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Allianz Group in the First Quarter of 2006 – Successful start to the new fiscal year

Allianz Group increased net income by 34.4 percent to almost 1.8 billion euros – Dresdner Bank's operating profit more than doubled – Life and Asset Management continued to drive growth – Positive trend across all operational segments

Allianz Group has further increased its profitability in the first quarter of 2006. Total revenues rose from 28.3 billion euros by 4.9 percent to 29.6 billion euros and quarterly net income rose to almost 1.8 billion euros. This is an increase of more than 34 percent over previous year's figure. This development was entirely driven by a further improvement of operating profit¹, which rose by 41.9 percent to almost 2.7 billion euros. All operational segments contributed to this trend:

- In Property and Casualty business, the profitability level was consolidated. The combined ratio² – the ratio of incurred losses and expenses to net premium income – stood at 94.7 percent.
- Dresdner Bank doubled its operating profit to 529 million euros. The dynamic growth in operating revenues resulted in a cost-income ratio that improved by 7.3 percentage points to 73.7 percent.
- Life Insurance and Asset Management recorded dynamic profit and revenue growth.

Allianz took advantage of the positive trend in the capital markets to realize in the first quarter a disproportionately large share of net capital gains planned for the whole of 2006. However, the figure of around 778 million euros stood almost at the same level as in the previous year. Taxes rose by approximately 54 percent to 899 million euros.

Allianz was again able to strengthen its capital base in the first quarter. Shareholders' equity increased by 4.6 percent to 41.3 billion euros³ from 39.5 billion euros as at 31.12.2005.

¹ The definition of operating profit was amended in line with European market practice as from the first quarter of 2006. The comparable figure for the previous year was adjusted accordingly (from 1.8 to 1.9 billion euros).

² To ensure greater international comparability of key figures and greater transparency in the way the profitability of segments is represented, the combined ratio definition has been broadened to include elements of a full combined ratio as well as some elements of the position „Other income and expenses“. The comparable figure for the previous year was adjusted accordingly.

³ Excluding minority interests

The **Property and Casualty** business continued to be focused on profitability. Operating profit rose by 14.2 percent to almost 1.4 billion euros. Despite an increasingly competitive market environment it was possible to utilize business opportunities wherever it was possible to obtain risk-adequate premiums. Overall gross premium income remained stable at 14.1 billion euros.

As a result of a disciplined approach to underwriting, it was possible to maintain the loss ratio at an almost unchanged level of 66.2 percent. Increased commission expenses led to a rise in the expense ratio from 27.9 to 28.5 percent. As a result, the combined ratio of 94.7 percent was 0.7 percentage points higher than the previous year's level.

In **Life and Health Insurance** total premium income increased by 7.9 percent to 12.8 billion euros. Growth markets in Eastern Europe and Asia showed particularly dynamic expansion. There was a significant improvement in operating profit across all regions in comparison to the previous year of 39.8 percent to 723 million euros.

Dresdner Bank increased its revenues by 16.1 percent to approximately 1.9 billion euros. The main drivers of this were net fee and commission income as well as net trading income. Operating profit of 529 million euros in fact more than doubled. This figure includes a net release of loan loss provisions of 33 million euros – due to a positive economic environment but also proof of the good quality of the loan portfolio. “Dresdner Bank has succeeded in developing a convincing business dynamic, to which both the Private & Business Client segment as well as the Corporate & Investment Banking segment have contributed”, so Helmut Perlet. In the traditionally strong first quarter, it was thus possible to achieve a sustainable improvement of the cost-income ratio from 81.0 to 73.7 percent.

The **Asset Management** segment of Allianz Group had 753 billion euros in third party assets under management as of 31.03.2006, increasing from 624 billion euros in the previous year's quarter. Net asset inflows remained at a high level of 14 billion euros. Operating profit rose by 31.6 percent to 304 million euros. At 59.5 percent the cost-income ratio stayed almost unchanged at previous year's level.

“As a result of this very good start, all four operating segments are on track to achieve the targets set for 2006”, Helmut Perlet said. “We are confident of achieving net income⁴ of 4.9 billion euros in the current year.” The operating segments now have the following **targets**⁵ based on the amended reporting scheme: In the Property-Casualty business, Allianz aims to maintain a strong combined ratio of approximately 95 percent. For Life and Health insurance it is targeting operating profit of 2.1 billion euros, and for banking business a corresponding figure of 1.2 billion euros. In Asset Management the amount of third party assets under management⁶ is to be increased by more than 10 percent.

⁴ Based on a holding in RAS of 76.3 percent

⁵ Allianz Group's new reporting scheme is purely a new format for presenting the figures. There has been no change in view as regards the economic framework and conditions.

⁶ Before F/X effects

Allianz Group - Key figures 1Q 2006

Euro m	1Q 2006	1Q 2005	Δ		
Total revenues (Euro bn)	29.6	28.3	4.9%		
Operating profit	2,677	1,887	41.9%		
- Property-Casualty	1,386	1,214	14.2%		
- Life/Health	723	517	39.8%		
- Banking	547	229	138.9%		
thereof Dresdner Bank	529	209	153.1%		
- Asset Management	304	231	31.6%		
- Corporate	-180	-267	-32.6%		
- Consolidation Adjustments	-103	-37	178.4%		
Income before income taxes & minority interests	3,031	2,255	34.4%		
Income taxes	-899	-585	53.7%		
Minority interests in earnings	-353	-346	2.0%		
Net income	1,779	1,324	34.4%		
- Property-Casualty	1,100	996	10.4%		
- Life/Health	534	379	40.9%		
- Banking	666	579	15.0%		
thereof Dresdner Bank	658	571	15.2%		
- Asset Management	90	30	200.0%		
- Corporate	-239	-238	0.4%		
- Consolidation Adjustments	-372	-422	-11.8%		
			-		
Earnings per share (basic) (Euro)	4.39	3.50	25.4%		
Ratios:					
- Property-Casualty	Combined ratio	94.7%	94.0%	0.7%	-p
- Life/Health	Statutory expense ratio	8.3%	7.0%	1.3%	-p
- Dresdner Bank	Cost-income ratio	73.7%	81.0%	-7.3%	-p
- Asset Management	Cost-income ratio	59.5%	59.3%	0.2%	-p
Euro bn	31/03/06	31/12/05	Δ		
Shareholders' equity¹⁾	41.3	39.5	4.6%		
Third-party assets under management	753	743	1.3%		

¹⁾ Without minority interests

You will find this message, the **interim report** as well as **Excel spreadsheets** (by quarters and segments) of the **consolidated balance sheets** and **consolidated income statements** on the Internet at <http://www.allianz.com/1q>.

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

We would like to inform you about our "**Allianz Mobile Service**": Up-to-date information on the Allianz share directly on your PDA, Blackberry or mobile phone. Find more information about this service on the website www.allianz.com/wap.

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Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words 'may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential, or continue' and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such

statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

No duty to update

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