, under certain conditions, certificate holders are granted the right to subscribe to new participation certificates; the pre-emptive rights of shareholders are excluded. Participation certificates do not confer any voting rights, any rights to conversion into Allianz shares or any rights to liquidation proceeds to their holders. They are unsecured and of equal rank to other receivables of unsecured creditors.

Participation certificates are redeemable at the option of their holders every five years,and for the first time as of December 31, 2001, by giving 12 months notice. Up to now, this right of redemption has been exercised for 358 participation certificates. For this eventuality, the conditions guarantee a redemption price equal to the weighted average of the issue price of all the previous issues of participation certificates. The current redemption price per certificate is based on the last issue date of March 1998 and is equal to € 78.54.

The participation certificates are redeemable at the company 's option as of the end of 2006 and notice of redemption may be served annually by giving a period of 6 months notice. In that case each participation certificate is redeemable at a redemption price equal to 122.9 % of the average Allianz share price. Alternatively the company can offer to exchange 8 participation certificates for 10 Allianz shares. Allianz AG has consistently stated at Annual General Meetings that there is no legal obligation on the part of Allianz AG to call for redemption of the profit participation certificates by December 31, 2006 or at any other date.

10 Other accrued liabilities (Liabilities C.)

Subordinated liabilities in the amount of € 3,574,587 thou result from subordinated bonds in the amount of € 2.0 bn, € 1.0 bn and USD 500 mn by Allianz Finance II B. V., which has transferred the proceeds from these issues to Allianz AG in the form of subordinated loans.

11 Special untaxed reserve (Liabilities D.)

	12/31/2001 € thou	Allocated € thou	Released € thou	12/31/2002 € thou
Reserve according to clause § 6 b EStG	36,831	–	35,831	1,000
Reserve according to clause § 52 (16) EStG	52,939	–	52,939	–
Total	89,770	–	88,770	1,000

12 Miscellaneous accrued liabilities (Liabilities F.)

The pension obligations of the companies in Allianz Sachversicherungsgruppe Deutschland (Allianz 's Property and Casualty Insurance Group in Germany) Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG and Vereinte Lebensversicherung AG are accrued in the financial statements of Allianz AG because the company has assumed joint liability for the pension obligations and undertaken to fulfil them. In addition to pension and similar reserves of € 2,854,716 (2,712,927) thou and accrued taxes of € 618,676 (173,694) thou, the company has miscellaneous accrued liabilities of € 166,392 (45,970) thou,including € 12,039 thou for costs of the early retirement scheme and employee long-service awards, which are shared throughout the Group, and € 60,438 thou for contingencies and € 60,438 thou for contingencies as well as a provision in connection with a declaration of obligation to Allianz Marine & Aviation (France) S. A. in the amount € 46,000 thou.

13 Long-term and secured liabilities

Liabilities amounting to € 10,758,072 thou have a period to maturity of more than five years.

These include:

	2002 € thou
Miscellaneous accrued liabilities	7,019,433
Subordinated liabilities	3,479,639
Bonds	259,000
Total	10,758,072

€ 3.5 bn of miscellaneous accrued liabilities are secured by assets pledges as collateral and € 250,176 thou by mortgages, annuity charges and ship mortgages.

The increase of miscellaneous accrued liabilities is in particular due to group-internal loans that were obtained in connection with the acquisition of shares of Dresdner Bank.

SUPPLEMENTARY INFORMATION TO THE INCOME STATEMENT

14 Gross premiums written (Income Statement I.1.a)

	2002 € thou	2001 € thou
Property and casualty insurance	4,749,512	4,798,112
Life insurance	850,526	891,657
Total	5,600,038	5,689,769

15 Allocated interest return – net (Income Statement I.1.2.)

The amount of investment income transferred under this heading from the non-underwriting section to the underwriting section of the income statement is calculated in accordance with clause § 38 RechVersV.

16 Change in other insurance reserves – net (Income Statement I.1.5.)

This heading comprises € – 237,175 (– 263,321) thou added to the net aggregate reserve and € 132,761 (– 15,060) thou added to miscellaneous net insurance reserves.

17 Underwriting expenses – net (Income Statement I.1.7.)

Gross underwriting expenses of € 1,471,250 (1,553,249) thou are shown net of commissions and profit-sharing on reinsurance ceded amounting to € 381,358 (616,423) thou.

18 Investment income (Income Statement II.1.)

	2002 € thou	2002 € thou	2001 € thou
a. Income from long-term equity investments including from affiliated enterprises: € 778,379 (662,934) thou		884,460	857,042
b. Income from other investments including from affiliated enterprises: € 676,077 (650,677) thou			
aa. Income from real estate	65,525		64,076
bb. Income from other investments	893,693		1,071,245
		959,218	1,135,321
c. Income from revaluations		963	30,371
d. Realized investment gains		8,472,055	1,228,893
e. Income from profit pooling and profit transfer agreements		1,391,974	283,812
f. Income from the release of special untaxed reserve		88,770	138,720
Total		11,797,440	3,674,159

Income from realized investment gains include the sale of shares of Münchener Rückversicherungs-Gesellschaft AG for an amount of € 5,512 mn, other interests in affiliated enterprises and participations for an amount of € 1,392 mn as well as stocks, investment fund units and other variable interest securities for an amount of € 1,035 mn.

19 Investment expenses (Income Statement II.2.)

	2002 € thou	2001 € thou
a. Investment management, interest charges and other investment expenses	1,718,337	1,078,715
b. Depreciation and write-downs on investments	5,254,743	159,448
c. Realized investment losses	341,321	27,201
d. Expenses for losses assumed	656,908	219,168
e. Allocation to special untaxed reserve	–	14,592
Total	7,971,309	1,499,124

20 Depreciation and write-downs on investments

Write-downs under this heading include an extraordinary charge of € 5,000,442 thou in accordance with the German Commercial Code (clause § 253 (2), sentence 3, HGB) on Allianz Finanzbeteiligungs-GmbH, which holds 91.0 % of Dresdner Bank AG. Real estate has been written down by € 5,547 thou in accordance with the German Income Tax Law (clause § 6 b EStG).

21 Other income (Income Statement II.4.)

The most important items under this heading are € 235,295 (229,572) thou refunded by domestic Group companies in respect of pension costs for their employees accrued in the financial statements of Allianz AG, and foreign currency gains of € 487,478 (11,818) thou.

22 Other expenses (Income Statement II.5.)

These include mainly: Write-downs on own shares in the amount of € 1,051,550 (38,104) thou, pension costs for the employees of domestic Group companies € 235,295 (229,572) thou, interest and similar expenses € 214,510 (206,280) thou, amounts added to non-underwriting reserves € 132,140 (16,153) thou and foreign currency losses € 26,968 (200,070) thou.

23 Taxes (Income Statement II.8. and II.9.)

The company has elected not to carry forward any deferred tax on the assets side of the balance sheet, as allowed under the German Commercial Code (clause § 274 (2) HGB). For calculating deferred taxation the company has netted future tax benefits against future tax liabilities.

Since the company files a consolidated tax return with most of its German subsidiaries, Allianz AG is liable for a material portion of the taxes attributable to the Sachversicherungsgruppe Deutschland.

24 Net income (Income Statement GuV II.10.)

	2002 € thou	2001 € thou
Net income	2,329,993	545,544
Earnings carried forward from previous year	–	926
Transfer to appropriated retained earnings: other appropriated retained earnings	1,164,996	136,470
Unappropriated retained earnings	1,164,997	410,000

MISCELLANEOUS

Contingent liabilities and other financial commitments

As of December 31, 2002, the company had contingent liabilities under guarantees amounting to € 7 561 thou, matched by rights of relief for the same amount.

Guarantee declarations have been given for

- the bonds issued in 1996 for € 767 mn by Allianz Finance B. V., Amsterdam,
- the bonds issued in 1997 and increased in 2000 for € 1.1 bn by Allianz Finance B. V., Amsterdam,
- the debenture bonds issued in 1998 for € 1.632 bn nominal by Allianz Finance B. V., Amsterdam,
- the bonds issued in 1998 for € 1.02 bn by Allianz Finance B. V., Amsterdam, exchangeable into shares of Deutsche Bank AG,
- the bonds issued in 1999 by Allianz Finance B. V., Amsterdam for CHF 1.5 bn and a swap deal in which the bonds payable are exchanged for an equivalent euro commitment,
- the bonds issued in 2000 by Allianz Finance B. V., Amsterdam, for € 1.7 bn exchangeable into shares of Siemens AG.
- the bonds issued by Allianz Finance II B. V., Amsterdam in 2001. The amount repayable on redemption is linked to the performance of the German DAX share index. The issue volume is € 1.979 bn.
- the bonds issued in 2001 by Allianz Finance II B. V., Amsterdam, for € 1.075 bn exchangeable into shares of RWE AG,
- the loans totaling USD 820 mn issued in 2001 by Fireman's Fund Insurance Corp., Novato, to five Group companies
- the bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for € 2.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for € 2.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for € 1.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for USD 500 mn,
- the loan issued in 2000 by Allianz Australia Ltd, Sidney, for AUD 100 mn.

Allianz AG has committed to make future capital payments in favor of our North American holding company, Allianz of America, Inc. This will place Allianz of America, Inc. in a position to provide sufficient capital on its part for Allianz Insurance Company, Los Angeles, so that this company can meet its payment obligations for claims received in connection with the attack on the World Trade Center. These future capital payments are limited to USD 500 mn and are secured by pledges in securities.

A commitment to make capital payments in the amount of € 27 mn also exists with respect to Allianz Marine & Aviation (France) S. A., Paris.

In connection with the increase of the capital of the U.S. subsidiaries Allianz Life of North America, Fireman`s Fund Insurance Corp. and Allianz Insurance Company, guarantees to acquire shares of Allianz Life of North America and Allianz Insurance Company in the amount of USD 962 mn were given.

For Allianz of America Inc., Wilmington, a guarantee declaration for commitments relating to the acquisition of PIMCO Advisors L.P. was provided. Through its subsidiary Allianz of America Inc., Allianz AG acquired an interest of 69.5 % in PIMCO, whereby the minority shareholders have the option of selling their 30.5 % holding to Allianz. On December 31, 2002, these commitments totaled USD 2.054 bn. In addition, a guarantee in the amount of € 1.155 bn was provided for a repo deal of Allianz BDF GmbH.

Guarantee declarations have also been given for deferred annuity agreements signed by Allianz-RAS Seguros y Reaseguros S. A., Madrid.

Allianz AG has also provided several foreign subsidiaries and associates with either a standard indemnity guarantee or such guarantee as is required by the supervisory authorities, which cannot be quantified in figures.

Legal obligations to assume any losses arise on account of management control agreements and/or transfer-of-profit agreements with the companies of:

- ACM Compagnie Mercur AG,
- ADVANCE Holding AG (cancelled effective December 31, 2002),
- AFIN GmbH,
- Allianz Autowelt GmbH,
- Allianz Dresdner Pension Consult GmbH,
- Allianz Dresdner Pensionsfonds AG,
- Allianz Far East Holding GmbH,
- Allianz Finanzbeteiligungs GmbH,
- Allianz Global Risks Rückversicherungs-AG,
- Allianz Immobilien GmbH,
- Allianz Lebensversicherungs-AG,
- Allianz Marine & Aviation Versicherungs-AG,
- Allianz Osteuropa Vemögensverwaltungsgesellschaft mbH,
- Allianz Private Equity Holding GmbH,
- Allianz Prozess Finanz GmbH,
- Allianz Versicherungs-AG,
- AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- AZ-Argos 3 Vemögensverwaltungsgesellschaft mbH,
- AZ-Argos 10 Vemögensverwaltungsgesellschaft mbH,
- AZ-Argos 15 Vemögensverwaltungsgesellschaft mbH,
- AZ-Argos 19 Vemögensverwaltungsgesellschaft mbH,
- AZ-BDF Vermögensverwaltungsgesellschaft mbH,
- Bayerische Versicherungsbank AG,
- Frankfurter Versicherungs-AG (cancelled effective December 31, 2002),
- IDS GmbH-Analysis and Reporting Services,
- Kraft Versicherungs-AG,
- META Finanz-Informationssysteme GmbH and
- Orpheus Vemögensverwaltungsgesellschaft mbH.

There are financial commitments in connection with the promise of compensation to holders of rights under stock option programs of Assurances Générales de France.

The acquisition of Nicholas Applegate included an agreement for contingent earn-out payments falling due in 2005. The amount of these payments will depend on the performance of income growth:

- The maximum earn-out payment will be USD 1.09 bn if average income rises by at least 25 % over this period.There will also be incentive and retention payments totaling USD 150 mn.
- Earn-out payments will be incremental if average income increases between 10 % and 25 %.
- No earn-out payments will be made if average income increases by less than 10 %.

Advertising contracts resulted in financial commitments amounting to € 17,080 thou for 2003.

Potential liabilities amounting to € 426.5 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up, including € 385.6 mn with respect to affiliated enterprises.

Effects of adjustments for tax purposes

After taking into account special tax-allowable depreciation charges, amounts transferred to special untaxed reserves under clause § 6 b and clause § 52 (16) EStG, the overall effect on net income for the year was no more than marginal. The future effects on earnings of valuation adjustments made for tax purposes will be spread over several years and will not be material for any one year.

Long-term Incentive Plan

The Long-term Incentive Plans (LIP) were set up in 1999 for senior management, in order to reward the contribution by this level of management towards increasing corporate value and to promote the long-term success of the company.

These plans entailed that Stock Appreciation Rights (SAR) were allocated to each manager on April 1. Restrictions are applicable for a period of two years and the rights lapse at the end of seven years.

After the period of restrictions has come to an end, SAR may only be exercised if

- during the period over which rights can be exercised, the price of shares in Allianz AG has outperformed the Dow Jones Europe Stoxx Price Index (600) at least once during a period of five consecutive stock exchange days and
- the price of Allianz shares outperforms the reference price by at least 20.0 % at the time when the rights are exercised. (The reference price of LIP 2002 is the average price of the Allianz share in the first quarter 2002.)

Under the conditions of the LIP, Group companies are obligated to pay the difference between the stock-market price of Allianz shares on the day the rights are exercised and the reference price in cash.

No rights were exercised for any LIP up to December 31, 2002. The two-year period of restriction had not yet expired on December 31, 2002, for the Incentive Plans covering the years 2002 and 2001. The LIP for the year 1999 and 2000 did not fulfill the second, above-mentioned condition (share outperformed reference price by 20 %).

Future obligations were hedged by the acquisition of corresponding options.

Personnel expenses

The compensation for the Board of Management of Allianz AG will amount to € 10,977 (10,978) thou for fiscal 2002. As of November 1, 2002, the number of members of the Board of Management decreased from 12 to11.

Total remuneration for members of the Board of Management includes a fixed-component (the basic salary) and a variable component. Up to the year 2002, the latter comprises a component depending on the dividend. From 2002 on, the variable component consists of the annual bonus which includes an individual element and an element based on company performance, and a 3-year bonus, from which payments to members of the Board of Management can be made for the first time in 2004.

The compensation paid to the Board of Management is thus comprised as follows:

	2002	2001
Fixed remuneration	5,102	3,401
Variable remuneration	5,875	7,577
Total	10,977	10,978

Under the LIP 2002, a total of 47,200 Stock Appreciation Rights (SARs) were issued to members of the Board of Management during the year under review. Based on standard option valuation methods (Black-Scholes or Binomial Method), the value of these rights at the point of their issue was € 5.2 mn. The value of these rights at the end of the fiscal year is € 0.3 mn. At an intrinsic value of € 0, the value specified amounts to the full market value.

On December 31, 2002 the members of the Board of Management held a total of 119,739 SARs issued from 1999 to 2002. Based on standard option valuation methods these rights had a value of € 0.5 mn on the balance sheet date. None of the SARs has an intrinsic value at December 31, 2002, so that this value amounts to the full market value.

The following table includes key information on current LIPs in favor of active members of the Board of Management:

	LIP 2002	LIP 2001	LIP 2000	LIP 1999
Exercise period	4/2004 – 3/2009	4/2003 – 3/2008	4/2002 – 3/2007	4/2001 – 3/2006
Issued volume of SARs	47,200	33,847	17,868	20,824
Value of SARs on assignment	€ 5,236,840	€ 3,811,849	€ 3,126,900	€ 3,025,935
Fair value of SARs as of 12/31/2002	€ 342,200	€ 76,494	€ 18,940	€ 22,490
Intrinsic value of SARs as of 12/31/2002	€ 0	€ 0	€ 0	€ 0
Waiting time expired?	no	no	yes	yes
20 % hurdle cleared?	no	no	no	no
Performance hurdle cleared?	yes	yes	yes	yes

In the year 2002 pensions and other benefits for former members of the Board of Management amount to € 3,846 (2,832) thou. € 23,934 (21,693) thou has been set aside for current and future pension benefits of former members of the Board of Management and their beneficiaries.

Including fees becoming payable after the 2002 Annual General Meeting, the total remuneration for members of the Supervisory Board was € 1,533 (1,606) thou.

The names of all members of the Supervisory Board and of the Board of Management are listed on page 5, and information regarding their membership in other supervisory and comparable management bodies is shown on pages 36 to 39.

Number of employees as at December 31, 2002 (annual average)

(excluding members of the Board of Management, trainees, interns and employees on maternity/paternity leave or basic military training/community service)

Full-time office staff	577
Part-time office staff	55
Total	632

Personnel expenses

	2002 € thou	2001 € thou
1. Wages and salaries	87,178	25,627
2. Social security contributions and employee assistance	7,121	1,716
3. Expenses for pensions and other post-retirement benefits	18,123	9,135
4. Total expenses	112,422	36,478

Declaration of Compliance with the German Corporate Governance Code

On December 18, 2002, the Board of Management and the Supervisory Board of Allianz AG issued the first Declaration of Compliance according to § 161 AktG and made it available to the shareholders on the company's website.

Munich, February 11, 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	

INDEPENDENT AUDITOR'S REPORT

We have audited the Annual Financial Statements, including the accounting records and Management Report, of Allianz AG for the fiscal year from January 1 to December 31, 2002. The Board of Management of the company is responsible for the accounting policies and the preparation of the Annual Financial Statements and Management Report in accordance with German commercial law and the supplementary provisions laid down in the company's statutes. It is our responsibility to form an independent opinion, based on the audit carried out by us, on the Annual Financial Statements, including the accounting records, and on the Management Report.

We conducted our audit of the Annual Financial Statements in accordance with clause § 317 HGB and with the generally accepted German auditing standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Independent Auditors). Those standards require that we plan and perform our audit so as to obtain all the information and explanations necessary in order to provide us with sufficient evidence to give reasonable assurance that misstatements and irregularities materially affecting the presentation of the net worth, financial position and the results presented in the Annual Financial Statements in accordance with generally accepted accounting principles and in the Management Report are identified. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible errors are taken into account in the determination of audit procedures.

The audit includes an examination, on a test basis, of the effectiveness of the internal control system for rendering accounts and the evidence supporting the disclosures in the accounting records, the Annual Financial Statements and Management Report. The audit also includes an assessment of the significant estimates and judgements made by the Board of Management of the company, and whether the accounting policies are appropriate to the Group's circumstances. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Annual Financial Statements and Management Report. We believe that the audit we have conducted provides an adequate basis for the formation of our opinion.

We are satisfied that our audit has revealed no grounds for objection.

In our opinion, the Annual Financial Statements present a true and fair view of the net worth, financial position and results of the company, in compliance with German principles of proper accounting. The Management Report gives a true and fair view of the state of affairs of the company and of the presentation of the risks of future development.

Munich, February 28, 2003

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gottfried Wohlmannstetter	Dr. Frank Ellenbürger
Independent Auditor	Independent Auditor

Membership of Supervisory Board members in other corporate management bodies

DR. KLAUS LIESEN

Membership in other statutory supervisory boards in Germany
E.ON AG (Chairman), Ruhrgas AG (Chairman, until February 17, 2003), TUI AG, Volkswagen AG

FRANK LEY

DR. BERND W. VOSS since June 13, 2002

Membership in other statutory supervisory boards in Germany
Continental AG, Dresdner Bank AG, E.ON AG, KarstadtQuelle AG, Quelle AG, TUI AG, Wacker Chemie GmbH

Membership in comparable*) management bodies
ABB Ltd., Bankhaus Reuschel & Co. (Chairman)

NORBERT BLIX

Membership in other statutory supervisory boards in Germany
Allianz Versorgungskasse VVaG (Deputy Chairman)

DR. DIETHART BREIPOHL

Membership in other statutory supervisory boards in Germany
Beiersdorf AG, Continental AG, KarstadtQuelle AG, KM Europa Metal AG (Chairman), mg technologies ag

Membership in comparable*) management bodies
Assurances Générales de France, Banco Popular Español, BPI Banco Português de Investimento, Crédit Lyonnais, EULER & HERMES

BERTRAND COLLOMB

Membership in comparable*) management bodies
ATCO, Total-Fina-Elf
Membership in Group bodies Lafarge (Chairman)

DR. GERHARD CROMME

Membership in other statutory supervisory boards in Germany
Axel Springer Verlag AG, Deutsche Lufthansa AG, E.ON AG, Ruhrgas AG, Siemens AG (since January 23, 2003), ThyssenKrupp AG (Chairman), Volkswagen AG

Membership in comparable*) management bodies
Suez S. A.

JÜRGEN DORMANN

Membership in other statutory supervisory boards in Germany
LION bioscience AG (Chairman)

Membership in comparable*) management bodies
ABB Ltd. (Chairman), Aventis S. A. (Chairman), IBM Corporation

HINRICH FEDDERSEN

Membership in other statutory supervisory boards in Germany
Basler Versicherung Beteiligungsgesellschaft mbH, Deutscher Ring Lebensversicherungs-AG

DR. UWE HAASEN since June 13, 2002

PETER HAIMERL

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

PROFESSOR DR. RUDOLF HICKEL

Membership in other statutory supervisory boards in Germany
GEWOBA AG Wohnen und Bauen in Bremen, Howaldtswerke Deutsche Werft AG, Salzgitter AG Stahl und Technologie

HORST MEYER

Membership in other statutory supervisory boards in Germany
Allianz Versorgungskasse VVaG, Hermes Kreditversicherungs-AG (Deputy Chairman)

UWE PLUCINSKI

Membership in other statutory supervisory boards in Germany
BVV-Versicherungsverein des Bankgewerbes a. G., Dresdner Bank AG (Deputy Chairman, until April 8, 2003)

(As of December 31, 2002)

*) We regard foreign memberships as "comparable", if the foreign company is listed on a stock exchange or has more than 500 employees.

REINHOLD POHL

ROSWITHA SCHIEMANN

DR. ALBRECHT SCHMIDT until June 12, 2002

Membership in other statutory supervisory boards in Germany
Bayerische Börse AG (Chairman), Bayerische Hypo- und Vereinsbank AG (Chairman, since January 1, 2003), HVB Real Estate Bank AG (Chairman), Münchener Rückversicherungs-Gesellschaft AG, Siemens AG

Membership in comparable*) management bodies
Bank Austria Creditanstalt AG (Chairman)

DR. MANFRED SCHNEIDER

Membership in other statutory supervisory boards in Germany
Bayer AG (Chairman), DaimlerChrysler AG, Linde AG, METRO AG, RWE AG, TUI AG

DR. HERMANN SCHOLL

Membership in other statutory supervisory boards in Germany
BASF AG

Membership in comparable*) management bodies
Membership in Group bodies Robert Bosch Corporation, Robert Bosch Internationale Beteiligungen AG

JÜRGEN E. SCHREMPP

Membership in other statutory supervisory boards in Germany
Membership in Group bodies DaimlerChrysler Services AG (Chairman)

Membership in comparable*) management bodies
New York Stock Exchange (NYSE), South African Coal, Oil and Gas Corporation (Sasol) Ltd., Vodafone Group Plc.
Membership in Group bodies DaimlerChrysler of South Africa (Pty) Ltd. S. A. (Chairman), DaimlerChrysler Corporation (Chairman)

JÖRG THAU

DR. ALFONS TITZRATH until June 12, 2002

Membership in other statutory supervisory boards in Germany
Celanese AG, Deutsche Lufthansa AG, RWE AG

*) We regard foreign memberships as “comparable”, if the foreign company is listed on a stock exchange or has more than 500 employees.

Membership of Board of Management members in other corporate management bodies

DR. HENNING SCHULTE-NOELLE

Membership in other statutory supervisory boards in Germany
BASF AG, E.ON AG, Linde AG (Deputy Chairman), Siemens AG, ThyssenKrupp AG
Membership in Group bodies Allianz Lebensversicherungs-AG (Chairman), Allianz Versicherungs-AG (Chairman), Dresdner Bank AG (Chairman)

Membership in comparable*) management bodies
Membership in Group bodies Assurances Générales de France (Vice president), Riunione Adriatica di Sicurtà S. p. A. (Vice President)

DR. PAUL ACHLEITNER

Membership in other statutory supervisory boards in Germany
Bayer AG, MAN AG, RWE AG
Membership in Group bodies Allianz Immobilien GmbH (Chairman)

Membership in comparable*) management bodies
ÖIAG

DETLEV BREMKAMP

Membership in other statutory supervisory boards in Germany
ABB AG (Deutschland), Hochtief AG
Membership in Group bodies Allianz Global Risks Rückversicherungs-AG (Chairman)

Membership in comparable*) management bodies
Membership in Group bodies Allianz Compañía de Seguros y Reaseguros S. A. (Chairman), Allianz Nederland Groep N. V., Allianz Portugal S. A. Companhia de Seguros, Assurances Générales de France, Elmonda Assistance (Chairman), Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A., Zwolsche Algemeene N. V. (until March 3, 2003)

MICHAEL DIEKMANN

Membership in comparable*) management bodies
Membership in Group bodies Allianz Insurance Company of Canada, Allianz Life Insurance Company of North America, Fireman's Fund Insurance Company

DR. JOACHIM FABER

Membership in other statutory supervisory boards in Germany
Bayerische Börse AG, Infineon Technologies AG
Membership in Group bodies DBI Dresdner Bank Investment Management Kapitalanlagegesellschaft mbH (Chairman, since March 14, 2003), DEGI Deutsche Gesellschaft für Immobilienfonds mbH (Chairman, since Januray 1, 2003), Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH (Chairman, since March 14, 2003)

Membership in comparable*) management bodies
Società Metallurgica Italiana S. p. A.
Membership in Group bodies RASbank S. p. A.

DR. BERND FAHRHOLZ until March 25, 2003

Membership in other statutory supervisory boards in Germany
Bayerische Motorenwerke AG, Fresenius Medical Care AG, HeidelbergCement AG
Membership in Group bodies ADVANCE Holding AG (Chairman)

Membership in comparable*) management bodies
BNP Paribas S. A.
Membership in Group bodies Dresdner Bank Luxembourg S. A. (Chairman), Dresdner Kleinwort Benson North America Inc.

LEONHARD H. FISCHER until October 31, 2002

Membership in other statutory supervisory boards in Germany
Axel Springer Verlag AG, Deutsche Börse AG (Deputy Chairman), Eurex Clearing AG, Eurex Frankfurt AG, K + S Aktiengesellschaft

Membership in comparable*) management bodies
Eurex Zürich AG
Membership in Group bodies Dresdner Kleinwort Benson North America Inc. (Chairman), Dresdner Kleinwort Wasserstein Group Inc.

(As of December 31, 2002)

*) We regard foreign memberships as "comparable", if the foreign company is listed on a stock exchange or has more than 500 employees.

DR. REINER HAGEMANN

Membership in other statutory supervisory boards in Germany
E.ON Energie AG, Schering AG, Steag AG,
ThyssenKrupp Steel AG (until February 28, 2003)
Membership in Group bodies ADVANCE Holding AG, Allianz Global Risks Rückversicherungs-AG, Allianz Private Krankenversicherungs-AG (Chairman), Bayerische Versicherungsbank AG (Chairman), Frankfurter Versicherungs-AG (Chairman), Hermes Kreditversicherungs-AG (Chairman)

Membership in comparable*) management bodies
Membership in Group bodies Allianz Cornhill Insurance Plc, Allianz Elementar Lebensversicherungs-AG (Deputy Chairman), Allianz Elementar Versicherungs-AG (Chairman), Allianz Investmentbank AG, Allianz Irish Life, Allianz Suisse Lebensversicherungs-AG, Allianz Suisse Versicherungs-AG, EULER & HERMES

DR. HORST MÜLLER

Membership in other statutory supervisory boards in Germany
BATIG Gesellschaft für Beteiligungen mbH, British-American Tobacco (Germany) GmbH, British-American Tobacco (Industrie) GmbH, Buderus AG, Europa Carton GmbH (Chairman), Smurfit-Stone-Verwaltungsgesellschaft mbH (Chairman)
Membership in Group bodies Allianz Immobilien GmbH, DEGI Deutsche Gesellschaft für Immobilienfonds mbH (Chairman, until December 31, 2002)

Membership in comparable*) management bodies
BVV-Versicherungsverein des Bankgewerbes a. G. (Chairman)

DR. HELMUT PERLET

Membership in other statutory supervisory boards in Germany
Membership in Group bodies Allianz Global Risks Rückversicherungs-AG, Dresdner Bank AG

Membership in comparable*) management bodies
Membership in Group bodies Fireman's Fund Insurance Co., Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A.

DR. GERHARD RUPPRECHT

Membership in other statutory supervisory boards in Germany
Heidelberger Druckmaschinen AG, Quelle AG, ThyssenKrupp Automotive AG
Membership in Group bodies ADVANCE Holding AG

Membership in comparable*) management bodies
Membership in Group bodies Allianz Elementar Lebensversicherungs-AG (Chairman), Allianz Elementar Versicherungs-AG, Allianz Life Insurance Co. Ltd. Korea, Allianz Life Insurance Company of North America

DR. WERNER ZEDELIUS

Membership in other statutory supervisory boards in Germany
SMS AG

Membership in comparable*) management bodies
Rosno
Membership in Group bodies Allianz Australia Ltd., Allianz C. P. Life Insurance Co. Ltd., Allianz Hungária Biztositó Rt. (Chairman), Allianz Life Insurance Co. Ltd. Korea (Chairman), Allianz pojistovna a.s. (Chairman), Allianz Slovenska poistovna a.s. (Chairman), T. U. Allianz Polska S. A. (Chairman), T. U. Allianz Zycie Polska S. A. (Chairman)

*) We regard foreign memberships as "comparable", if the foreign company is listed on a stock exchange or has more than 500 employees.

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