Investor Relations Release

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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[1] 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[1] 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.

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1 Net income 2004 adjusted for scheduled amortization of goodwill after taxes.

Allianz Deutschland AG

In 2005 the German insurance companies (Allianz Versicherungs-AG, Allianz Lebensversicherungs-AG and Allianz Private Krankenver-sicherungs-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's 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 3 May 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

Euro m		2005	2004	Δ		4Q 2005	4Q 2004	Δ	
Total revenues (Euro bn)		**100.9**	**96.9**	**4.2%**		**25.2**	**24.3**	**3.7%**	
Operating profit[1]		**7,743**	**6,839**	**13.2%**		**1,826**	**1,748**	**4.5%**	
- Property/Casualty		4,162	3,979	4.6%		1,072	1,081	-0.8%	
- Life/Health		1,603	1,418	13.0%		320	370	-13.5%	
- Banking		845	586	44.2%		86	19	352.6%	
thereof Dresdner Bank		775	582	33.2%		64	46	39.1%	
- Asset Management		1,133	856	32.4%		348	278	25.2%	
Profit before goodwill amortization, taxes and minority interests		**7,880**	**6,260**	**25.9%**		**1,811**	**1,281**	**41.4%**	
Goodwill amortization		0	-1,164	-100.0%		0	-279	-100.0%	
Taxes		-2,114	-1,662	27.2%		-573	-422	35.8%	
Minority interests in earnings		-1,386	-1,168	18.7%		-366	-284	28.9%	
Net income[2]		**4,380**	**2,266**	**93.3%**		**872**	**296**	**194.6%**	
- Property/Casualty		3,549	3,466	2.4%		800	1,086	-26.3%	
- Life/Health		1,349	867	55.6%		241	281	-14.2%	
- Banking[3]		1,039	126	724.6%		83	-219	-	
thereof Dresdner Bank[3]		1,003	164	511.6%		71	-209	-	
- Asset Management		237	-275	-		93	-13	-	
- Consolidation adjustments		-1,794	-1,918	-6.5%		-345	-839	-58.9%	
Earnings per share (basic) (Euro)		**11.24**	**6.19**	**81.6%**		**-**	**-**	**-**	
Dividend		**2.00**	**1.75**	**14.3%**		**-**	**-**	**-**	
Ratios:									
- Property/Casualty:	Combined ratio	92.3%	92.9%	-0.6%	-p	90.1%	92.3%	-2.2%	-p
- Life/Health:	Statutory expense ratio[4]	8.1%	9.1%	-1.0%	-p	9.2%	7.9%	1.3%	-p
- Dresdner Bank:	Cost-income ratio	89.1%	85.2%	3.9%	-p	97.7%	92.3%	5.4%	-p
- Asset Management:	Cost-income ratio	58.5%	62.9%	-4.4%	-p	56.5%	56.7%	-0.2%	-p
Euro bn		**12/31/05**	**12/31/04**	**Δ**					
Shareholders' equity before minority interests		**39.5**	**30.0**	**31.6%**		**-**	**-**	**-**	
Shareholders' equity after minority interests		**47.1**	**37.7**	**25.0%**		**-**	**-**	**-**	
Assets under management		**1,265**	**1,067**	**18.6%**		**-**	**-**	**-**	
thereof third-party assets under management		743	585	27.0%		-	-	-	

1) For a description on how we measure operating profit and a reconciliation to net income, see annual report Allianz Group 2005.
2) Q4 2004 resp. FY 2004 figures have been restated according to IFRS accounting standards; amortization of goodwill has not been cancelled.
3) Net income of Dresdner Bank resp. the banking segment for the first quarter of 2005 showed a realized gain of 343 million euros from the intra-group transfer of Munich Re shares. This has been eliminated in the consolidation adjustment.
4) Represents ratio of total acquisition costs and administrative expenses to net premiums earned (statutory).

- You will find this release together with the **annual report 2005** on the Internet at http://www.allianz.com/fy.
- The annual report will be available in **hardcopy** as from mid-April and will automatically be sent to the persons on our distribution list.
- The **financial press conference** will take place today at 10 a.m. CET and will be broadcast live via the Internet on http://www.allianz.com/financialpc. There you find the respective presentations.
- We would like to remind you that we are holding an **analysts' conference** on 17 March 2006. It will also be broadcast live via the Internet. The conference will begin at 11 a.m. CET. The pdf file of the analysts' presentation will be available on the Internet tomorrow as of 10 a.m. CET at http://www.allianz.com/fy.

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These statements are, as always, subject to the disclaimer provided below.

Cautionary note regarding forward-looking statements

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

No duty to update

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