

5 + One

Annual General Meeting 2004  
of Allianz AG

## Positive trend achieved in 2003

### Overview of the year under review

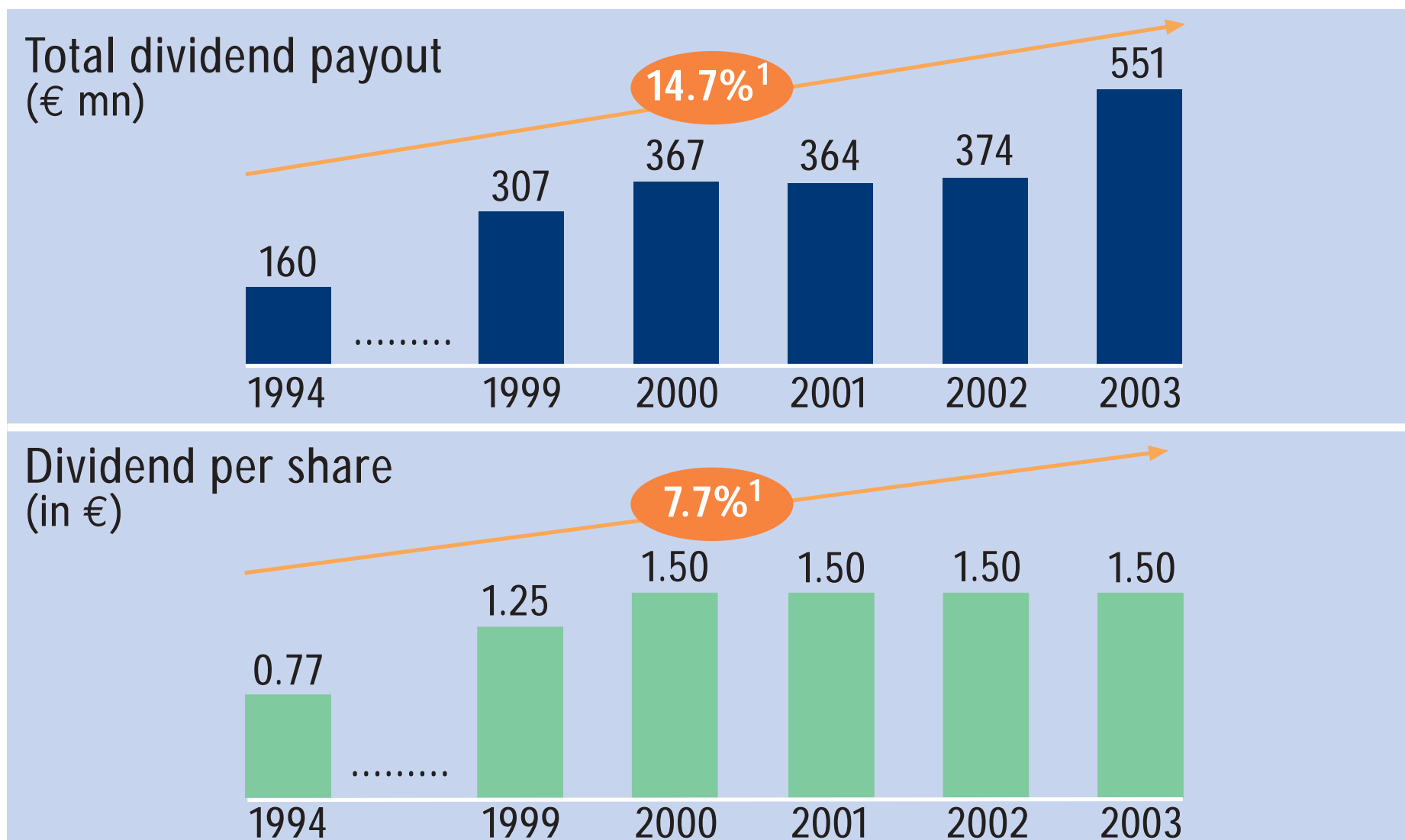
in € mn	2002	2003	Δ 03/02
Operating result	-524	3,988	4,512
Net income	-1,229	1,616	2,845

▶ Increase in share price by around 24% in 2003

▶ Since last year's Annual General Meeting the market capitalization increased from € 17.5 bn to € 32 bn<sup>1</sup>

1) as of May 4th, 2004

## Shareholders benefit from consistent dividend policy



1) CAGR (compound average growth rate)

## Results that did not meet our expectations in 2003

Dresdner Bank	<ul style="list-style-type: none"><li>• Falls short of balanced operating result by € 460 mn</li></ul>
Life and Health Insurance	<ul style="list-style-type: none"><li>• Segment result of € -48 mn significantly impacted by<ul style="list-style-type: none"><li>– effects of amendments to German tax legislation</li><li>– extraordinary depreciation of goodwill of Allianz Korea</li></ul></li></ul>

# The “3 + One”-Program

## Securing the base

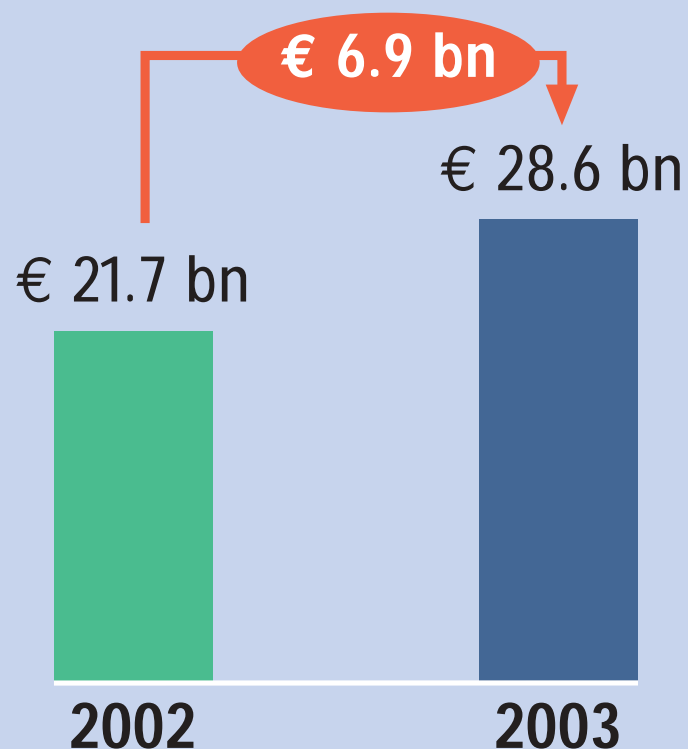
- 1 Protect and enhance capital base
- 2 Substantially strengthen operating profitability
- 3 Reduce complexity

## Strengthening future development

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One Increase sustainable competitiveness and value

# 1 Protect and enhance capital base

## IFRS Equity Capital



- Rights issue of € 4.6 bn
- Change in unrealized gains/losses
- Net income of € 1.6 bn

**Capital base secured and rating protected**

## 2 Substantially strengthen operating profitability

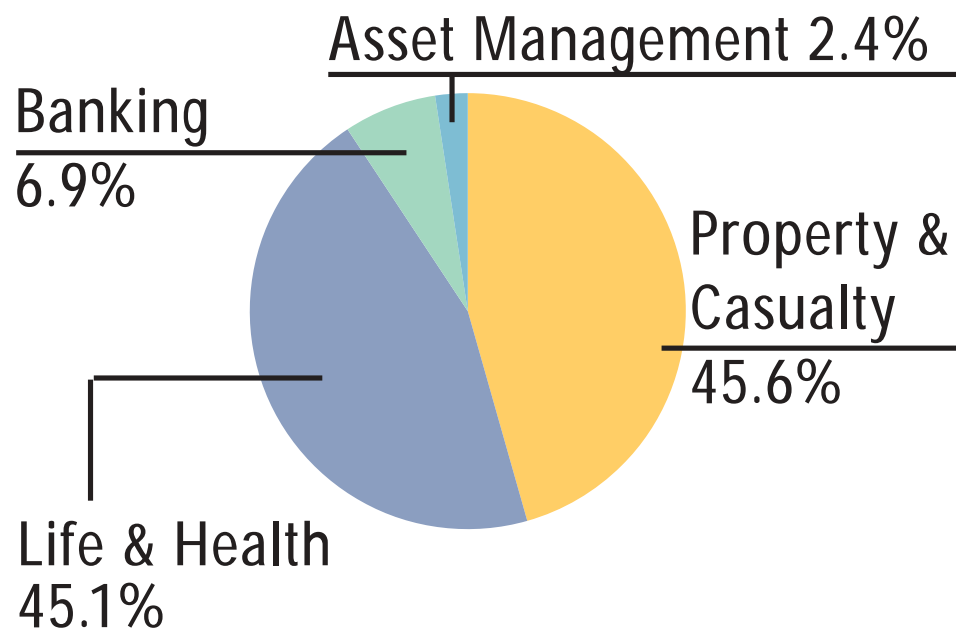
- ▶ Operating result increased by € 4.5 bn
- ▶ Internal revenue growth of 6.4%<sup>1</sup> to € 93.8 bn
- ▶ Administrative expenses reduced by € 1.9 bn

1) adjusted for F/X effects and changes in Group consolidation

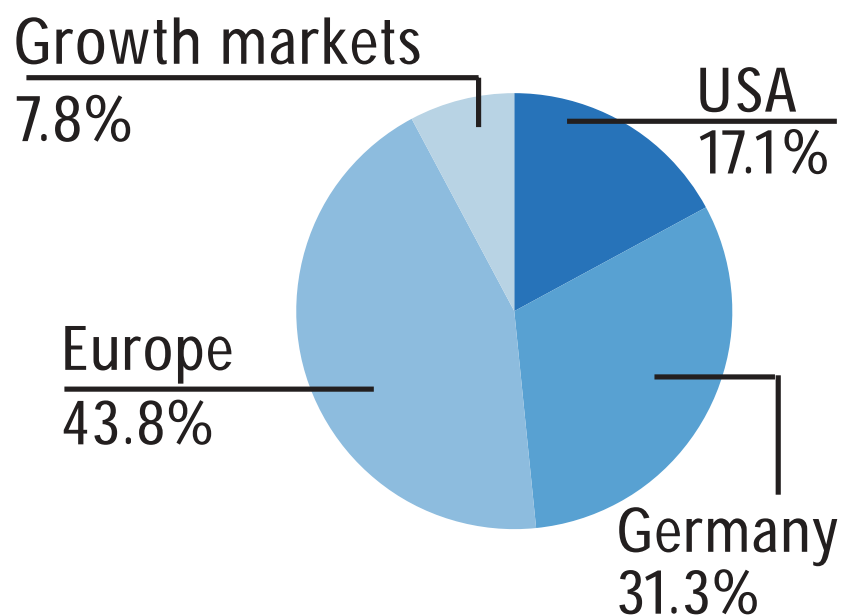
# Total revenues by segments and regions

Property & Casualty	€ 42.7 bn		<b>Σ</b> <b>€ 93.8 bn</b>
Life & Health	€ 42.3 bn		
Banking	€ 6.5 bn		
Asset Management	€ 2.2 bn		

## Segments



## Regions



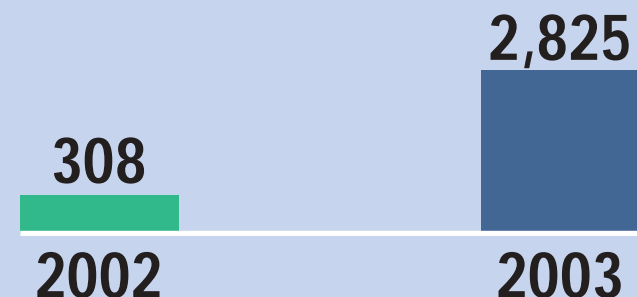


## 2 Substantially strengthen operating profitability

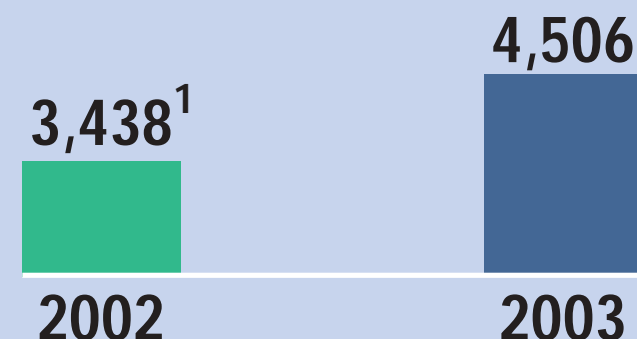
### Property & Casualty: performance trend

- Internal growth of 4.0%
- Combined ratio lowered by 8.7%-points to 97%
- Net income increased due to
  - strongly improved operating result
  - realized gains from investments

#### Operating result (€ mn)



#### Net income (€ mn)



1) after deduction of € 3.8 bn profit from internal Group transactions

## 2 Substantially strengthen operating profitability

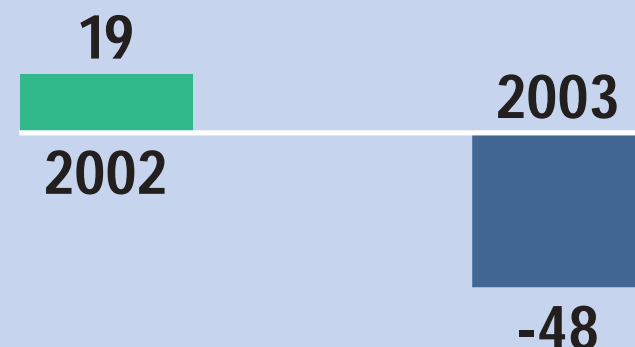
### Life & Health: performance trend

- Strong internal growth of 10.9%
- Expense ratio improved from 10.0% to 7.9%
- Net income impacted by
  - retroactive change in German tax law (€ 428 mn)
  - goodwill depreciation in Korea (€ 224 mn)

#### Operating result (€ mn)



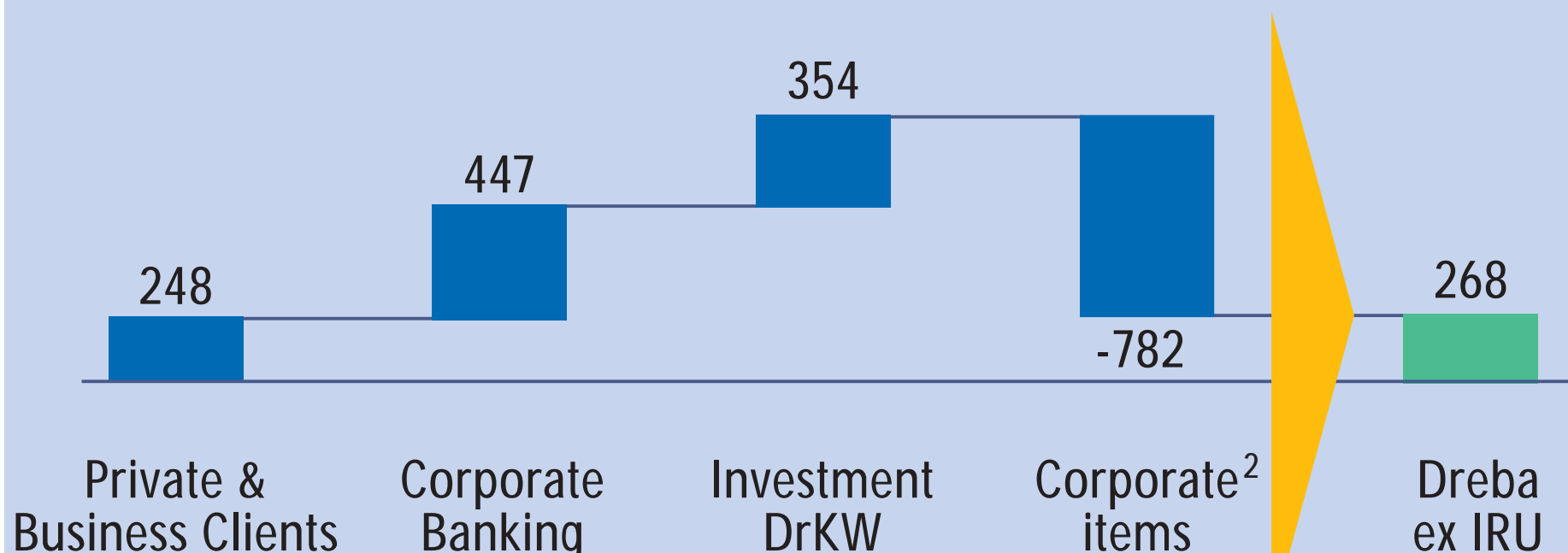
#### Net income (€ mn)



## 2 Substantially strengthen operating profitability

Banking: positive operating result in Dresdner Bank ex IRU (in € mn)

### Operating result <sup>1</sup>



1) Dresdner Bank contribution to Allianz banking segment

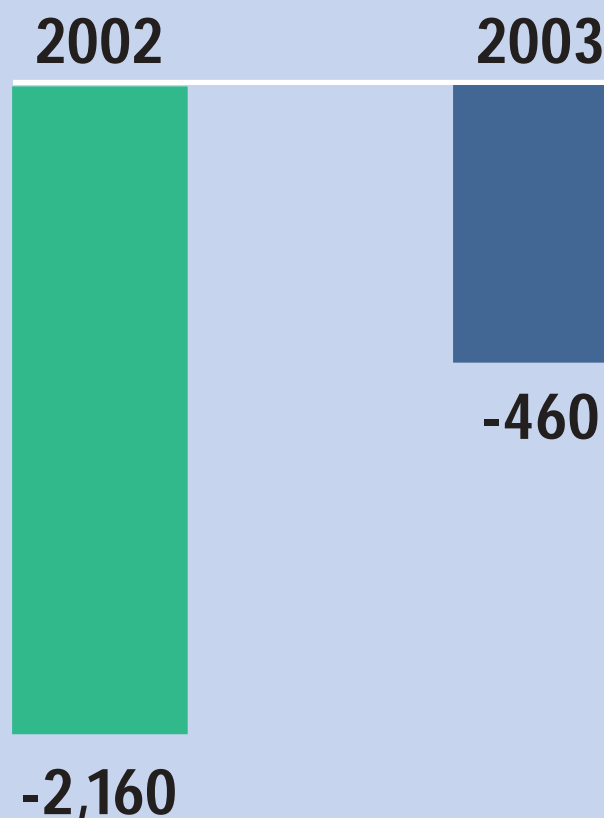
2) incl. corporate functions, corporate investments and consolidation

## 2 Substantially strengthen operating profitability

Banking: Dresdner Bank contribution to Allianz banking segment<sup>1</sup> (1)

- Operating expenses reduced by € 1.1 bn (-16%)
- Loan-loss provisions halved to € 1 bn
- Reduction in revenues by € -531 mn of which
  - negative F/X impact: € -201 mn
  - IAS 39 effect: € -325 mn

### Operating result (€ mn)



1) 2002 figures adjusted for deconsolidations (esp. Deutsche Hyp.)

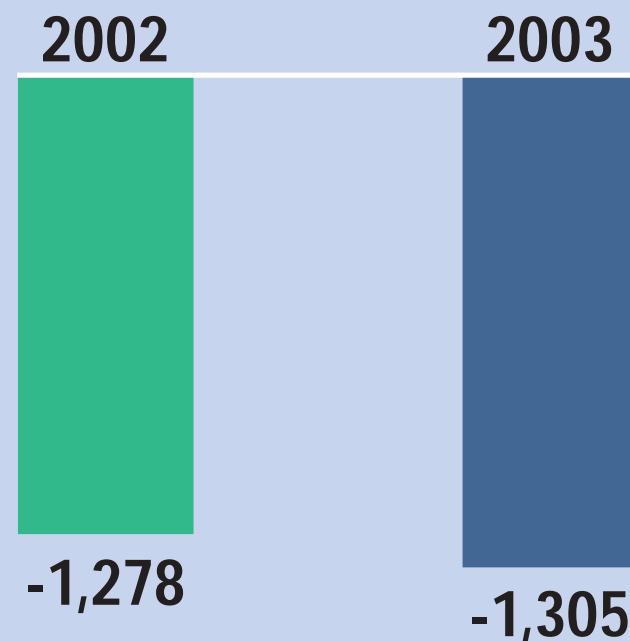
## 2 Substantially strengthen operating profitability

### Banking: Dresdner Bank contribution to Allianz banking segment (2)

Drivers of net loss amounting to € 1.3 bn are

- significant restructuring charges
- extraordinary charges

#### Net income (€ mn)

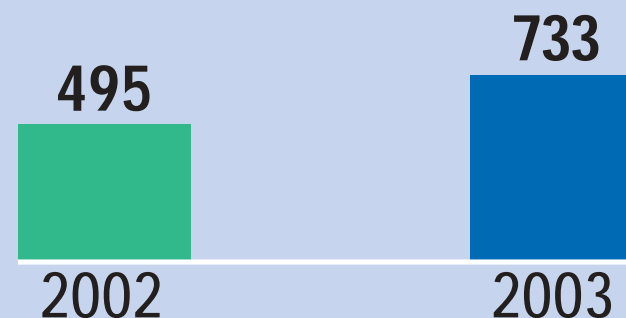


## 2 Substantially strengthen operating profitability

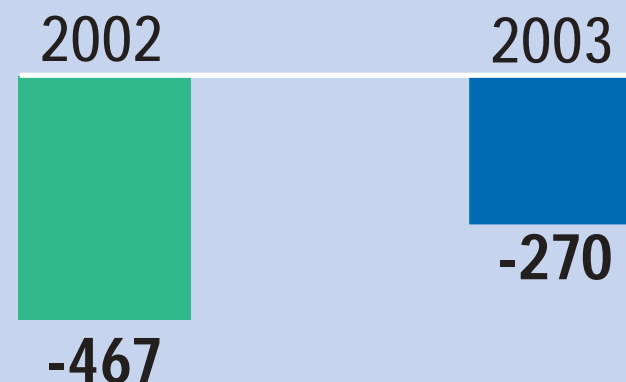
### Asset Management: performance trend

- Operating result increased by € 238 mn (+48.1%)
- Net inflows of € 25 bn
- Cost-Income Ratio reduced by 11.3% points to 67.2%
- Negative net income due to acquisition-related expenses

#### Operating result (€ mn)



#### Net income (€ mn)



## 2 Substantially strengthen operating profitability

▶ Actual results exceeded expectations in 3 of our 4 turnaround cases

- Turnaround achieved

Turnaround	Combined Ratio	Goal 2003
AGR	93.8%	< 100%
FFIC	99.4%	< 100%

- Progress of turnaround ahead of plan

Turnaround	Combined Ratio	Goal 2003
AGF	102.8%	< 103%

### 3 Reduce complexity

- Sale of 20 non-strategic entities
- Equity exposure reduced and reduction of larger equity stakes
- Reduction of risk-weighted assets at Dresdner Bank

**Risk capital reduced by € 8 bn (-18%) despite revenue growth**

**Significant improvement in quality of entire portfolio**



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## **Increase sustainable competitiveness and value**

### **Customer-oriented regional and global business models**

**Germany:  
integrated  
financial services  
provider**

**Europe:  
partially  
integrated  
business models**

**Growth Markets:  
partially  
integrated  
business models**

**USA, UK and  
Australia:  
intermediary  
markets**

**Global Asset Management (ADAM)**

**Global corporate solutions (ART, AMA, AGR Re, DrKW)**

**Global credit insurance (Euler Hermes)**

**Global assistance services (Mondial)**

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## **Increase sustainable competitiveness and value**

- ▶ **Corporate culture: local and entrepreneurial within a clearly structured framework**
  - Each unit sustainably generates a premium above the cost of capital
  - Being customers' "first choice"

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## **Increase sustainable competitiveness and value**

### **▶ Performance culture**

- New comprehensive capital allocation process
- Refined dividend model with a minimum dividend payout
- Incentive systems and new management principles closely aligned

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## **Increase sustainable competitiveness and value**

### **▶ Profitable growth (1)**

- Reallocation of capital to segments with higher economic value added potential
- Pimco stake increased to nearly 84%
- Realignment of retirement products
- “New Dresdner” program

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## **Increase sustainable competitiveness and value**

### **▶ Profitable growth (2)**

- Continue to develop and refine the integrated financial services provider in Germany
- Acquisitions of financial planner organizations in Italy
- 10 million Allianz customers in Central and Eastern Europe
- Expansion of fixed-annuity business Allianz Life USA
- Successful start of managed-fund business in China

## **First Quarter 2004: Preliminary Key Indicators**

### **Continuation of the positive trend**

- ▶ Premium income increase by around 3%<sup>1</sup>
- ▶ Increase in operating results by a good € 300 mn
  - Improvement in all segments
  - Combined ratio below 96%
  - Dresdner Bank achieves positive operating result of approx. € 170 mn
- ▶ Significant increase in first quarter net income by € 1.2 bn to approx. € 650 mn

1) adjusted for F/X effects and changes in Group consolidation

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

## **Cautionary note regarding forward-looking statements**

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue' and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

## **No duty to update**

The company assumes no obligation to update any information contained herein.