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## **Allianz Group in the First Quarter of 2005 - Very good start into the new fiscal year**

**The Allianz Group increases net income by almost 33 percent to 1.2 billion euros – strong growth in pension business and asset management – further reduction of the cost-income ratio and loan loss provisions at Dresdner Bank – combined ratio of 92.1 percent**

The Allianz Group has further increased its earnings power in the first quarter of 2005. Net income went up to nearly 1.2 billion euros. In accordance with the IFRS accounting standards applicable this year, scheduled goodwill amortization has been eliminated<sup>1</sup>. The increase in net income amounted to nearly 33 percent compared to the adjusted figure for the previous year. This substantial increase in earnings resulted from improvements in operating business:

- The Allianz Group continued to post strong internal growth amounting to nearly 11 percent in the divisions reaping the benefits of the burgeoning pension and wealth accumulation market: Life and Health Insurance and Asset Management.
- In the Property and Casualty business, the combined ratio – the ratio of claims and expenses to premiums earned – fell sharply by 3.7 percentage points to 92.1 percent. The operating result rose significantly by 102 percent to 1 billion euros.
- Dresdner Bank increased its operating result by 24 percent to 216 million euros, although revenues declined slightly. The reduction in the cost-income ratio and loan loss provisions continued to exert a positive effect here. The bank contributed 233 million euros to net income for the quarter and is therefore well on its way to meeting the target of earning its cost of capital in 2005.
- Asset Management achieved an excellent cost-income ratio of 60.9 percent.

The Allianz Group also strengthened its capital base during the first quarter. Shareholders' equity increased by 3.6 billion euros to 33.6 billion euros<sup>2</sup>.

Performance in **Property and Casualty insurance** remains dominated by the focus on profitable growth and the approach of only writing business where premiums adequately reflect the underlying risk. Adjusted for the effects of exchange rates and consolidation (sale of companies in Taiwan, Chile and Canada), premium income increased by 1 percent.

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<sup>1</sup> All the figures from the first quarter of 2004 quoted in this text are adjusted for the effects of the IFRS conversion and scheduled goodwill amortization after tax.

<sup>2</sup> Excluding minority interests.

The disciplined underwriting policy again drove the loss ratio down significantly by almost 4 percentage points to 66.5 percent during the first quarter. And this was despite a tough winter and an increase in major claims. The combined ratio was reduced by 3.7 percentage points to 92.1 percent.

The operating result rose significantly by 102 percent to 1 billion euros, net income went up from 649 million euros to 753 million euros.

Total premium income in **Life and Health insurance** rose by 1 billion euros to 11.8 billion euros. The strongest growth was generated in Germany, Italy and the United States. "We're finding that in the European markets, people are facing similar challenges when it comes to arranging private retirement provision. This is a massive market," explains Member of the Allianz Board of Management Helmut Perlet. Internal growth amounted to 10.9 percent. Although the operating result was slightly below the previous year's figure, net income for the quarter increased significantly by 39 million euros to 326 million euros.

**Dresdner Bank** improved its operating result by 24 percent to 216 million euros, despite slightly declining revenues. Two factors explain the increase in net income: The bank reduced its administrative expenses by 4.1 percent to 1.3 billion euros. At the same time, the loan loss provisions fell again by almost 26 percent to 100 million euros. The cost-income ratio further improved to 80.4 percent.

Dresdner Bank contributed 233 million euros to consolidated net income, compared with 155 million euros in the first quarter of the previous year.

**Assets under Management** at the Allianz Group have risen by 5.9 percent to 1,133 billion euros since December 31, 2004. This includes net inflows of third-party assets amounting to 17 billion euros.

Strong net inflows and the continued improvements in the cost-income ratio to 60.9 percent increased the operating result of the **Asset Management segment** by 28.3 percent to 231 million euros. The segment contributed 28 million euros to the consolidated net income for the quarter, compared with a loss of 34 million euros during the same period last year.

"We're well on track to reach our targets for 2005," commented Helmut Perlet. Assuming that there is no setback in the capital markets in 2005, or far-reaching changes in the business environment, the Allianz Group anticipates a further increase in total revenues for the current fiscal year, as in the previous year. In Property and Casualty insurance, Allianz intends to maintain the combined ratio at a level below 95 percent. In Life and Health insurance, the goal remains to achieve an operating profit of at least 1.5 billion euros. Dresdner Bank is well on the way to earn its cost of capital in 2005. The target is to improve the operating profit in Asset Management by 10 percent compared to 2004.

## Allianz Group - Key figures

Euro m	1Q 2005	1Q 2004	Δ	2004	
<b>Total revenues (Euro bn)</b>	<b>28.3</b>	<b>27.2</b>	<b>3.8%</b>	<b>96.9</b>	
<b>Operating profit<sup>1)</sup></b>	<b>1,830</b>	<b>1,227</b>	<b>49.1%</b>	<b>6,856</b>	
- Property/Casualty	1,004	497	102.0%	3,979	
- Life/Health	357	371	-3.8%	1,418	
- Banking	238	179	33.0%	603	
thereof Dresdner Bank	216	174	24.1%	599	
- Asset Management	231	180	28.3%	856	
<b>Profit before goodwill amortization, taxes and minority interests</b>	<b>2,088</b>	<b>1,551</b>	<b>34.6%</b>	<b>5,881</b>	
Goodwill amortization	-	-294	-	-1,164	
Taxes	-569	-339	67.8%	-1,603	
Minorities	-335	-301	11.3%	-1,100	
<b>Net income<sup>2)</sup></b>	<b>1,184</b>	<b>617</b>	<b>91.9%</b>	<b>2,015</b>	
- Property/Casualty	753	554	35.9%	3,273	
- Life/Health	326	247	32.0%	799	
- Banking <sup>3)</sup>	475	56	748.2%	117	
thereof Dresdner Bank <sup>3)</sup>	466	88	429.5%	155	
- Asset Management	28	-107	-	-276	
- Consolidation adjustments	-398	-133	199.2%	-1,898	
<b>Earnings per share (Euro) (Basic)</b>	<b>3.13</b>	<b>1.68</b>	<b>86.3%</b>	<b>5.51</b>	
<b>Ratios:</b>					
- Property/Casualty:	Combined ratio	92.1%	95.8%	-3.7% -p	92.9%
- Life/Health:	Statutory expense ratio <sup>4)</sup>	6.6%	9.2%	-2.6% -p	9.1%
- Dresdner Bank:	Operating cost-income ratio	80.4%	81.4%	-1.0% -p	85.0%
- Asset Management:	Cost-income ratio	60.9%	66.9%	-6.0% -p	62.9%
<b>Euro bn</b>	<b>31.03.2005</b>	<b>31.12.2004</b>	<b>Δ</b>	<b>31.12.2004</b>	
<b>Shareholders' equity</b>	<b>41.6</b>	<b>37.7</b>	<b>10.4%</b>	<b>37.7</b>	
<b>thereof minority interests in shareholders' equity</b>	<b>8.0</b>	<b>7.7</b>	<b>4.0%</b>	<b>7.7</b>	
<b>Assets under management</b>	<b>1,133</b>	<b>1,070</b>	<b>5.9%</b>	<b>1,070</b>	
<b>thereof third-party assets</b>	<b>624</b>	<b>585</b>	<b>6.7%</b>	<b>585</b>	

1) For a description on how we measure operating profit and a reconciliation to net income, see interim report, pages 2, 9 (Property/Casualty), 12 (Life/Health), 15 (Banking), and 18 (Asset Management).

2) Q1 2004 figures have been restated according to IFRS accounting standards in accordance with which the amortization of goodwill has not been cancelled.

3) Net income of Dresdner Bank and the banking segment for the first quarter of 2005 shows a realized gain of 233 million euros from the intra-group transfer of Munich Re shares. This has been eliminated in the consolidation column.

4) Represents ratio of net acquisition costs and administrative expenses to net premiums earned (statutory).

You will find this message, the **interim report** (pdf file) as well as **Excel spreadsheets** on the **consolidated balance sheet** and **consolidated income statement** (by quarters and segments) in the internet at <http://www.allianz.com/1q>.

We would like to again remind you of our **conference call** which will take place at 3 p.m. CET / 2 p.m. UK time today. The **presentation charts** will be available to you in the internet at <http://www.allianz.com/1q>.

These statements 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.