Interim Report First Quarter of 2005
Allianz Group

Allianz

+One

3

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The following discussion is based on our consolidated financial statements and should be read in conjunction with those statements. We evaluate the results of our Property-Casualty, Life/Health insurance, Banking and Asset Management segments using a financial performance measure we refer to herein as "operating profit". We define our segment operating profit as earnings from ordinary activities before taxation, excluding, as applicable for each respective segment, either all or some of the following items: net capital gains and impairments on investments, net trading income, intra-Allianz Group dividends and profit transfer, interest expense on external debt, restructuring charges, other non-operating income/(expense), acquisition-related expenses and amortization of goodwill.

While these excluded items are significant components in understanding and assessing our consolidated financial performance, we believe that the presentation of operating results enhances the understanding and comparability of the performance of our operating segments by highlighting net income attributable to ongoing segment operations and the underlying profitability of our businesses. For example, we believe that trends in the underlying profitability of our segments can be more clearly identified without the fluctuating effects of the realized capital gains and losses or impairments on investment securities, as these are largely dependent on market cycles or issuer specific events over which we have little or no control, and can and do vary, sometimes materially, across periods. Further, the timing of sales that would result in such gains or losses is largely at our discretion. Operating profit is not a substitute for earnings from ordinary activities before taxation or net income as determined in accordance with IFRS. Our definition of operating profit may differ from similar measures used by other companies, and may change over time. For further information on operating profit, as well as the particular reconciling items between operating profit and net income, see Note 3 to the Consolidated Financial Statements.

In the following discussion, we analyze the Allianz Group`s consolidated results of operations for the three months ended March 31, 2005 as compared to March 31, 2004 using operating profit and net income as the relevant performance measures, as permitted under IFRS and as presented in our German annual report for the year 2004.

Executive Summary

A successful start in 2005.

- Our earnings power continued to strengthen, primarily driven by operating profit, but also positively affected by the discontinuance of amortization of goodwill due to a change in accounting under IFRS (Q1 2004: € 294 million). Our net income rose to € 1.2 billion.
- Operating discipline remains key to the way we execute our business. We achieved a significant increase in our operating profit, which rose by € 0.6 billion to € 1.8 billion. In our Property-Casualty segment, our combined ratio was lowered by 3.7 percentage points to 92.1 %. At Dresdner Bank, both our cost-income ratio and loan loss provisions were reduced, and in our Asset Management segment our cost-income ratio of 60.9 % is strong, both in historical terms and compared to our competitors.
- We increased our total revenues by € 1.0 billion. Particularly in our Life/Health and Asset Management segments, which cater to the promising pension and wealth accumulation market. Internal growth was strong with increases in Life/Health statutory premiums of 10.9 %, operating revenues from Asset Management of 12.5 % and growth in Asset Management's third-party assets of 6.7 %.
- Dresdner Bank is well on track to earn its cost of capital in 2005 with operating profit of € 216 million and a contribution of € 233 million to our results in Q1, despite the slight decline in Banking operating revenues.
- Shareholders' equity increased by € 3.9 billion to € 41.6 billion, further strengthening our capital base.

Allianz Group's Consolidated Results of Operations

The continued execution of our "3+One" program through our focus on operating discipline and increasing our competitive strength on a sustainable basis resulted in a quarter of **continued earnings growth**. We were successful in increasing our operating profit by € 0.6 billion to € 1.8 billion and our net income reached € 1.2 billion (Q1 2004: € 0.6 billion).

Q1 carried forward our initiative of **managed growth**, increasing our total revenues by € 1.0 billion, or 3.8 %, to € 28.3 billion. Excluding effects from foreign currency translation and changes in scope of consolidation (or "internal growth"), our total revenues increased by 5.1 %.

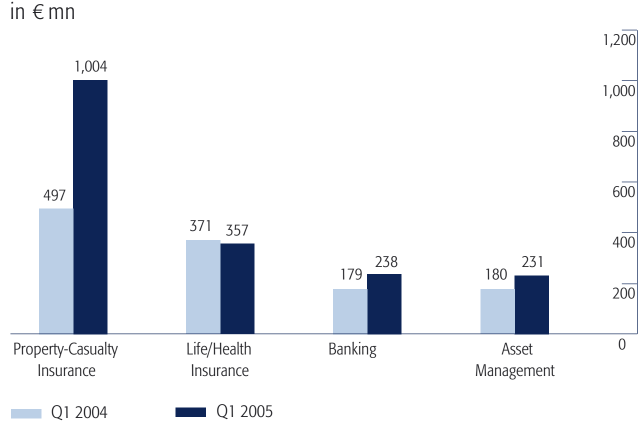
Property-Casualty Gross written premiums were fairly constant with only a slight decline of 1.4 % and positive internal growth of 1.0 %, as we continued to seek opportunities that offered a profitable correlation between premium rates and risks and were willing to forego premium growth in certain markets where this objective could not be achieved. Additionally, and due to ongoing favorable claims development, rate increases were not necessary in some markets.

Life/Health Our Life/Health segment experienced positive growth with an increase in statutory premiums of 9.6 % to € 11.8 billion, particularly in Germany, Italy and in the United States. Internal growth of statutory premiums amounted to 10.9 %.

Asset Management Our Asset Management segment demonstrated its strong market position as one of the world's five largest asset managers by significantly increasing total assets under management and net inflows of third-party investments by 5.9 % and 88.9 % to € 1,133 billion and € 17 billion in Q1, respectively, leading to positive operating revenue growth of 8.6 % to € 591 million. Internal growth of our operating revenues was also strong at 12.5 % in Q1.

Banking Operating revenues declined slightly by 1.3 % and internal growth of (0.8) %, stemming primarily from a 7.8 % decline in net fee and commission income. However, both net interest income and net trading income increased 3.2 % and 4.2 %, respectively.

Operating profit
in € mn



Q1 demonstrated our further commitment to **continued operational discipline**, as operating profit improved by € 0.6 billion to € 1.8 billion.

Property-Casualty We succeeded in significantly reducing our combined ratio to 92.1 % in Q1, a 3.7 percentage point improvement (Q1 2004: 95.8 %) as a result of our disciplined underwriting and pricing practices, as well as stringent expense control. This positive development increased operating profit to € 1.0 billion in Q1 (Q1 2004: € 0.5 billion).

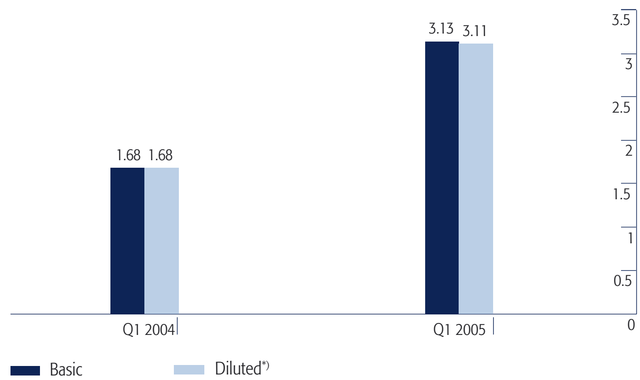
Life/Health Our statutory expense ratio improved considerably by 2.6 percentage points to 6.6 %, primarily resulting from lower net acquisition costs and administrative expenses. However, this positive development was largely driven by the regular unlocking of assumptions within our deferred policy acquisition cost asset. Operating profit declined slightly by 3.8 % to € 0.4 billion primarily due to increased insurance benefits which rose by 9.0 % to € 6.5 billion, but is fully in line with our 2005 expectations.

Banking Net loan loss provisions were reduced significantly by 31.1 %. Administrative expenses also declined by 2.9 %. As a consequence of these positive developments, our banking segment reported operating profit of € 238 million (Q1 2004: € 179 million), a 33.0 % improvement.

Asset Management We succeeded in significantly reducing our cost-income ratio by 6.0 percentage points to 60.9 % (Q1 2004: 66.9 %), primarily as a result of increased operating revenues brought about by an increase in assets under management by € 62.7 billion and a reduction in operating expenses. These positive developments led to an improvement in operating profit of 28.3 %, amounting to € 231 million (Q1 2004: € 180 million).

Our **strengthened earnings power** was also reflected in our consolidated **net income**, which rose by € 567 million to € 1.2 billion (Q1 2004: € 0.6 billion), inclusive of the positive impact brought about by the discontinuance of amortization of goodwill due to a change in accounting under IFRS (Q1 2004: € 294 million). Net capital gains and impairments, after policyholders' participation, declined slightly by € 87 million to € 631 million in Q1. These capital gains were mainly attributable to the sale of our shareholdings in MAN AG and Gecina S. A. Restructuring charges declined 61.5 % to € 5 million (Q1 2004: € 13 million), due primarily to the absence of restructuring charges at Dresdner Bank in Q1. Interest expense on external debt from our holding activities amounted to € 257 million (Q1 2004: € 200 million), an increase of 28.5 % due primarily to interest expense for our subordinated bonds with a volume of € 1.5 billion and € 1.4 billion issued in February 2004 and January 2005, respectively. Due to the changes in fair value of derivatives associated with our "All-in-one" capital market transactions, a pre-tax charge to earnings of € 17.6 million was incurred. These developments resulted in earnings from ordinary activities before taxes and minorities of € 2.1 billion in Q1 (Q1 2004: € 1.3 billion). Our consolidated tax expense increased by € 0.2 billion to € 0.6 billion, largely as a consequence of improved operating profitability, representing an overall effective income tax rate of 26.9 % (Q1 2004: 26.4 %). Preferrable tax treatment on realized gains from the aforementioned sale of certain shareholdings limited our tax expense and the impact on our effective tax rate. Minority interests in earnings remained fairly constant at € 0.3 billion.

Earnings per share
in €



*) See Note 33 to our consolidated financial statements for further details regarding the dilutive effect.

Effects of recently adopted accounting pronouncements[1)]

	March 31, 2004 € mn	December 31, 2004 € mn
Net income		
Net income under IFRS regime effective through December 31, 2004	675	2,199
IFRS 2: Share-based compensation	(34)	(123)
IFRS 3: "Impairment-only" approach for goodwill	–[2)]	–[2)]
IAS 39 (revised): Reversal of impairments	(29)	(64)
IAS 39 (revised): Fair value option	5	3
Net income under IFRS regime effective January 1, 2005	**617**	**2,015**
Shareholders' equity		
Shareholders' equity under IFRS regime effective through December 31, 2004	29,810	30,828
IAS 32 and 39 (revised)		(1,972)
IFRS 2: Share-based compensation		(659)
IAS 1 (revised): Minority interest reclassification		9,531
Shareholders' equity under IFRS regime effective January 1, 2005	**36,214**	**37,728**

1) See Note 2 to our consolidated financial statements for further details.
2) Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

The following table sets forth the total revenues, operating profit and IFRS net income for each of our business segments at March 31, 2005 and 2004, as well as IFRS consolidated net income of the Allianz Group.

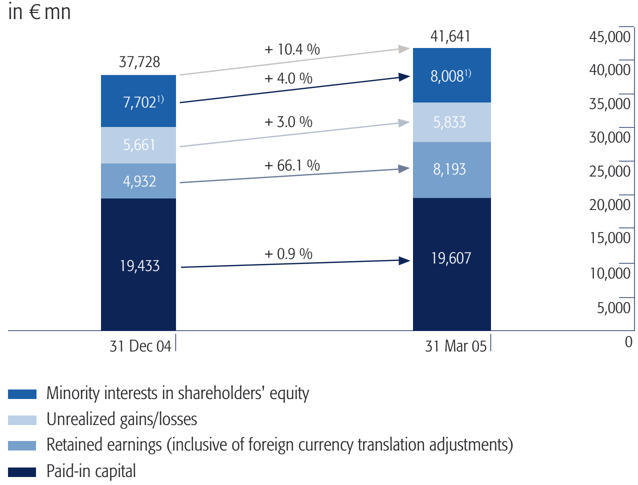
Three months ended March 31	Property-Casualty € mn	Life/Health € mn	Banking € mn	Asset Management € mn	Consolidation adjustments € mn	Total Group € mn
2005						
Total revenues[1]	14,177	11,838	1,682	591	(19)	28,269
Operating profit	1,004	357	238	231	–	1,830
Earnings from ordinary activities before taxes	**1,338**	**520**	**580**	**66**	**(416)**	**2,088**
Taxes	(397)	(75)	(79)	(25)	7	(569)
Minority interests in earnings	(188)	(119)	(26)	(13)	11	(335)
Net income (loss)	**753**	**326**	**475**	**28**	**(398)**	**1,184**
2004						
Total revenues[1]	14,378	10,801	1,705	544	(194)	27,234
Operating profit	497	371	179	180	–	1,227
Earnings from ordinary activities before taxes	**920**	**490**	**113**	**(117)**	**(149)**	**1,257**
Taxes	(189)	(170)	9	23	(12)	(339)
Minority interests in earnings	(177)	(73)	(66)	(13)	28	(301)
Net income (loss)	**554**	**247**	**56**	**(107)**	**(133)**	**617**

[1] Total revenues comprise property-casualty segment's gross premiums written, life/health segment's statutory premiums, banking segment's operating revenues, and asset management segment's operating revenues.

Allianz Group's Consolidated Assets, Liabilities and Shareholders' Equity

In Q1, we made further progress in **protecting and strengthening our capital base**. Our shareholders' equity increased by € 3.9 billion to € 41.6 billion at March 31, 2005 (December 31, 2004: € 37.7 billion). This increase resulted from our strong net income for the quarter as well as the sale of treasury stock and the issuance of warrants on Allianz AG shares in connection with our "All-in-One" capital market transactions.

Shareholders' equity
in € mn



[1] Effective January 1, 2005, and as a result of IAS 1 (revised), minority interests in shareholders' equity was reclassified into shareholders' equity as of December 31, 2003.

Total assets and liabilities decreased in Q1 by € 7.5 billion and € 11.4 billion, respectively, from December 31, 2004. These decreases resulted primarily from declines in loans and advances to banks as well as liabilities to banks, reflecting reduced volumes of repurchase and reverse repurchase operations at Dresdner Bank. However, total assets within our Property-Casualty and Life/Health segments have increased 3.3 % and 1.5 %, respectively.

The following table presents the Allianz Group's consolidated balance sheets as of March 31, 2005 and December 31, 2004, and the respective changes:[1)]

ASSETS	March 31, 2005	December 31, 2004	Change
	€ mn	€ mn	in %
Intangible assets	15,298	15,147	1.0
Investments in associated enterprises and joint ventures	4,734	5,757	(17.8)
Investments	255,123	248,327	2.7
Loans and advances to banks	155,366	182,295	(14.8)
Loans and advances to customers	193,211	196,209	(1.5)
Financial assets carried at fair value through income	251,035	239,292	4.9
Cash and cash equivalents	18,016	15,628	15.3
Amounts ceded to reinsurers from reserves for insurance and investment contracts	22,007	22,310	(1.4)
Deferred tax assets	13,924	13,975	(0.4)
Other assets	53,946	51,232	5.3
Total assets	**982,660**	**990,172**	**(0.8)**

SHAREHOLDERS' EQUITY AND LIABILITIES	March 31, 2005	December 31, 2004	Change
	€ mn	€ mn	in %
Shareholders' equity	41,641	37,728	10.4
Participation certificates and subordinated liabilities	15,147	13,230	14.5
Reserves for insurance and investment contracts	338,018	326,345	3.6
Liabilities to banks	161,308	191,354	(15.7)
Liabilities to customers	165,723	157,274	5.4
Certificated liabilities	55,574	57,771	(3.8)
Financial liabilities carried at fair value through income	144,115	144,937	(0.6)
Other accrued liabilities	13,471	13,984	(3.7)
Other liabilities	30,584	31,281	(2.2)
Deferred tax liabilities	14,347	14,229	0.8
Deferred income	2,732	2,039	34.0
Total shareholders' equity and liabilities	**982,660**	**990,172**	**(0.8)**

1) Beginning January 1, 2005, under IFRS, various existing accounting standards changed and additional new accounting standards became effective, both of which impacted the Allianz Group's consolidated financial statements prospectively, and to a certain extent, retrospectively, requiring restatement. For further information concerning the impact of these accounting standards, see Note 2 to the consolidated financial statements.

Ratings

As a provider of financial services, our capital strength is an important asset. Allianz AG enjoys strong ratings with all major rating agencies. In Q1, these ratings remained unaltered from December 31, 2004. Standard & Poor's (S&P) affirmed its "AA–" long-term insurer financial strength and counterparty credit ratings. A.M. Best continued to rate Allianz AG as "A+", its second highest rating category. Despite the negative outlook of both agencies, they did recognize our progress in strengthening operating profitability.

	Standard & Poor's	Moody's	A.M. Best
Insurer financial strength	AA–	Aa3	A+
Outlook	Negative	Stable	Negative
Counterparty credit	AA–	not	aa–
Outlook	Negative	applicable	
Senior unsecured debt	AA–	Aa3	aa–
Outlook		Stable	Negative
Subordinated debt	A	A2	a+/a*)
Outlook		Stable	
Commercial paper (short term)	A-1+	P-1	not rated

*) Ratings vary on the basis of maturity period and terms.

"All-in-one" Transactions

On January 28, 2005, we successfully completed our "All-in-one" capital market transactions. The All-in-one capital market transactions 1) reduced the Allianz Group's equity gearing; 2) helped to deleverage the Allianz Group; and 3) helped Dresdner Bank to further reduce its non-strategic asset portfolio.

Reduction of equity gearing: In order to reduce our exposure to equities, we issued a three-year index linked exchangeable bond of € 1.2 billion. The redemption value of this security, BITES (or "Basket Index Tracking Equity-linked Securities"), is linked to the performance of the Deutsche Boerse's DAX index. During the three-year term of this instrument, we may choose to redeem the bond with shares of BMW AG, Munich Re or Siemens AG.

Deleveraging from rating perspective: We refinanced part of our 2005 € 2.7 billion maturing bonds, of which €1.7 billion matured during Q1 and a further 1.0 billion will mature in Q3, through the issuance of a subordinated bond in the amount of €1.4 billion. While this is a perpetual bond, it is callable by Allianz AG for the first time in 2017. Attached to the bond are 11.2 million warrants on Allianz AG shares with a maturity of three years.

Reduction of non-strategic assets by Dresdner Bank: Dresdner Bank accomplished a further step in its strategy of reducing its non-strategic equity holdings. Dresdner Bank sold 17.2 million Allianz AG shares to an investment bank. This investment bank placed these shares in the market in the form of a Mandatory Exchangeable. This structure enabled us to benefit from a portion of Allianz AG's future share price appreciation.

Property-Casualty Insurance Operations

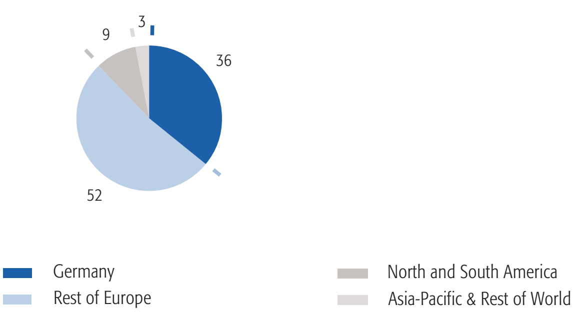
We continued to focus on profitable growth and significantly reduced our combined ratio to 92.1%.

- In property-casualty insurance, we continued to focus on profitable growth through selectively increasing our business volume where risk-adequate premiums could be attained. Overall, our gross premiums written remained fairly constant with a slight decline of 1.4% to € 14.2 billion and internal growth of 1.0% in Q1.
- We succeeded in reducing our combined ratio by 3.7 percentage points to 92.1% in Q1. Net current income from investments rose by € 163 million to € 0.8 billion in Q1. As a result of these positive developments, operating profit increased significantly by 102.0% to € 1.0 billion in Q1.
- Non-operating results decreased by 21.0% in Q1, due to lower net realized gains from the sale of investments.
- As a result of our continued efforts, we were able to increase net income significantly by € 199 million to € 753 million in Q1.

Earnings Summary

Gross premiums written at March 31, 2005 by region*)

in %



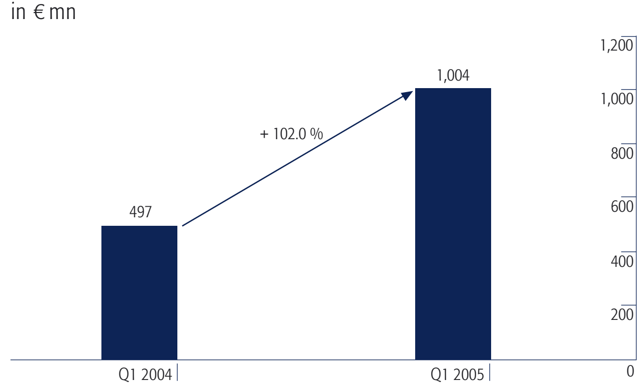
*) After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Gross premiums written

Our property-casualty insurance segment's gross premiums written in Q1 decreased by € 201 million, or 1.4%, to € 14,177 million from € 14,378 million one year ago. This development was primarily caused by the deconsolidation of our Taiwanese, Chilean and Canadian Property-Casualty operations. However, based on internal growth, gross premiums written increased by 1.0%. Positive developments were experienced by Allianz Suisse Versicherungs-Gesellschaft AG (or "Allianz Suisse") and Allianz Risk Transfer in Switzerland and Allianz Seguros in Spain, where gross premiums written increased by 16.8% and 7.9%, respectively. Within Allianz Suisse and Allianz Seguros, these favorable developments were both equally driven by growth in our automobile business. The growth within Allianz Risk Transfer was due primarily to a large, short-term contract that triggered additional gross premiums written in Q1. Our credit insurance business, provided through Euler Hermes S. A., also experienced growth of 8.4% in Q1. These increases were offset in part by decreased gross premiums written at Sachversicherungsgruppe in Germany, resulting from the effects of a more selective underwriting policy and the increased use of "no claims bonuses" in motor liability. Additionally, and due primarily to the commutation of an Allianz Group internal life reinsurance contract, gross written premiums decreased at Allianz AG. Gross premiums written at AGF IART in France also declined as a result of the non-renewal of two large contracts within our industrial business. These developments reflect our strategy of selective and profitable growth, which we continue to pursue in our property-casualty segment.

Operating profit

in € mn



Operating profit

Our property-casualty insurance segment's operating profit improved significantly with an increase of 102.0% to € 1,004 million in Q1 as compared to € 497 million in the prior year period, mainly reflecting an improved underwriting result. Our **loss ratio** declined by 3.9 percentage points to 66.5% in Q1, driven primarily by our disciplined underwriting and pricing practices. Major contributors to this positive development stemmed from Fireman's Fund in the United States where lower than expected natural catastrophes and the adherence to a strict underwriting discipline have been beneficial, as well as AGF IART in France where an ongoing improvement in claims frequency and the transition to a centralized claims handling process have proved rewarding. This marked improvement in operating profit was achieved despite two loss events arising from the storm which struck Northern Europe in January, and from the Windsor Tower fire in Madrid in February. Our **expense ratio** increased only slightly to 25.6% in Q1 as compared to 25.4% in the prior year period. Overall, our **combined ratio** improved by 3.7 percentage points to 92.1% in Q1 (Q1 2004: 95.8%).

Net income

Net capital gains and impairments on investments decreased by € 210 million to € 448 million in Q1 as compared to € 658 million in the prior year period, which included significant net capital gains from the sale of certain shareholdings, namely Munich Re, Beiersdorf and Deutsche Bank. However, in Q1 we sold our shareholdings in MAN AG and Gecina S. A. **Net trading income/(expenses)** improved significantly to a loss of € 3 million in Q1 as compared to a loss of € 34 million in the prior year period, despite a € 15 million loss from the change in fair value of derivatives associated with our "All-in-one" capital market transactions in Q1. This improvement was primarily driven by non-recurring significant losses incurred on certain freestanding derivatives in the prior year period. **Intra-group dividends and profit transfers** as well as **interest expense on external debt** amounted to € 146 million and € 257 million in Q1 as compared to € 94 million and € 200 million in the prior year period, respectively. The 28.5% increase in interest expense on external debt from our holding activities was due primarily to interest expense for our subordinated bonds with a volume of € 1.5 billion and € 1.4 billion issued in February 2004 and January 2005, respectively. Net income was also positively affected by the elimination of the **amortization of goodwill** brought about by a change in accounting under IFRS, which amounted to € 95 million in the prior year period. Due to improved operating profitability, **tax expense** increased by € 208 million to € 397 million compared to the prior year period. Similarly, **minority interests in earnings** increased by € 11 million to € 188 million, driven in particular by the improved performance of our French operations. Overall, **net income** increased markedly by € 199 million to € 753 million in Q1.

Three months ended March 31	2005 € mn	2004 € mn
Gross premiums written	14,177	14,378
Premiums earned (net)[1]	9,165	9,469
Current income from investments (net)[2]	773	610
Insurance benefits (net)[3]	(6,164)	(6,773)
Net acquisition costs and administrative expenses[4]	(2,616)	(2,520)
Other operating income/(expenses)(net)	(154)	(289)
Operating profit	**1,004**	**497**
Net capital gains and impairments on investments[5]	448	658
Net trading income/(expenses)[6]	(3)	(34)
Intra-group dividends and profit transfer	146	94
Interest expense on external debt	(257)	(200)
Amortization of goodwill[7]	–	(95)
Earnings from ordinary activities before taxes	**1,338**	**920**
Taxes	(397)	(189)
Minority interests in earnings	(188)	(177)
Net income	**753**	**554**

[1] Net of earned premiums ceded to reinsurers of € 1,244 million (Q1 2004: € 1,201 million).
[2] Net of investment management expenses of € 75 million (Q1 2004: € 75 million) and interest expenses of € 35 million (Q1 2004: € 235 million).
[3] Comprises net claims incurred of € 6,093 million (Q1 2004: € 6,663 million), income from changes in other net underwriting provisions of € 5 million (Q1 2004: expenses of € 50 million) and net expenses for premium refunds of € 76 million (Q1 2004: € 60 million). Net expenses for premium refunds were adjusted for expenses of € 7 million (Q1 2004: income of € 22 million) related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.
[4] Comprises net acquisition costs of € 1,412 million (Q1 2004: € 1,388 million), administrative expenses of € 937 million (Q1 2004: € 1,025 million) and expenses for service agreements of € 267 million (Q1 2004: € 107 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.
[5] Comprises net realized gains on investments of € 470 million (Q1 2004: € 705 million), and net impairments on investments of € 22 million (Q1 2004: € 47 million). These amounts are net of policyholders' participation.
[6] Net trading income/(expenses) are net of policyholders' participation.
[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

Three months ended March 31	2005 %	2004 %
Loss ratio[1]	66.5	70.4
Expense ratio[2]	25.6	25.4
Combined ratio	**92.1**	**95.8**

[1] Represents ratio of net claims incurred to net premiums earned.
[2] Represents ratio of net acquisition costs and administrative expenses to net premiums earned.

Property-Casualty Operations by Geographic Region

The following table sets forth our property-casualty gross premiums written and earnings after taxes before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by geographic region. Consistent with our general practice, gross premiums written and earnings after taxes and before minority interests by geographic region are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Three months ended March 31	2005			2004		
	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[2]	Gross premiums written	Combined Ratio	Earnings after taxes and before minority interests[2]
	€ mn	%	€ mn	€ mn	%	€ mn
Germany	5,198	92.1	229	5,406	91.4	312
France	1,695	98.4	100	1,767	100.6	16
Italy	1,242	92.4	118	1,209	93.1	122
Switzerland	993	85.1	33	850	81.0	29
United Kingdom	632	93.4	36	688	94.9	54
Spain	631	92.3	41	585	94.4	58
Other Europe	1,719	93.5	219	1,814	98.6	55
NAFTA	1,106	87.9	187	1,234	97.3	70
Asia-Pacific	376	96.4	36	412	97.4	50
South America	153	95.0	15	153	98.3	23
Other	26	–[3]	1	24	–[3]	2
Specialty Lines						
Credit Insurance	466	70.7	62	430	74.1	59
Allianz Global Risks Re	413	96.9	26	441	98.0	46
Allianz Marine & Aviation	277	96.4	10	262	116.5	16
Travel Insurance and Assistance Services	253	91.6	12	240	89.6	4
Subtotal	**15,180**	**–**	**1,125**	**15,515**	**–**	**916**
Consolidation adjustments[1]	(1,003)	–	(184)	(1,137)	–	(90)
Subtotal	**14,177**	**–**	**941**	**14,378**	**–**	**826**
Amortization of goodwill[2]	–	–	–	–	–	(95)
Minority interests	–	–	(188)	–	–	(177)
Total	**14,177**	**92.1**	**753**	**14,378**	**95.8**	**554**

[1] Represents elimination of transactions between Allianz Group companies in different geographic regions.
[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[3] Presentation not meaningful.

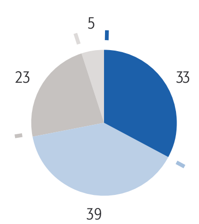
Life/Health Insurance Operations

Double-digit statutory premium growth. Operating income and net income on target.

- Total statutory premiums increased significantly increased by 9.6% to € 11.8 billion in Q1, driven in particular by our European and United States' life operations. Total statutory premiums, based on internal growth, rose by 10.9%.
- Operating profit was in line with expectations for 2005.
- Non-operating results increased significantly by 37.0% to € 163 million, largely driven by the elimination of goodwill amortization.
- Net income rose significantly by € 79 million to € 326 million in Q1, reflecting a strong decline in tax expenses.

Earnings Summary

Statutory premiums at March 31, 2005 by regions[*)]
in %

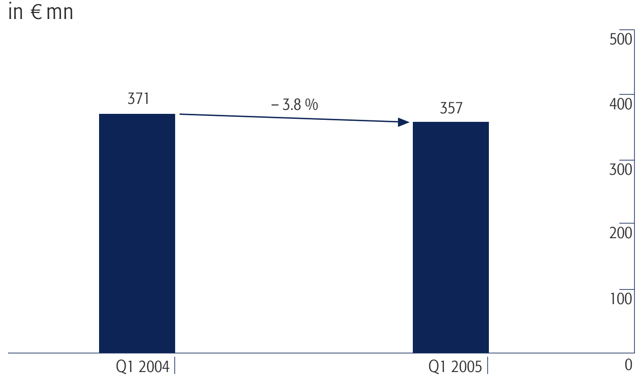


*) After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Statutory premiums

Our statutory premiums rose to € 11.8 billion in Q1, an increase of € 1.0 billion over the prior year period. Based on internal growth, our statutory premiums increased 10.9%. We continued to report significant growth in our European and U. S. markets. The strongest growth rates were achieved particularly in our German life business (17.8%; approximately 5–6% excluding impact from "Alterseinkünftegesetz"), Italy (21.4%) and the United States (16.2%). The favorable development in Germany was largely attributable to the strong growth at Allianz Lebensversicherungs-AG in new single premium contracts, especially with corporate customers, as well as driven by new contracts executed in late 2004 prior to the German "Retirement Revenue Act" ("Alterseinkünftegesetz") taking effect at January 1, 2005. In Italy, our subsidiaries Lloyd Adriatico and RAS experienced significant growth from the sale of its unit-linked and index-linked products. In the United States, Allianz Life of North America successfully continued to grow its equity-indexed annuity business. Conversely, statutory premiums in Spain at Allianz Seguros decreased, resulting from a decline after particularly strong prior year growth caused by a large pension portfolio purchase in Q1 2004. Taiwan also experienced a decline driven by significantly lower sales of single premium unit-linked contracts through its bancassurance channels.

Operating profit
in € mn



Operating Profit

In Q1, **operating profit** from our life/health insurance operations was in line with 2005 expectations and declined slightly by 3.8 % to € 357 million as compared to € 371 million in the prior year period. This development is primarily attributable to a € 537 million, or 9.0 %, increase in **insurance benefits (net)** driven largely by new business, as well as policyholders' participation in net capital gains on investments. However, **net acquisition costs and administrative expenses** decreased by 20.0 % to € 759 million in Q1, driven primarily by the regular unlocking of assumptions within our deferred policy acquisition cost asset. Accordingly, our **statutory expense ratio** declined significantly to 6.6 % from 9.2 %.

Net Income

Net capital gains and impairments on investments attributable to shareholders increased slightly in Q1 to € 153 million, compared with € 149 million from the prior year period. However, we realized significant gains in connection with the sale of certain shareholdings in Q1, namely the sale of Gecina S. A. by our subsidiary AGF Vie. **Intra-group dividends and profit transfers** remained flat at € 10 million in Q1. Net income was also positively affected by the elimination of the **amortization of goodwill** brought about by a change in accounting under IFRS. **Tax expense** decreased significantly from € 170 million to € 75 million, leading to an effective tax rate of 14.3 %. This decline was largely influenced by the sale of our Gecina S. A. shareholding, which was subject to a lower rate of taxation. **Minority interest** in earnings increased by € 36 million to € 119 million, primarily due to our increased earnings in Italy and France. Overall, **net income** increased significantly by € 79 million to € 326 million.

Three months ended March 31	2005 € mn	2004 € mn
Statutory premiums[1]	11,838	10,801
Gross premiums written	5,389	5,301
Premiums earned (net)[2]	5,142	4,749
Current income from investments (net)[3]	2,655	2,619
Insurance benefits (net)[4]	(6,529)	(5,992)
Net acquisition costs and administrative expenses[5]	(759)	(948)
Net trading income/(expenses)	(52)	30
Other operating income/(expenses) (net)	(100)	(87)
Operating profit	**357**	**371**
Net capital gains and impairments on investments[6]	153	149
Intra-group dividends and profit transfer	10	10
Amortization of goodwill[7]	–	(40)
Earnings from ordinary activities before taxes	**520**	**490**
Taxes	(75)	(170)
Minority interests in earnings	(119)	(73)
Net income	**326**	**247**
Statutory expense ratio[8] in %	6.6	9.2

[1] Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

[2] Net of earned premiums ceded to reinsurers of € 217 million (Q1 2004: € 519 million).

[3] Net of investment management expenses of € 92 million (Q1 2004: € 108 million) and interest expenses of € 1 million (Q1 2004: € 5 million).

[4] Net insurance benefits were adjusted for income of € 1,134 million (Q1 2004: € 542 million) related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.

[5] Comprises net acquisition costs of € 440 million (Q1 2004: € 651 million) and administrative expenses of € 319 million (Q1 2004: € 297 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.

[6] Comprises net realized gains on investments of € 172 million (Q1 2004: € 162 million), and net impairments on investments of € 19 million (Q1 2004: € 13 million). These amounts are net of policyholders' participation.

[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

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

Life/Health Operations by Geographic Region

The following table sets forth our gross life/health statutory premiums, gross premiums written, as well as earnings after taxes and before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by geographic region. Consistent with our general practice, statutory premiums, gross premiums written as well as earnings after taxes and before minority interests by geographic region are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Three months ended March 31	2005			2004		
	Statutory premiums[2]	Gross premiums written	Earnings after taxes and before minority interests[3]	Statutory premiums[2]	Gross premiums written	Earnings after taxes and before minority interests[3]
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Germany	3,873	3,536	119	3,398	3,249	60
France	1,208	432	159	1,132	375	106
Italy	2,345	269	58	1,932	251	26
Switzerland	488	197	10	468	225	8
Spain	136	121	10	284	272	11
Other Europe	500	339	24	546	367	39
United States	2,725	171	51	2,346	247	62
Asia-Pacific	517	308	14	666	298	46
Other	52	22	–	36	24	2
Subtotal	**11,844**	**5,395**	**445**	**10,808**	**5,308**	**360**
Consolidation adjustments[1]	(6)	(6)	–	(7)	(7)	–
Subtotal	**11,838**	**5,389**	**445**	**10,801**	**5,301**	**360**
Amortization of goodwill[3]	–	–	–	–	–	(40)
Minority interests	–	–	(119)	–	–	(73)
Total	**11,838**	**5,389**	**326**	**10,801**	**5,301**	**247**

[1] Represents elimination of transactions between Allianz Group companies in different geographic regions.

[2] Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

[3] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

Banking Operations

We achieved a significant increase in our operating profit and net income.

- In Q1, we benefited from the further improvement of our banking business as operating profit reached € 238 million, of which Dresdner Bank contributed € 216 million, driving Dresdner Bank towards earning its cost of capital in 2005, despite a slight decline in operating revenues.
- The strong increase in operating profit of 33.0 % was driven by a further decline in net loan loss provisions and administrative expenses. This resulted in an improved cost-income ratio of Dresdner Bank, reaching 80.4 % in Q1 (Q1 2004: 81.4 %).
- In Q1, Dresdner Bank contributed € 233 million to our results, excluding the realized gain following a significant reduction of its non-strategic equity portfolio through the Allianz Group's "All-in-one" capital market transactions. Net income of Dresdner Bank was also positively affected by the elimination of goodwill amortization under IFRS (Q1 2004: € 67 million) and the absence of restructuring charges.

Earnings Summary

The results of operations of our banking segment are almost exclusively represented by Dresdner Bank, accounting for 96.1 % of the total segment's operating revenues in Q1 (Q1 2004: 97.6 %). Accordingly, the discussion of our banking segment's results of operations for the three months ended March 31, 2005 and 2004 relate solely to the operations of Dresdner Bank.

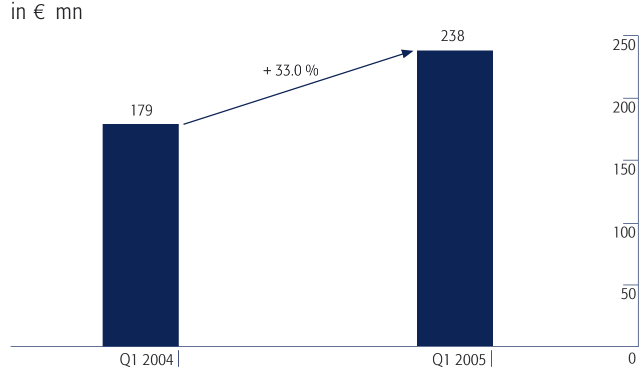
Operating Revenues

Operating revenues declined slightly to € 1,616 million, a decrease of 2.9 % compared to the prior year period. This was driven by a 8.6 % decline in net fee and commission income to € 647 million due to lower revenues from our capital markets and insurance business in Personal Banking, Private & Business Banking, as well as Dresdner Kleinwort Wasserstein. Operating revenues of our Corporate Banking division remained fairly stable as we successfully increased our structured products business while simultaneously improving our net margin from our corporate loans business. The overall decrease in net fee and commission income was partly offset by a rise of 3.3 % to € 534 million in net interest income. Net trading income was stable at € 435 million in Q1.

Operating Profit

Operating profit of Dresdner Bank increased by 24.1 % to € 216 million in Q1, compared to € 174 million in the prior year period, due to the continuous reductions of our **administrative expenses** and **net loan loss provisions**. All divisions contributed to these developments. Administrative expenses were reduced by 4.1 % to € 1,300 million, driven by both personnel and non-personnel operating expenses. Personnel expenses decreased by € 39 million, or 4.6 %, to € 810 million reflecting the success of our restructuring measures. As a result of lower expenses related primarily to information technology, as well as other expenses, non-personnel operating expenses also declined by 3.2 % to € 490 million. Accordingly, our **cost-income ratio** further improved to 80.4 % in Q1 (Q1 2004: 81.4 %). Our net loan loss provisions declined by 25.9 % to € 100 million, primarily as a result of the reduction in our non-strategic business and the absence of new provisions from our IRU division, thereby contributing significantly to our improved operating profit. Overall, our coverage ratio increased to 61.9 % in Q1 (Q1 2004: 54.0 %).

Operating profit
in € mn



Net Income

Net income of Dresdner Bank improved significantly to € 466 million in Q1 from € 88 million in the prior year period. In addition to the positive developments in our operating profit and the absence of **restructuring charges** in Q1, Dresdner Bank's net income benefited from certain changes in IFRS accounting standards, including the elimination of **goodwill amortization** (Q1 2004: € 67 million). Due to the successful further reduction of its non-strategic equity holdings, **net capital gains and impairments on investments** of Dresdner Bank increased to € 294 million in Q1, compared to a loss of € 11 million in the prior year period. This positive development was mainly attributable to our successful "All-in-one" capital market transactions, whereby Dresdner Bank transferred approximately 5% of its 7.3% shareholding in Munich Re to Allianz AG, realizing a tax-exempt gain of € 233 million. Additionally, the increase in net capital gains and impairments on investments also resulted from the sale of certain other shareholdings. The majority of the aforementioned capital gains are reflected in our Corporate Other division. However, the net capital gains resulting from the transfer of Munich Re shares were eliminated at the Allianz Group level. Due primarily to increased operating profitability, **tax expense** rose by € 83 million to € 74 million compared to a tax benefit of € 9 million in the prior year period.

Three months ended March 31	2005		2004	
	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn
Net interest income	553	534	536	517
Net fee and commission income	683	647	741	708
Net trading income	446	435	428	439
Operating revenues	**1,682**	**1,616**	**1,705**	**1,664**
Administrative expenses	(1,351)	(1,300)	(1,391)	(1,355)
Net loan loss provisions	(93)	(100)	(135)	(135)
Operating profit	**238**	**216**	**179**	**174**
Net capital gains and impairments on investments	293[1]	294	(3)[1]	(11)
Restructuring charges	–	–	(12)	(12)
Other non-operating income/(expenses)(net)	49	50	16	14
Amortization of goodwill[2]	–	–	(67)	(67)
Earnings from ordinary activities before taxes	**580**	**560**	**113**	**98**
Taxes	(79)	(74)	9	9
Minority interests in earnings	(26)	(20)	(66)	(19)
Net income	**475**	**466**	**56**	**88**
Cost-income ratio[3] in %	80.3	80.4	81.6	81.4

[1] Comprises primarily net realized gains on investments of € 345 million (Q1 2004: € 34 million), and net impairments on investments of € 54 million (Q1 2004: € 49 million).
[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[3] Represents ratio of administrative expenses to operating revenues.

Banking Operations by Division

The following table sets forth our banking operating revenues and earnings after taxes before minority interests in earnings and excludes amortization of goodwill, applicable only for 2004, which we refer to herein as "earnings after taxes and before minority interests", by division. Consistent with our general practice, operating revenues and earnings after taxes and before minority interests by division are presented before consolidation adjustments representing the elimination of transactions between Allianz Group companies in different divisions and different segments.

Banking Operations – Key Data by Division

Three months ended March 31	2005		2004	
	Operating revenues[1]	Earnings after taxes and before minority interests[3]	Operating revenues[1]	Earnings after taxes and before minority interests[3]
	€ mn	€ mn	€ mn	€ mn
Personal Banking	496	37	516	40
Private & Business Banking	313	78	325	72
Corporate Banking	254	61	248	51
Dresdner Kleinwort Wasserstein	514	62	553	61
IRU	50	(23)	93	(39)
Corporate Other	(11)	271	(71)	(11)
Dresdner Bank	**1,616**	**486**	**1,664**	**174**
Other Banks[2]	**66**	**15**	**41**	**15**
Subtotal	**1,682**	**501**	**1,705**	**189**
Amortization of goodwill[3]	–	–	–	(67)
Minority Interests	–	(26)	–	(66)
Total	**1,682**	**475**	**1,705**	**56**

[1] Consists of net interest income, net fee and commission income, and net trading income. Operating revenue is a measure used by management to calculate and monitor the activities and operating performance of its banking operations. This measure is used by other banks, but other banks may calculate operating income on a different basis and accordingly may not be comparable to operating income as used herein. With effect from January 1, 2004, current income (loss) from investments in associated enterprises and joint ventures is included within operating revenues.

[2] Consists of non-Dresdner Bank banking operations within our banking segment.

[3] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

Asset Management Operations

We continued to increase our assets under management and operating profit.

- In Q1, we achieved an increase in our assets under management of 5.9% to € 1,133 billion since December 31, 2004. This amount includes net inflows of third-party investments of € 17 billion in Q1.
- Our operating profit improved by € 51 million to € 231 million in Q1. We achieved a cost-income ratio of 60.9%, a significant improvement of 6.0 percentage points.
- Our asset management operations contributed net income of € 28 million in Q1 compared to a net loss of € 107 million in the prior year period.

The assets under management by the Allianz Group consist of third-party assets, group's own investments and financial assets for unit-linked contracts. See "Assets Under Management" for a breakdown of those assets managed by Allianz Global Investors.

Earnings Summary

Our asset management segment's results of operations are almost exclusively represented by Allianz Global Investors, which accounted for 98.2% of our total asset management segment's operating revenues in Q1. Accordingly, the discussion of our asset management segment's results of operations for the three months ended March 31, 2005 and 2004 relate solely to the operations of Allianz Global Investors.

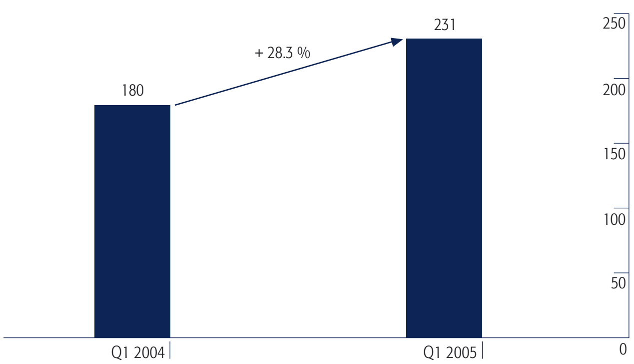
Operating Revenues

Operating revenues of Allianz Global Investors increased by € 37 million, or 6.8%, to € 581 million in Q1. Excluding the negative effects from exchange rate movements, operating revenues increased by € 57 million, representing a growth rate of 10.5% over the prior year period. This growth reflected positive business developments worldwide, resulting primarily from higher average assets under management driven by significant net inflows and favorable capital markets.

Operating Profit

Operating profit of Allianz Global Investors increased significantly by € 50 million, or 27.7%, to € 230 million in Q1, primarily due to growth in our **operating revenues**. Excluding the effects of exchange rate movements, operating profit improved by € 58 million, or 32.4%. While operating revenues increased, **operating expenses** decreased by € 13 million, or 3.5%, to € 351 million in Q1. Excluding the effects of exchange rate movements, operating expenses decreased by 0.3% to € 363 million. As a result of strict cost management, our **cost-income ratio** improved significantly to 60.4% in Q1 (Q1 2004: 66.9%).

Operating profit
in € mn



Net Income

Allianz Global Investors reported **net income** of € 27 million in Q1, representing a significant improvement from the net loss of € 107 million in the prior year period. **Acquisition-related expenses** decreased to € 165 million in Q1. Thereof, € 127 million was due to the deferred purchases of interests in PIMCO, which decreased from € 135 million in the prior year period. Further, € 10 million related to retention payments for the management and employees of PIMCO and Nicholas Applegate, which decreased from € 38 million as they largely expire this year. These deferred purchases of interests in PIMCO and retention payments were agreed upon at the time these investment companies were acquired. Amortization related to capitalized loyalty bonuses for PIMCO management expired in Q1 and amounted to € 28 million. Our net income also benefited from the elimination of **goodwill amortization** under IFRS, effective January 1, 2005 (Q1 2004: € 92 million). Due to improved operating profitability, decreased acquisition-related expenses and the elimination of goodwill amortization, **tax expenses** increased by € 49 million in Q1 over the prior year period.

Three months ended March 31	2005		2004	
	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn
Operating revenues	591	581	544	544
Operating expenses	(360)	(351)	(364)	(364)
Operating profit	**231**	**230**	**180**	**180**
Acquisition-related expenses[1]	(165)	(165)	(205)	(205)
Amortization of goodwill[2]	–	–	(92)	(92)
Earnings from ordinary activities before taxes	**66**	**65**	**(117)**	**(117)**
Taxes	(25)	(26)	23	23
Minority interests in earnings	(13)	(12)	(13)	(13)
Net income (loss)	**28**	**27**	**(107)**	**(107)**
Cost-income ratio[3] in %	60.9	60.4	66.9	66.9

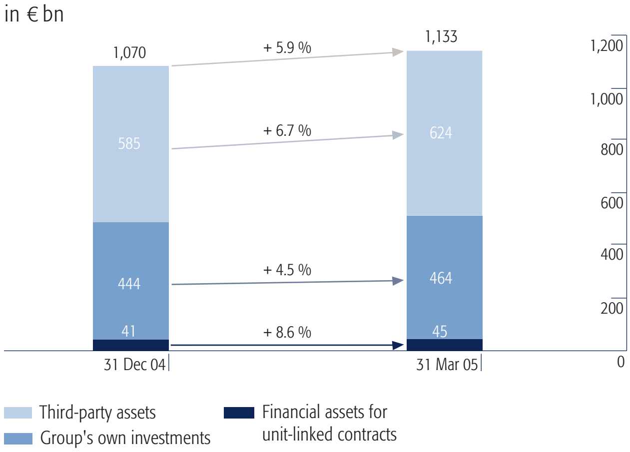
[1] Comprises charges of € 127 million (Q1 2004: € 135 million) in connection with the deferred purchases of interests in PIMCO, charges of € 10 million (Q1 2004: € 38 million) relating to retention payments for the management and employees of PIMCO and Nicholas Applegate, as well as amortization charges of € 28 million (Q1 2004: € 32 million) relating to capitalized loyalty bonuses for PIMCO management. Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Represents ratio of operating expenses to operating revenues.

Assets Under Management

Assets Under Management
in € bn



The following table sets forth certain key data concerning our asset management operations:

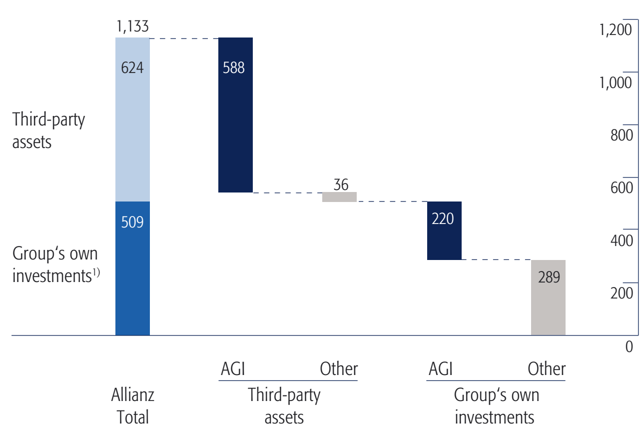
Assets Under Management – Key Data

Fair Values as of	March 31, 2005		December 31, 2004	
	€ mn	%	€ mn	%
Third-party assets[1]	623,668	55.0	584,624	54.6
Group's own investments[2]	463,980[3]	41.0	443,849[3]	41.5
Financial assets for unit-linked contracts[1]	44,974[3]	4.0	41,412[3]	3.9
Total	**1,132,622**	**100.0**	**1,069,885**	**100.0**

[1] Assets are presented at fair value.
[2] Includes adjustments to reflect real estate and investments in associated enterprises and joint ventures at fair value. These adjustments were made in order to reflect the definition of group's own investments used by management for its controlling purposes.
[3] As a result of a new IFRS accounting standard (IAS 39 revised), certain unit-linked contracts previously classified as trading assets within group's own investments were reclassified to financial assets for unit-linked contracts, resulting in no net income statement impact.

We manage our third-party asset management business primarily through our asset management subsidiary Allianz Global Investors. As of March 31, 2005, Allianz Global Investors managed approximately € 588 billion, or 94.3 %, of our third-party assets under management and approximately € 220 billion, or 47.5 %, of our group's own investments. Overall, Allianz Global Investors managed approximately € 808 billion, or 71.4 %, of the Allianz Group's total assets under management. The remainder of our third-party assets are managed by Dresdner Bank (approximately € 19 billion, or 3.0 %) and other Allianz Group companies (approximately € 17 billion, or 2.7 %). The remaining group's own investments, as well as financial assets for unit-linked contracts, continue to be managed by the respective Allianz Group's insurance companies around the world.

Assets Under Management by Entity
at March 31, 2005 in € bn



[1] Includes financial assets for unit-linked contracts of € 45.0 billion.

Third-Party Assets

Overall, third-party assets account for approximately 55.0% or € 624 billion of assets managed by the Allianz Group. Since December 31, 2004, the value of this portfolio has increased by € 39 billion, including net inflows of € 17 billion and positive effects from exchange rate movements of € 23 billion, resulting primarily from the strengthening of the U.S. dollar as compared to the Euro. Market-related declines in the value of our assets amounted to € 1 billion.

We have strong market positions in the United States and Germany. 71.0% and 14.9% of our third-party assets under management originated from the United States and Germany, respectively. Of the total third-party assets under management, 76.4% and 22.1% were invested in fixed income securities and equities, respectively. Institutional customers accounted for 60.1% of our third-party assets under management. This customer segment requires us to provide the highest standards in terms of quality of products and services. Our high standards also benefited our retail clients, which accounted for 39.9% of our third-party assets under management.

Outlook for the Allianz Group

Our results of operations during the first three months of 2005 demonstrate that we continue to successfully execute our "3+One" program in 2005 with a committed focus on managing for profitable growth. We continue to expect an overall increase of total revenues in line with 2004 and remain focused on concentrating our efforts in sustaining and selectively improving our operating profits. Within our property and casualty segment we have thus far been successful in maintaining a strong combined ratio of below 95% (Q1: 92.1%), even though in some markets, the residual potential for further rate increases may be limited. We remain confident that our life/health segment will achieve its operating profit target of at least € 1.5 billion. We also remain confident that Dresdner Bank is on track to earn its cost of capital in 2005. Additionally, we continue to target a 10% increase in operating profit for our Asset Management business (Q1: 28.3%). However, as always, natural catastrophes and adverse developments on the capital markets may severely impact our profitability.

In Q1, our consolidated net income was positively affected by certain changes in International Financial Reporting Standards (IFRS), which is more fully described in Note 2 to our consolidated financial statements.

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 company assumes no obligation to update any forward-looking information contained herein.

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on the headline or the page number.

Consolidated Financial Statements
Contents

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Consolidated Balance Sheets
As of March 31, 2005 and as of December 31, 2004

ASSETS	➤➤ Note	March 31, 2005 € mn	December 31, 2004 € mn
Intangible assets	4	15,298	15,147
Investments in associated enterprises and joint ventures		4,734	5,757
Investments	5	255,123	248,327
Loans and advances to banks	6	155,366	182,295
Loans and advances to customers	7	193,211	196,209
Financial assets carried at fair value through income	8	251,035	239,292
Cash and cash equivalents		18,016	15,628
Amounts ceded to reinsurers from reserves for insurance and investment contracts	9	22,007	22,310
Deferred tax assets		13,924	13,975
Other assets		53,946	51,232
Total assets		982,660	990,172

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	March 31, 2005 € mn	December 31, 2004 € mn
Shareholders' equity	10	41,641	37,728
Participation certificates and subordinated liabilities	11	15,147	13,230
Reserves for insurance and investment contracts	12	338,018	326,345
Liabilities to banks	13	161,308	191,354
Liabilities to customers	14	165,723	157,274
Certificated liabilities	15	55,574	57,771
Financial liabilities carried at fair value through income	16	144,115	144,937
Other accrued liabilities	17	13,471	13,984
Other liabilities	18	30,584	31,281
Deferred tax liabilities		14,347	14,229
Deferred income		2,732	2,039
Total shareholders' equity and liabilities		982,660	990,172

Consolidated Income Statements for the three months ended March 31, 2005 and 2004

Three months ended March 31,	➤➤ Note	2005 € mn	2004 € mn
Premiums earned (net)	19	14,307	14,218
Interest and similar income	20	5,063	4,970
Income from investments in associated enterprises and joint ventures (net)	21	713	159
Other income from investments	22	1,292	1,722
Income from financial assets and liabilities carried at fair value through income (net)	23	496	506
Fee and commission income, and income from service activities	24	1,864	1,662
Other income	25	629	686
Total income		24,364	23,923
Insurance and investment contract benefits (net)	26	(13,836)	(13,360)
Interest and similar expenses	27	(1,409)	(1,377)
Other expenses from investments	28	(314)	(562)
Loan loss provisions	29	(94)	(137)
Acquisition costs and administrative expenses (net)	30	(5,642)	(5,780)
Amortization of goodwill		–	(294)
Other expenses	31	(981)	(1,156)
Total expenses		**(22,276)**	(22,666)
Earnings from ordinary activities before taxes		2,088	1,257
Taxes	32	(569)	(339)
Minority interests in earnings		(335)	(301)
Net income		**1,184**	617

		€	€
Basic earnings per share	33	3.13	1.68
Diluted earnings per share	33	3.11	1.68

Consolidated Statements of Changes in Shareholders' Equity for the three months ended March 31, 2005 and 2004

	Paid-in capital € mn	Revenue reserves € mn	Foreign currency translation adjustments € mn	Unrealized gains and losses (net) € mn	Shareholders' equity before minority interests € mn	Minority interests in shareholders' equity € mn	Shareholders' equity € mn
Balance as of December 31, 2003, as previously reported	**19,347**	**6,914**	**(1,916)**	**4,247**	**28,592**	**8,367**	**36,959**
Effect of implementation of new accounting standards (Note 2)	–	(728)	23	109	(596)	(1,104)	(1,700)
Balance as of December 31, 2003, as adjusted	**19,347**	**6,186**	**(1,893)**	**4,356**	**27,996**	**7,263**	**35,259**
Translation differences	–	–	256	23	279	7	286
Changes in the group of consolidated companies	–	(69)	6	5	(58)	–	(58)
Treasury stock	–	42	–	–	42	–	42
Unrealized investment gains and losses	–	–	–	304	304	181	485
Net income	–	617	–	–	617	301	918
Miscellaneous	–	(175)	–	–	(175)	(543)	(718)
Balance as of March 31, 2004	**19,347**	**6,601**	**(1,631)**	**4,688**	**29,005**	**7,209**	**36,214**
Balance as of December 31, 2004, as previously reported	**19,433**	**8,478**	**(2,680)**	**5,597**	**30,828**	**9,531**	**40,359**
Effect of implementation of new accounting standards (Note 2)	–	(912)	46	64	(802)	(1,829)	(2,631)
Balance as of December 31, 2004, as adjusted	**19,433**	**7,566**	**(2,634)**	**5,661**	**30,026**	**7,702**	**37,728**
Translation differences	–	–	487	29	516	(3)	513
Capital paid in	174	–	–	–	174	–	174
Treasury stock	–	1,611	–	–	1,611	–	1,611
Unrealized investment gains and losses	–	–	–	143	143	95	238
Net income	–	1,184	–	–	1,184	335	1,519
Miscellaneous	–	(21)	–	–	(21)	(121)	(142)
Balance as of March 31, 2005	**19,607**	**10,340**	**(2,147)**	**5,833**	**33,633**	**8,008**	**41,641**

The column foreign currency translation adjustments shows the currency translation differences accrued since January 1, 1997 (conversion to IFRS), which are recorded in shareholders' equity and not recognized in net income.

Consolidated Statements of Cash Flows for the three months ended March 31, 2005 and 2004

Three months ended March 31,	2005 € mn	2004 € mn
Operating activities		
Net income	1,184	617
Change in unearned premiums	3,368	3,089
Change in aggregate policy reserves (without aggregate policy reserves for life insurance products in accordance with SFAS 97)	4,955	5,329
Change in reserve for loss and loss adjustment expenses	790	643
Change in other insurance reserves (without change in the reserve for latent premium refunds from unrealized investment gains and losses)	1,097	385
Change in deferred acquisition costs	(1,283)	95
Change in funds held by others under reinsurance business assumed	(32)	595
Change in funds held under reinsurance business ceded	(999)	202
Change in accounts receivable/payable on reinsurance business	66	258
Change in trading securities (including trading liabilities)	(8,507)	(18,582)
Change in loans and advances to banks and customers	30,230	(29,962)
Change in liabilities to banks and customers	(21,722)	43,130
Change in certificated liabilities	(2,240)	1,410
Change in other receivables and liabilities	(948)	4,677
Change in deferred tax assets/liabilities (without change in deferred tax assets/liabilities from unrealized investment gains and losses)	437	(298)
Non-cash investment income/expenses	(1,883)	(1,553)
Amortization of goodwill	–	294
Other	216	(971)
Net cash flow provided by operating activities	**4,729**	**9,358**
Investing activities		
Change in securities available-for-sale	(6,989)	(3,612)
Change in investments held-to-maturity	74	(294)
Change in real estate	(78)	41
Change in other investments	1,570	416
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	–	(876)
Other	(9)	(1,024)
Net cash flow provided by (used in) investing activities	**(5,432)**	**(5,349)**
Financing activities		
Change in participation certificates and subordinated liabilities	1,915	1,479
Change in investments held on account and at risk of life insurance policyholders	(3,014)	(2,799)
Change in aggregate policy reserves for life insurance products according to SFAS 97	2,316	(761)
Cash inflow from capital increases	174	–
Dividend payouts	(23)	(25)
Other from shareholders' capital and minority interests (without change in revenue reserve from unrealized investment gains and losses)	1,695	1,014
Net cash flow provided by (used in) financing activities	**3,063**	**(1,092)**
Effect of exchange rate changes on cash and cash equivalents	28	24
Change in cash and cash equivalents	**2,388**	**2,941**
Cash and cash equivalents at beginning of period	15,628	25,528
Cash and cash equivalents at end of period	**18,016**	**28,469**

The data for the Allianz Group's consolidated statements of cash flows was prepared in accordance with International Financial Reporting Standards (IFRS).

Inflows for taxes on income amounted to € 84 mn (2004: Outflows of € 225 mn).

Notes to the Consolidated Financial Statements

1 Basis of presentation

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted under European Union (EU) regulations in accordance with clause 315a of the German Commercial Code (HGB). EU regulations require full compliance with IFRS with the exception of the IAS 39 carve-out rules. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards continue to be cited as International Accounting Standards (IAS). In establishing these consolidated financial statements, all IFRS standards have been adhered to, however:

- IAS 39 revised 2003, **Financial Instruments: Recognition and Measurement** ("IAS 39 revised") requires a change to the Allianz Group's impairment criteria for equity securities. An equity security is considered to be impaired if there is objective evidence that the cost of the equity security may not be recovered. IAS 39 revised requires that a significant or prolonged decline in the fair value of an equity security below cost is considered to be objective evidence of impairment. As a result, the Allianz Group will potentially establish new impairment criteria for equity securities to define significant or prolonged decline.
- IAS 39 revised does not allow an adjusted cost basis to be established upon impairment of an equity security. Rather, each reporting period, if the fair value is less than the original cost basis of the equity security, the security is analyzed for impairment based upon the Allianz Group's impairment criteria. At each reporting date, for equity securities that are determined to be impaired based upon the Allianz Group's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. According to the Allianz Group's existing accounting policy, upon the recognition of an impairment of an equity security, an adjusted cost basis was established. Therefore, at each reporting period, if the fair value was less than the adjusted cost basis of the equity security, the security was analyzed for impairment based upon the Allianz Group's impairment criteria.

The Allianz Group is currently in discussions with the accounting standards setters to determine if the adoption of IAS 39 revised, including the above mentioned points, will result in a difference to accounting principles generally accepted in the United States (U.S. GAAP). Upon conclusion of those discussions and the clarification of the timing of the impairment tests by

IFRIC (quarterly versus annual tests) during 2005, the Allianz Group will adopt these provisions retrospectively as if adopted on January 1, 2005. These provisions are not expected to have a material impact on the Allianz Group's net income for the three months ended March 31, 2005. These provisions are expected to result in a material impact between revenue reserves and unrealized gains and losses (net), however, these provisions will not impact the total reported shareholders' equity as of December 31, 2004.

For years through 2004, IFRS did not provide specific guidance concerning the reporting of insurance and reinsurance contracts. Therefore, as envisioned in the IFRS Framework, the provisions embodied under accounting principles generally accepted in the United States of America (U.S. GAAP) have been applied. See Note 2 regarding changes to IFRS effective January 1, 2005. The financial statements are presented in Euros (€).

In certain cases, prior reporting period figures were reclassified in the consolidated balance sheet and in the consolidated income statement to make them comparable with the presentation of the current reporting period. These reclassifications had no impact on income.

2 Recently adopted accounting pronouncements

Effective January 1, 2005, the Allianz Group adopted IAS 32 revised 2003, **Financial Instruments: Disclosure and Presentation** ("IAS 32 revised") and IAS 39 revised.

IAS 39 revised prohibits reversals of impairment losses on equity securities. According to the Allianz Group's previous accounting policy, if the amount of an impairment previously recorded on an equity security decreases, the impairment was reversed. IAS 39 revised required retrospective application of this change; therefore, the Allianz Group's previously issued consolidated financial statements were required to be restated to include the effects of this change. As a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in the consolidated income statement for the three months ended March 31, 2004:

(Debit) Credit	€ mn
Other income from investments	(164)
Insurance and investment contract benefits (net)	92
Other expenses from investments	35
Taxes	10
Minority interests in earnings	(2)
Net impact on previously reported net income	**(29)**

Further, as a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in shareholders' equity as of December 31:

Increase (Decrease)	2004 € mn	2003 € mn
Revenue reserves	(618)	(554)
Unrealized gains and losses (net)	618	554
Net impact on previously reported shareholders' equity	–	–

In accordance with IAS 32 revised, a financial instrument qualifies as a financial liability of the issuer if it gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a "puttable instrument"). The classification as a financial liability is independent of considerations such as when the right is exercisable, how the amount payable or receivable upon exercise of the right is determined, and whether the puttable instrument has a fixed maturity. As a result of the adoption of IAS 32 revised, the Allianz Group was required to reclassify the minority interests in shareholders' equity of certain consolidated investment funds to liabilities. These liabilities are required to be recorded at redemption amount with changes recorded in the consolidated income statement.

Further, IAS 39 revised created a new category, designated at fair value through income, for financial assets. Financial assets designated at fair value through income are recognized at fair value with changes recognized in net income. As a result of being required to record the liabilities related to the previously mentioned consolidated investment funds at the redemption amount due to the adoption of IAS 32 revised, the Allianz Group reclassified the related investments from securities available-for-sale to financial assets designated at fair value through income. IAS 39 revised required retrospective application of these changes. As a result of the adoption of these provisions of IAS 32 revised and IAS 39 revised, the Allianz Group recorded the following effects in the consolidated balance sheet as of December 31, 2004:

Debit (Credit)	€ mn
Investments	(3,440)
Financial assets carried at fair value through income	3,440
Deferred tax assets	16
Shareholders' equity*)	1,399
Financial liabilities carried at fair value through income*)	(1,388)
Other liabilities	(1)
Deferred tax liabilities	(26)

*) Primarily due to puttable liabilities.

As a result of the adoption of these provisions of IAS 32 revised and IAS 39 revised, the Allianz Group recorded the following effects in the consolidated income statement for the three months ended March 31, 2004:

(Debit) Credit	€ mn
Interest and similar income	(13)
Other income from investments	(55)
Income from financial assets and liabilities carried at fair value through income	73
Insurance and investment contract benefits (net)	(40)
Other expenses from investments	30
Taxes	2
Minority interests in earnings	8
Net impact on previously reported net income	5

As a result of the adoption of these provisions of IAS 32 revised and IAS 39 revised, the Allianz Group recorded the following effects in shareholders' equity as of December 31:

Increase (Decrease)	2004 € mn	2003 € mn
Revenue reserves	1	(2)
Unrealized gains and losses (net)	(11)	(9)
Minority interests in shareholders' equity	(1,389)	(792)
Net impact on previously reported shareholders' equity	**(1,399)**	**(803)**

In addition, as a result of the adoption of IAS 39 revised, the Allianz Group reclassified certain securities available-for-sale to loans and advances to banks and loans and advances to customers. As a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in the consolidated balance sheet as of December 31, 2004:

Debit (Credit)	€ mn
Investments in associated enterprises and joint ventures	(75)
Investments	(67,785)
Loans and advances to banks	55,677
Loans and advances to customers	8,041
Deferred tax assets	(4)
Shareholders' equity	573
Reserves for insurance and investment contracts	3,290
Deferred tax liabilities	283

As a result of the adoption of this provision of IAS 39 revised, the Allianz Group recorded the following effects in shareholders' equity as of December 31:

Increase (Decrease)	2004 € mn	2003 € mn
Unrealized gains and losses (net)	(543)	(436)
Minority interests in shareholders' equity	(30)	(29)
Net impact on previously reported shareholders' equity	**(573)**	**(465)**

Effective January 1, 2005, the Allianz Group adopted the revised versions of fifteen IAS standards. As a result of the adoption of IAS 1 revised, the Allianz Group reclassified minority interests in shareholders' equity into shareholders' equity in the consolidated balance sheet and the consolidated statement of changes in shareholders' equity as of December 31, 2003. As a result of the adoption of IAS 1 revised, shareholders' equity increased by € 9,531 mn and € 8,367 mn on December 31, 2004 and December 31, 2003 respectively.

Effective January 1, 2005, the Allianz Group adopted IFRS 2, **Share Based Payments** ("IFRS 2"). In accordance with IFRS 2, share-based compensation plans are required to be classified as equity settled or cash settled plans. Equity settled plans are measured at fair value on the grant date and recognized as expense in the income statement, with an increase in shareholders' equity, over the vesting period. Cash settled plans are measured at fair value at each reporting date and recognized as liabilities. Changes in the fair value of cash settled plans are recognized as expense in the income statement. A company is considered to have a cash settled plan if the shares issued are redeemable, either mandatorily or at the counter-party's option. In this respect, IFRS 2 has incorporated the "puttable instrument" concept of IAS 32 revised, which requires that such instruments be classified as liabilities rather than equity instruments. As a result of the adoption of IFRS 2, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan as the equity instruments issued are puttable at the counter-party's option. According to the Allianz Group's previous accounting policy, the Class B Plan was considered an equity settled plan.

Further, IFRS 2 requires that equity settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. The Allianz Group's previous accounting policy required that forfeitures of equity instruments be recognized when incurred.

As a result of the adoption of IFRS 2, the Allianz Group recorded the following effects in the consolidated balance sheet as of December 31, 2004:

Debit (Credit)	€ mn
Deferred tax assets	154
Other assets	(550)
Shareholders' equity	659
Other accrued liabilities	(816)
Other liabilities	553

As a result of the adoption of IFRS 2, the Allianz Group recorded the following effects in the consolidated income statement for the three months ended March 31, 2004:

(Debit) Credit	€ mn
Acquisition and administrative expenses (net)	(85)
Taxes	24
Minority interests in earnings	27
Net impact on previously reported net income	(34)

As a result of the adoption of IFRS 2, the Allianz Group recorded the following effects in the shareholders' equity as of December 31:

Increase (Decrease)	2004 € mn	2003 € mn
Revenue reserves	(295)	(172)
Foreign currency translation adjustments	46	23
Minority interests in shareholders' equity	(410)	(283)
Net impact on previously reported shareholders' equity	(659)	(432)

Effective January 1, 2005, the Allianz Group adopted IFRS 3, **Business Combinations** ("IFRS 3"). In accordance with IFRS 3, a company must cease the amortization of goodwill and intangible assets with an indefinite life and rather test for impairment on an annual basis in addition to whenever there is an indication that the carrying value is not recoverable. As a result of the adoption on IFRS 3 on January 1, 2005, the Allianz Group ceased amortization of goodwill and brand names.

Effective January 1, 2005, the Allianz Group adopted IFRS 4, **Insurance Contracts** ("IFRS 4"). IFRS 4 represents the completion of phase I and is a transitional standard until the IASB has more fully addressed the recognition and measurement of insurance contracts. IFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. IFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. As a result, the Allianz Group will continue to apply the provisions of US GAAP for the recognition and measurement of insurance contracts. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with IAS 39 revised. As a result of the adoption of IFRS 4, certain contracts were reclassified as investment contracts. This change did not have a material effect on the Allianz Group's shareholders' equity as of December 31, 2003.

Further, the Allianz Group reclassified the assets related to its unit linked insurance and investment contracts to financial assets designated at fair value through income and the related liabilities to financial liabilities designated at fair value through income as allowed under the EU insurance directives.

As a result of this reclassification, the Allianz Group recorded the following effects in the consolidated balance sheet as of December 31, 2004:

Debit (Credit)	€ mn
Separate account assets	(15,851)
Financial assets carried at fair value through income	15,851
Reserves for insurance and investment contracts	25,560
Separate account liabilities	15,848
Financial liabilities carried at fair value through income	(41,408)

3 Segment reporting

Business Segment Information – Consolidated Balance Sheets
As of March 31, 2005 and as of December 31, 2004

ASSETS	Property-Casualty		Life/Health	
	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn
Intangible assets	2,189	2,185	4,093	4,075
Investments in associated enterprises and joint ventures	48,120	48,358	4,860	5,532
Investments	80,496	81,246	158,236	154,920
Loans and advances to banks	9,817	7,425	56,591	56,699
Loans and advances to customers	6,838	6,224	28,560	28,808
Financial assets carried at fair value through income	2,020	1,137	52,525	46,668
Cash and cash equivalents	1,997	1,665	1,617	968
Amounts ceded to reinsurers from reserves for insurance and investment contracts	12,986	12,337	10,914	16,382
Deferred tax assets	6,780	6,738	3,250	3,380
Other assets	22,360	20,045	22,161	20,362
Total segment assets	**193,603**	**187,360**	**342,807**	**337,794**

SHAREHOLDERS' EQUITY AND LIABILITIES	Property-Casualty		Life/Health	
	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn
Participation certificates and subordinated liabilities	7,238	5,497	141	141
Reserves for insurance and investment contracts	84,032	83,111	256,036	249,802
Liabilities to banks	1,480	1,358	1,510	1,241
Liabilities to customers	6,316	5,336	70	165
Certificated liabilities	10,324	11,405	4	68
Financial liabilities carried at fair value through income	586	531	48,858	44,776
Other accrued liabilities	5,946	5,960	946	1,016
Other liabilities	14,058	12,395	15,837	21,285
Deferred tax liabilities	7,866	7,821	4,364	4,491
Deferred income	145	160	143	139
Total segment liabilities	**137,991**	**133,574**	**327,909**	**323,124**

Banking		Asset Management		Consolidation Adjustments		Group	
March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn
2,522	2,526	6,494	6,362	–	(1)	15,298	15,147
2,978	3,038	3	3	(51,227)	(51,174)	4,734	5,757
17,799	17,736	741	528	(2,149)	(6,103)	255,123	248,327
91,040	119,776	194	144	(2,276)	(1,749)	155,366	182,295
166,822	168,876	150	29	(9,159)	(7,728)	193,211	196,209
196,293	191,463	279	132	(82)	(108)	251,035	239,292
14,765	13,097	457	431	(820)	(533)	18,016	15,628
–	–	–	–	(1,893)	(6,409)	22,007	22,310
3,698	3,664	190	187	6	6	13,924	13,975
11,017	15,311	3,121	2,942	(4,713)	(7,428)	53,946	51,232
506,934	**535,487**	**11,629**	**10,758**	**(72,313)**	**(81,227)**	**982,660**	**990,172**

	Banking		Asset Management		Consolidation Adjustments		Group	
	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn
	7,991	7,815	–	–	(223)	(223)	15,147	13,230
	6	4	1	–	(2,057)	(6,572)	338,018	326,345
	158,877	189,194	37	7	(596)	(446)	161,308	191,354
	167,499	158,264	588	294	(8,750)	(6,785)	165,723	157,274
	45,928	47,060	4	4	(686)	(766)	55,574	57,771
	94,749	99,733	–	–	(78)	(103)	144,115	144,937
	5,200	5,783	1,379	1,225	–	–	13,471	13,984
	6,106	8,871	991	709	(6,408)	(11,979)	30,584	31,281
	2,060	1,860	57	57	–	–	14,347	14,229
	2,429	1,738	15	2	–	–	2,732	2,039
	490,845	**520,322**	**3,072**	**2,298**	**(18,798)**	**(26,874)**	**941,019**	**952,444**
Shareholders' equity[*)]							**41,641**	**37,728**
Total shareholders' equity and liabilities							**982,660**	**990,172**

*) Shareholders' equity and minority interests in shareholders' equity.

Business Segment Information – Consolidated Income Statements for the three months ended March 31, 2005 and 2004

	Property-Casualty		Life/Health	
Three months ended March 31,	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Premiums earned (net)	9,165	9,469	5,142	4,749
Interest and similar income	903	947	2,729	2,683
Income from associated enterprises and joint ventures (net)	262	152	550	78
Other income from investments	403	828	787	770
Income from financial assets and liabilities carried at fair value through income (net)	21	(23)	24	92
Fee and commission income, and income from service activities	373	176	43	49
Other income	303	169	253	418
Total income	**11,430**	**11,718**	**9,528**	**8,839**
Insurance and investment contract benefits (net)	(6,160)	(6,827)	(7,661)	(6,533)
Interest and similar expenses	(368)	(381)	(105)	(158)
Other expenses from investments	(102)	(217)	(154)	(175)
Loan loss provisions	–	(1)	(1)	(1)
Acquisition costs and administrative expenses (net)	(2,730)	(2,609)	(876)	(1,110)
Amortization of goodwill	–	(95)	–	(40)
Other expenses	(732)	(668)	(211)	(332)
Total expenses	**(10,092)**	**(10,798)**	**(9,008)**	**(8,349)**
Earnings from ordinary activities before taxes	1,338	920	520	490
Taxes	(397)	(189)	(75)	(170)
Minority interests in earnings	(188)	(177)	(119)	(73)
Net income	**753**	**554**	**326**	**247**

Banking		Asset Management		Consolidation Adjustments		Group	
2005	2004	2005	2004	2005	2004	2005	2004
€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
–	–	–	–	–	–	14,307	14,218
1,560	1,517	17	16	(146)	(193)	5,063	4,970
49	42	–	–	(148)	(113)	713	159
353	45	2	6	(253)	73	1,292	1,722
446	429	5	3	–	5	496	506
796	845	808	742	(156)	(150)	1,864	1,662
83	97	26	6	(36)	(4)	629	686
3,287	**2,975**	**858**	**773**	**(739)**	**(382)**	**24,364**	**23,923**
–	–	–	–	(15)	–	(13,836)	(13,360)
(1,064)	(1,018)	(7)	(5)	135	185	(1,409)	(1,377)
(51)	(53)	–	(1)	(7)	(116)	(314)	(562)
(93)	(135)	–	–	–	–	(94)	(137)
(1,465)	(1,496)	(737)	(715)	166	150	(5,642)	(5,780)
–	(67)	–	(92)	–	–	–	(294)
(34)	(93)	(48)	(77)	44	14	(981)	(1,156)
(2,707)	**(2,862)**	**(792)**	**(890)**	**323**	**233**	**(22,276)**	**(22,666)**
580	113	66	(117)	(416)	(149)	2,088	1,257
(79)	9	(25)	23	7	(12)	(569)	(339)
(26)	(66)	(13)	(13)	11	28	(335)	(301)
475	**56**	**28**	**(107)**	**(398)**	**(133)**	**1,184**	**617**

The following table sets forth the total revenues, operating profit and IFRS net income for each of our business segments for the three months ended March 31, 2005 and 2004, as well as IFRS consolidated net income of the Allianz Group.

Three months ended March 31,	Property-Casualty € mn	Life/Health € mn	Banking € mn	Asset Management € mn	Consolidation adjustments € mn	Total Group € mn
2005						
Total revenues[1]	14,177	11,838	1,682	591	(19)	28,269
Operating profit	1,004	357	238	231	–	1,830
Earnings from ordinary activities before taxes	**1,338**	**520**	**580**	**66**	**(416)**	**2,088**
Taxes	(397)	(75)	(79)	(25)	7	(569)
Minority interests in earnings	(188)	(119)	(26)	(13)	11	(335)
Net income (loss)	**753**	**326**	**475**	**28**	**(398)**	**1,184**
2004						
Total revenues[1]	14,378	10,801	1,705	544	(194)	27,234
Operating profit	497	371	179	180	–	1,227
Earnings from ordinary activities before taxes	**920**	**490**	**113**	**(117)**	**(149)**	**1,257**
Taxes	(189)	(170)	9	23	(12)	(339)
Minority interests in earnings	(177)	(73)	(66)	(13)	28	(301)
Net income (loss)	**554**	**247**	**56**	**(107)**	**(133)**	**617**

[1] Total revenues comprise property-casualty segment's gross premiums written, life/health segment's statutory premiums, banking segment's operating revenues, and asset management segment's operating revenues.

Property-Casualty Insurance Segment

Three months ended March 31,	2005 € mn	2004 € mn
Gross premiums written	14,177	14,378
Premiums earned (net)[1]	9,165	9,469
Current income from investments (net)[2]	773	610
Insurance benefits (net)[3]	(6,164)	(6,773)
Net acquisition costs and administrative expenses[4]	(2,616)	(2,520)
Other operating income/(expenses)(net)	(154)	(289)
Operating profit	**1,004**	**497**
Net capital gains and impairments on investments[5]	448	658
Net trading income/(expenses)[6]	(3)	(34)
Intra-group dividends and profit transfer	146	94
Interest expense on external debt	(257)	(200)
Amortization of goodwill[7]	–	(95)
Earnings from ordinary activities before taxes	**1,338**	**920**
Taxes	(397)	(189)
Minority interests in earnings	(188)	(177)
Net income	**753**	**554**
Loss ratio[8]	66.5	70.4
Expense ratio[9]	25.6	25.4
Combined ratio	**92.1**	**95.8**

[1] Net of earned premiums ceded to reinsurers of € 1,244 million (2004: € 1,201 million).
[2] Net of investment management expenses of € 75 million (2004: € 75 million) and interest expenses of € 35 million (2004: € 235 million).
[3] Comprises net claims incurred of € 6,093 million (2004: € 6,663 million), income from changes in other net underwriting provisions of € 5 million (2004: expenses of € 50 million) and net expenses for premium refunds of € 76 million (2004: € 60 million). Net expenses for premium refunds were adjusted for expenses of € 7 million (2004: income of € 22 million) related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.
[4] Comprises net acquisition costs of € 1,412 million (2004: € 1,388 million), administrative expenses of € 937 million (2004: € 1,025 million) and expenses for service agreements of € 267 million (2004: € 107 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.
[5] Comprises net realized gains on investments of € 470 million (2004: € 705 million), and net impairments on investments of € 22 million (2004: € 47 million). These amounts are net of policyholders' participation.
[6] Net trading income/(expenses) are net of policyholders' participation.
[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[8] Represents ratio of net claims incurred to net premiums earned.
[9] Represents ratio of net acquisition costs and administrative expenses to net premiums earned.

Life/Health Insurance Segment

Three months ended March 31,	2005 € mn	2004 € mn
Statutory premiums[1]	11,838	10,801
Gross premiums written	5,389	5,301
Premiums earned (net)[2]	5,142	4,749
Current income from investments (net)[3]	2,655	2,619
Insurance benefits (net)[4]	(6,529)	(5,992)
Net acquisition costs and administrative expenses[5]	(759)	(948)
Net trading income/(expenses)	(52)	30
Other operating income/(expenses) (net)	(100)	(87)
Operating profit	**357**	**371**
Net capital gains and impairments on investments[6]	153	149
Intra-group dividends and profit transfer	10	10
Amortization of goodwill[7]	–	(40)
Earnings from ordinary activities before taxes	**520**	**490**
Taxes	(75)	(170)
Minority interests in earnings	(119)	(73)
Net income	**326**	**247**
Statutory expense ratio[8] in %	6.6	9.2

[1] Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
[2] Net of earned premiums ceded to reinsurers of € 217 million (2004: € 519 million).
[3] Net of investment management expenses of € 92 million (2004: € 108 million) and interest expenses of € 1 million (2004: € 5 million).
[4] Net insurance benefits were adjusted for income of € 1,134 million (2004: € 542 million) related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.
[5] Comprises net acquisition costs of € 440 million (2004: € 651 million) and administrative expenses of € 319 million (2004: € 297 million). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the consolidated financial statements.
[6] Comprises net realized gains on investments of € 172 million (2004: € 162 million), and net impairments on investments of € 19 million (2004: € 13 million). These amounts are net of policyholders' participation.
[7] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[8] Represents ratio of net acquisition costs and administrative expenses to net premiums earned (statutory).

Banking Segment

Three months ended March 31,	2005		2004	
	Banking Segment € mn	Dresdner Bank € mn	Banking Segment € mn	Dresdner Bank € mn
Net interest income	553	534	536	517
Net fee and commission income	683	647	741	708
Net trading income	446	435	428	439
Operating revenues	**1,682**	**1,616**	**1,705**	**1,664**
Administrative expenses	(1,351)	(1,300)	(1,391)	(1,355)
Net loan loss provisions	(93)	(100)	(135)	(135)
Operating profit	**238**	**216**	**179**	**174**
Net capital gains and impairments on investments	293[1]	294	(3)[1]	(11)
Restructuring charges	–	–	(12)	(12)
Other non-operating income/(expenses)(net)	49	50	16	14
Amortization of goodwill[2]	–	–	(67)	(67)
Earnings from ordinary activities before taxes	**580**	**560**	**113**	**98**
Taxes	(79)	(74)	9	9
Minority interests in earnings	(26)	(20)	(66)	(19)
Net income	**475**	**466**	**56**	**88**
Cost-income ratio[3] in %	80.3	80.4	81.6	81.4

[1] Comprises primarily net realized gains on investments of € 345 million (2004: € 34 million), and net impairments on investments of € 54 million (2004: € 49 million).
[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.
[3] Represents ratio of administrative expenses to operating revenues.

Asset Management Segment

Three months ended March 31,	2005		2004	
	Asset Management Segment	Allianz Global Investors	Asset Management Segment	Allianz Global Investors
	€ mn	€ mn	€ mn	€ mn
Operating revenues	591	581	544	544
Operating expenses	(360)	(351)	(364)	(364)
Operating profit	**231**	**230**	**180**	**180**
Acquisition-related expenses[1]	(165)	(165)	(205)	(205)
Amortization of goodwill[2]	–	–	(92)	(92)
Earnings from ordinary activities before taxes	**66**	**65**	**(117)**	**(117)**
Taxes	(25)	(26)	23	23
Minority interests in earnings	(13)	(12)	(13)	(13)
Net income (loss)	**28**	**27**	**(107)**	**(107)**
Cost-income ratio[3] in %	60.9	60.4	66.9	66.9

[1] Comprises charges of € 127 million (2004: € 135 million) in connection with the deferred purchases of interests in PIMCO, charges of € 10 million (2004: € 38 million) relating to retention payments for the management and employees of PIMCO and Nicholas Applegate, as well as amortization charges of € 28 million (2004: € 32 million) relating to capitalized loyalty bonuses for PIMCO management. Effective January 1, 2005, and applied retrospectively, under IFRS, the PIMCO LLC Class B Unit Purchase Plan ("Class B Plan") is considered a cash settled plan, resulting in changes in the fair value of the shares issued to be recognized as expense.

[2] Effective January 1, 2005, under IFRS, and on a prospective basis, goodwill is no longer amortized.

[3] Represents ratio of operating expenses to operating revenues.

Supplementary Information to the Consolidated Balance Sheets

4 Intangible assets

	March 31, 2005 € mn	December 31, 2004 € mn
Goodwill	11,886	11,677
Present value of future profits	1,495	1,522
Software	978	972
Brand names	740	740
Loyalty bonuses	–	33
Other	199	203
Total	**15,298**	**15,147**

Changes in goodwill for the three months ended March 31, 2005, were as follows:

	€ mn
Cost as of December 31, 2004	11,901
Accumulated impairments as of December 31, 2004	(224)
Carrying value as of December 31, 2004	11,677
Additions	54
Disposals	(5)
Foreign currency translation	160
Carrying value as of March 31, 2005	**11,886**
Accumulated impairments as of March 31, 2005	224
Cost as of March 31, 2005	12,110

New acquisitions essentially include goodwill from increasing the interest in Game-Plan Financial Marketing L.L.C., Georgia, by 60 % to 100 %.

5 Investments

	March 31, 2005 € mn	March 31, 2004 € mn
Securities held-to-maturity	5,109	5,179
Securities available-for-sale	237,672	230,919
Real estate used by third parties	10,709	10,628
Funds held by others under reinsurance contracts assumed	1,633	1,601
Total	**255,123**	**248,327**

Securities available-for-sale

	Amortized cost		Unrealized gains		Unrealized losses		Fair values	
	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn	March 31, 2005 € mn	December 31, 2004 € mn
Equity securities	35,904	35,280	10,596	9,795	(822)	(875)	45,678	44,200
Government bonds	109,316	106,155	5,389	5,375	(311)	(235)	114,394	111,295
Corporate bonds	72,940	68,967	3,387	3,745	(185)	(95)	76,142	72,617
Other	1,360	2,721	100	90	(2)	(4)	1,458	2,807
Total	**219,520**	**213,123**	**19,472**	**19,005**	**(1,320)**	**(1,209)**	**237,672**	**230,919**

	Gross realized gains		Gross realized losses	
Three months ended March 31,	2005 € mn	2004 € mn	2005 € mn	2004 € mn
Equity securities	881	1,196	(107)	(239)
Debt securities	315	434	(63)	(135)
Other	1	24	–	(6)
Total	**1,197**	**1,654**	**(170)**	**(380)**

6 Loans and advances to banks

	March 31, 2005 € mn	December 31, 2004 € mn
Loans	62,170	61,096
Reverse repurchase agreements and collateral paid for securities borrowing transactions	69,931	103,406
Short-term investments and certificates of deposit	9,718	8,481
Other	13,783	9,543
Loans and advances to banks	**155,602**	**182,526**
Loan loss allowance	(236)	(231)
Total	**155,366**	**182,295**

7 Loans and advances to customers

	March 31, 2005 € mn	December 31, 2004 € mn
Loans	118,296	120,361
Reverse repurchase agreements and collateral paid for securities borrowing transactions	62,525	70,459
Other	15,951	9,293
Loans and advances to customers	**196,772**	**200,113**
Loan loss allowance	(3,561)	(3,904)
Total	**193,211**	**196,209**

8 Financial assets carried at fair value through income

	March 31, 2005 € mn	December 31, 2004 € mn
Financial assets held for trading	198,195	194,439
Financial assets for unit linked contracts	44,973	41,413
Financial assets designated at fair value through income	7,867	3,440
Total	**251,035**	**239,292**

Financial assets held for trading comprised the following as of March 31, 2005:

	March 31, 2005 € mn	December 31, 2004 € mn
Fixed-income securities	156,529	156,159
Equities	22,575	17,683
Derivative financial instruments	19,091	20,597
Total	**198,195**	**194,439**

9 Amounts ceded to reinsurers from reserves for insurance and investment contracts

	March 31, 2005 € mn	December 31, 2004 € mn
Unearned premiums	1,775	1,238
Aggregate policy reserves	9,290	10,276
Reserves for loss and loss adjustment expenses	10,826	10,684
Other insurance reserves	116	112
Total	**22,007**	**22,310**

10 Shareholders' equity

	March 31, 2005 € mn	December 31, 2004 € mn
Issued capital	988	988
Capital reserve	18,619	18,445
Revenue reserves	10,432	12,171
Treasury shares	(92)	(4,605)
Foreign currency translation adjustments	(2,147)	(2,634)
Unrealized gains and losses (net)	5,833	5,661
Shareholders' equity before minority interests	**33,633**	**30,026**
Minority interests in shareholders' equity	8,008	7,702
Total	**41,641**	**37,728**

On February 18, 2005, the Allianz Group issued a subordinated bond with 11.2 mn detachable warrants, which allow the holder to purchase a share of Allianz AG. The warrants are exercisable at any time during their 3 year term and have an exercise price of € 92 per share. The warrants were recorded in capital reserves based upon their fair value of € 174 mn at their issuance date.

Minority interests in shareholders' equity are comprised of the following:

	March 31, 2005 € mn	December 31, 2004 € mn
Unrealized gains and losses (net)	1,191	1,096
Share of earnings	335	1,100
Other equity components	6,482	5,506
Total	**8,008**	**7,702**

The primary subsidiaries of the Allianz Group included in minority interests in shareholders' equity are AGF Group, the RAS Group and PIMCO Group.

11 Participation certificates and subordinated liabilities

	March 31, 2005 € mn	December 31, 2004 € mn
Allianz AG[*)]		
Subordinated bonds	6,119	4,775
Participation certificates	85	85
Subtotal	**6,204**	**4,860**
Banking subsidiaries		
Subordinated liabilities	4,926	4,779
Hybrid equity	1,538	1,500
Participation certificates	1,516	1,526
Subtotal	**7,980**	**7,805**
All other subsidiaries		
Subordinated liabilities	918	520
Hybrid equity	45	45
Subtotal	**963**	**565**
Total	**15,147**	**13,230**

[*)] Includes subordinated bonds issued by Allianz Finance B.V. and Allianz Finance II B.V. and guaranteed by Allianz AG.

On February 18, 2005, the Allianz Group issued a subordinated bond with principal amount of € 1,400 mn. The subordinated bond is perpetual, however, the Allianz Group has the right to call the bond after 12 years. The subordinated bond has a coupon rate of 4.375%.

On January 27, 2005, the AGF Group issued a subordinated bond with a principal amount of € 400 mn. The subordinated bond is perpetual and has a coupon rate of 4.625%.

12 Reserves for insurance and investment contracts

	March 31, 2005 € mn	December 31, 2004 € mn
Unearned premiums	16,102	12,050
Aggregate policy reserves	234,676	229,873
Reserves for loss and loss adjustment expenses	63,724	62,331
Reserves for premium refunds	22,630	21,202
Premium deficiency reserves	134	138
Other insurance reserves	752	751
Total	**338,018**	**326,345**

13 Liabilities to banks

	March 31, 2005 € mn	December 31, 2004 € mn
Payable on demand	15,555	14,003
Repurchase agreements and collateral received from securities lending transactions	59,114	78,675
Term deposits and certificates of deposit	85,344	96,743
Other	1,295	1,933
Total	**161,308**	**191,354**

14 Liabilities to customers

	March 31, 2005 € mn	December 31, 2004 € mn
Savings deposits	2,349	2,410
Home loan savings deposits	3,273	3,214
Payable on demand	54,711	50,946
Repurchase agreements and collateral received from securities lending transactions	43,639	49,276
Term deposits and certificates of deposit	59,512	49,261
Other	2,239	2,167
Total	**165,723**	**157,274**

15 Certificated liabilities

	March 31, 2005 € mn	December 31, 2004 € mn
Allianz AG*)		
Senior bonds	5,741	5,741
Exchangeable bonds	2,256	2,742
Money market securities	1,058	1,428
Subtotal	**9,055**	**9,911**
Banking subsidiaries		
Certificated liabilities	24,004	25,159
Money market securities	21,798	21,693
Subtotal	**45,802**	**46,852**
All other subsidiaries		
Certificated liabilities	407	458
Money market securities	310	550
Subtotal	**717**	**1,008**
Total	**55,574**	**57,771**

*) Includes senior bonds, exchangeable bonds and money market securities issued by Allianz Finance B. V., Allianz Finance II B. V. and Allianz Finance Corporation and guaranteed by Allianz AG.

On February 18, 2005, the Allianz Group issued a senior exchangeable bond, Basket Index Tracking Equity Linked Securities ("BITES"), with a principal amount of € 1,262 mn. The redemption value of the BITES is linked to the performance of the DAX Index. The BITES were issued at a DAX reference level of 4,205.115. The Allianz Group will redeem the BITES with shares of BMW AG, Munich Re and/or Siemens AG. The BITES have a term of 3 years, however, the Allianz Group has the right to redeem the BITES at anytime during their term. The holders of the BITES have the right to exchange the BITES during their term at the redemption value. An outperfomance premium is paid annually equal to 0.75 % of the average DAX Index during the reference period prior to the payment date. Upon redemption of the BITES by the Allianz Group or at maturity, the holders of the BITES receive a redemption premium of 1.75 % of the redemption value.

On March 23, 2005, the Allianz Group repaid in cash a senior exchangeable bond with a face amount of € 1,700 mn.

16 Financial liabilities carried at fair value through income

	March 31, 2005 € mn	December 31, 2004 € mn
Financial liabilities held for trading	97,336	102,141
Financial liabilities for unit linked contracts	44,973	41,413
Puttable financial liabilities carried at fair value through income	1,806	1,383
Total	**144,115**	**144,937**

Financial liabilities held for trading are comprised of the following as of March 31, 2005:

	March 31, 2005 € mn	December 31, 2004 € mn
Obligations to deliver securities	70,316	72,804
Derivative financial instruments	20,724	23,018
Other trading liabilities	6,296	6,319
Total	**97,336**	**102,141**

17 Other accrued liabilities

	March 31, 2005 € mn	December 31, 2004 € mn
Reserves for pensions and similar obligations	5,796	5,738
Accrued taxes	1,515	1,408
Miscellaneous accrued liabilities	6,160	6,838
Total	**13,471**	**13,984**

Of the accrued taxes, € 1,387 mn (2004: € 1,278 mn) is attributed to taxes on income.

18 Other liabilities

	March 31, 2005 € mn	December 31, 2004 € mn
Funds held under reinsurance business ceded	7,736	8,706
Accounts payable on direct insurance business	7,733	8,199
Accounts payable on reinsurance business	1,835	1,694
Other liabilities	13,280	12,682
Total	**30,584**	**31,281**

Supplementary Information to the Consolidated Income Statements

19 Premiums earned (net)

	Property-Casualty			Life/Health			Total
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)	Group*)
Three months ended March 31,	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
2005							
Premiums written							
Direct	13,316	–	13,316	5,331	–	5,331	18,647
Assumed	861	(6)	855	58	(1)	57	912
Subtotal	**14,177**	(6)	**14,171**	**5,389**	**(1)**	**5,388**	**19,559**
Ceded	(1,703)	1	(1,702)	(221)	6	(215)	(1,917)
Net	**12,474**	**(5)**	**12,469**	**5,168**	**5**	**5,173**	**17,642**
Premiums earned							
Direct	9,707	–	9,707	5,302	–	5,302	15,009
Assumed	701	(3)	698	58	(1)	57	755
Subtotal	**10,408**	(3)	**10,405**	**5,360**	**(1)**	**5,359**	**15,764**
Ceded	(1,243)	1	(1,242)	(218)	3	(215)	(1,457)
Net	**9,165**	**(2)**	**9,163**	**5,142**	**2**	**5,144**	**14,307**
2004							
Premiums written							
Direct	13,621	–	13,621	5,139	–	5,139	18,760
Assumed	758	(178)	580	162	(4)	158	738
Subtotal	**14,379**	**(178)**	**14,201**	**5,301**	**(4)**	**5,297**	**19,498**
Ceded	(1,814)	3	(1,811)	(518)	179	(339)	(2,150)
Net	**12,565**	**(175)**	**12,390**	**4,783**	**175**	**4,958**	**17,348**
Premiums earned							
Direct	9,919	–	9,919	5,106	–	5,106	15,025
Assumed	751	(182)	569	162	(5)	157	726
Subtotal	**10,670**	**(182)**	**10,488**	**5,268**	**(5)**	**5,263**	**15,751**
Ceded	(1,201)	5	(1,196)	(519)	182	(337)	(1,533)
Net	**9,469**	**(177)**	**9,292**	**4,749**	**177**	**4,926**	**14,218**

*) After elimination of intra-Allianz Group transactions between segments.

20 Interest and similar income

Three months ended March 31,	2005	2004
	€ mn	€ mn
Securities held-to-maturity	69	91
Securities available-for-sale	2,231	2,142
Real estate used by third parties	239	230
Lending, money market transactions and loans	2,475	2,349
Leasing agreements	12	9
Other interest-bearing instruments	37	149
Total	**5,063**	**4,970**

Net interest income from the banking segment[*)]

	Segment	Consolidation adjustments	Group[*)]
	€ mn	€ mn	€ mn
Three months ended March 31, 2005			
Interest and similar income	1,560	(16)	1,544
Interest expense	(1,064)	20	(1,044)
Net interest income	**496**	**4**	**500**
Loan loss provisions	(93)	–	(93)
Net interest income after loan loss provisions	**403**	**4**	**407**
Three months ended March 31, 2004			
Interest and similar income	1,517	(2)	1,515
Interest expense	(1,018)	7	(1,011)
Net interest income	**499**	**5**	**504**
Loan loss provisions	(135)	–	(135)
Net interest income after loan loss provisions	**364**	**5**	**369**

*) After elimination of intra-Allianz Group transactions between segments.

21 Income from investments in associated enterprises and joint ventures (net)

Three months ended March 31,	2005	2004
	€ mn	€ mn
Income		
Current income	76	104
Realized gains from investments in associated enterprises and joint ventures[*)]	684	209
Subtotal	**760**	**313**
Expenses		
Impairments	(38)	(5)
Realized losses from investments in associated enterprises and joint ventures	(6)	(146)
Miscellaneous expenses	(3)	(3)
Subtotal	**(47)**	**(154)**
Total	**713**	**159**

*) Realized gains from investments in associated enterprises and joint ventures includes € 185 mn and € 481 mn resulting from the Allianz Group's disposal of its interests in MAN AG and Gecina S. A., respectively.

22 Other income from investments

Three months ended March 31,	2005	2004
	€ mn	€ mn
Realized gains from investments		
Securities available-for-sale	1,197	1,654
Real estate used by third parties	78	51
Subtotal	**1,275**	**1,705**
Reversals of impairments from investments		
Securities available-for-sale	17	17
Subtotal	**17**	**17**
Total	**1,292**	**1,722**

23 Income from financial assets and liabilities carried at fair value through income (net)

Three months ended March 31,	2005 € mn	2004 € mn
Income from financial assets and liabilities held for trading	397	433
Income from other financial assets and liabilities carried at fair value through income	99	73
Total	**496**	**506**

Income from financial assets and liabilities held for trading of € 397 mn (2004: € 433 mn) includes € 446 mn (2004: € 429 mn) of income from financial assets and liabilities held for trading of the banking segment*).

Three months ended March 31,	2005 € mn	2004 € mn
Trading in interest products	211	165
Trading in equity products	72	78
Foreign exchange/precious metals trading	59	52
Other trading activities	104	134
Total	**446**	**429**

Income from financial assets and liabilities held for trading for the three months ended March 31, 2005, includes expenses of € 74 mn (2004: € 279 mn) from derivative financial instruments used by the property-casualty and life/health insurance segments for which hedge accounting is not applied. This includes expenses from derivative financial instruments embedded in exchangeable bonds of € 81 million (2004: € 42 million), income from derivative financial instruments which economically hedge the exchangeable bonds, however for which hedge accounting is not applied, of € 66 million (2004: € 47 million) and expenses from other derivative financial instruments of € 59 million (2004: € 284 million).

24 Fee and commission income, and income from service activities

Of the total fee and commission income, and income from service activities, € 725 mn for the three months ended March 31, 2005 (2004: € 766 mn) is attributable to the banking segment*).

Net fee and commision income from the banking segment*)

Three months ended March 31,	2005 € mn	2004 € mn
Fee and commission income	725	766
Fee and commission expenses	(109)	(98)
Net fee and commission income	**616**	**668**

Net fee and commission income from Allianz Group's banking segment*), by type of business is comprised of the following:

Three months ended March 31,	2005 € mn	2004 € mn
Securities business	310	361
Underwriting business	20	30
Mergers and acquisitions advisory	22	40
Foreign commercial business	16	17
Payment transactions (domestic and foreign)	87	92
Other	161	128
Net fee and commission income	**616**	**668**

25 Other income

Three months ended March 31,	2005 € mn	2004 € mn
Foreign currency transaction gains	152	183
Fees	103	206
Release of miscellaneous accrued liabilities	90	42
Income from assets held for disposal	3	–
Income from reinsurance business	42	116
Release of allowance for doubtful accounts	31	10
Gains from the disposal of real estate used for own activities and equipment	6	7
Income from other assets	2	12
Realized gains from sales of loans and advances	71	–
Other	129	110
Total	**629**	**686**

*) After elimination of intra-Allianz Group transactions between segments.

26 Insurance and investment contract benefits (net)

Property-Casualty[*)]

Three months ended March 31,	2005			2004		
	Segment	Consolidation adjustments	Group[*)]	Segment	Consolidation adjustments	Group[*)]
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
GROSS						
Claims						
Claims paid	(6,325)	58	(6,267)	(6,813)	164	(6,649)
Change in loss reserves	(459)	2	(457)	(500)	4	(496)
Subtotal	**(6,784)**	**60**	**(6,724)**	**(7,313)**	**168**	**(7,145)**
Change in other reserves						
Aggregate policy reserves	11	(65)	(54)	(47)	19	(28)
Other	(2)	(1)	(3)	(46)	1	(45)
Subtotal	**9**	**(66)**	**(57)**	**(93)**	**20**	**(73)**
Expenses for premium refunds	(74)	–	(74)	(85)	–	(85)
Total	**(6,849)**	**(6)**	**(6,855)**	**(7,491)**	**188**	**(7,303)**
CEDED REINSURANCE						
Claims						
Claims paid	835	(1)	834	792	(1)	791
Change in loss reserves	(144)	3	(141)	(142)	1	(141)
Subtotal	**691**	**2**	**693**	**650**	**–**	**650**
Change in other reserves						
Aggregate policy reserves	(5)	–	(5)	10	–	10
Other	(2)	–	(2)	1	–	1
Subtotal	**(7)**	**–**	**(7)**	**11**	**–**	**11**
Expenses for premium refunds	5	–	5	3		3
Total	**689**	**2**	**691**	**664**	**–**	**664**
NET						
Claims						
Claims paid	(5,490)	57	(5,433)	(6,021)	163	(5,858)
Change in loss reserves	(603)	5	(598)	(642)	5	(637)
Subtotal	**(6,093)**	**62**	**(6,031)**	**(6,663)**	**168**	**(6,495)**
Change in other reserves						
Aggregate policy reserves	6	(65)	(59)	(37)	19	(18)
Other	(4)	(1)	(5)	(45)	1	(44)
Subtotal	**2**	**(66)**	**(64)**	**(82)**	**20**	**(62)**
Expenses for premium refunds	(69)	–	(69)	(82)	–	(82)
Total	**(6,160)**	**(4)**	**(6,164)**	**(6,827)**	**188**	**(6,639)**

[*)] After elimination of intra-Allianz Group transactions between segments.

Life/Health*)

Three months ended March 31,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
GROSS						
Benefits paid	(5,021)	1	(5,020)	(4,862)	1	(4,861)
Change in reserves						
Aggregate policy reserves	(1,173)	–	(1,173)	(953)	–	(953)
Other	88	(3)	85	(12)	(1)	(13)
Subtotal	**(6,106)**	**(2)**	**(6,108)**	**(5,827)**	**–**	**(5,827)**
Expenses for premium refunds	(1,726)	(15)	(1,741)	(1,242)	–	(1,242)
Total	**(7,832)**	**(17)**	**(7,849)**	**(7,069)**	**–**	**(7,069)**
CEDED REINSURANCE						
Benefits paid	274	(58)	216	443	(164)	279
Change in reserves						
Aggregate policy reserves	(136)	65	(71)	71	(19)	52
Other	28	(1)	27	18	(5)	13
Subtotal	**166**	**6**	**172**	**532**	**(188)**	**344**
Expenses for premium refunds	5	–	5	4	–	4
Total	**171**	**6**	**177**	**536**	**(188)**	**348**
NET						
Benefits paid	(4,747)	(57)	(4,804)	(4,419)	(163)	(4,582)
Change in reserves						
Aggregate policy reserves	(1,309)	65	(1,244)	(882)	(19)	(901)
Other	116	(4)	112	6	(6)	–
Subtotal	**(5,940)**	**4**	**(5,936)**	**(5,295)**	**(188)**	**(5,483)**
Expenses for premium refunds	(1,721)	(15)	(1,736)	(1,238)	–	(1,238)
Total	**(7,661)**	**(11)**	**(7,672)**	**(6,533)**	**(188)**	**(6,721)**

*) After elimination of intra-Allianz Group transactions between segments.

27 Interest and similar expenses

Three months ended March 31,	2005 € mn	2004 € mn
Deposits	(507)	(509)
Certificated liabilities	(546)	(300)
Subtotal	**(1,053)**	**(809)**
Other interest expenses	(356)	(568)
Total	**(1,409)**	**(1,377)**

28 Other expenses from investments

Three months ended March 31,	2005 € mn	2004 € mn
Realized losses from investments		
Securities available-for-sale	(170)	(380)
Real estate used by third parties	(6)	(17)
Subtotal	**(176)**	**(397)**
Impairments from investments		
Securities held-to-maturity	(1)	(2)
Securities available-for-sale	(40)	(108)
Real estate used by third parties	(33)	(2)
Subtotal	**(74)**	**(112)**
Depreciation of real estate used by third parties	(64)	(53)
Total	**(314)**	**(562)**

29 Loan loss provisions

Three months ended March 31,	2005 € mn	2004 € mn
Additions to allowances including direct impairments	(323)	(409)
Amounts released	217	231
Recoveries on loans previously impaired	12	41
Total	**(94)**	**(137)**

30 Acquisition costs and administrative expenses (net)

Three months ended March 31,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
PROPERTY-CASUALTY*)						
Acquisition costs						
Payments	(1,908)	–	(1,908)	(1,855)	–	(1,855)
Less commissions and profit received on reinsurance business ceded	213	(1)	212	240	–	240
Change in deferred acquisition costs	282	–	282	228	6	234
Total acquisition costs (net)	**(1,413)**	**(1)**	**(1,414)**	**(1,387)**	**6**	**(1,381)**
Administrative expenses	(937)	10	(927)	(1,025)	23	(1,002)
Underwriting costs (net)	**(2,350)**	**9**	**(2,341)**	**(2,412)**	**29**	**(2,383)**
Expenses for management of investments	(114)	7	(107)	(89)	5	(84)
Expenses from service agreements	(266)	3	(263)	(108)	1	(107)
Total acquisition costs and administrative expenses (net)	**(2,730)**	**19**	**(2,711)**	**(2,609)**	**35**	**(2,574)**
LIFE/HEALTH*)						
Acquisition costs						
Payments	(920)	–	(920)	(884)	–	(884)
Less commissions and profit received on reinsurance business ceded	30	(10)	20	88	(29)	59
Change in deferred acquisition costs	458	–	458	145	–	145
Total acquisition costs (net)	**(432)**	**(10)**	**(442)**	**(651)**	**(29)**	**(680)**
Administrative expenses	(319)	1	(318)	(298)	1	(297)
Underwriting costs (net)	**(751)**	**(9)**	**(760)**	**(949)**	**(28)**	**(977)**
Expenses for management of investments	(96)	35	(61)	(118)	25	(93)
Expenses from service agreements	(29)	7	(22)	(43)	13	(30)
Total acquisition costs and administrative expenses (net)	**(876)**	**33**	**(843)**	**(1,110)**	**10**	**(1,100)**

*) After elimination of intra-Allianz Group transactions between segments.

Three months ended March 31,	2005			2004		
	Segment	Consolidation adjustments	Group*)	Segment	Consolidation adjustments	Group*)
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
BANKING*)						
Personnel expenses	(829)	–	(829)	(866)	–	(866)
Operating expenses	(523)	20	(503)	(526)	13	(513)
Fee and commission expenses	(113)	4	(109)	(104)	6	(98)
Total acquisition costs and administrative expenses	**(1,465)**	**24**	**(1,441)**	**(1,496)**	**19**	**(1,477)**
ASSET MANAGEMENT*)						
Personnel expenses	(360)	–	(360)	(372)	–	(372)
Operating expenses	(128)	6	(122)	(121)	6	(115)
Fee and commission expenses	(249)	84	(165)	(222)	80	(142)
Total acquisition costs and administrative expenses	**(737)**	**90**	**(647)**	**(715)**	**86**	**(629)**

*) After elimination of intra–Allianz Group transactions between segments.

Acquisition costs and administrative expenses in property-casualty and life/health insurance segments include the personnel and operating expenses of the property-casualty and life/health insurance segments allocated to the functional areas acquisition of insurance policies, administration of insurance policies and management of investments. Other personnel and operating expenses of the property-casualty and life/health insurance segments are included in insurance and investment contract benefits (net) (claims settlement expenses) and other expenses.

All personnel and operating expenses of the banking segment are reported under acquisition costs and administrative expenses.

31 Other expenses

Three months ended March 31,	2005 € mn	2004 € mn
Overhead expenses	(166)	(282)
Restructuring charges	(5)	(13)
Foreign currency transaction losses	(254)	(259)
Expense of transferring or increasing miscellaneous or accrued liabilities	(131)	(149)
Bad debt expense	(75)	(47)
Fees	(56)	(79)
Expenses resulting from reinsurance business	(9)	(42)
Amortization of intangible assets	(21)	(19)
Direct charge to policy reserve	(21)	(22)
Amortization of capitalized loyalty bonuses to senior management of PIMCO Group	(29)	(31)
Fire protection tax	(48)	(45)
Interest on accumulated policyholder dividends	(27)	(28)
Expenses for assistance to victims under joint and several liability and road casualties	(27)	(25)
Other	(112)	(115)
Total	**(981)**	**(1,156)**

32 Taxes

Three months ended March 31,	2005 € mn	2004 € mn
Current taxes	(502)	(371)
Deferred taxes	(56)	41
Total income taxes	**(558)**	**(330)**
Other taxes	(11)	(9)
Total	**(569)**	**(339)**

Other Information

33 Other information

Number of employees

The Allianz Group had a total of 175,164 (176,501*)) employees as of March 31, 2005. 74,189 (75,667) of these were employed in Germany and 100,975 (100,834*)) in other countries. The number of employees undergoing training decreased by 558 to 4,348.

*) increase of 14,321 reflects changes in scope of consolidation in 2004

Personnel expenses

Three months ended March 31,	2005 € mn	2004 € mn
Salaries and wages	2,191	2,124
Social security contributions and employee assistance	370	358
Expenses for pensions and other post-retirement benefits	155	162
Total	**2,716**	**2,644**

Earnings per share

Basic earnings per share is computed by dividing the Allianz Group's consolidated net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the effect of potentially dilutive securities. As of March 31, 2005, 1,175,554 (2004: 1,175,554) participation certificates issued by Allianz AG were outstanding which can potentially be converted to 1,469,443 (2004: 1,469,443) Allianz shares and therefore have a dilutive effect.

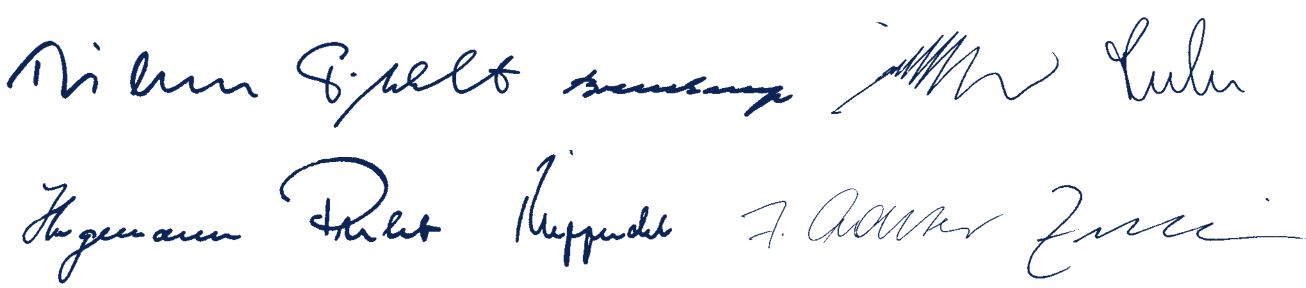
The Allianz Group's share-based compensation plans and warrants issued by Allianz AG with potentially dilutive securities of 766,672 are included in the calculation of diluted earnings per share for 2005.

Three months ended March 31,	2005 € mn	2004 € mn
Numerator for basic earnings per share (net income)	1,184	**617**
Effect of dilutive securities	–	1
Numerator for diluted earnings per share (net income after assumed conversion)	**1,184**	**618**
Denominator for basic earnings per share (weighted-average shares excluding treasury shares held by the Allianz Group)	**378,250,878**	**366,813,576**
Potential dilutive securities	2,236,115	1,469,443
Denominator for diluted earnings per share (weighted-average shares after assumed conversion)	**380,486,993**	**368,283,019**
Basic earnings per share	3.13	1.68
Diluted earnings per share	3.11	1.68

The weighted average number of shares does not include 7,524,122 (2004: 17,905,174) treasury shares held by the Allianz Group.

Munich, May 12, 2005

Allianz Aktiengesellschaft
The Board of Management



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