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oliver.schmidt@allianz.com
andrea.foerterer@allianz.com
peter.hardy@allianz.com
holger.klotz@allianz.com
christian.lamprecht@allianz.com

investor.relations@allianz.com
www.allianz.com/investor-relations

☎ +49 (0)89-3800-3963
☎ +49 (0)89-3800-6677
☎ +49 (0)89-3800-18180
☎ +49 (0)89-3800-18124
☎ +49 (0)89-3800-3892

Fax +49 (0)89-3800-3899

Allianz Group with strong second quarter

Allianz on profitable growth course

1.4 billion euros net income – 2.4 billion euros operating profit – double-digit growth in Life insurance business and Asset Management – Combined ratio of 89.8 percent – Dresdner Bank on its way to earning its cost of capital

Allianz continued the positive trend in the **second quarter of 2005**. Total revenues increased by 6.6 percent from 22.2 billion to 23.7 billion euros compared to the second quarter of the previous year. The **operating profit** increased in the same period by 18.8 percent from 2.0 billion to 2.4 billion euros and is the key driver for **net income**. Compared to the second quarter of 2004 it rose by 65 percent from 846 million (adjusted for goodwill amortization net of tax) to 1.4 billion euros. This included lower capital gains and impairments on investments as well as a lower tax rate. All segments contributed to this positive performance.

- **In Property and Casualty business, the combined ratio – the ratio of claims and expenses to net premiums earned – continued to decline for the second consecutive quarter, reaching 89.8 percent in the second quarter of 2005.**
- **Total premium income in Life and Health insurance business grew by 17.6 percent to 12 billion euros. During the second quarter, Allianz improved the operating profit by almost 50 percent to 448 million euros and hence to 805 million euros in the first half of 2005.**
- **Dresdner Bank increased its operating profit by 15.7 percent to 272 million euros in the second quarter. A temporary weakness in the trading result was compensated by cost reduction and a favorable development in loan loss provisions.**
- **Asset Management showed net inflows of 32 billion euros in the first half of the year. The cost-income ratio improved strongly by 7.7 percentage points to 59.8 percent in the second quarter of 2005 compared to the previous year.**

"Life and Asset Management are increasingly becoming the growth drivers in our Group. They are benefiting from the strong demand for products related to retirement provision and wealth accumulation," explained Helmut Perlet, Member of the Board of Management responsible for controlling.

"The prospects for our business are good. Today, approximately 200 million people in our core markets have not yet made the appropriate provision for their retirement," according to Michael Diekmann, Chairman of the Board of Management of Allianz AG.

Shareholders' equity of the Allianz Group (excluding minority interests) increased by more than 20 percent, compared to year-end 2004, from 30.0 billion euros to 36.8 billion euros.

Property and Casualty insurance

Total premium income went up in the second quarter by 1.8 percent (adjusted for consolidation and currency effects) to 9.8 billion euros compared to the previous year. The priority was to achieve risk-adequate prices. "We have enhanced the quality of our portfolio. Our disciplined underwriting policy is paying off," says Perlet.

In Property and Casualty insurance, the combined ratio again improved significantly in the second quarter of 2005 to 89.8 percent. The operating profit increased by 10.1 percent to 1.4 billion euros during the second quarter. Net income rose by 12 percent to 1.5 billion euros on a comparable basis.

Life and Health insurance

In Life and Health insurance business the Allianz Group experienced exceptionally strong growth during the second quarter of 2005, increasing total premium income by 17.6 percent (adjusted for consolidation and currency effects) to 12.0 billion euros. The strongest growth came from the European core markets and the USA.

The sustained success of its Equity-Index products enabled Allianz Life of North America to achieve growth in total premium income of 33.1 percent to 3.0 billion euros compared to the second quarter of the previous year. In Germany, total premium income in Life business rose by 8.8 percent to 2.5 billion euros. In Italy, total premium income went up by 19.4 percent to 2.6 billion euros. Sales through *bancassurance* again improved significantly.

The operating profit increased to 448 million euros. This is an increase of 49.8 percent compared to the second quarter of the previous year. Alongside the increase in premium income, higher current investment income also impacted positively. Net income doubled to 375 million euros on a comparable basis.

Dresdner Bank

Dresdner Bank increased its operating profit by 15.7 percent to 272 million euros in the second quarter. Net fee and commission income grew strongly by 14.1 percent to 663 million euros. The areas Personal Banking and Private & Business Banking made particularly strong contributions to this result with increased revenues in the securities business. However, setbacks in the trading result at DrKW brought down operating revenues by 18.4 percent to 1.3 billion euros in the second quarter. Difficult market conditions during April and May played a role here and impacted a number of other investment banks, as well.

However, the decline in operating revenues was more than compensated by a 15.7 percent reduction in administrative expenses and a favorable development in loan loss provisions.

Net income at Dresdner Bank amounted to 244 million euros in the second quarter, corresponding to an improvement of 24.5 percent on a comparable basis.

"Dresdner Bank is on course to earn its cost of capital for 2005," commented Perlet.

Asset Management

During the first half year of 2005, assets under management for third parties went up by 17.6 percent or 103 billion euros to 688 billion euros. This includes 32 billion euros net inflows. The exceptionally high level of net inflows in third party assets and positive capital markets allowed significant growth in operating revenues of 13.5 percent (adjusted for consolidation and currency

effects) to 1.2 billion euros during the first half of 2005. In the second quarter of 2005, operating revenues increased by 17 percent, compared to the same period of the previous year, from 556 million euros to 634 million euros. The cost-income ratio improved by 7.7 percentage points to 59.8 percent during the second quarter of 2005.

The operating profit therefore increased significantly by 40.9 percent to 255 million euros. Net income amounted to 76 million euros. In the equivalent quarter of 2004, a loss of 21 million euros had been sustained after adjustment for goodwill amortization (net of tax).

Excellent conditions for a sustainably good result

For 2005, Allianz anticipates revenues growth in the order of the previous year and is focusing on achieving a sustainable improvement in operating profit. However, natural catastrophes or adverse developments in the capital markets could exert a significant negative effect on the result.

For the business year 2005, Allianz has set the following targets:

Allianz intends to maintain the combined ratio at a level below 95 percent for Property and Casualty insurance. In Life and Health insurance, the goal remains to achieve an operating profit totaling at least 1.5 billion euros. Dresdner Bank is well on the way to earning its cost of capital in 2005. In Asset Management, the operating profit should improve by 10 percent compared to 2004.

"The business year so far makes me confident that we will meet our targets for 2005, or even surpass them," commented Michael Diekmann.

Allianz Group - Key figures

| Euro m | 6M 2005 | 6M 2004 | Δ | 2Q 2005 | 2Q 2004 | Δ |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Total revenues (Euro bn) | 52.0 | 49.5 | 5.1% | 23.7 | 22.2 | 6.6% |
| Operating profit¹⁾ | 4,201 | 3,222 | 30.4% | 2,371 | 1,995 | 18.8% |
| - Property/Casualty | 2,394 | 1,760 | 36.0% | 1,390 | 1,263 | 10.1% |
| - Life/Health | 805 | 670 | 20.1% | 448 | 299 | 49.8% |
| - Banking | 516 | 431 | 19.7% | 278 | 252 | 10.3% |
| thereof Dresdner Bank | 488 | 409 | 19.3% | 272 | 235 | 15.7% |
| - Asset Management | 486 | 361 | 34.6% | 255 | 181 | 40.9% |
| Profit before goodwill amortization, taxes and minority interests | 4,257 | 3,063 | 39.0% | 2,169 | 1,512 | 43.5% |
| Goodwill amortization | 0 | -588 | 100.0% | 0 | -294 | 100.0% |
| Taxes | -991 | -690 | 43.6% | -422 | -351 | 20.2% |
| Minority interests in earnings | -687 | -596 | 15.3% | -352 | -295 | 19.3% |
| Net income²⁾ | 2,579 | 1,189 | 116.9% | 1,395 | 572 | 143.9% |
| - Property/Casualty | 2,251 | 1,796 | 25.3% | 1,498 | 1,242 | 20.6% |
| - Life/Health | 701 | 395 | 77.5% | 375 | 148 | 153.4% |
| - Banking ³⁾ | 724 | 189 | 283.1% | 249 | 133 | 87.2% |
| thereof Dresdner Bank ³⁾ | 710 | 222 | 219.8% | 244 | 134 | 82.1% |
| - Asset Management | 104 | -205 | - | 76 | -98 | - |
| - Consolidation adjustments | -1,201 | -986 | 21.8% | -803 | -853 | -5.9% |
| Earnings per share (basic) (Euro) | 6.75 | 3.24 | 108.3% | 3.62 | 1.56 | 132.1% |
| Ratios: | | | | | | |
| - Property/Casualty: Combined ratio | 91.0% | 94.3% | -3.3% -p | 89.8% | 92.8% | -3.0% -p |
| - Life/Health: Statutory expense ratio ⁴⁾ | 7.3% | 9.2% | -1.9% -p | 8.2% | 9.2% | -1.0% -p |
| - Dresdner Bank: Cost-income ratio | 81.9% | 81.0% | 0.9% -p | 83.6% | 80.6% | 3.0% -p |
| - Asset Management: Cost-income ratio | 60.3% | 67.2% | -6.9% -p | 59.8% | 67.5% | -7.7% -p |
| Euro bn | 06/30/05 | 12/31/04 | Δ | | | |
| Shareholders' equity | 45.0 | 37.7 | 19.4% | - | - | - |
| thereof minority interests | 8.3 | 7.7 | 7.7% | - | - | - |
| Assets under management | 1,211 | 1,070 | 13.2% | - | - | - |
| thereof third-party assets under management | 688 | 585 | 17.6% | - | - | - |

1) For a description on how we measure operating profit and a reconciliation to net income, see interim report, pages 2, 11 (Property/Casualty), 15 (Life/Health), 19 (Banking), and 22 (Asset Management).

2) Q2 2004 resp. H1 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 resp. first half of 2005 showed a realized gain of 233 million euros from the intra-group transfer of Munich Re shares. This has been eliminated in the consolidation adjustment.

4) Represents ratio of net acquisition costs and administrative expenses as presented in the consolidated financial statements to net premiums earned (statutory).

You will find this message, the [interim report](#) (pdf file) as well as [Excel spreadsheets](#) of the [consolidated balance sheet](#) and [consolidated income statement](#) (by segments and quarters) in the internet at <http://www.allianz.com/2q>.

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 charts](#) will be available in the internet at <http://www.allianz.com/2q>.

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.