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Allianz Group in the First Quarter of 2004

- Sustained Positive Trend for Earnings in Operating Business

Allianz Group with profit of 675 million euros – capital base further strengthened – Dresdner Bank with operating earnings of 174 million euros – strengthened earnings power in all segments

The Allianz Group has continued its growth curve for net income and operating profitability during the first three months of the current fiscal year. Strict cost management and a disciplined underwriting policy helped to improve the combined ratio in Property and Casualty further, i.e. the ratio of claims and expenses to premiums earned: it improved to 95.8 percent. Net earnings in this division increased significantly to 558 million euros. Net income for the quarter in Life and Health insurance increased to 247 million euros. Banking business saw a further round of cost-cutting and a significant reduction in loan loss provisions. Dresdner Bank contributed 102 million euros to net income for the quarter of the Allianz Group. In Asset Management, the Allianz Group proceeded according to plan and improved earnings for the quarter by around a third to –73 billion euros on the basis of net inflows of 9 billion euros. Earnings performance and capital appreciation of the investment portfolio further strengthened the capital base. Shareholders' equity went up during the first quarter by 1.2 billion euros to 29.8 billion euros compared with the year-end figure for 2003. "During the first three months of 2004, all business segments strengthened the earnings power of Allianz. We are on course for sustained profitability", commented Helmut Perlet, Member of the Board of Management responsible for Controlling and Accounting, on the financial statements for the quarter.

Premium income in **Property and Casualty** declined slightly during the first quarter of 2004 by 1.3 percent to 14.4 billion euros. Internal growth amounted to 0.6 percent after adjustment for the effects of consolidation and exchange rates. This is the result of an underwriting policy geared strictly towards profitability. The policy deliberately avoids sales if it is not possible to implement a price structure commensurate with risk.

The **Claims Ratio** was reduced by 2.2 percentage points to 70.4 percent compared with the year-earlier figure. The risk-oriented pricing policy and consistent compliance with underwriting guidelines provided significant successes here. The **Expense Ratio** remained at the level of the year 2003. The **Combined Ratio** continued to improve to 95.8 percent as a result. "Provided there are no significant natural catastrophes or other major claims, we're well on the way to achieving a

value below 97 percent for the Combined Ratio. This is our goal for the year overall", explained Perlet.

Income from investments rose by one billion euros to 1.4 billion euros, because the requirement to make write-downs was significantly reduced.

Net income for the quarter in Property and Casualty improved in the first quarter of 2004 to 558 million euros compared with 27 million euros in the equivalent year-earlier period.

Total premium income in **Life and Health insurance** rose by 6.3 percent to 10.8 billion euros, after adjustment for the effects of exchange rates and consolidation. In IFRS accounts, only the risk and cost share is reported for investment-oriented products, and premium income increased here by 5.7 percent to 5.3 billion euros. The investment result went up from 1.1 to 3.4 billion euros, principally because of significantly lower write-downs by comparison with the first quarter of 2003. **Net income** of 247 million euros after profit-sharing with customers was achieved for the quarter following a loss of 13 million euros in the first quarter of 2003. "This signifies that we have returned to the profit zone", confirmed Perlet.

Dresdner Bank contributed a total of 102 million euros to Allianz net income for the quarter in banking business. This entails a swing in earnings amounting to 455 million euros compared to the equivalent year-earlier period. On the basis of a quarterly comparison, the **operating result** improved from 63 million euros to 174 million euros.

The Private and Business Client (PBC) division was a key driver for the positive result, contributing 168 million euros to earnings at Dresdner Bank. **Administrative expenses** at Dresdner Bank continued on a downward trend, falling by 8.4 percent to 1.35 billion euros. Less than half the value for the first quarter of the previous year had to be used for **loan loss provisions** in loan business, with 135 million euros (- 61.5 percent).

Operating revenues at Dresdner Bank declined by 229 million euros compared with the first quarter of the previous year. This fall was due to two factors. Dresdner Bank pursued a consistent policy of reducing risk-weighted assets during the first quarter. The accounting effects arising from IAS 39 and the influences of exchange rates also impacted on the income statement.

Total **Assets under Management** in the Allianz Group increased during the first quarter from 996 billion euros to 1,061 billion euros. Assets under management for third parties went up by 33 billion euros to 598 billion euros. Apart from **net inflows** totaling 9 billion euros, the favorable situation in the capital markets contributed to this result.

The **operating result** increased from 137 million euros to 180 million euros, supported by strong net inflows and the **cost-income ratio** which continued to improve to 66.9 percent. After the deduction of acquisition-related expenses, taxes and minority interests, the loss in Asset Management was reduced, as planned, by around one third from 111 million to 73 million euros.

Provided there is not a collapse in the capital markets during the course of 2004 or far-reaching changes in the business environment, the Allianz Group is assuming that the projected profitability goals will be achieved during the **current fiscal year**: Allianz is aiming to increase total premium

income by approximately 4 percent and achieve a Combined Ratio of less than 97 percent in Property and Casualty insurance for the year as a whole, provided that no major natural catastrophes are experienced. The goal of Asset Management is to increase third-party assets under management by 10 percent in a year-on-year comparison and to continue to bring about an improvement in the operating result. The aim in Banking Business is to continue to drive down costs while at the same time seeking to achieve a balanced result for the year before restructuring expenses.

Allianz Group key figures (EUR m)	1Q 2003	1Q 2004	Δ 1Q 04/03
Total revenues (EUR bn)	27.5	27.2	-1.1%
Total insurance premiums (EUR bn)	25.1	25.0	-0.2%
Operating profit	834	1,174	+40.8%
Property/Casualty	394	461	+17.0%
Life/Health	264	356	+34.8%
Banking	69	179	+159.4%
of which Dresdner Bank	63	174	+176.2%
Asset Management	137	180	+31.4%
Profit before goodwill amortization, taxes and minorities	112	1,678	+1,398.2%
Goodwill amortization	-305	-294	-3.6%
Taxes	-233	-375	+60.9%
Minorities	-120	-334	+178.3%
Net income	-546	675	-
Property/Casualty	27	558	+1,966.7%
Life/Health	-13	247	-
Banking	-424	70	-
of which Dresdner Bank	-353	102	-
Asset Management	-111	-73	-34.2%
Earnings per share (EUR)	-1.93	1.84	-
Shareholders' equity (EUR bn)	19.7	29.8	+51.6%
Assets under Management (EUR bn)	979	1,061	+8.4%
of which third-party AuM (EUR bn)	553	598	+8.1%
P/C combined ratio	97.7%	95.8%	-1.9%-p
L/H statutory expense ratio*	9.7%	9.2%	-0.5%-p
Banking cost-income ratio	78.8%	81.6%	+2.8%-p
Asset Management cost-income ratio	71.9%	66.9%	-5.0%-p

*) Acquisition & administration costs divided by total premium income (net).

You can find this announcement as well as the pdf file of the interim report for the first quarter of 2004 on the Internet at www.allianzgroup.com/investor-relations. In addition, the interim report will automatically be sent to all persons on our distribution list by the end of May at the latest.

As a special service we provide you with Excel Spreadsheets of the Consolidated Balance Sheet and Income Statement of Allianz Group as well as by business segments and quarters. This can also be downloaded from the Internet at www.allianzgroup.com/spreadsheets.

We would like to again remind you of our conference call which will take place at 2.00 p.m. CET / 1.00 p.m. UK time today. The presentation charts are available on the Internet at www.allianzgroup.com/investor-relations.

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.