

Allianz Aktiengesellschaft

Annual Report 2003

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ALLIANZ AKTIENGESELLSCHAFT		2003	Change from previous year in %	2002	Change from previous year in %	2001	Change from previous year in %	Details on page
Gross premiums written	€ mn	5,493	-1.9	5,600	-1.6	5,690	-5.8	8
Retention	in %	67.6		68.9		61.9		
Loss ratio on own account	in %	73.8		77.5		93.0		6
Gross expense ratio	in %	26.4		26.3		27.3		6
Underwriting result	€ mn	-231		-231		-645		9
Non-underwriting result	€ mn	1,011	-57.0	2,351	119.5	1,071	14.0	9
Earnings before tax	€ mn	780	-63.2	2,120	397.1	426	-42.3	9
Taxes	€ mn	198		210		119		9
Net income	€ mn	978	-58.0	2,330	327.1	545	-36.9	9
Investments under management	€ mn	81,826	10.5	74,025	22.4	60,489	51.6	8
Shareholders' equity	€ mn	25,483	25.4	20,316	10.8	18,335	61.1	24
as percent of net premium income	in %	686.1		526.2		520.8		
Insurance reserves	€ mn	18,881	-4.1	19,679	3.2	19,062	10.8	20
Dividend per share	€	1.50		1.50		1.50		9
Dividend payment	€ mn	551		374		364		
Share price at year-end ¹⁾	€	100.1		80.8		237.1		
Market capitalization at year-end ²⁾	€ bn	36.7		22.0		64.2		

¹⁾ Adjusted for capital measures (capital increase)

²⁾ Excluding treasury shares

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Ladies and Gentlemen,

In the course of 2003, the members of the Supervisory Board dealt in depth with the situation of the company, against the background of a continuing 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 four 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, comprehensive information on the economic and financial development of the Allianz Group, including the risk situation, important business transactions and corporate strategy. We discussed in detail the company planning for the year 2004 and asked for explanations of the deviations in the course of business from the stated plans and objectives.

Improvement of the operating result and strengthening of the capital base Our deliberations were centered on the measures taken by the Board of Management to improve operating profitability.

In all meetings, the Board of Management informed us about the development of the Group's revenues and earnings, developments in the individual business segments and the financial situation. We were able to ascertain that operations were improved in all business areas, at times significantly.

In several meetings, the Group's capital resources were discussed. In April 2003, we approved the capital increase with subscription rights for the shareholders. In a difficult market context, this increase was successfully completed with proceeds of 4.4 billion euros, thereby strengthening the company's equity base and securing the Group's high rating.

To reduce the dependency of the company's shareholders' equity and earnings on fluctuations in the capital markets, the Board of Management substantially reduced the share of equity investments. Among others, this was done through a significant reduction of the shareholdings in Münchener Rückversicherungs-Gesellschaft AG (Munich Re) and Beiersdorf AG. The Supervisory Board considers these measures to be appropriate.

Successful restructuring efforts In two special reports, we were given detailed information about the progress in the implementation of the turnaround program at Dresdner Bank. We noted that important intermediary objectives towards restoring the profitability of the bank had already been achieved. We were also able to ascertain that the integration of the bank into the Allianz Group has made good progress. In this context, we were informed of the merger of the IT service activities of Allianz and Dresdner Bank, which are now combined in AGIS Allianz Dresdner Informationssysteme GmbH.

The previously launched program to improve the business performance of the French AGF Group was also pursued with increasing intensity. We will attentively monitor its further progress.

In addition, the ongoing success of the restructuring of the Group's U.S. company Fireman's Fund was presented to us. The same applies to Allianz Global Risks Rückversicherungs-AG, the company that controls the Group's industrial insurance business.

Other topics of discussion The Board of Management presented its "Three Plus One" program to us, which summarizes the Group's objectives and initiatives through 2005. The program calls for strengthening the capital base of the company, improving its operational profitability, making its structures less complex and bringing about a sustainable increase of its value. To reach the latter objective, the Holding makes growth capital available to its Group companies. One of the essential criteria for allocating capital is a company's ability to make a lasting contribution to the Group's economic value added.



We followed and approved the restructuring of the relations between Allianz and Münchener Rückversicherungs-Gesellschaft (Munich Re). We acknowledged the dismantling of the cross-holdings and the fact that the principles of cooperation, which had applied for decades, were rescinded.

We obtained a status report on the lawsuit filed in connection with the settlement of the World Trade Center loss. We critically examined the effects of the tax bill presented by the German Federal Government on the life insurance business. In addition, we welcomed the Board of Management's decision to relaunch the stock purchase plan for employees of the Allianz Group in 2003. More than 33,000 employees in 22 countries have accepted this offer and acquired a total of about 965,000 Allianz shares at preferential conditions.

Committees of the Supervisory Board of Allianz AG

As of December 31, 2003

CHAIRMAN OF THE SUPERVISORY BOARD

Dr. Henning Schulte-Noelle

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

Norbert Blix

AUDIT COMMITTEE

Dr. Manfred Schneider (Chairman)

Dr. Gerhard Cromme

Prof. Dr. Rudolf Hickel

Frank Ley

Dr. Henning Schulte-Noelle

PERSONNEL COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

STANDING COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

Peter Haimerl

Dr. Manfred Schneider

MEDIATION COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Hinrich Feddersen

Prof. Jürgen E. Schrempf

Corporate Governance and Declaration of Compliance We discussed in depth the implementation of the recommendations of the German Corporate Governance Codex and the effects of the U.S. Sarbanes-Oxley Act on the Allianz Group. In December 2003, the Board of Management and the Supervisory Board signed the annual Declaration of Compliance with the German Corporate Governance Codex. This statement confirms that the Allianz Group complies with the recommendations of the code, with two exceptions.

In the December meeting, we examined the efficacy of our work in the absence of the Board of Management. The subjects of our examinations were, in particular, the timely transmission of comprehensive information to the Supervisory Board, its composition and organization, and the flow of information between the committees and the plenary meeting.

More detailed information on corporate governance within the Allianz Group is provided on pages 10 to 13 of the Allianz Group's Annual Report. That report was jointly approved by the Board of Management and the Supervisory Board. Detailed information on this subject is also available at the Allianz website at www.allianzgroup.com/corporate-governance. Information on the measures taken to implement the provisions of the Sarbanes-Oxley Act can also be found at that location.

Activities of the committees The members of the Supervisory Board formed the Audit Committee, the Standing Committee, the Personnel Committee and the Mediation Committee as called for by the German Codetermination Act. The current composition of the committees is indicated on the accompanying list.

At its four meetings held in the course of the year, the Standing Committee primarily addressed the capital increase with shareholder subscription rights as well as questions of corporate

governance. The Personnel Committee also convened four times. It dealt with personnel matters of the members of the Board of Management and the structure and amount of the remuneration of the Board of Management, as well as the determination of the variable and stock-related remuneration components. There was no need for the Mediation Committee to convene.

The Audit Committee held five meetings in the course of 2003. In the presence of the auditors, it discussed the annual financial statements of Allianz AG and of the Group, the audit reports and the 20-F filing required in the U.S.

It also examined the quarterly reports and dealt with the assignment of the mandate to the Auditor and setting priorities for the Audit. Other subjects of the deliberations of the Audit Committee were ascertaining the independence of the Auditor and the implementation of further dispositions of the Sarbanes-Oxley Act. The Supervisory Committee appointed the chairman of the Audit Committee, Dr. Manfred Schneider, as Audit Committee Financial Expert in the sense of this law.

The Supervisory Board was regularly informed about the work of the Committees.

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 5, 2004, as well as by the Supervisory Board at a meeting held for this purpose on March 17, 2004. 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, the corresponding management reports and the recommendation for appropriation of profit, 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 five-year mandate of the members of the Supervisory Board elected in 1998 ended with the General Meeting on April 29, 2003. A new Supervisory Board was elected for the term of office from 2003 to 2008. For reasons of age, Dr. Klaus Liesen was not available for re-election. In addition, Ms. Roswitha Schiemann as well as Messrs. Dr. Uwe Haasen, Horst Meyer, Uwe Plucinski, Reinhold Pohl, Jörg Thau and Dr. Bernd W. Voss departed from the Supervisory Board.

Mr. Jürgen Dormann resigned his mandate as member of the Supervisory Board with effect from the end of the Annual General Meeting on May 5, 2004. Mr. Dormann's seat on the Board will be filled by Dr. Albrecht Schäfer as elected substitute member.

We thanked the departing members for their constructive and trusting collaboration in our body during the past term of office. Our special thanks go to Dr. Liesen, who was a member of the Supervisory Board for almost two decades and presided as its judicious and highly respected chairman for seven years.

At the constitutive meeting of the new Supervisory Board in April 2003, Dr. Henning Schulte-Noelle was elected as its chairman and Mr. Norbert Blix as its vice chairman.

For reasons of age, Dr. Horst Müller retired from the Board of Management on December 31, 2003. He had been responsible for Group Financial Risk Management. This function will be assumed at Group level by Dr. Perlet in addition to his present responsibilities. We expressed our thanks to Dr. Müller for the committed work he did for many years at Dresdner Bank and, since 2001, also at Allianz.

In our capacity as members of the Supervisory Board, we would like to take this opportunity to thank all members of the Allianz Group companies for their personal effort and commitment.

Munich, March 17, 2004

For the Supervisory Board:



Dr. Henning Schulte-Noelle
Chairman

Supervisory Board

- DR. HENNING SCHULTE-NOELLE** since April 29, 2003, Chairman
Former Chairman of the Board of Management Allianz AG
- NORBERT BLIX** Deputy Chairman since April 29, 2003
Employee, Allianz Versicherungs-AG
- DR. WULF H. BERNOTAT** since April 29, 2003, Chairman of the Board of Management E.ON AG
- DR. DIETHART BREIPOHL** Former member of the Board of Management Allianz AG
- BERTRAND COLLOMB** Président du Conseil d'Administration Lafarge
- DR. GERHARD CROMME** Chairman of the Supervisory Board ThyssenKrupp AG
- JÜRGEN DORMANN** until May 5, 2004, Chairman and CEO, ABB Ltd.
- CLAUDIA EGGERT-LEHMANN** since April 29, 2003, Employee, Dresdner Bank AG
- HINRICH FEDDERSEN** Member of the Federal Steering Committee ver.di –
Vereinte Dienstleistungsgewerkschaft
- PETER HAIMERL** Employee, Dresdner Bank AG
- PROF. DR. RUDOLF HICKEL** Professor of finance
- PROF. DR. RENATE KÖCHER** since April 29, 2003, Chairman Institut für Demoskopie Allensbach
- FRANK LEY** Employee, Allianz Lebensversicherungs-AG
- KARL NEUMEIER** since April 29, 2003, Employee, Allianz Versicherungs-AG
- HERBERT PFENNIG** since April 29, 2003, Employee, Dresdner Bank AG
- SULTAN SALAM** since April 29, 2003, Employee, Dresdner Bank AG
- DR. MANFRED SCHNEIDER** Chairman of the Supervisory Board Bayer AG
- MARGIT SCHOFFER** since April 29, 2003, Employee, Dresdner Bank AG
- DR. HERMANN SCHOLL** Chairman of the Supervisory Board Robert Bosch GmbH
- PROF. JÜRGEN E. SCHREMPF** Chairman of the Board of Management Daimler Chrysler AG

MEMBERS WHO RESIGNED DURING THE PERIOD all as of April 29, 2003

- DR. UWE HAASEN**
Former member of the Board of Management Allianz AG
- DR. KLAUS LIESEN**
Chairman of the Supervisory Board E.ON AG, Chairman
- HORST MEYER**
Employee, Euler Hermes Kreditversicherungs-AG
- UWE PLUCINSKI**
Employee, Dresdner Bank AG
- REINHOLD POHL**
Employee, Allianz Immobilien GmbH
- ROSWITHA SCHIEMANN**
Branch Manager, Allianz Versicherungs-AG
- JÖRG THAU**
Employee, Allianz Private Krankenversicherungs-AG
- DR. BERND W. VOSS**
Deputy Chairman, Member of the Supervisory Board Dresdner Bank AG

Board of Management

- MICHAEL DIEKMANN**
Chairman of the Board of Management
since April 29, 2003
- DR. PAUL ACHLEITNER**
Group Finance
- DETLEV BREMKAMP**
Europe II
- JAN R. CARENDI**
since May 1, 2003,
Americas
- DR. JOACHIM FABER**
Allianz Dresdner Asset Management
- DR. REINER HAGEMANN**
Europe I,
Director responsible for Labour Relations
- DR. HELMUT PERLET**
Group Controlling, Accounting,
Taxes, Compliance
- DR. GERHARD RUPPRECHT**
Group Information Technology,
Life Insurance Germany
- DR. HERBERT WALTER**
since March 19, 2003,
Allianz Dresdner Banking
- DR. WERNER ZEDELIOUS**
Growth Markets

MEMBERS WHO RESIGNED DURING THE PERIOD

- DR. BERND FAHRHOLZ**
until March 25, 2003,
Allianz Dresdner Banking
- DR. HORST MÜLLER**
until December 31, 2003,
Group Financial Risk Management
- DR. HENNING SCHULTE-NOELLE**
until April 29, 2003,
Chairman of the Board of Management

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 2003 decreased by 1.9 percent to 5.5 (5.6) billion euros. This development was determined by the following influences:

1. Some companies increased their retention, which reduced premium income, particularly in the case of Sachgruppe Deutschland (SGD) and Allianz Private Krankenversicherung AG. As a result of these changes, revenues decreased by a total of 250 million euros.
2. Reinsurance premiums from the international corporate clients portfolio continue to decline, which is attributable to the fact that this business has been underwritten by Allianz Global Risks Rückversicherungs-AG since January 1, 2002. The only revenues from this business still received by Allianz AG come from older contracts prior to their expiration.
3. Greater shares in the reinsurance ceded by other Group companies and increasing revenues of the ceding companies to a great extent compensated for this decline in premium income, which limited the overall decline to 1.9 percent.

Since the reinsurance structure of Allianz AG remained unchanged, net premium income also fell by 0.1 billion euros or 3.8 percent to 3.7 billion euros.

The proportion of total premium income contributed by companies outside Germany declined slightly to 23.9 (25.7) percent.

As expected, the **underwriting result** (before allocation to the claims equalization reserve) improved substantially: after a loss of 71.5 million euros in the previous year, we posted a profit of 58.7 million euros in the reporting year. The reversal was so pronounced, because the result for 2002 was heavily impacted by natural catastrophes, among them the 100-year flood in central Europe. In 2003, natural events had a very limited impact on our business, and the number of major losses also stayed within narrow limits.

As a result, the **claims ratio** for own account (excluding redemptions and premium refunds) improved to 68.5 (72.2) percent.

The **expense ratio** was 26.4 (26.3) percent. It is primarily determined by reinsurance commissions.

Clearly improved results in important reinsurance lines substantially increased the claims equalization reserve by 289.4 (159.8) million euros. As a result, the **underwriting loss** remained nearly unchanged compared to the previous year. After allocation to the claims equalization reserve, it amounted to 230.7 (231.3) million euros.

In addition to lower premiums due to higher retentions, the development of the individual reinsurance lines can be described as follows:

Premium income from **automobile reinsurance** decreased by 3.4 percent to 1,320 (1,366) million euros. After allocation of 44.4 (47.2) million euros to the claims equalization reserve, the loss was reduced to 61.1 (109.8) million euros. The improvement is mainly attributable to the German reinsurance business.

In **fire reinsurance**, premium income increased by 1.6 percent to 636.9 (627.1) million euros. Lower premium payments by SGD were compensated by increasing revenues in the Asia-Pacific region and additional business with external customers. The underwriting result continued to improve and reached 81.8 (60.2) million euros. After allocation to the claims equalization reserve, which had to be increased by 149.0 (110.2) million euros, the loss rose to 67.2 (50.0) million euros.

Premium income in **liability reinsurance** declined to 469.8 (501.6) million euros. After allocation of 10.9 million euros to the claims equalization reserve (after withdrawals of 0.7 million euros in the previous year), this reinsurance line posted a loss of 13.8 million euros, compared to earnings of 40.4 million euros in the previous year. This decline is attributable to two main reasons: on the one hand, the payouts for so-called frequency losses (the result of a large number of smaller losses) have gone up, on the other hand, a major loss from previous years at SGD required an increase of the reserve.

Premium income from **personal accident reinsurance** decreased to 438.8 (465.6) million euros. Before allocation to the claims equalization reserve, we registered improved results in Germany, but these were to a great extent neutralized by lower income in other European markets. After a withdrawal of 3.4 million

euros from the claims equalization reserve (after an allocation of 8.1 million in the previous year), earnings clearly improved to 20.1 (5.0) million euros.

In **reinsurance of engineering business**, the premium volume fell 14.1 percent to 245.4 (285.9) million euros, mainly due to the transfer of activities to Allianz Global Risks Rückversicherungs-AG and the discontinuation of certain reinsurance relations in 2002. Risk-oriented rate increases and higher premiums in the business with European customers were not enough to compensate for this loss of revenue. Earnings before allocation to the claims equalization reserve were heavily depressed by a major loss in Canada. After allocation to the claims equalization reserve, the loss narrowed to 16.5 (19.3) million euros.

Premium income from **homeowners' reinsurance** and **household effects reinsurance** declined to 243.0 (265.9) million euros. 4.2 million euros were withdrawn from the claims equalization reserve. That was considerably less than the 30.3 million euros withdrawn in the previous year, which were required by the high claims volume arising from the 100-year flood in central Europe. This effect was also reflected in the earnings situation. The prior-year loss after allocation to the claims reserve (11.7 million euros) was reduced only slightly to 10.7 million euros.

In **business interruption insurance**, premium income rose to 49.4 (39.2) million euros. After allocation to the claims equalization reserve of 12.0 (5.8) million euros, this reinsurance line once again posted a loss, which amounted to 6.4 (4.1) million euros.

Revenues from **marine reinsurance** shrank to 129.4 (175.6) million euros. The downturn is primarily attributable to a change in the reinsurance structure due to the combination of several units in Allianz Marine & Aviation. The loss after allocation to the claims equalization reserve came to 9.8 (8.7) million euros.

Premium income from **legal expenses reinsurance** fell to 114.6 (128.7) million euros, mainly due to higher retentions at SGD, the dominant primary insurer. Earnings before claims equalization reserve improved slightly. This effect was amplified by a withdrawal of 3.5 million euros from the claims equalization reserve, which had required a mandatory allocation of 1.4 million euros in the previous year. After the withdrawal from the claims equalization reserve, legal expense reinsurance thus posted earnings of 5.3 million euros, following a loss of 1.3 million euros in the previous year.

Premium income from **life reinsurance** rose to 887.7 (850.5) million euros. The additional revenues came mainly from the German business. This reinsurance line returned to profitability in the reporting year. After a loss of 2.2 million euros in the previous year, which was impacted by a number of major losses, earnings of 9.6 million euros were posted in the reporting year. There is no claims equalization reserve in life and health reinsurance.

After Allianz Private Krankenversicherung AG substantially increased its retention, premium volume in **health reinsurance** dropped by 70.2 million euros to 41.5 million euros. The loss increased to 2.2 (1.6) million euros.

Premium income from **other reinsurance lines** increased to 916.6 (781.8) million euros. With 173.3 (155.7) million euros, credit reinsurance contributed the biggest share of revenue. Premium income from extended coverage reinsurance also increased to 110.7 (87.0) million euros. Other property and casualty reinsurance generated premiums in the amount of 410.2 (444.4) million euros. Before allocation to the claims equalization reserve, credit reinsurance returned to profitability and posted earnings of 24.4 million euros, following a loss of 46.9 million euros in the previous year. Despite this gain, the overall loss in other insurance lines increased to 77.9 (68.0) million euros. This is due to higher allocation to the claims equalization reserve.

Premium income of the Singapore branch founded in 1998 amounted to 282.5 million euros in the reporting year.

Gross premiums written and results by insurance line in 2003

	Gross premiums written		Net underwriting result	
	2003 € mn	Change in %	2003 € mn	Change € mn
Automobile	1,320.0	-3.4	-61.1	48.7
Fire	636.9	1.6	-67.2	-17.2
Liability	469.8	-6.3	-13.8	-54.2
Personal accident	438.8	-5.8	20.1	15.1
Engineering	245.4	-14.1	-16.5	2.8
Homeowners	136.4	-3.2	-14.4	0.1
Household effects	106.5	-14.8	3.6	0.8
Business interruption	49.4	26.0	-6.4	-2.3
Marine	129.4	-26.3	-9.8	-1.1
Legal expenses	114.6	-11.0	5.3	6.6
Life	887.7	4.4	9.6	11.8
Health	41.5	-62.8	-2.2	-0.6
Other	916.6	17.2	-77.9	-9.9
Total	5,493.0	-1.9	-230.7	0.6

“Other” reinsurance lines include the following reinsurance lines:

- _ 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

INVESTMENTS

The **book value of the investments** of Allianz AG increased by 10.5 percent to 81.8 (74.0) billion euros.

Real estate holdings amounted to 92.7 (91.6) million euros.

The net book value of **investments in affiliated and associated companies** increased by 0.3 billion euros to 61.5 billion euros. Increases came mainly from capital increases at subsidiaries. The most important transaction of this type, amounting to 0.7 billion euros, concerned Allianz of America, which acquired the 15.96 percent minority interests in PIMCO which were still outstanding.

Other investments increased by 7.7 billion euros to 10.9 billion euros. Of this amount, 5.8 (1.4) billion euros are deposits with financial institutions, another 3.6 (1.1) billion euros concern the purchase of fixed-interest securities and 1.5 (0.6) billion euros stocks and investment certificates.

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 78.4 (70.8) billion euros on December 31, 2003. The corresponding balance sheet value was 64.0 (58.4) billion euros.

Funds held by others under reinsurance business assumed decreased to 9.4 (9.6) billion euros.

Total **realized investment gains** decreased by 983.6 million euros to 10,813.8 million euros. This decrease was due to the following developments:

- Income from profit transfers increased to 7,333.9 (1,392.0) million euros, mainly due to realized profits from the sale of interests in Beiersdorf AG and Münchener Rückversicherungs-Gesellschaft AG.
- Income from other investments doubled to 2,170.4 (959.2) million euros. The main reason for this were realized gains on the derivatives component after the partial recall of the index-linked MILES convertible bond.
- Realized investment gains dropped to 663.7 (8,472.1) million euros. Of this amount, 271.3 million euros were attributable to investments in affiliated and associated enterprises, 291.5 million euros to stock and investment fund units and 43.7 million euros to real estate.
- Investments in other enterprises contributed 674.3 (884.5) million euros to investment income.

Realized investment losses came to a total of 1,110.8 (341.3) million euros. This is mainly due to charges in connection with derivatives transactions. In the reporting year, a number of derivatives transactions, which we used to hedge our equity portfolios against further losses, considerably depressed investment income. With the recovery of the stock markets, the impairment of these macro hedges had to be charged to income. The macro hedge was reduced to the extent that sales resulted in an actual reduction of our stock exposure. As the stock markets recovered, the close-out of these derivatives positions produced a loss of 1.3 billion euros, part of which was recognized as other expenses for investments. Higher valuation reserves for the corresponding stocks were partially realized as compensation.

Depreciation and write-downs decreased sharply to 1,264.4 (5,254.7) million euros. The main contributing factor was the write-down of Allianz Finanzbeteiligungs GmbH, which amounted to 657 million euros.

Investment income decreased to a total of 1,907.4 (3,826.1) million euros, after

- deduction of investment management expenses amounting to 163.0 (238.6) million euros,
- interest expenses of 1,357.7 (1,296.8) million euros and
- loss transfers in the amount of 4,005.6 (656.9) million euros. The biggest loss transfers originated from Allianz Finanzbeteiligungs GmbH (3,608 million euros) and Allianz Global Risks Rückversicherungs-AG (368 million euros). In the case of Allianz Finanzbeteiligungs GmbH, the loss transfer is related to write-offs on interests in Dresdner Bank. Together with the write-offs on Allianz Finanzbeteiligungs GmbH, they reduced the earnings of Allianz AG by 4.3 billion euros.

Of this net income, 398.3 (445.3) 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 – 498.1 (– 1,029.8) million euros.

Overall, non-underwriting activities generated earnings of 1,011.0 (2,351.1) million euros. Offset against the underwriting loss of – 230.7 (– 231.3) million euros, earnings before taxes came to 780.3 (2,119.8) million euros. Taxes for fiscal 2003 produced income of 197.6 (210.2) million euros. Total net income for the year amounted to 977.9 (2,330.0) million euros. Of this amount, 397.9 (1,165.0) million euros were transferred to the reserve for other appropriated retained earnings, leaving 580.0 (1,165.0) million euros in unappropriated net income. At the Annual General Meeting to be held on May 5, 2004, shareholders will be asked to approve an unchanged dividend of 1.50 euros to be paid on each share qualifying for dividends and to appropriate the remaining amount to retained earnings.

RISK REPORT

As providers of financial services, we consider risk management one of our core competencies. Risk management is therefore an integrated part of our controlling process. We identify and measure, aggregate and manage risks. The result of this process determines how much 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 on a sustained basis. Therefore, the Board of Management of Allianz AG formulates the business objectives and allocates the capital resources of the Allianz Group according to return-on-investment and risk criteria. Our risk-control strategy assigns responsibility for risk management to the local entities, so that these can adjust to changing risk situations in a timely manner and in close proximity to their markets. At the same time, the operating units thereby meet the applicable legal requirements at their respective locations.

This decentralized approach is complemented by centralized responsibility. Thereby, we account for the fact that in addition to local risks, we must also control global risks. Their accumulation can result in a considerable increase of our potential risk exposure. They are therefore centrally controlled by Group Risk Control. Our cumulated control covers all business segments of the Allianz Group.

In addition, Group Risk Controlling develops methods and processes for risk assessment and control on a group-wide basis. On this basis, Group Controlling assesses the Allianz Group's risk exposure on the basis of local and global risks. Risk management activities are supervised by both internal and external auditors.

In the reporting year, we introduced the Group Risk Policy, which strengthens our decentralized risk controlling. This policy established minimum requirements that are binding for all operational units.

Since the beginning of 2003, a Group Risk Committee makes sure that the capital allocations and the risk profile of the Allianz Group are fully transparent. It is composed of members of the Board of Management of Allianz AG and chaired by our Chief Risk Officer. The mission of this committee is to promote the development of a comprehensive risk culture in the Allianz Group and to further improve our risk controlling processes. Its tasks also include the timely information of the Board of Management about risk-relevant developments and the coordination of appropriate countermeasures.

Management of the Allianz Group through risk capital

We control our activities through our respective local companies. The most important parameters used in our risk-oriented controlling process are Economic Value Added (EVA®) and risk capital.

Risk capital is used as a hedge against unexpected losses. In fiscal 2003, a risk model based on the concept developed by the Standard & Poor's rating agency was used for the value-oriented control of our insurance companies. For the control of Dresdner Bank, we used our own internal model.

In fiscal 2003, we further improved and tested our internal model for insurance companies. It enables 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. Portfolio effects are also incorporated into our risk analyses. In the course of fiscal 2004, we will convert the value-oriented control of our insurance companies to risk capital, which will be calculated by means of our internal model.

Risk controlling in the insurance business

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. In life insurance, we essentially concentrate on biometric risks – e. g., life expectancy, disability and illness. We also focus on risks that could arise from future policy cancellations.

Natural disasters such as earthquakes, storms and floods represent a special challenge for risk management. To control such risks, we use special modeling techniques. They involve the compilation of data about our portfolio, for instance the geographic distribution of insurance amounts, with natural disaster scenarios in order to estimate the potential damage. The use of these simulation techniques was further expanded in the reporting year.

Reserve risks We control reserve risks by constantly monitoring the development of the provisions for insurance claims that have been submitted but not yet settled. The information obtained is used in current estimates of these reserves. In life insurance, reserves are calculated by using actuarial methods. In addition to other criteria, these calculations take into account the biometric data of the insured populations.

Credit and counterparty risks The Allianz Group limits its liability from insurance business by ceding part of the risks it assumes to the international reinsurance market. When selecting our reinsurance partners, we consider only companies that offer excellent security. To control this credit risk, we compile group-wide data on receivables from insurance losses. Approximately 97 percent of the Allianz Group's receivables is distributed over reinsurers who were assigned at least an "A" rating by Standard & Poor's.

Investment risks We monitor market risks by means of sensitivity analyses and stress testing. As protection against exchange rate fluctuations, we back our insurance commitments to a very large extent by funds in the same currency.

In certain insurance lines, there is a direct link between investments and obligations to our customers. Life insurance, for example, must generate the guaranteed interest payment agreed upon. 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 control risks arising from interest guarantees provided to our customers.

We limit credit risks by setting high requirements on the creditworthiness of our debtors and by spreading the risk. Through our central credit risk management, we consolidate our exposure according to debtors and across all investment categories and business segments, and we use monthly limit lists to monitor exposure. Approximately 92 percent of the fixed-interest investments of the insurance companies of Allianz Group have an investment grade rating. More than 86 percent are distributed over debtors that have been assigned at least an "A" rating by Standard & Poor's.

In individual cases, we use derivative financial instruments to hedge against changes in prices or interest rates. 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 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.

Operational risks These risks are limited by a wide range of technical and organizational measures. We intend to minimize such risks by installing a comprehensive system of internal controls and security systems in each operating unit. In the future, data on internal losses attributable to operational risks are to be compiled and analyzed for use in our internal model for the calculation of risk capital. The testing phase for such a system for the insurance and asset management segments was successfully completed in the reporting year. It will be installed in the first units in 2004.

Legal risks 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.

Organizational controlling of investment risks 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 Group Finance Committee, which is made up of members of the Board of Management of Allianz AG, 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 Group level. These guidelines are then applied by the regional Finance Committees, which formulate specific local investment guidelines. Operational responsibility for investment portfolios lies within the local units.

Risk controlling in the banking business

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 central element in the approval, supervisory and control process is the rating of our customers. In this process, the various creditworthiness characteristics of the customers are presented in the form of rating classes. As quality control for these rating methods, validation benchmarks were introduced in the reporting year.

To categorize the default probability of a borrower, a system with 16 different rating classes is used. 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 2003, about 75 percent of all counterparty risks in the trading and banking portfolios of the Dresdner Bank Group fell into rating classes I to VI.

The volume of the overall portfolio is to a great extent determined by the bank’s trading business, which involves primarily transactions with counterparties in rating classes I to VI, i. e. with state and local agencies and financial services providers. These counterparties account for approximately 93 percent of the bank’s trading business and 63 percent of its total portfolio.

Counterparty risks are centrally controlled by Dresdner Bank’s Risk Executive Committee (REC), which is headed by the Chief Risk Officer of Dresdner Bank. This body issues the appropriate guidelines and standards for the risk strategy and risk control. In addition, the Risk Executive Committee decides on essential projects involving a credit risk and has a decisive influence on the modalities of the bank’s risk management. The REC is also responsible for the regular audit of the overall portfolio.

The Group Credit Committee was set up to decide on credits which do not fall under the responsibility of the risk management units in the divisions and for which no decision by the Board of Management is required. It will help to further improve the credit approval process.

In the past fiscal year, credits were transferred from the business segments to the Institutional Restructuring Unit (IRU). These are loans which are not of strategic importance or which are exposed to higher risks. Mainly concerned are credit lines in North and South America and in Germany, as well as commitments in the areas of private equity and commercial real estate. The IRU has the task of reducing these commitments in order to free up risk capital.

We account for the development of risks in the lending business by making allowances for individual risks and country risks. In setting up risk provisions, we consider the creditworthiness of the borrower, the general economic environment and risk-reducing measures, for example securities. Total risk provisions in the banking business amounted to about 6 billion euros as of December 31, 2003.

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 rated derivatives portfolios of Dresdner Bank, 97 percent of the positive replacement values involve counterparties in risk classes I to VI and are thus of “investment grade”.

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. At present, Dresdner Bank’s country rating system includes eight risk groups. To establish a parallel to the category system used to determine individual creditworthiness in the lending business, the country rating system will be expanded to 16 rating classes in the current year. At the end of 2003, Dresdner Bank’s country risk provisions totaled 269 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. The value-at-risk model is complemented by stress testing.

For purposes of setting internal limits and risk determination, we calculate value-at-risk with a confidence level of 95 percent and a one-day holding period. Unlike the value-at-risk calculation required by the supervisory authority, which is based on market data from the past, we thus assign greater weight to the most recent market fluctuation. This ensures that value-at-risk data more accurately reflect current market developments.

Value-at-risk is only one of the instruments used to characterize and control the risk profile of the Dresdner Bank Group. In addition, the bank also uses operational risk indicators and limits, which are specifically adapted to the risk situation of the trading units. Trading is controlled by setting value-at-risk and operational market risk limits. Current limit utilization is determined and monitored by Risk Controlling on a daily basis. Limit breaches are immediately indicated to the management concerned so that corrective action can be taken.

Market risks in the trading portfolio: the risks from Dresdner Bank's trading activities increased slightly compared to the previous year. This is mainly due to the fact that positions for interest-bearing instruments were built up moderately.

Market risks in the non-trading portfolio: this risk mainly comprises the risk of interest changes and is analyzed on the basis of sensitivity and value-at-risk indicators. As in the case of trading, the bank controls this risk by setting value-at-risk limits. At the end of 2003, the value-at-risk for interest rate risks in the banking portfolio of Dresdner Bank Group decreased slightly by 2 percent to 31.2 million euros.

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 the Group liquidity policy, Treasury and Risk Controlling of Dresdner Bank established principles for liquidity management. This liquidity policy meets both regulatory requirements and internal standards. The liquidity risk limits set include a reporting process for limit breaches and provisions for emergency planning. Liquidity control and liquidity risk management are tasks attended to by the treasury.

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.

Operational risks Dresdner Bank has a system for the systematic identification, measuring and controlling of operational risks. The essential risk factors are evaluated in the framework of a structured self-assessment.

Business risks These risks stem from an unexpected variance of results, which can arise when a downturn in earnings, for example as a result of changes in the competitive situation or in customer behavior, can not be compensated by a corresponding reduction of expenses.

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 capital At the end of fiscal 2003, the risk capital of Dresdner Bank, before risk-reducing diversification effects, was composed as follows: 0.7 billion euros were allocated for actuarial risks, 4.8 billion euros for credit and counterparty risks, 3 billion euros for risks from private equity and other investments, 1.4 billion euros for operational risks and 0.7 billion euros for other business risks. After deduction of diversification effects, total risk capital amounted to 8.3 billion euros.

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.

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 at a level that corresponds to our current ratings. At the end of fiscal 2003, the financial strength of the Allianz Group was rated by Standard & Poor's as "AA-" and by A. M. Best as "A+". The Allianz Group's credit risk was rated by Moody's as "Aa3".

Outlook

In the course of the current fiscal year, we will introduce special minimum standard, which will further strengthen the risk management of our local units. These complement and specify the Group risk policy with respect to certain risk categories or processes.

In addition, we will improve the process and organization of local risk management by introducing such enhancements as solvability stress tests and uniform procedures for the control and limitation of risks from natural events. For credit risks, a comprehensive limit system will be used, which limits counterparty risks both locally and at the Group level.

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. In order to implement Basel II with respect to credit risks, Dresdner Bank plans to use the advanced "internal rating method". The operational risk capital, which, for regulatory purposes in accordance with Basel II, must for the first time be shown separately, will be calculated by means of the "advanced measurement method".

OUTLOOK

As the Group's reinsurer, Allianz AG participates in the premium income and earnings performance of the Group's subsidiaries and affiliates. Since certain Group companies will further increase their retention in the current year and thereby reduce their reinsurance premium, we expect an overall decline of premium income. Reinsurance rates and contractual conditions will stay at the level of the previous year in 2004. For this reason, we expect a satisfactory underwriting result for the current fiscal year, provided that there are no extraordinary or numerous major losses and natural catastrophes that will drive up claims expenses. Lower profit realizations and substantially lower profit transfers from asset management companies will certainly lead to a decline in investment income, even in the absence of serious turbulences in the capital markets.

These assessments are, as always, subject to the following disclaimer.

With respect to important events after the balance sheet date, we refer to the indications provided on page 31 of the Notes to the Financial Statements in this Annual Report.

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.

Munich, February 12, 2004

Allianz Aktiengesellschaft
Board of Management

Diekmann	Dr. Achleitner
Bremkamp	Carendi
Dr. Faber	Dr. Hagemann
Dr. Perlet	Dr. Rupprecht
Dr. Walter	Dr. Zedelius

RECOMMENDATION FOR APPROPRIATION OF PROFIT

The Board of Management and the Supervisory Board propose that the unappropriated earnings of Allianz AG for fiscal 2003 in the amount of 580,000,000.00 euros be appropriated as follows:

- Distribution of a dividend of 1.50 euros per eligible share:
550,709,560.50 euros
- Allocation of 29,290,439.50 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, March 17, 2004
Allianz Aktiengesellschaft

Balance Sheet as of December 31

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

ASSETS	>>> Note	2003 € thou	2003 € thou	2002 € thou
A. Intangible assets	1		6,838	7,603
B. Investments	1 - 5			
I. Real estate		92,664		91,607
II. Investments in affiliated and associated enterprises		61,479,835		61,208,132
III. Other investments		10,872,789		3,128,738
IV. Funds held by others under reinsurance business assumed		9,380,328		9,596,065
			81,825,616	74,024,542
C. Receivables				
I. Accounts receivable on reinsurance business including from affiliated enterprises: 337,892 (357,685) € thou other enterprises in which long-term equity investments are held ⁹ : 8,740 (266,054) € thou		778,768		809,328
II. Other receivables including from affiliated enterprises: 1,118,535 (2,667,256) € thou other enterprises in which long-term equity investments are held ⁹ : 15,637 (1,935) € thou		5,285,588		3,496,411
			6,064,356	4,305,739
D. Other assets				
I. Tangible fixed assets and inventories		3,750		3,049
II. Cash with banks, checks and cash on hand		12,686		40,820
III. Own shares mathematical 1,086 (16,092) € thou		30,485		566,378
IV. Miscellaneous assets	6	205,803		153,614
			252,724	763,861
E. Prepaid expenses	7			
I. Accrued interest and rents		97,970		33,971
II. Other prepaid expenses		249,466		342,695
			347,436	376,666
Total assets			88,496,970	79,478,411

⁹ Companies in which we hold an interest

EQUITY AND LIABILITIES		➤➤ Note	2003 € thou	2003 € thou	2003 € thou	2002 € thou
A. Shareholders' equity	8					
I. Capital stock				984,880		682,408
II. Additional paid-in capital				18,362,334		14,102,335
III. Appropriated retained earnings						
1. Required by law			1,229			1,229
2. For own shares			30,485			566,378
3. Other			5,523,724			3,798,850
IV. Unappropriated retained earnings				5,555,438		4,366,457
				580,000		1,164,997
					25,482,652	20,316,197
B. Participation certificates	9				441,455	449,491
C. Subordinated liabilities	10				3,642,075	3,574,587
D. Special untaxed reserve	11				–	1,000
E. Insurance reserves						
I. Unearned premiums						
1. Gross			859,976			864,090
2. Less: amounts ceded			239,422			248,356
				620,554		615,734
II. Aggregate reserve						
1. Gross			8,733,448			8,876,539
2. Less: amounts ceded			938,724			891,327
				7,794,724		7,985,212
III. Reserve for loss and loss adjustment expenses						
1. Gross			8,149,174			9,003,610
2. Less: amounts ceded			2,904,644			3,403,452
				5,244,530		5,600,158
IV. Reserve for non-experience-rated premium refunds						
1. Gross			81,368			167,188
2. Less: amounts ceded			28,745			57,048
				52,623		110,140
V. Claims equalization and similar reserves				960,670		671,301
VI. Other insurance reserves						
1. Gross			96,219			96,532
2. Less: amounts ceded			16,256			15,381
				79,963		81,151
					14,753,064	15,063,696

EQUITY AND LIABILITIES	➤➤ Note	2003 € thou	2003 € thou	2003 € thou	2002 € thou
F. Other accrued liabilities	12			3,934,615	3,639,784
G. Funds held under reinsurance business ceded				1,125,445	1,123,022
H. Other liabilities	13				
I. Accounts payable on reinsurance business			595,053		608,706
including to					
affiliated enterprises: 392,287 (491,387) € thou					
other enterprises in which long-term equity					
investments are held ^{*)} : 16,902 (6,239) € thou					
II. Bonds			539,359		273,846
III. Liabilities to banks			6,355,452		2,247,292
IV. Miscellaneous liabilities			31,610,544		32,180,657
including taxes of: 9,894 (88,123) € thou					
including to					
affiliated enterprises: 28,048,657 (28,476,079) € thou					
other enterprises in which long-term equity					
investments are held ^{*)} : 204,272 (353,856) € thou					
				39,100,408	35,310,501
I. Deferred income				17,256	133
Total equity and liabilities				88,496,970	79,478,411

^{*)} Companies in which we hold an interest

Income Statement for the Period from January 1 to December 31

	>> Note	2003 € thou	2003 € thou	2003 € thou	2002 € thou
I. Underwriting account					
1. Premiums earned - net					
a) Gross premiums written	14	5,492,959			5,600,038
b) Premiums ceded		- 1,778,862			- 1,739,348
			3,714,097		3,860,690
c) Change in unearned premiums - gross		- 22,766			58,779
d) Change in unearned premiums ceded		573			- 90,363
			- 22,193		- 31,584
2. Allocated interest return - net	15			3,691,904	3,829,106
3. Other underwriting income - net				375,117	394,925
4. Loss and loss adjustment expenses - net				7,044	16,084
a) Claims paid:					
aa) Gross		- 4,359,845			- 3,397,025
bb) Amounts ceded in reinsurance		1,447,041			1,686,935
			- 2,912,804		- 1,710,090
b) Change in reserve for loss and loss adjustment expenses					
aa) Gross		522,260			- 1,348,121
bb) Amounts ceded in reinsurance		- 334,028			91,494
			188,232		- 1,256,627
5. Change in other insurance reserves - net	16			- 2,724,572	- 2,966,717
6. Expenses for non-experience-rated premium refunds - net				- 114,496	- 104,414
7. Underwriting expenses - net	17			40,202	- 21,141
8. Other underwriting expenses - net				- 1,023,592	- 1,089,892
				- 192,902	- 129,424
9. Subtotal				58,705	- 71,473
10. Change in claims equalization and similar reserves				- 289,369	- 159,806
11. Underwriting result - net				- 230,664	- 231,279

	➤➤ Note	2003 € thou	2003 € thou	2003 € thou	2002 € thou
II. Non-underwriting account					
1. Investment income	18		10,813,839		11,797,440
2. Investment expenses	19-20		-8,906,402		-7,971,309
			1,907,437		3,826,131
3. Allocated interest return			-398,327		-445,268
				1,509,110	3,380,863
4. Other income	21		500,411		874,767
5. Other expenses	22		-998,554		-1,904,564
				-498,143	-1,029,797
6. Non-underwriting result				1,010,967	2,351,066
7. Earnings from ordinary activities before taxation				780,303	2,119,787
8. Income taxes	23	-20,946			-396,853
less amounts charged to other companies in the Group		219,837			622,001
			198,891		225,148
9. Other taxes			-1,301		-14,942
				197,590	210,206
10. Net income	24			977,893	2,329,993
11. Balance brought forward from previous year				-	-
12. Allocation to appropriated earnings to other appropriated earnings				-397,893	-1,164,996
13. Unappropriated retained earnings				580,000	1,164,997

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).

All amounts in the financial statements are stated in and rounded out to euro thousands (€ thou).

ACCOUNTING, VALUATION AND CALCULATION METHODS

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, the product liability reserves for major pharmaceutical risks and risks relating to terror attacks 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 income and 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 2003

	Values stated 12/31/2002		Additions
	€ thou	%	€ thou
A. Intangible assets			
Other intangible assets	7,603		2,586
B.I. Real estate	91,607	0.1	116,268
B.II. Investments in affiliated and associated enterprises			
1. Investments in affiliated enterprises	54,647,100	84.8	7,698,264
2. Loans to affiliated enterprises	4,605,508	7.2	1,759,016
3. Investments in other enterprises	1,955,485	3.0	1,413,469
4. Loans to other enterprises in which long-term equity investments are held	39	0.0	–
Subtotal B.II.	61,208,132	95.0	10,870,749
B.III. Other investments			
1. Stocks, investment fund units and other variable income securities	615,150	1.0	3,100,799
2. Bearer bonds and other fixed-income securities	1,100,428	1.7	3,140,073
3. Other loans			
Debentures and loans	12,000	0.0	–
4. Bank deposits	1,398,523	2.2	4,392,940
5. Miscellaneous investments	2,637	0.0	1,224,079
Subtotal B.III.	3,128,738	4.9	11,857,891
Subtotal B.I. through B.III.	64,428,477	100.0	22,844,908
Total	64,436,080		22,847,494

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, 2003 amounted to € 78.4 bn. The corresponding balance sheet valuation of these investments was € 64.0 bn.

The values are subdivided into individual asset categories as follows:

	Book value	Market value	Valuation reserve
	12/31/2003 € bn	12/31/2003 € bn	12/31/2003 € bn
Real estate	0.1	0.3	0.2
Dividend-bearing stocks	60.3	74.5	14.2
Bearer bonds	3.6	3.6	0
Total	64.0	78.4	14.4

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, 2003.

Dividend-bearing stocks

- Quoted companies at the stock exchange price quoted on the last trading day of 2003. 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 2003.

Transfers	Disposals	Revaluation	Depreciation	Net Additions (+) Net Disposals (-)	Values stated 12/31/2003	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
-	112	-	3,239	- 765	6,838	
-	113,252	-	1,959	1,057	92,664	0.1
-	4,203,176		985,287	2,509,801	57,156,901	78.9
-	3,673,496	-	31,260	- 1,945,740	2,659,768	3.7
- 527,640	1,015,039	-	163,109	- 292,319	1,663,166	2.3
-	39	-	-	- 39	-	-
- 527,640	8,891,750	-	1,179,656	271,703	61,479,835	84.9
530,277	2,759,240	60	4,252	867,644	1,482,794	2.0
-	606,138	489	47,358	2,487,066	3,587,494	5.0
-	12,000	-	-	- 12,000	-	-
-	-	-	-	4,392,940	5,791,463	8.0
- 2,637	1,181,858	-	31,183	8,401	11,038	0.0
527,640	4,559,236	549	82,793	7,744,051	10,872,789	15.0
-	13,564,238	549	1,264,408	8,016,811	72,445,288	100.0
-	13,564,350	549	1,267,647	8,016,046	72,452,126	

In accordance with clause § 341b HGB, a portion of the stocks, investment fund units and other variable income securities with a stated value of € 3,836 thou was classified as fixed assets. The market value of these investments amounts to € 3,957 thou.

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 € 665 (1,600) 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 Group Equity Incentives.

7 Other prepaid expenses (Assets E.II.)

This heading includes € 7,971 (12,011) thou in respect of repayment premiums on loans to affiliated enterprises as well as € 238,111 (327,127) thou in respect of debt discount on miscellaneous liabilities, bonds and subordinated liabilities.

Collateral

Assets include assets pledged as collateral for a total of € 5,778,701 (2,591,591) thou which are subject to restricted usage.

SUPPLEMENTARY INFORMATION ON LIABILITIES

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

In April 2003, the **subscribed share capital** was increased in a ratio of 15:7 by € 300,000,000.00. The new shares were offered to the shareholders for subscription at an issuing price of € 38.00 per share.

In November 2003, 965,625 treasury shares with a mathematical value of € 2,472,000.00 (0.25 %) of the issued share capital, were issued at a price of € 82.95 each, enabling employees of Allianz Group enterprises in Germany and abroad to purchase 944,625 shares at prices between € 58.07 and 70.51. The remaining 21,000 shares with a mathematical share of € 53,760.00 of the issued share capital were sold on the stock exchange at an average price of € 92.07.

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. In May 2003, 286,045 own shares with a mathematical value of € 732,275.20 (0.07%) were acquired in the stock market at a price of € 63.07 each. At the end of the year, Allianz AG thus held 424.035 own shares which are used as security for obligations from the restricted stock units program. On December 31, 2003, other Group companies held 17,822,017 shares of Allianz AG.

The issued capital as of December 31, 2003, amounted to € 984,880,000.00, divided into 384,718,750 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.

Changes to the number of issued shares outstanding

	2003 Number of shares	2002 Number of shares
As of 1/1	242,977,214	241,189,535
Additions		
Exchange against participation certificates	6,148,110	–
Capital increase for cash	117,187,500	–
Capital increase for employee shares	965,625	137,625
Transfer to the exchange company	–	1,797,357
Reductions		
Acquisition for other purposes	293,686	–
Acquisition for purposes of securities trading	512,065	147,303
As of 12/31	366,472,698	242,977,214

At the end of the year under review, there was **authorized unissued capital** 2003/II with a notional principal amount of € 300,000,000.00 (117,187,500 shares), which can be issued at any time up to April 28, 2008. 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 € 5,369,187.84 (2,097,339 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 2003/I of € 10,000,000.00 (3,906,250 shares) is available for issue up to April 28, 2008 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 Group has received the following notifications on voting rights quotas in accordance with § 21.1 and § 41.2 WpHG (German Securities Trading Law):

- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, informed us on November 13, 2003 that it holds 14.2 % of the voting shares of Allianz AG.
- The Group company Herakles Beteiligungs-GmbH, Bad Vilbel, on April 25, 2003 holds 4.47 % of the voting rights of Allianz AG.

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

	€ thou
As of 12/31/2002	14,102,335
+ Transfer from capital increases 2003	4,259,999
As of 12/31/2003	18,362,334

Appropriated retained earnings (Liabilities A.III.)

	As of 12/31/2002 € thou	From unappropriated retained earnings 2002 € thou	From 2003 net income € thou	Transfer for own interests € thou	As of 12/31/2003 € thou
1. Required by law	1,229	–	–	–	1,229
2. For own shares	566,378	–	–	– 535,893	30,485
3. Other	3,798,850	791,088	397,893	535,893	5,523,724
Total	4,366,457	791,088	397,893	–	5,555,438

9 Participation certificates (Liabilities B.)

The heading participation certificates shows the guaranteed total redemption price that Allianz AG has to pay when the 6,098,665 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 5,723,512 participation certificates in the period from October 1986 to 1998. The last issue was made in April 2003 when a further 2,670,805 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 ten shares for eight 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. The 2,295,294 participation certificates received by Allianz AG in connection with the increase of the participation capital were recalled. 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 twelve 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 April 2003 and is equal to €72.39.

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 six 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 eight participation certificates for ten 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 €3,642,075 thou result from subordinated bonds in the amount of €3.0 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.)

	As of 12/31/2002 € thou	Released € thou	As of 12/31/2003 € thou
Reserve according to clause § 6 b EStG	1,000	1,000	–
Total	1,000	1,000	–

12 Miscellaneous accrued liabilities (Liabilities F.)

The pension obligations of the companies in Allianz Sachversicherungsgroupe Deutschland (Allianz's Property and Casualty Insurance Group in Germany) Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG, Vereinte Lebensversicherung AG and Allianz Private Krankenversicherungs-AG and other German Group companies 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 €3,049,504 (2,854,716) thou and accrued taxes of €596,364 (618,676) thou, the company has miscellaneous accrued liabilities of €288,747 (166,392) thou, including €11,146 thou for costs of the early retirement scheme and employee long-service awards, which are shared throughout the Group, and €155,655 thou for contingencies as well as a provision in connection with a declaration of obligation to Fireman's Fund Insurance Co. in the amount €54,549 thou.

13 Long-term and secured liabilities

Liabilities amounting to €7,711,475 thou have a period to maturity of more than five years.

These include:

	2003 € thou
Miscellaneous accrued liabilities	3,709,013
Subordinated liabilities	3,493,462
Bonds	509,000
Total	7,711,475

€4.3 bn of miscellaneous accrued liabilities are secured by assets pledges as collateral and €250,166 thou by mortgages, annuity charges and ship mortgages.

Miscellaneous accrued liabilities are 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)

	2003 € thou	2002 € thou
Property and casualty insurance	4,605,209	4,749,512
Life insurance	887,750	850,526
Total	5,492,959	5,600,038

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 € – 112,916 (– 237,175) thou added to the net aggregate reserve and € – 1,580 (132,761) thou added to miscellaneous net insurance reserves.

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

Gross underwriting expenses of € 1,452,515 (1,471,250) thou are shown net of commissions and profit-sharing on reinsurance ceded amounting to € 428,923 (381,358) thou.

18 Investment income (Income Statement II.1.)

	2003 € thou	2003 € thou	2002 € thou
a. Income from long-term equity investments including from affiliated enterprises: € 629,972 (778,379) thou		674,319	884,460
b. Income from other investments including from affiliated enterprises: € 929,745 (676,077) thou			
aa. Income from real estate	21,494		65,525
bb. Income from other investments	2,148,872		893,693
		2,170,366	959,218
c. Income from revaluations		549	963
d. Realized investment gains		633,700	8,472,055
e. Income from profit pooling and profit transfer agreements		7,333,905	1,391,974
f. Income from the release of special untaxed reserve		1,000	88,770
Total		10,813,839	11,797,440

Income from realized investment gains include the sale of shares in affiliated enterprises and participations for an amount of € 271 mn as well as stocks, investment fund units and other variable interest securities for an amount of € 292 mn.

19 Investment expenses (Income Statement II.2.)

	2003 € thou	2002 € thou
a. Investment management, interest charges and other investment expenses	2,525,599	1,718,337
b. Depreciation and write-downs on investments	1,264,408	5,254,743
c. Realized investment losses	1,110,762	341,321
d. Expenses for losses assumed	4,005,633	656,908
Total	8,906,402	7,971,309

20 Depreciation and write-downs on investments

Write-downs on investments include an extraordinary charge of € 1,148,393 thou in accordance with the German Commercial Code (clause § 253.2, sentence 3, HGB) on investments in affiliated companies and other interests. Of this amount, € 656,634 thou relate to Allianz Finanzbeteiligungs GmbH, which holds 91.0 % of Dresdner Bank AG.

21 Other income (Income Statement II.4.)

The most important items under this heading are € 101,051 (235,295) 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 € 329,434 (487,478) thou.

22 Other expenses (Income Statement II.5.)

These include mainly: € 101,051 (235,295) thou pension costs for the employees of domestic Group companies, € 240,379 (214,510) thou interest and similar expenses, amounts added to non-underwriting reserves of € 55,337 (132,140) thou, expenses for a contract to hedge the Group's claims expenses in the amount of € 29,049 thou and foreign currency losses of € 25,565 (26,968) 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.)

	2003 € thou	2002 € thou
Net income	977,893	2,329,993
Transfer to appropriated retained earnings: Other appropriated retained earnings	397,893	1,164,996
Unappropriated retained earnings	580,000	1,164,997

MISCELLANEOUS

Contingent liabilities, legal proceedings and other financial commitments

As of December 31, 2003, 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 1997 and increased in 2000 for € 1.1 bn by Allianz Finance B.V., Amsterdam,
- the bonds issued in 1998 for € 1.632 bn nominal by Allianz Finance B.V., Amsterdam,
- 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 € 0.61 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 € 0.61 bn exchangeable into shares of RWE AG,
- the loans totaling USD 820 mn issued in 2001 by Fireman's Fund Insurance Co. 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 2002 by Allianz Australia Ltd, Sidney, for AUD 100 mn,
- the loan issued in 2003 by Fireman's Fund Insurance Co., Novato, to Allianz of America Inc., for USD 300 mn,
- the € 250 mn loan taken out by Dresdner Bank AG, Frankfurt, in 2003,

- letters of credit for obligations of Allianz Global Risks Rückversicherungs-AG, Munich, with a volume of € 408 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 AGR US 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 360 mn and are secured by pledges in securities.

With respect to Fireman's Fund Insurance Co., Novato, there is a conditional commitment for capital payments, which, in particular, shall be made in case of future negative developments of the reserves for the year 2002 and before. Their amount is limited to USD 1.4 bn.

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 Co. and AGR US 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, Allianz AG posted a surety declaration for obligations in connection with the acquisition of PIMCO Advisers L.P. The Allianz Group had originally acquired a 69.5% interest in PIMCO, whereby minority partners had the option of offering their share to Allianz of America, Inc. On December 31, 2003, the remaining interest of Pacific Life in PIMCO was 15.0%, and corresponding commitment to Pacific Life amounted to USD 1.09 bn on December 31, 2003.

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

There is a conditional commitment to repay dividends received from Allianz Capital Partners GmbH in order to ensure that company's ability to meet warranty obligations in connection with the disposal of a shareholding.

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,
- _ 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 Vermögensverwaltungsgesellschaft mbH,
- _ Allianz Private Equity Holding GmbH,
- _ Allianz ProzessFinanz GmbH,
- _ Allianz Versicherungs-AG,
- _ AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 3 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 10 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 15 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 19 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-BDF Vermögensverwaltungsgesellschaft mbH (merged retroactively with Allianz AG as of December 31, 2003),
- _ Bayerische Versicherungsbank AG,
- _ IDS GmbH-Analysis and Reporting Services,
- _ META Finanz-Informationssysteme GmbH and
- _ Orpheus Vermögensverwaltungsgesellschaft 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, San Diego 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.

Advertising contracts resulted in financial commitments amounting to € 26,056 thou for 2004.

Potential liabilities amounting to € 417.1 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up, including € 376.2 mn with respect to affiliated enterprises.

Legal Proceedings

On November 5, 2001, a lawsuit, Silverstein v. Swiss Re International Business Insurance Company Ltd., was filed against certain insurers and reinsurers, including a subsidiary of Allianz AG, which is now operating under the name Allianz Global Risks U.S. Insurance Co., in the

United States District Court for the Southern District of New York seeking a determination that the terrorist attack of September 11, 2001 on the World Trade Center constituted two separate occurrences under the alleged terms of various coverages. Allianz Global Risks U.S. Insurance Co. has also filed suit against Silverstein on January 2, 2002, in connection with the coverage issues arising from the September 11, 2001 attack on the World Trade Center, and these and other related suits have been consolidated for discovery and other purposes. On January 30, 2003, the court rejected a motion by Allianz Global Risks U.S. Insurance Co. seeking a determination by the court itself that the terror attack of September 11, 2001, constituted a single event. The judge referred this issue to the jury. Based on the policy wording at issue, we believe that the basis of Allianz Global Risks U.S. Insurance Co.'s claim is sound, and that the Silverstein claims are without merit insofar as they relate to Allianz Global Risks U.S. Insurance Co. In connection with the terrorist attack of September 11, 2001 Allianz Group recorded net claims expense of approximately € 1.5 bn in 2001 for the Allianz Group on the basis of one occurrence. In the event that liability is premised under a two occurrence theory, Allianz AG estimates that the Allianz Group may have an additional net exposure of approximately € 200 mn.

On May 24, 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz AG as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. The amount of the cash settlement was established by Allianz AG on the basis of an expert opinion, and its adequacy was confirmed by a court-appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure (Spruchverfahren), which is pending with the district court (Landgericht) of Frankfurt. Allianz AG believes that a claim to increase the cash settlement does not exist. In the event that the court were to determine a higher amount as an appropriate cash settlement, this would affect all approximately 16 mn shares which were transferred to Allianz AG.

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 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.

Events after the balance sheet day

— In February 2004, Allianz AG placed a Euro bond with a total volume of € 1.5 bn. This transaction successfully concludes a series of measures to strengthen the capital base.

The bond attracted a great deal of interest among domestic and foreign investors. To meet this demand, the volume was increased from the original € 1 bn to € 1.5 bn.

The bond has an unlimited maturity and will pay a fixed coupon of 5.5% for the first ten years. Allianz has the right to redeem the bond after ten years. If it does not exercise the right, the interest rate will convert to a floating rate with a step-up of 100 basis points over the initial credit spread.

The bond was issued under the joint management of Dresdner Kleinwort Wasserstein and Merrill Lynch. RASFIN, an Italian subsidiary of Allianz, Crédit Agricole and West LB were also involved in the transaction.

The issue, which was announced last spring within the context of the capital increase, was part of a long-term plan for strengthening the capital base of Allianz.

The high demand meant that the interest rate was set at the lower end of the price range after a short bookbuilding phase. Overall demand for the bond amounted to nearly € 6 bn. Standard & Poor's has assigned a rating of "A-" and Moody's of "A2".

— On January 29, 2004, the full Management Board Dresdner Bank AG decided a reorientation of the open-ended real estate fund GRUNDWERT-FONDS managed by DEGI GmbH (of which Dresdner Bank AG holds 94% of the nominal capital). In the course of this reorientation, Dresdner Bank AG and its subsidiaries acquire a real estate portfolio from the fund with a total volume of € 1.8 bn.

Stock-based compensation plans

Group equity incentive plans

Group Equity Incentives support the orientation of senior management, and in particular the Board of Management, toward the long-term increase of the value of the company.

In 1999, Allianz AG introduced Stock Appreciation Rights (SAR) through which part of total remuneration is directly tied to the development of the Allianz share price. In 2003, Restricted Stock Units (RSU) with a five-year vesting period were issued for the first time. The relative volume of SAR issued in 2003 was reduced accordingly.

Allianz senior management worldwide is entitled to participate in these Group equity incentives.

Awards were granted by the respective companies in accordance with uniform group-wide conditions. The grant price for SAR and RSU applicable for the award is calculated on the basis of the average daily closing price of the Allianz share in Xetra trading on the ten trading

days following the Annual General Meeting of Allianz AG. The grant price for fiscal 2003 was € 65.91.

The number of SAR and RSU offered is set individually for each participant and is determined on the basis of the grant price, the economic development of the value of Allianz AG and the respective responsible company in accordance with the Economic Value Added (EVA®) concept, a capital-cost-based target performance of the Allianz share and individual elements such as fixed remuneration and performance.

The volume of the rights granted, and thus the potential gain for the participant depends essentially on the economic performance.

Of the Group equity incentives, half of the value determined at the grant date is allocated to SAR and RSU, respectively. Depending on the different values calculated per SAR and RSU at the grant date, participants in the plan receive a different number of SAR and RSU.

Stock Appreciation Rights plans (SAR plans)

The stock appreciation rights may be exercised at any time between the second and the seventh anniversary of the effective date of the relevant plan, provided that

- during their contractual term, the price of Allianz AG shares has outperformed the Dow Jones Europe STOXX Price Index (600) at least once for a period of five consecutive trading days, and
- the Allianz share price outperforms the reference price by at least 20.0% at the time when the rights are exercised. The reference price for the 2003 SAR plan award (€ 65.91) is the average closing price of Allianz shares for the first ten trading days after April 29, 2003, the date of the Annual General Meeting 2003.

Under the conditions of the SAR plans, Group companies are obligated to pay, in cash, the difference between the stock market price of Allianz shares on the day the rights are exercised and the reference price as specified in the respective plan. The maximum difference is capped at 150% of the reference price. Upon exercise of the appreciation rights, payment is made in the relevant local currency by the company granting the stock appreciation rights. Stock appreciation rights not exercised by the last day of a plan will be exercised automatically where the necessary conditions have been met. Where these conditions have not been met or a plan participant ceases to be employed, the plan participant's appreciation rights are forfeited.

No rights were exercised for any SAR plan grant as of December 31, 2003. As of year end 2003, none of the awards currently exercisable have met the second condition defined above (20% increase the share price).

On December 31, 2003, a miscellaneous accrued liability of € 5,326 thou was recognized and charged to income, because the share price of Allianz AG at the balance sheet day was higher than the SAR plan 2003 reference price.

Future obligations were hedged by the acquisition of corresponding options.

Restricted Stock Units Plan

In 2003, the Group established a Restricted Stock Unit (RSU) incentive compensation plan. The RSU plan is designed to increase corporate value and to align shareholders' and managements' interests by linking the remuneration of key personnel to the performance of Allianz AG's share price. As of December 31, 2003, there was one RSU award authorized, the 2003 award grant. The Group will exercise these rights uniformly for all plan participants on the first stock exchange day that succeeds the five-year vesting period. At the date of exercise, the Group can choose to settle the plan by:

- Cash payment to the grantees in the amount of the average closing price of Allianz AG's share in the ten trading days preceding the end of the vesting period, or by
- issuing one Allianz AG share, or other equivalent equity instrument(s), per RSU to the beneficiaries.

A miscellaneous accrued liability of € 1,063 thou was recognized on December 31, 2003.

Personnel expenses

The compensation paid by Allianz AG to the Board of Management in the year under review amounts to € 16,572 (10,977) thou.

Compensation of the Board of Management includes the basic salary as a fixed component as well as an annual bonus and a medium-term 3-year bonus as variable components. Other components consist of stock appreciation rights (SAR) and restricted stock units (RSU).

Compensation for the Board of Management

	2003 € thou	2002 € thou
Fixed remuneration	5,665	5,102
Variable remuneration	10,907	5,875
Total fixed and variable remuneration	16,572	10,977
Group equity incentives (at the date of grant)	6,360	5,237

Fixed remuneration

In the reporting year, fixed remuneration of the Board of Management amounted to € 5.7 mn. This amount includes payment in kind and ancillary compensation amounting to € 0.2 mn. The percentage of fixed remuneration with respect to total fixed and variable remuneration was 34 (2002: 46) %.

Variable remuneration

Variable remuneration also includes allocations to the reserves for the 3-year bonus amounting to € 2.9 mn. Whether the amounts set aside are actually paid to the Members of the Board of Management upon expiration of the 3-year period, depends on whether the objectives for the entire underlying 3-year period have been reached. For members of the Board of Management who retired in the course of the year, a pro-rated bonus right was set in connection with the termination of the mandate.

In the reporting year, no payments for the medium-term 3-year bonus were made.

Group equity incentives

Group equity incentives are granted by the Allianz Group in the form of stock appreciation rights (SAR) and in the form of restricted stock units (RSU). A description of both programs can be found on pages 31 und 32 of the present Annual Report.

The granting price of the Group equity incentive programs for 2003 was € 65.91 (average of the the daily closing rate of the Allianz share in Xetra trading on the ten trading days following the Annual General Meeting for fiscal 2002).

The following table contains essential information on the current Group equity incentive plans (SAR and RSU) of active board members:

Group Equity Incentives – volumes in the Allianz AG Annual Financial Statement

	Granted	Changes ¹⁾	Outstanding at the end of fiscal 2003	Intrinsic value at the end of fiscal 2003 €
2003				
SAR	115,571	–	115,571	4,113,172
RSU	48,539	–	48,539	4,926,709
2002				
SAR	52,160 ²⁾	– 19,339	32,821 ²⁾	–
2001				
SAR	43,999 ²⁾	– 20,628	23,371 ²⁾	–
2000				
SAR	21,980 ²⁾	– 7,386	14,594 ²⁾	–
1999				
SAR	29,588 ²⁾	– 12,316	17,272 ²⁾	–

¹⁾ Includes changes due to the expiration or exercise of rights and to personnel changes such as departures from or appointments to the Board of Management

²⁾ Adjusted for the capital increase of April 15, 2003

The value of the rights granted in the reporting year was € 6.4 mn at the date of grant. Of this total, € 3.2 mn correspond to the value of the stock appreciation rights (SAR) granted and € 3.2 mn to the value of the restricted stock units (RSU) granted.

In 2003, pensions and other benefit payments for former members of the Board of Management amounted to € 4,274 (3,846) thou. Reserves for current and future pension benefits of former members of the Board of Management and their beneficiaries amount to € 32,671 (23,934) thou.

The remuneration of the members of the Supervisory Board amounted to € 1,903 (1,553) thou, including the attendance fees due after the 2004 Annual General Meeting.

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, 2003 (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	665
Part-time office staff	58
Total	723

Personnel expenses

	2003 € thou	2002 € thou
1. Wages and salaries	80,408	87,178
2. Social security contributions and employee assistance	8,335	7,121
3. Expenses for pensions and other post-retirement benefits	6,876	18,123
4. Total expenses	95,619	112,422

Declaration of Compliance with the German Corporate Governance Code

On December 17, 2003, the Board of Management and the Supervisory Board of Allianz AG issued the Declaration of Compliance according to § 161 AktG and made it available to the shareholders on the company's website.

Munich, February 12, 2004
Allianz Aktiengesellschaft

The Board of Management

Diekmann	Dr. Achleitner
Bremkamp	Carendi
Dr. Faber	Dr. Hagemann
Dr. Perlet	Dr. Rupprecht
Dr. Walter	Dr. Zedelius

INDEPENDENT AUDITOR'S REPORT

We have audited the Annual Financial Statements, including the accounting records and Management Report, of Allianz AG, Munich for the fiscal year from January 1 to December 31, 2003. 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, March 1, 2004

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gottfried Wohlmannstetter
Independent Auditor

Dr. Frank Pfaffenzeller
Independent Auditor

Membership of Supervisory Board members in other corporate management bodies

DR. HENNING SCHULTE-NOELLE since April 29, 2003

Membership in other statutory supervisory boards in Germany
E.ON AG, Siemens AG, ThyssenKrupp AG

NORBERT BLIX

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

DR. WULF H. BERNOTAT since April 29, 2003

Membership in other statutory supervisory boards in Germany
METRO AG, RAG AG (Chairman)

Membership in Group bodies E.ON Energie AG (Chairman), Ruhrgas AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Powergen Limited (Chairman)

DR. DIETHART BREIPOHL

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

Membership in comparable^{*)} supervisory bodies
Assurances Générales de France, Banco Popular Español, BPI Banco Português de Investimento, Crédit Lyonnais, EULER HERMES

BERTRAND COLLOMB

Membership in comparable^{*)} supervisory bodies
ATCO, Total, Vivendi Universal

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, ThyssenKrupp AG (Chairman), Volkswagen AG

Membership in comparable^{*)} supervisory bodies
BNP PARIBAS S. A., Suez S. A.

JÜRGEN DORMANN until May 5, 2004

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

Membership in comparable^{*)} supervisory bodies
ABB Ltd. (Chairman), Aventis S. A. (Chairman)

CLAUDIA EGGERT-LEHMANN since April 29, 2003

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

HINRICH FEDDERSEN

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

PETER HAIMERL

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG (Deputy Chairman)

PROF. 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

PROF. DR. RENATE KÖCHER since April 29, 2003

Membership in other statutory supervisory boards in Germany
BASF AG, MAN AG

FRANK LEY

KARL NEUMEIER since April 29, 2003

As of December 31, 2003 or (with members who resigned) day of resignation

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

HERBERT PFENNIG since April 29, 2003

Membership in other statutory supervisory boards in Germany
Boerse-Stuttgart AG

SULTAN SALAM since April 29, 2003

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

DR. MANFRED SCHNEIDER

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

MARGIT SCHOFFER since April 29, 2003

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

DR. HERMANN SCHOLL

Membership in other statutory supervisory boards in Germany
BASF AG, Robert Bosch GmbH (Chairman)

Membership in comparable³⁾ supervisory bodies
Robert Bosch Corporation, Robert Bosch Internationale Beteiligungen AG

PROF. JÜRGEN E. SCHREMPF

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

Membership in comparable³⁾ supervisory bodies
Compagnie Financière Richemond S. A., South African Coal, Oil and Gas
Corporation (Sasol) Ltd., Vodafone Group plc

Membership in Group bodies DaimlerChrysler Corporation (Chairman),
DaimlerChrysler of South Africa (Pty) Ltd. S. A. (Chairman)

MEMBERS WHO RESIGNED DURING THE PERIOD

all as of April 29, 2003

DR. UWE HAASEN**DR. KLAUS LIESEN**

Membership in other statutory supervisory boards in Germany
E.ON AG (Chairman), TUI AG, Volkswagen AG

HORST MEYER

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

UWE PLUCINSKI

Membership in other statutory supervisory boards in Germany
BVV-Versicherungsverein des Bankgewerbes a. G.

REINHOLD POHL**ROSWITHA SCHIEMANN****JÖRG THAU**

Membership in other statutory supervisory boards in Germany
Allianz Private Krankenversicherungs-AG (Deputy Chairman)

DR. BERND W. VOSS

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

Membership in comparable³⁾ supervisory bodies
ABB Ltd., Bankhaus Reuschel & Co. (Chairman)

As of December 31, 2003 or (with members who resigned) day of resignation

³⁾ 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

MICHAEL DIEKMANN

Membership in other statutory supervisory boards in Germany

BASF AG, Linde AG (Deputy Chairman), Lufthansa AG

Membership in Group bodies Allianz Dresdner Asset Management AG (Chairman), Allianz Lebensversicherungs-AG (Chairman), Allianz Versicherungs-AG (Chairman), Dresdner Bank AG (Chairman)

Membership in comparable^{*)} supervisory 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 Dresdner Asset Management AG, Allianz Immobilien GmbH (Chairman)

Membership in comparable^{*)} supervisory bodies

ÖIAG

DETLEV BREMKAMP

Membership in other statutory supervisory boards in Germany

ABB AG (Germany), Hochtief AG

Membership in Group bodies Allianz Global Risks Rückversicherungs-AG (Chairman), Allianz Marine & Aviation (Germany) Versicherungs-AG (since February 3, 2004)

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Allianz Compañía de Seguros y Reaseguros S. A. (Chairman), Allianz General Insurance Company S. A. Griechenland, Allianz Global Risks US Insurance Company (since March 1, 2004), Allianz Life Insurance Company S. A. Griechenland, Allianz Nederland Groep N. V., Allianz Portugal S. A. Companhia de Seguros, Assurances Générales de France, Elmonda (Chairman), Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A.

JAN R. CARENDI

Membership in comparable^{*)} supervisory bodies

Anticimex AB (Deputy Chairman) (until April 2004)

Membership in Group bodies Allianz Insurance Company of Canada (Chairman), Allianz Life Insurance Company of North America (Chairman), Fireman's Fund Insurance Company (Chairman)

DR. JOACHIM FABER

Membership in other statutory supervisory boards in Germany

Bayerische Börse AG, Infineon Technologies AG

Membership in Group bodies ADVANCE Holding AG, DBI Dresdner Bank Investment Management Kapitalanlagegesellschaft mbH (Chairman), DEGI Deutsche Gesellschaft für Immobilienfonds mbH (Chairman), Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH (Chairman)

Membership in comparable^{*)} supervisory bodies

Società Metallurgica Italiana S. p. A.

Membership in Group bodies AGF Asset Management, RASbank S. p. A. (until December 31, 2003)

DR. REINER HAGEMANN

Membership in other statutory supervisory boards in Germany

E.ON Energie AG, Schering AG, Steag AG

Membership in Group bodies ADVANCE Holding AG (Chairman), Allianz Global Risks Rückversicherungs-AG, Allianz Private Krankenversicherungs-AG (Chairman), Bayerische Versicherungsbank AG (Chairman), Euler Hermes Kreditversicherungs-AG (Chairman), Frankfurter Versicherungs-AG (Chairman)

Membership in comparable^{*)} supervisory 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. HELMUT PERLET

Membership in other statutory supervisory boards in Germany

Membership in Group bodies Allianz Dresdner Asset Management AG, Allianz Global Risks Rückversicherungs-AG, Dresdner Bank AG

Membership in comparable^{*)} supervisory bodies

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

As of December 31, 2003 or (with members who resigned) day of resignation

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

DR. GERHARD RUPPRECHT**Membership in other statutory supervisory boards in Germany**

Heidelberger Druckmaschinen AG, Quelle AG, ThyssenKrupp Automotive AG

Membership in comparable⁹ supervisory bodies

Membership in Group bodies Allianz Elementar Lebensversicherungs-AG, Allianz Elementar Versicherungs-AG, Allianz Life Insurance Co. Ltd. Seoul, Allianz Life Insurance Company of North America

DR. HERBERT WALTER**Membership in other statutory supervisory boards in Germany**

Deutsche Börse AG, TSV München von 1860 GmbH & Co. KG aA

DR. WERNER ZEDELIOUS**Membership in other statutory supervisory boards in Germany**

SMS AG (until December 31, 2003)

Membership in comparable⁹ supervisory bodies

Allianz C. P. Life Insurance Co. Ltd., Rosno

Membership in Group bodies Allianz Australia Ltd., Allianz Hungária Biztosító Rt. (Chairman), Allianz Life Insurance Co. Ltd. Seoul (Chairman), Allianz pojistovna a. s. (Chairman), Allianz-Slovenska pojistovna a. s. (Chairman), T. U. Allianz Polska S. A. (Chairman), T. U. Allianz Zycie Polska S. A. (Chairman)

MEMBERS WHO RESIGNED DURING THE PERIOD**DR. BERND FAHRHOLZ** as of March 25, 2003**Membership in other statutory supervisory boards in Germany**

Bayerische Motorenwerke AG, Fresenius Medical Care AG, HeidelbergCement AG

DR. HORST MÜLLER as of December 31, 2003**Membership in other statutory supervisory boards in Germany**

BVV-Versicherungsverein des Bankgewerbes a. G. (Chairman)

Membership in Group bodies Allianz Immobilien GmbH

(until December 31, 2003)

DR. HENNING SCHULTE-NOELLE as of April 29, 2003**Membership in other statutory supervisory boards in Germany**

BASF AG (until May 6, 2003), E.ON AG, Linde AG (Deputy Chairman) (until May 27, 2003), Siemens AG, ThyssenKrupp AG

Membership in comparable⁹ supervisory bodies

Membership in Group bodies Assurances Générales de France (Vice President) (until April 30, 2003), Riunione Adriatica di Sicurtà S. p. A. (Vice President) (until April 30, 2003)

As of December 31, 2003 or (with members who resigned) day of resignation

⁹ 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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