

Allianz Group 2005: Focus on profitable growth

- **Total revenues exceeded threshold of 100 billion Euros**
- **Operating profit exceeded expectations, rising 13.2 per cent to 7.7 billion Euros**
- **All targets exceeded: 30.7 per cent earnings growth; net income of 4.4 billion Euros**

Profitable growth was once again the focus for Allianz during the fiscal year 2005. Life Insurance and Asset Management continued to be the growth drivers. Total revenues of Allianz were up by 4.2 per cent and exceeded the threshold of 100 billion Euros (100.9 billion Euros). Operating profit increased by 13.2 per cent to 7.7 billion Euros. Net income rose by 30.7 per cent to 4.4 billion Euros and was driven by the operating profit. The increase of shareholders' equity by 31.6 per cent to 39.5 billion Euros provides a solid basis for future growth.

Allianz Group exceeded all its targets for the fiscal year 2005. "The demand for retirement provision and asset management products was, once again, the growth driver worldwide", said Michael Diekmann, CEO of Allianz AG. "We are rigorously streamlining our structures in Europe, we are slimming them down and making them more efficient in order to accelerate our profitable growth."

With a view to reducing the complexity of the Group, Allianz has set a number of fundamental milestones on a national and international level in 2005:

Allianz SE

As announced in September 2005 Allianz AG will fully take over RAS (Riunione Adriatica di Sicurtà S.p.A.) and on completion of this merger Allianz AG will assume the legal structure of a European Company (Societas Europaea, SE). For Allianz, Italy is the most important insurance market in Europe after Germany. The cross-border merger will further strengthen Allianz's market position in Italy. This transaction will significantly reduce the complexity of the Group.

Total expenditure for the transaction including the cash offer is estimated at around 5.9 billion Euros. The exact amount depends on the price of the Allianz shares on the date of the conversion of the ordinary and savings shares of RAS. It is expected that the merger will take effect in September 2006.

Allianz Deutschland AG

In 2005 the German insurance companies (Allianz Versicherungs-AG, Allianz Lebensversicherungs-AG and Allianz Private Krankenversicherungs-AG) were put under the common roof of a single holding company, Allianz Deutschland AG, with the objective to significantly strengthen the market position in Germany. Increased customer focus and efficiency are intended to sustain and develop growth for the long term. In this context business processes will be modernized and the sales organizations have been transferred into a separate company.

Business segments of Allianz AG

For the **Property and Casualty Business** 2005 was a year of natural catastrophes that were exceptionally severe. Despite 1.1 billion Euros impact from natural catastrophes, the combined ratio reached an excellent 92.3 per cent, which is a significant improvement.

Premium income for the segment climbed to 44.1 billion Euros. In a difficult market environment Allianz managed to achieve total revenue growth of 2.7 per cent. The operating profit improved by 4.6 per cent to 4.2 billion Euros. Although Europe achieved the largest contribution the growth markets made impressive headway: Central and Eastern Europe achieved a growth rate of 54.1 per cent and the region Asia-Pacific 58.0 per cent.

In the **Life and Health Insurance Business** Allianz was able to increase its operating profit by 13.0 per cent to 1.6 billion Euros and thus exceeded its target of at least 1.5 billion Euros for 2005. Total revenues rose by 6.0 per cent to 48.1 billion Euros.

Allianz recorded the highest increases in its European core markets, namely Germany (up 11.8 per cent), France (up 12.0 per cent) and Italy (up 6.6 per cent). RAS and Lloyd Adriatico substantially increased their

premium income in 2005, particularly due to the sale of unit- and index-linked life insurance products through agents and financial planners.

“Developments in the Non-Life and Life Business clearly show how important Europe is for our result and that it has considerable growth potential”, commented Helmut Perlet, CFO of Allianz AG.

Dresdner Bank in 2005 achieved its target of earning its cost of capital. All operating business lines (Personal Banking, Private & Business Banking, Corporate Banking and DrKW) recorded increasing operating revenues. Dresdner Bank's operating profit grew substantially by 33.2 per cent to 775 million Euros, also because of positive developments as regards loan loss provisioning, which is a result of a significantly improved portfolio quality of Dresdner Bank.

The Personal Banking division produced outstanding results. The operating profit of 210 million Euros was three times higher than in the previous year. In Private & Business Banking the operating profit rose to 440 million Euros whereas in Corporate Banking operating profit increased to 551 million Euros. DrKW's operating profit decreased slightly to 204 million Euros due to an increased Cost-Income Ratio. DrKW managed to increase operating revenues by 2.8 per cent to 2.1 billion Euros.

In the **Asset Management** segment third party assets rose by 27.0 per cent to 743 billion Euros. High net inflows of 64 billion Euros were a major factor for this increase. They represented a record. Particularly high were the inflows from the fixed income institutional business within the USA and Germany. This underpins Allianz' position as one of the largest asset managers worldwide growing strongly across all regions.

The operating profit increased by 32.4 percent to 1.1 billion Euros as a result of an outstanding cost-income ratio that was again significantly reduced by 4.4 percentage points to 58.5 per cent.

“Asset Management is an unequivocal growth story for us. It reflects both our strong performance and the strength of our sales force”, commented Helmut Perlet.

Dividend

The Board of Management and the Supervisory Board of Allianz will propose to the Annual General Meeting on May 3rd, 2006 a **dividend increase** of 14.3 per cent to 2.00 Euros per share.

Prospects

“We are increasingly evolving into a company that deploys the strengths of an international group in an even more focused manner. Our growth initiatives have provided us with a decisive competitive advantage on which we shall continue to build in 2006”, said Michael Diekmann.

Operating profit and net income for 2006 are expected to grow in the order of 10.0 per cent. The aim is to maintain the combined ratio of the Property and Casualty Business at its current demanding level of around 93 per cent. For Life and Health Insurance an operating profit of 1.7 billion Euros is anticipated whereas for the Banking Business the anticipated figure is 1.3 billion Euros. In Asset Management the objective is to grow third party assets by more than 10.0 per cent adjusted for exchange rate effects. All targets are based on the assumption that profitability is not impacted by natural catastrophes or unfavorable capital markets.

Allianz Group - Key figures	2005	2004	4Q 05	4Q 04
Operating profit (Billion €)	7.7	6.8	1.8	1.7
Total revenues (Billion €)	100.9	96.9	25.2	24.3
Net income (Billion €)*	4.4	2.3	0.9	0.3
Shareholders' equity (Billion €)	39.5	30.0		
Earnings per share (€)	11.24	6.19		
Dividend per share (€)	2.00	1.75		
Market capitalization as at year end (Billion €)	51.9	35.9		

*Previous year adjusted for goodwill amortization after tax

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Additional information as well as the live broadcast of the financial press conference are available on the Internet at the following addresses:

German: www.allianz.com/bilanzpk

English: www.allianz.com/financialpc

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No duty to update

The company assumes no obligation to update any information contained herein.