

SPAIN

- We serve the Spanish market through our two companies Allianz Seguros and Fénix Directo, a direct insurer.
- Premium income rose to 1.7 (1.5) billion euros. This makes us number two in Spain.

With a clearly structured product portfolio and an expanded agency network, our companies generated **premium growth** of 12.8 percent and thus again outstripped the estimated market average (plus 9.4 percent). All insurance lines and business areas contributed to this success.

This strong premium growth is all the more appreciable if one takes into account that we continued our selective underwriting policy and eliminated unprofitable risks from our portfolio. This brought down the **claims ratio** to 75.9 (77.0) percent. At the same time, claims expenses in our industrial and commercial lines were substantially lower. The **expense ratio** declined to 19.6 (20.6) percent. The fact that our expenses increased more slowly than our revenues demonstrates our ability to achieve economies of scale and to further optimize our workflows.

Net investment income rose to 89 (49) million euros, mainly due to exchange rate and capital gains. Compared to 2002, the impairment charges on our investments were considerably lower. Higher net investment income and successful operations boosted **earnings after taxes** to 97 (62) million euros.

Spain

		2003	2002	2001
Gross premiums	€ mn	1,681	1,490	1,278
Premiums earned (net)	€ mn	1,337	1,171	1,027
Claims ratio	%	75.9	77.0	78.7
Expense ratio	%	19.6	20.6	21.2
Earnings after taxes	€ mn	96.7	61.7	31.7
Investments	€ mn	1,855	1,523	1,420
Employees		2,262	2,248	2,030

In the **current fiscal year**, the Spanish market for property and casualty insurance will probably grow less dynamically than in 2003. We expect our companies to match this growth rate or even exceed it; our brand and competence have a good reputation in the market, and we have continuously expanded our distribution network. We aim to further boost efficiency and lower the expense ratio. All in all, we feel confident that we can again improve our results in Spain.

REST OF EUROPE

- We are one of the five leading insurers in the following markets: Austria, Ireland, the Netherlands, Portugal as well as Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Russia and Slovakia.
- In addition, we provide property and casualty insurance in Belgium, Luxembourg and Greece.

Premium income in the rest of Europe increased 8.8 percent to 5.3 billion euros. The highest revenues came from the Netherlands, with 1.1 billion euros, followed by Austria with 906 million euros and Ireland with 856 million euros. In the Netherlands in particular, we registered strong premium growth. This was due to rate adjustments and the expansion of our industrial insurance business for local and international customers, as well as brisk new business in automobile insurance. Net premiums

earned in the rest of Europe increased 7.9 percent to 4.2 billion euros.

In Central and Eastern Europe, Allianz was able to garner an exceptionally high share of market growth. We are the leading international insurer in this region. Except for Poland, all other Allianz companies in the region are among the top three in their markets; in Hungary, Slovakia and Bulgaria we are number one. Overall revenue growth in Central and Eastern Europe