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## Allianz Continues its Profitable Growth

- Profit has more than doubled by comparison with the previous year: 1.8 billion euros in the first nine months 2004
- Operating improvements in all segments
- Combined ratio further reduced to 93.2 percent

During the first three quarters of 2004, the Allianz Group has continued to increase its earnings. Net income has more than doubled from 732 million euros during the equivalent period for 2003 to 1.8 billion euros. All segments have contributed to this result. It is based on strong growth in the life and health insurance business and in asset management, selective growth in property and casualty insurance, and further stabilization of operating revenues at Dresdner Bank. Higher investment income, especially in the life and health insurance business, also contributed to the result. At the same time, costs were reduced. This is evident in an improved combined ratio, a further decline in loan-loss provisions and a decrease in administrative expenses. "We're undoubtedly on target for 2004", commented Helmut Perlet, Member of the Board of Management at Allianz AG, on the result for the third quarter. "We're continuing to focus on profitability and the increase in our competitiveness. The effects are already clear."

Profit before taxes, goodwill amortization and minorities increased more than threefold during the first nine months of 2004: 4.9 billion euros compared with 1.6 billion euros in the previous year. The marked increase in the pre-tax result consequently triggered a tax charge amounting to 1.2 billion euros, which increased by 1.9 billion euros compared with the equivalent year-earlier period. Minority interests also increased to 897 (585) million euros. Despite these factors, net income at 1.8 billion euros is more than double compared to the equivalent period during the last year.

"Our success in 2004 to date demonstrates that the consistent implementation of our 3+One Program has paid off", commented Helmut Perlet. "The positive development in our operating business should also lead to a sustained improvement for the year as a whole, compared with 2003", according to Perlet.

Premium income in **property and casualty insurance** increased by 1.3 percent to 34.6 billion euros compared with the first nine months of 2003. Internal growth amounted to 2.7 percent after adjustment for the effects of consolidation and exchange rates. The claims ratio fell to 68.2 percent, compared with 71.7 percent during the equivalent year-earlier period. This improvement was achieved despite expenditure resulting from the hurricanes that struck the south-eastern USA during the third quarter. Hurricanes Charley, Ivan, Frances and Jeanne resulted in claims at a

level of approximately 16-24 billion euros across the industry. However, only 216 million euros of this amount were attributable to Allianz. This is below our market share in the affected region and bears witness to the effectiveness of our risk management systems. Administrative expenses were again reduced. The expense ratio was likewise further lowered to 25.0 (25.2) percent. This led to an additional improvement in the combined ratio – the ratio of claims and expenses to net premiums earned – by 3.7 percentage points to 93.2 percent at the nine month stage. Apart from these factors, the higher level of investment income also contributed to an improvement in net income for the period to 2.2 (1.5) billion euros.

Net income for the period in **life and health insurance** rose significantly to 508 million euros compared with 322 million euros for the equivalent period in 2003, as a result of stronger growth, lower administrative expenses and improved investment income. An increase in demand during the third quarter raised total premium income by 4.5 percent to 32 billion euros. This comprised growth of 8.1 percent after adjustment for exchange rate and consolidation effects. In IFRS accounts where only the risk and cost component is reported for investment-oriented products premium income fell by 1 percent to 14.6 billion euros.

Premium income in the Life and Health insurance business once again varied across the international spectrum. However, in many markets, Allianz continued to enjoy significant internal growth. This growth even reached double-digit figures in the USA and Spain. By contrast, premium income fell in Korea, Italy and Switzerland. New business in Germany was comparatively modest during the first six months. The market experienced a significant upswing during the third quarter following ratification of the Retirement Income Law.

Investment income before participation of policy holders improved significantly during the first three quarters of 2004 to 9.5 (6.7) billion euros.

**Banking business** is primarily determined by performance at Dresdner Bank, where the positive trend in earnings has continued. The Allianz Group generated an operating profit amounting to 573 million euros in this segment during the first nine months of the year, following a loss of 69 million euros during the corresponding period in 2003. Dresdner Bank contributed with an operating profit of 542 (-163) million euros. Progress in implementing the “New Dresdner” program is evident here. Cost savings in all areas and a further improvement in the risk situation had a positive effect on earnings. Administrative expenses were cut by 8.7 percent to 4.0 (4.3) billion euros. Loan-loss provisions in the credit business were significantly reduced to 271 million euros. This figure is 62.5 percent below the number for the previous year.

Dresdner Bank contributed 360 million euros to net income for the period, compared with a loss of 411 million euros during the year-earlier equivalent period. “This year, Dresdner Bank has succeeded in raising its profitability on a sustainable basis. Even in a difficult market environment the quality of the business has improved, showing continuity of performance,” according to Perlet.

The operating profit in **Asset Management** also increased, rising to 578 million euros, compared with 528 million euros during the same period in 2003. Assets under Management grew to a total of 1,070 billion euros on September 30, 2004. This represents an increase of 74 billion euros or 7.5 percent compared to year-end 2003. Investments for third parties increased overall by 27 billion euros. The quality and discipline of this unit’s investment strategy also paid off. Three quarters

of the total fund volume managed by Allianz Global Investors outperformed its benchmark (i.e. the relevant reference indices) on the basis of a three-year comparison.

Strict cost management continued to lower the cost-income ratio to 65.3 percent in contrast to 68.2 percent during the same period for 2003. After deducting acquisition-related expenses, taxes and minority interests, the loss in Asset Management continued to be reduced as planned to 191 million euros. This is 35 million euros less than in the first nine months of the previous year.

Allianz is expecting insurance business for the full **year 2004** to exceed the goal of 4 percent for internal growth in total premium income. The combined ratio for the property and casualty insurance business looks set to be held at the level already reached, assuming that there are no significant charges from natural catastrophes and major claims during the fourth quarter. Strong growth and ongoing cost discipline mean that net income for the life and health insurance business should be significantly improved over the previous year. A balanced year-end result after restructuring expenses is anticipated for Dresdner Bank. On the basis of current exchange rates and stock-market prices, Asset Management should increase third-party assets under management by approximately 10 percent in a year-on-year comparison and operating profit should continue to improve. During the fourth quarter of 2004, realized gains and losses are expected to show a balanced result. A significant and sustained setback in equity markets would impact negatively on our earnings through higher write-downs.

## Allianz Group - Key figures

EUR m	9M 2004	9M 2003	Δ	3Q 2004	3Q 2003	Δ
<b>Total revenues (EUR bn)</b>	<b>72.6</b>	<b>71.0</b>	<b>2.3%</b>	<b>23.2</b>	<b>21.5</b>	<b>7.6%</b>
Total insurance premiums (EUR bn)	66.1	64.3	2.8%	21.0	19.5	7.7%
<b>Operating profit<sup>1)</sup></b>	<b>5,007</b>	<b>3,117</b>	<b>2.3%</b>	<b>1,872</b>	<b>939</b>	<b>99.4%</b>
- Property/Casualty	2,910	1,943	49.8%	1,168	627	86.3%
- Life/Health	946	715	32.3%	345	150	130.0%
- Banking	573	-69	-	142	-46	-
of which Dresdner Bank	542	-163	-	133	-118	-
- Asset Management	578	528	9.5%	217	208	4.3%
<b>Profit before goodwill amortization, taxes and minorities</b>	<b>4,851</b>	<b>1,559</b>	<b>211.2%</b>	<b>1,575</b>	<b>1,082</b>	<b>45.6%</b>
Goodwill amortization	-885	-895	-1.1%	-297	-296	0.3%
Taxes	-1,241	653	-	-498	20	-
Minorities	-897	-585	53.3%	-241	-220	9.5%
<b>Net income</b>	<b>1,828</b>	<b>732</b>	<b>149.7%</b>	<b>539</b>	<b>586</b>	<b>-8.0%</b>
- Property/Casualty	2,247	1,465	53.4%	415	641	-35.3%
- Life/Health	508	322	57.8%	122	89	37.1%
- Banking	332	-431	-177.0%	135	6	2150.0%
of which Dresdner Bank	360	-411	-	129	-25	-
- Asset Management	-191	-226	-15.5%	-39	-43	-9.3%
<b>Earnings per share (EUR)</b>	<b>4.98</b>	<b>2.23</b>	<b>123.3%</b>	<b>1.47</b>	<b>1.78</b>	<b>-17.4%</b>
<b>Ratios:</b>						
- Property/Casualty: Combined ratio	93.2%	96.9%	-3.7% -p	<b>90.9%</b>	96.5%	-5.6% -p
- Life/Health: Statutory expense ratio <sup>2)</sup>	9.5%	7.6%	1.9% -p	<b>10.2%</b>	6.9%	3.3% -p
- Banking: Operating cost income ratio	83.0%	87.7%	-4.7% -p	<b>87.3%</b>	106.8%	-19.5% -p
- Asset Management: Cost income ratio	65.3%	68.2%	-2.9% -p	<b>61.5%</b>	67.1%	-5.6% -p
<b>EUR bn</b>	<b>30.09.2004</b>	<b>31.12.2003</b>	<b>Δ</b>			
<b>Shareholders' equity</b>	<b>29.771</b>	<b>28.592</b>	<b>4.1%</b>	-	-	-
<b>Assets under Management</b>	<b>1,070</b>	<b>996</b>	<b>7.4%</b>	-	-	-
<b>thereof third-party AuM</b>	<b>592</b>	<b>565</b>	<b>4.8%</b>	-	-	-

1) Operating profit is a non-GAAP measure which we believe highlights the underlying profitability of our operation. For a description on how we measure operating profit and a reconciliation to profit before taxes and minorities, see analysts' presentation "Group financial results for the first nine months 2004", section "Additional information" on page 37. The document is available to download from [www.allianzgroup.com/investor-relations](http://www.allianzgroup.com/investor-relations).

2) Based on total premium income (net)

You will find this message, the interim report on the first three quarters of 2004 (pdf file) as well as Excel spreadsheets on the consolidated balance sheet and consolidated income statement (by quarters and segments) in the internet at [www.allianzgroup.com/investor-relations](http://www.allianzgroup.com/investor-relations).

In addition, a hardcopy version of the interim report will be automatically sent to the persons on our mailing list by the end of November at the latest.

We would like to again remind you of our conference call taking place at 3 p.m. (CET) today. The presentation can be accessed in the internet at [www.allianzgroup.com/investor-relations](http://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.