

press release



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(Translation from the Italian original which remains the definitive version)

First-time adoption of IAS/IFRS accounting standards approved

Ras Group: six-month net profit Euro 475 million (+18.1%)

- *New Life business in Italy to Euro 3 billion (+11.7%); strong growth of the agents channel (+38%)*
- *Group combined ratio improves to 97.6%*
- *Assets under management by RasBank up to Euro 21.5 billion (+9%)*

Milan, 12 September 2005 – In its meeting today, chaired by Giuseppe Vita, the Ras Board of Directors examined the initial application of the new IAS/IFRS international accounting standards to the 2004 financial statements and approved the consolidated six-month report to 30 June 2005, already prepared in accordance with the new principles.

Beginning with this interim report, Ras is the first Italian insurance company to adopt the IAS/IFRS international accounting principles. To permit homogeneous comparison with the same period of 2004, the key economic indicators for the first half of 2004 have been recomputed in accordance with the new accounting rules.

The principal effects of adopting the new accounting policies are:

- an increase in net shareholders' equity, due primarily to the valuation of financial assets at fair value, in conformity with IAS 39; in the future, this figure will be more influenced by financial market trends;
- a new classification of premium income in the Life business, where insurance premiums, in the strict sense of the term, are differentiated from policies resembling investment contracts, in which class the company now includes all products without a significant insurance component, in line with the best international benchmarks and in full conformity with IFRS 4;
- a new representation of the consolidated profit and loss account reported by business segment (Life, P&C, Personal Financial Services) and by geographical area, as indicated in IAS 14.

First half 2005

Consolidated premiums for the six months ended 30 June 2005, including investment contracts accounted for as Life business, were Euro 8,889 million, with a 5.4% increase over the Euro 8,433 million of the same period in 2004.

Business profitability was sustained by a positive trend in **new Life business** in Italy, which rose to Euro 3,008 million, 11.7% up on Euro 2,694 million in the first half 2004. In particular, premiums generated by the **agents** channel totalled Euro 356 million, with an increase of 38%. The recovery in the **bancassurance** channel continued: new business

amounted to Euro 2,443 million (+10% on first half), chiefly consisting of investment contracts.

The technical result of the Property & Casualty sector also improved, with a Group **combined ratio**¹ reaching 97.6%.

In first half 2005, consolidated **net profit** reached Euro 475 million, 18.1% better than the 402 million of first half 2004.

Groups' net shareholders' equity at 30 June 2005 amounted to Euro 6,023 million (5,927 million at 31 December 2004).

First-half 2005 performance by line of business

Life

Consolidated Life premiums in the first six months of 2005 totalled Euro 4,789 million, with growth of 7.6% compared to the 4,451 million of first half 2004. In compliance with IAS/IFRS, premiums consisted of Euro 2,135 million in **gross premiums written** (+4.1% compared to Euro 2,050 million in the same period of 2004) and Euro 2,654 million in **investment contracts** (+10.5% more than the Euro 2,401 million in first half 2004).

In **Italy**, premium income amounted to Euro 3,771 million (composed of Euro 1,137 million in gross premiums written and Euro 2,634 million in investment contracts), with growth of 13.7% compared to the Euro 3,318 million. New Life business totalled Euro 3,008 million (+11.7%, Euro 2,694 million). A strong contribution came from the agents channel, which recorded an increase of 38% (Euro 356 million versus Euro 258 million in first half of 2004). There was also continued recovery in the bancassurance channel, which recorded growth of 10% due to an increase in new production from Euro 2,227 million to Euro 2,443 million. New production by financial advisors (Euro 209 million) was in line with the first six months of 2004.

Non-domestic premium income totalled Euro 1,018 million (gross premiums written Euro 998 million and investment contracts Euro 20 million), down 10.1% compared to the Euro 1,133 million at 30 June 2004.

Property & Casualty

Consolidated P&C premiums in the first six months of 2005 amounted to Euro 4,100 million, 3% in the same period of 2004 up on 3,982 million.

Premiums written in **Italy** totalled Euro 1,916 million, with an increase of 3.6% compared to the Euro 1,849 million of first half 2004. A significant factor was the 6.9% growth in non-Motor premiums, from Euro 622 million in first half 2004 to Euro 665 million in the same period of 2005. The combined ratio improved from 98.3%² to 97.5%.

Genialloyd, the direct company of the Ras Group, contributed to growth generating Euro 118 million in premiums, 10,1% more than in first half 2004 (Euro 107 million), with a sharp improvement in the combined ratio to 93.2% (100.3% at 30 June 2004).

¹ Combined ratio: P&C business profit indicator, expressed as the ratio of claims + administrative expenses to premiums

² 31 December 2004 IAS/IFRS compliant

Non-domestic premiums written amounted to Euro 2,184 million (+2.4% compared to Euro 2,133 million in the same period of 2004). With reference to the flooding in Central Europe in August 2005, the company estimates an initial impact on its Swiss and Austrian subsidiaries of Euro 25/35 million. No company in the Ras Group was affected by the damage caused in the United States by hurricane Katrina.

Personal Financial Services - RasBank

At 30 June 2005 RasBank **assets under management** amounted to Euro 21,529 million, with an increase of 9% over the Euro 19,800 million at 30 June 2004. **Net inflows** were a positive Euro 393 million (consisting of Euro 288 million in administered assets, 209 million in new Life production and -104 million in managed assets), down 3% from Euro 405 million in first half 2004.

The RasBank financial advisors network at 30 June 2005 numbered 2,788 professionals.

Outlook for 2005

Thanks to our good performance in the first six months of the year, the Company can expect to improve 2005 results over 2004.

2004 IAS/IFRS financial statements

The 2004 financial statements have been fully reclassified in accordance with the IAS/IFRS standards. The adoption of the new accounting principles resulted in the following changes:

- net profit rose from Euro 691 million to Euro 708 million (+2.5%);
- shareholders' equity increased from Euro 5,355 million to Euro 6,623 million; the difference of Euro 1,268 million (+23.7%), as noted above, was attributable primarily to the valuation of financial assets at fair value;
- Life premiums, amounting to Euro 8,834 million, consisted of Euro 4,119 million in gross premiums written and Euro 4,715 million in investment contracts.

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Cautionary Note Regarding Forward-Looking Statements. Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro - U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. The Company assumes no obligation to update any forward-looking information contained herein.

Consolidated Profit&loss account

In thousand of Euro		30 June 2004	
1.1	Net earned premiums for the period	5.380.889	5.104.600
1.1.1	Gross Premium Written	5.754.369	5.484.948
1.1.2	Outward reinsurance	373.480	380.348
1.2	Commission fee	328.670	322.450
1.3	Net income on financial instruments at fair value through profit and loss	76.136	37.704
1.4	Income on investments in subsidiaries, associates and JVs	24.321	39.697
1.5	Income on other financial instruments and investment property	1.198.865	1.034.182
1.5.1	Interest income	751.010	635.906
1.5.2	Other income	218.858	178.384
1.5.3	Realised gains	228.941	219.891
1.5.4	Valuation gains	56	1
1.6	Other revenues	146.677	81.148
1	Total revenues	7.155.558	6.619.781
2.1	Net charges on claims	4.842.671	4.506.351
2.1.1	Amounts paid and charge in technical reserves	5.012.291	4.695.991
2.1.2	Reinsurances' share	169.620	189.640
2.2	Commission expense	212.307	169.827
2.3	Charges on other investments in subsidiaries, associates and JVs	0	12.208
2.4	Charges on other financial instruments and investment property	68.522	122.671
2.4.1	Interest expense	36.037	27.896
2.4.2	Other expense	0	0
2.4.3	Realised losses	19.413	39.282
2.4.4	Valuation losses	13.072	55.493
2.5	Investment management charges		
2.6	Management expense	1.066.954	1.013.137
2.6.1	Commissions and other insurance contract acquisition expense	723.678	698.610
2.6.2	Other administrative expense	343.276	314.527
2.7	Other costs	200.103	171.491
2	Total costs	6.390.557	5.995.685
	Profit (Loss) for the period before tax	765.001	624.096
3	Current tax	166.198	120.251
4	Deferred tax	52.777	50.355
	Profit (Loss) for the period net of tax	546.026	453.490

5	Profit (Loss) from discounted operations		
	Profit (Loss) from discounted operations	546.026	453.490
	Minority interests	71.331	50.990
	Group net profit (loss)	474.695	402.500

Consolidated balance sheet

In thousand of Euro	31 December 2004	
Intangible Assets	586.294	583.632
1.1 Goodwill	430.534	430.534
1.2 Other intangible assets	155.760	153.098
Investments	67.432.553	63.926.058
2.1 Investment property	2.243.255	2.196.578
2.2 Investments in subsidiaries, associates and JVs	224.721	211.295
2.3 Loans and receivables	6.074.696	6.733.268
2.4 Held to maturity investments	1.817.419	1.827.215
2.5 Available for sale financial assets	37.168.712	35.297.255
2.6 Financial assets at fair value through Profit and Loss	19.903.750	17.660.447
Cash and cash equivalents	1.004.344	488.522
Reinsurers' share of technical reserves	1.806.758	1.938.537
Receivables	2.002.047	2.240.641
5.1 Receivables on direct insurance business	1.340.728	1.575.667
5.2 Receivables on reinsurance business	322.359	325.780
5.3 Other receivables	338.960	339.194
Tangible Assets	652.040	660.758
6.1 Property, plant and equipment	557.735	555.880
6.2 Other tangible assets	94.305	104.878
Other Assets	3.751.465	3.784.009
7.1 Deferred acquisition costs	47.326	35.245
7.2 Current tax assets	564.144	578.152
7.3 Deferred tax assets	464.251	484.567
7.4 Non current assets or assets of discontinued operations, held for sale	0	0
7.5 Other assets	2.675.744	2.686.045
Total Assets	77.235.501	73.622.157
Capital and reserves	6.758.812	6.623.437
Group shareholders' equity	6.022.860	5.926.731
1.1.1 Share capital or equivalent	403.336	403.336
1.1.2 Other own equity instruments	0	0
1.1.3 Capital reserves	1.845.750	1.845.751
1.1.4 Earnings reserves and other equity reserves	2.033.036	1.872.093
1.1.5 (Own shares)	-17.758	-7.409
1.1.6 Reserve for net exchange-rate differences	-91.296	-87.341
1.1.7 Gains or losses on available for sale finan. assets	1.375.097	1.192.622
1.1.8 Other gains or losses recognised directly in equity	0	0
1.1.9 Profit (loss) for the year attributable to the group	474.695	707.679
attributable to minority interest	735.952	696.706
1.2.1 Capital and reserves attributable to minority interests	664.621	605.330
1.2.2 Net Profit (loss) recognised directly to share capital	0	0

1.2.3 Net profit (loss) for the year attributable to minority interests	71.331	91.376
Subordinated liabilities	45.000	45.000
Financial liabilities	21.305.975	19.540.157
3.1 Financial liabilities at fair value through Profit and Loss	17.713.929	16.103.026
3.2 Other financial liabilities	3.592.046	3.437.131
Technical Reserves	44.062.262	42.024.046
Provisions	559.973	639.111
5.1 Tax related provision	210.898	288.369
5.2 Other provisions	349.075	350.742
Payables	2.640.635	3.093.620
6.1 Payables on direct insurance business	696.225	972.159
6.2 Payables on reinsurance business	224.186	324.353
6.3 Other payables	1.720.224	1.797.108
Other liabilities	1.862.844	1.656.786
7.1 Current tax liabilities	411.627	179.318
7.2 Deferred tax liabilities	817.907	726.578
7.3 Liabilities of a discontinued operation held for sale	0	0
7.4 Other liabilities	633.310	750.890
Totale Liabilities and shareholders' equity	77.235.501	73.622.157

Statutory Profit and Loss Account

Thousands of euro	As at 30 June 05	As at 30 June 04	As at 31 December 04
I. NON-LIFE TECHNICAL ACCOUNT			
1. Premiums for the year, net of outwards reinsurance	1,280,676	1,266,772	2,620,277
2. (+) Income from investments transferred from the non-technical account (item III. 6)	146,768	142,813	233,053
3. Other technical income, net of outwards reinsurance	2,716	2,989	5,334
4. Charges relating to claims, net of recoveries and outwards reinsurance	943,764	913,907	1,947,781
5. Change in other technical reserves, net of outwards reinsurance	54	-12	-4
6. Reversals and profit sharing, net of outwards reinsurance	0	0	0
7. Operating costs:			
a) Acquisition costs net of commissions and profit sharing received from reinsurers	239,021	248,232	512,463
b) Administrative costs	70,584	73,460	144,066
Total	309,605	321,692	656,529
8. Other technical charges, net of outwards reinsurance	17,719	15,754	25,745
9. Change in equalization reserves	3,351	219	3,172
10. Result of Non-Life business technical account	155,668	161,014	225,440
II. LIFE BUSINESS TECHNICAL ACCOUNT			
1. Premiums for the year, net of outwards reinsurance	708,634	518,774	1,283,618
2. Income from investments			
a) Income from investments	310,471	276,881	472,014
b) Write-backs of investments	6,506	23,418	14,019
c) Profits on sale of investments	54,620	10,263	34,720
Total	371,597	310,562	520,753
3. Income and unrealized capital gains relating to investments benefiting policyholders bearing the risk thereof and investments relating to pension fund management	62,648	31,717	54,647
4. Other technical income, net of outwards reinsurance	9,532	8,057	16,937
5. Charges relating to claims, net of outwards reinsurance	352,334	347,276	735,103
6. Change in actuarial reserves and other technical reserves, net of outwards reinsurance,			
a) Actuarial reserves, complementary insurance premium reserve and other technical reserves	388,265	178,362	539,054
b) Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management	94,764	86,004	158,975
Total	483,029	264,366	698,029
7. Reversals and profit sharing, net of outwards reinsurance	-52	-232	-526
8. Operating costs			
a) Acquisition costs net of commissions and profit sharing received from reinsurers	52,734	46,963	100,334
b) Administrative costs	28,518	31,087	60,389
Total	81,252	78,050	160,723
9. Capital and financial charges			
a) Investment management charges and interest expense	13,168	11,906	24,854
b) Write-downs on investments	7,567	3,850	3,304
c) Losses on sale of investments	977	907	5,003
Total	21,712	16,663	33,161
10. Capital and financial charges and unrealized capital losses relating to investments benefiting policyholders bearing the risk thereof and investments relating to pension fund management	8,353	10,033	20,550
11. Other technical charges, net of outwards reinsurance	3,862	4,519	6,597
12. (-) Income from investments transferred to the non-technical account (item III.4)	70,728	61,595	102,030
13. Result of Life business technical account	131,192	86,840	120,290

III. NON-TECHNICAL ACCOUNT				
1.	Result of Non-Life business technical account (item I. 10)	155,668	161,014	225,440
2.	Result of Life business technical account (item II. 13)	131,192	86,840	120,290
3.	Income from investments in Non-Life business			
	a) Income from investments	505,713	410,088	817,466
	b) Write-backs of investments	1,228	9,239	9,883
	c) Profit on sale of investments	17,121	49,986	65,422
	Total	524,062	469,313	892,771
4.	(+) Income from investments transferred from the Life business technical account (item II. 12)	70,728	61,595	102,030
5.	Non-Life business capital and financial charges			
	a) Investment management charges and interest expense	267,261	199,241	469,884
	b) Write-backs of investments	8,752	10,944	6,227
	c) Losses on sale of investments	2,623	18,768	25,435
	Total	278,636	228,953	501,546
6.	(-) Income from investments transferred to the Non-Life business technical account (item I. 2)	146,768	142,813	233,053
7.	Other income	43,720	45,096	89,240
8.	Other charges	11,019	15,167	28,819
9.	Profit (loss) of ordinary business	488,946	436,925	666,353
10.	Extraordinary income	26,453	33,846	96,293
11.	Extraordinary charges	8,185	1,098	8,775
12.	Net extraordinary income (charges)	18,268	32,748	87,518
13.	Result before tax	507,215	469,673	753,871
14.	Income tax for the period	71,430	86,070	146,647
15.	Net profit (loss) for the period	435,785	383,603	607,224

Statutory Balance Sheet

thousands of Euro		As at 30 June 05	As at 30 June 04	As at 30 December 03
A.	Receivables from shareholders for subscribed capital not paid up	0	0	0
B.	Intangible assets			
	1. Acquisition costs to be amortized	14,443	3,821	10526
	2. Other assets	37	306	73
	Total	14,480	4,127	10,599
C.	Investments			
	I Land and buildings	166,363	168,418	167,528
	II Investments in Group companies and other subsidiaries			
	1. Equities	4,200,424	4,104,413	4,172,491
	2. Bonds	391,870	283,616	355,067
	3. Loans	16,693	14,056	16,487
	Total investments in Group companies and other subsidiaries	4,608,987	4,402,085	4,544,045
	III Other financial investments			
	1. Equities	932,025	596,563	670,485
	2. Mutual fund units	125,560	167,611	116,284
	3. Bonds and other fixed income securities	9,435,222	9,099,539	9,264,901
	4. Loans	32,857	28,337	31,173
	5. Others	847,052	1,225,008	1,327,396
	Total other financial investments	11,372,716	11,117,058	11,410,239
	IV Deposits with ceding companies	275,862	293,358	278,421
	Total	16,423,928	15,980,919	16,400,233
D.	Investments benefiting life policyholders bearing the risk thereof and investments relating to pension fund management			
	I Investments relating to unit-linked and index-linked policies	902,203	757,947	820,927
	II Investments relating to pension fund management	88,228	64,752	74,744
	Total	990,431	822,699	895,671
D.bis	Reinsurers' share of technical reserves			
	I Technical reserves non-life business	485,019	465,161	465,388
	II Technical reserves life business (excluding technical reserves of item III)	329,829	396,852	374,540
	III Technical reserves life business where investment risk is borne by policy holders and reserves relating to pension fund management	0	0	
	Total	814,848	862,013	839,928
E	Receivables			
	I Receivables relating to direct insurance business	633,248	621,233	893,794
	II Receivables relating to reinsurance business	79,822	76,324	72,279
	III Other receivables	447,334	325,945	535,652
	Total	1,160,404	1,023,502	1,501,725
F.	Other assets			
	I Tangible assets and stock	14,433	16,455	15,689
	II Cash and cash equivalents	127,527	79,691	46,751
	III Treasury shares	13,134	15,988	7,870
	IV Other assets	224,046	288,846	242,590
	Total	379,140	400,980	312,900
G.	Accrued income and prepaid expenses	166,740	184,511	174,079
	TOTAL ASSETS	19,949,971	19,278,751	20,135,135
A.	Shareholders' equity			
	I Subscribed share capital or equivalent fund	403,336	403,336	403,336
	II Share premium reserve	1,199,775	1,196,921	1,205,040
	III Legal reserve	87,554	87,554	87,554
	IV Other asset reserves	2,538,481	2,471,487	2,463,368
	V Retained earnings (accrued losses)			

VI Net profit (loss) for the period	435,786	383,603	607,224
Total	4,664,932	4,542,901	4,766,522
B. Subordinated liabilities	0	0	0
C. Technical reserves			
I Non-Life business			
1. Premium reserve	1,144,042	1,097,123	1,170,047
2. Claims reserve	3,705,329	3,519,892	3,665,048
3. Other technical reserves	947	885	893
4. Equalization reserves	28,782	22,478	25,431
Total technical reserves non-life business	4,879,100	4,640,378	4,861,419
II Life business			
1. Actuarial reserves	7,286,515	6,575,067	6,911,144
2. Reserve for amounts payable	139,830	150,088	167,555
3. Other technical reserves	75,354	71,511	72,574
Total technical reserves life business	7,501,699	6,796,666	7,151,273
Total	12,380,799	11,437,044	12,012,692
D. Technical reserves where investment risk is borne by policyholders and reserves relating to pension fund management			
I Reserves relating to unit-linked and index-linked policies	902,203	757,947	820,927
II Reserves relating to pension fund management	88,231	64,752	74,743
Total	990,434	822,699	895,670
E. Provisions for risks and charges	244,585	223,775	331,694
F. Deposits from reinsurers	358,911	419,698	391,335
G. Payables and other liabilities			
I Payables relating to direct insurance business	58,981	56,995	37,709
II Payables relating to reinsurance business	33,644	44,606	73,482
III Bond issues	0	0	0
IV Payables to banks and financial institutions	0	0	0
V Sundry loans and payables	945,789	1,392,434	1,352,388
VI Staff severance indemnities	30,851	30,699	32,037
VII Other liabilities	238,161	285,940	239,656
Total	1,307,426	1,810,674	1,735,272
H. Accrued liabilities and deferred income	2,884	21,960	1,950
TOTAL LIABILITIES	19,949,971	19,278,751	20,135,135
Guarantees, commitments and other memorandum accounts			
I. Guarantees provided	74,737	62,749	68,456
II. Guarantees received or provided by third parties on behalf of the company	173,800	62,038	181,356
III. Commitments	141,575	92,633	194,567
IV. Pension fund assets managed for and on behalf of third parties	279,453	82,477	185,443
V. Other	15,645,797	15,033,696	15,328,780
TOTAL MEMORANDUM ACCOUNTS	16,315,362	15,333,593	15,958,602