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This overview is not a legally binding summary of the Allianz Group Annual Report 2004. Only the German version of the Annual Report is legally binding.

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Allianz Group´s Annual Report 2004
Short version

Allianz

+One

ALLIANZ GROUP[1]		2004	Change from prev. year in %	2003
Earnings				
Total revenues[2]	€ mn	96,892	3.3	93,779
Operating profit	€ mn	6,856	68.6	4,066
Earnings before taxes	€ mn	5,183	81.2	2,861
Net income	€ mn	2,199	16.4	1,890
Balance sheet				
Investments	€ mn	319,552	8.3	295,067
Loans and advances	€ mn	314,786	(1.9)	320,770
Shareholders' equity	€ mn	30,828	7.8	28,592
Insurance reserves	€ mn	355,195	14.0	311,471
Liabilities to banks and customers	€ mn	348,628	4.7	333,044
Balance sheet total	€ mn	994,698	6.3	935,912
Returns				
Return on equity after taxes	%	7.4	(0.1) % pt	7.5
Return on equity before amortization of goodwill	%	11.3	(1.8) % pt	13.1
Share information				
Earnings per share	€	6.01	7.5	5.59
Earnings per share before amortization of goodwill	€	9.19	(5.9)	9.77
Dividend per share	€	1.75	16.7	1.50
Dividend payment	€ mn	674	22.3	551
Share price at year-end	€	97.6	(2.5)	100.1
Market capitalization at year-end[3]	€ bn	35.9	(2.2)	36.7
Miscellaneous				
Employees		162,180	(6.7)	173,750
Assets under management	€ bn	1,078	8.2	996

[1] Items within the "Earnings" and "Balance sheet" sections are Allianz Group consolidated numbers.

[2] Total revenues comprise property-casualty segment's gross premiums written, life/health segment's statutory premiums, banking segment's operating revenues, and asset management segment's operating revenues.

[3] Excluding treasury shares.

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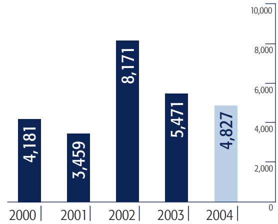
Performance 2004 – Segments

PROPERTY-CASUALTY INSURANCE

In property-casualty insurance, we continued to focus on profitable growth through selectively increasing our business volume. We reduced our combined ratio by 4.1 percentage points to 92.9 % in 2004. This improvement of our operating profitability is not reflected in the development of our result, since we benefited in 2003 from a high level of investment-related realized gains.

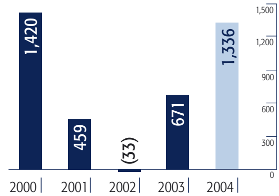
Earnings after taxes before amortization of goodwill
in € mn



LIFE/HEALTH INSURANCE

Total statutory premiums increased by 6.8 % to € 45.2 billion in 2004, reflecting growth in new business, in particular of our life/health operations in the United States and in Germany. In addition, increased net capital gains and lower impairments on investments contributed positively to the improved earnings in 2004.

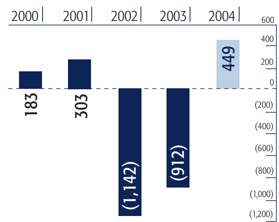
Earnings after taxes before amortization of goodwill
in € mn



BANKING

In 2004, we successfully drove forward the restructuring of our banking business. Operating revenues decreased by 4.0 % to € 6.5 billion, mainly due to deconsolidation effects. At Dresdner Bank, operating revenues remained fairly constant. Due to our cost-cutting measures and the significant reduction of our net loan loss provisions, we successfully achieved earnings after taxes and before goodwill amortization of € 449 million.

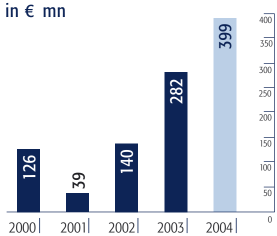
Earnings after taxes before amortization of goodwill
in € mn



ASSET MANAGEMENT

The Allianz Group is one of the five leading asset managers in the world. Net inflows to third-party assets under management reached € 31 billion. Operating revenues improved by 3.1 % to € 2.3 billion. Earnings after taxes and before amortization of goodwill amounted to € 399 million in 2004.

Earnings after taxes before amortization of goodwill
in € mn



Performance 2004 – Our "3+One" program

The goal of the Allianz Group is to achieve sustainable growth of our competitive strength and value. In order to accomplish this, we implemented a number of initiatives in 2003, which we characterize as our "3+One" program.

The "3" stands for protecting and strengthening our capital base, significant boost of our operating profitability and a leaner portfolio, and thus a reduction of complexity.

The ongoing implementation of these initiatives assists us in realizing our long-term goal, the "+One": sustainable increase of our competitive strength and value. For more details, see the "Strategy" chapter on pages 12 to 14.

We achieved considerable progress on all four initiatives:

1 Protecting and strengthening our capital base

Continued growth of shareholder´s equity by	Solvency ratio in insurance business increased to	Improvement in risk position surplus according to our internal risk model
+ € 2.2 bn	223.9 %	€ 15.8 bn

2 Significant boost of our operating profitability

Operating profit	Combined ratio in property-casualty insurance	Operating cost-income ratio in life/health insurance	Operating profit in Banking	Cost-income ratio in Asset Management
€ 6.9 bn	92.9 %	95.5 %	€ 603 mn	62.9 %

3 Leaner portfolio and reduction of complexity

Number of Divestments	Risk capital released as a result
20	€ 0.5 bn

+One Sustainable increase of our competitive strength and value

Sustainability program launched	Customer focus initiative launched	In 2005 we will continue our focus on profitable growth

Dear Shareholder,

For those of you who would prefer to skip this introductory part, please take this piece of news with you: In 2004, Allianz took a significant step towards long-term profitable growth. Today, with profits standing at €2.2 billion, the company is considerably stronger than it was a year ago, and is in an ideal position to drive forward its goals. As a result, we are proposing to pay out a dividend of €1.75 per share to our shareholders. Compared to the previous year, this increase comes up to 16.7 %. Here ends the abridged version.

Allow me now to take you back to the last Annual General Meeting. At this meeting, I informed you that we expected Dresdner Bank to report positive net income for 2004 before restructuring costs. I announced improvements in the combined ratio of the property insurance business of our French insurer AGF and reported that our representatives in Germany were to undergo specialist training in preparation for the offering of banking services and banking products to their clients. All in all, I presented Allianz as a company not content to simply comply with standards, but as a company that is constantly striving to outperform the market and its own business plans.

These pronouncements have now become reality. We have, in point of fact, surpassed our promises. For instance, Dresdner Bank was in the black even after restructuring costs had been accounted for. The AGF achieved its target of pushing the combined ratio below 100 %, hitting 98.4 %. In Germany, we pushed our "integrated financial services provider" concept up to the next level. In 2004, our representatives completed the necessary professional training and will, during the current fiscal year, offer clients a comprehensive range of banking services and products. Our aim in pursuing this sales channel is to gain no fewer than 300,000 new Dresdner Bank clients. Overall, all four business segments made significant operating improvements, demonstrating clear purpose-driven determination. Your Allianz is therefore clearly back on course again, moving ever closer to its goal of becoming one of the world's leading financial services providers and a company people can trust.

We made some great achievements in 2004, but we're not finished yet. This year, we are raising the bar for our "3+One" program by aiming to further increase capital efficiency and profitability while continuing to reduce complexity. As a result, work on the first three program components of "3+One" is continuing relentlessly. Our goal is to generate better returns for you, our shareholders. And we have not forgotten our promises with regard to the "+One" concept either; i.e. to increase our competitive strength and value over the long term – and we will continue to put every effort into achieving this in 2005.

Alongside our successes, 2004 did of course see a few setbacks. Over the year as a whole, development of the Allianz share price was disappointing, despite a sharp upturn in the final quarter. Since my first Letter to the Shareholder, there have been continued improvements in the development of our business. This development was acknowledged by the media and financial analysts, but was only moderately rewarded on the stock exchange. This causes me deep regret for I am fully aware that you have invested your hard-earned money in the future of Allianz. Although Allianz is managed on your behalf to promote long-term, predictable and sustainable revenue growth, I believe that in the past fiscal year you, our shareholders, certainly deserved to see a more positive market reaction to our future business outlook. Why then, did the share price fail to reflect our business successes?

In discussions with financial analysts and investors, we have gone to great lengths to explain and discuss our results and our plans for the future. Over the past year, we have been in direct contact with many Allianz shareholders and taken their opinions on board. Therefore, the share price cannot have been adversely affected by a lack of transparency or accessibility. Perhaps, following the shocks of recent years, there is not yet sufficient trust in our "3+One" program that runs until 2006 performing as promised and taking Allianz to the Number One position. It is clear that in order to maintain this trust we have to deliver, without fail, on all our promises. The positive development in the share price after publication of our 2004 third quarter figures served to support my conviction that you are prepared to follow us if our work stands the test of time.

However, it may also be the case that the development of the Allianz share price suffered as a result of our evident failure to resolve certain critical issues. One criticism leveled at us was that our equity allocation is still too high, and that our earnings are consequently still too dependent on equity market fluctuations. The question of whether or not we should also consider selling large operating units in the foreseeable future also became the object of lively public discussion, as did the future of our investment bank Dresdner Kleinwort Wasserstein. And the media and analysts called for us to have an even more focused strategic business direction.

I would like to take this opportunity to respond to all this.

With respect to equity allocation, we have meanwhile brought down the equity quota of our investment portfolio to an acceptable level: 14.2 %. The transaction that was announced at the end of January 2005 will at the same time reduce the equity quota, significantly improve our borrowing structure and strengthen our equity base. Although this combination of different measures will marginally dilute voting stock, it should have minimal economic impact due to the fact that lower debt service costs and a broader capital base increase profitability and should therefore not have any negative repercussions for our earnings per share.

We have only ever considered selling companies if we were fully convinced that the unit in question would not be capable, under reasonable conditions, of adding value for clients or shareholders, even over the medium term. On this basis, we divested a number of non-strategic obligations in the past two years, including some that were particularly substantial. Please note that I am referring here only to peripheral activities, and not to our really significant subsidiary companies. We have put in hard work for these companies, returning them as far as necessary to the path of profitable growth, day by day, product by product, client by client. Selling one of these larger companies would have been by far the worse option compared to the value that we can generate from them.

During the course of last year, I was also questioned about our strategic objectives. Is there, in reality, such a lack of visibility surrounding these – as has been criticized? Just in case I have not expressed myself clearly enough in the past, I would like to reiterate what our team stands for. **Our objective is to be the international financial services provider that is trusted because we deliver on, or surpass, all of our promises.** From the outset, our aim has been to put all our energy into pursuing this objective and self-assigned undertaking, and into making it a reality.

However, we still have some way to go before we can achieve this. You may be wondering if this undertaking will spur on the Allianz share price over 2005. Common sense – not to mention the advice of our legal department – prevent me from making any predictions. Instead I can offer you the next best thing: an outline of the initiatives we intend to introduce to accelerate the profitable growth of your company and increase its competitiveness and value on a sustainable basis.

The key word is trust. You may feel like you've heard this over and over – but that's a good thing. Trust is all important to Allianz. If people trust us to always deliver on, or surpass, our promises, there'll be enormous potential for our business. We sell financial products that satisfy the basic human requirement of financial security and a decent financial livelihood. Trust is fundamental to this. However, trust cannot be bought; it must be earned, little by little. We have a three-stage model to help us get there. Number one: We state what can be expected of us. Number two: We live up to these expectations or, better still, surpass them. Number three: We keep repeating the first two steps and, as a result, keep on getting better and better.

As an enterprise, if you want to achieve extraordinary growth, you need to ensure that the entire organization is fully behind you. That is why, one and a half years ago, we introduced new leadership values, outlining the exact areas we want to focus on, the way we work with our clients and the way we work together as a team. This is a set of guiding principles that provide the highest professional management benchmarks for the implementation of our strategy and our program.

We have no intention of fostering a culture that only sees the good news. Our leadership values therefore call for us to speak honestly and openly with one another, to learn from our mistakes and to subsequently put everything we have learnt into practice. However, a corporate culture doesn't spring up overnight; it needs time to grow. Our regular employee questionnaires regarding the extent to which these principles are being followed indicate that this process takes time. Nevertheless, the corporate culture is gaining momentum and impact, which in my opinion is great news for you, the shareholder.

Firstly, having a corporate image helps us to overcome what I call the "silo syndrome" – a mentality whereby employees work within the narrow confines of their department walls and do not feel part of a whole. If I were to single out just one aspect of our corporate culture that I want every employee to have in mind, it is this: I work for an international corporation – not a national division, and not a department. A silo mentality leads to redundancies and inefficiency, and potentially prevents the best of our Group's business ideas and methods from reaching clients in other markets. It means that we, unnecessarily, fail to get the most out of our strengths and, as a result, give away competitive advantages.

Secondly, the leadership values are also important for making sure the entire organization is focused on delivering on promises. It forces every individual to put the customer's interests first. The customer is the boss. His success is our business. If we do the job well and our products, services and approaches live up to customer expectations, customers will be prepared to pay a premium for services that are relevant to them and cannot be found elsewhere.

All of the above is helping us to win over new customers and give customers the incentive to approach us on their own volition when they require new financial services which, ultimately, will lead to an increase in our revenue per customer. By striving towards excellence and reliability we are putting our faith in long-lasting customer relations – a lifelong partnership based on mutual benefit. As an investor, you can expect a more stable and predictable long-term flow of profitable revenue as a result of this.

What is our agenda for fiscal 2005? We are driving forward two comprehensive programs that will increase the competitive strength and sustainable value of your company over the long term.

The first program on the agenda is our sustainability program. For this, our best specialists seek out outstanding successes within your company worldwide from our range of products, services and operating implementation for the property and casualty and life insurance business. Best solutions featuring a number of components are then drawn up as compulsory catalogues for those companies not yet working at the same pitch. In this way we achieve the sustainability that is enshrined in our “+One” concept.

The second program is a group-wide project aimed at rapidly promoting an even more passionate customer orientation. A key criterion for ascertaining whether Allianz has the decisive edge is the willingness of our customers to recommend us to others. We will therefore be gradually introducing this criterion into the performance measurement and bonus calculations for our entire management team.

We expect both these approaches to increase our long-term competitive strength and add value to Allianz – value that will justify your confidence in the future of Allianz.

I also believe that all the positive effects that our company can have, such as serving customers, creating competitive jobs and apprentice places, having a positive impact on society, showing corporate citizenship, are only possible if we are able to create value for you, our shareholders. To me, social responsibility is not simply an empty word; it is an inherent part of a modern company’s philosophy – a concrete management responsibility that I hold close to my heart. That is why our foundations are continuing to champion disadvantaged people, the environment, and for culture. That is also why I am so proud that our employees, on their own volition, donated € 1 million for the victims of the Asian tsunami. In collaboration with our subsidiaries, we managed to raise this sum to € 2.7 million. I am convinced that we are also successful because we are doing something within an appropriate framework for our social environment. That, too, is a form of sustainability.

Dear Shareholders, we are still facing many challenges, but do not forget that Allianz already has a lot going for it. I am speaking here primarily about our 162,200 employees and about the representatives and sales agents in our team. I am extremely proud of their achievements, their tenacity and their determination to bring success both for Allianz and for our customers. In 2004, they showed me just how good it feels when all expectations are surpassed. It helped me affirm that the business approach we have chosen is the right one and, at the same time, also showed just what class they have. I believe they deserve your thanks; I personally would like to express my gratitude to them for their extraordinary commitment and dedication on behalf of you, our shareholders.

Fiscal 2005 will test our abilities to drive our “3+One” program even further and raise our potential. We will do that. Our management team is united and our employees are well motivated. Business is strong again and becoming stronger quarter by quarter. This all fills me with optimism, but it is the company itself and its pace of change that is making me particularly optimistic. Nevertheless, what counts in the end is that you are content with your investment. And we will do our utmost to deliver on our promises.

Sincerely yours,

Michael Diekmann
Chairman of the Board of Management

Supervisory Board

Dr. Henning Schulte-Noelle Chairman
Former Chairman of the Board of Management
Allianz AG

Norbert Blix Deputy Chairman
Employee, Allianz Versicherungs-AG

Dr. Wulf H. Bernotat
Chairman of the Board of Management E.ON AG

Dr. Diethart Breipohl
Former Member of the Board of Management
Allianz AG

Bertrand Collomb until December 31, 2004
Président du Conseil d'Administration Lafarge

Dr. Gerhard Cromme
Chairman of the Supervisory Board
ThyssenKrupp AG

Jürgen Dormann until May 5, 2004
Chairman ABB Ltd.

Claudia Eggert-Lehmann
Employee, Dresdner Bank AG

Hinrich Feddersen
Union Secretary at ver.di –
Vereinte Dienstleistungsgewerkschaft,
Federal Administration, Berlin

Peter Haimerl
Employee, Dresdner Bank AG

Prof. Dr. Rudolf Hickel
Professor of finance

Prof. Dr. Renate Köcher
Chairman Institut für Demoskopie Allensbach

Igor Landau since January 1, 2005
Member of the Board of Directors Sanofi-Aventis S.A.

Frank Ley until May 4, 2005
Employee, Allianz Lebensversicherungs-AG

Dr. Max Link since July 1, 2004
Employee, Allianz Versicherungs-AG

Karl Neumeier
Employee, Allianz Versicherungs-AG

Herbert Pfennig until June 30, 2004
Employee, Dresdner Bank AG

Sultan Salam
Employee, Dresdner Bank AG

Dr. Albrecht E. H. Schäfer from May 5, 2004
until May 4, 2005
Corporate Vice President, Head Personnel World,
Siemens AG

Dr. Manfred Schneider
Chairman of the Supervisory Board Bayer AG

Margit Schoffer
Employee, Dresdner Bank AG

Prof. Dr. Hermann Scholl until May 4, 2005
Chairman of the Supervisory Board
Robert Bosch GmbH

Prof. Jürgen E. Schrempp until June 30, 2004
Chairman of the Board of Management
DaimlerChrysler AG

Prof. Dr. Dennis J. Snower since July 6, 2004
President Institut für Weltwirtschaft Kiel

Board of Management

Michael Diekmann
Chairman of the Board of Management

Dr. Paul Achleitner
Group Finance

Detlev Bremkamp until December 31, 2005
Europe II, Assistance, Allianz Global Risks,
Allianz Marine & Aviation,
Alternative Risk Transfer, Reinsurance

Jan R. Carendi
Americas

Dr. Joachim Faber
Allianz Global Investors

Dr. Mario Greco as of May 1, 2005
Europe II

Dr. Reiner Hagemann
Europe I,
Director responsible for Labour Relations

Dr. Helmut Perlet
Group Controlling, Financial Risk Management,
Accounting, Taxes, Compliance

Dr. Gerhard Rupprecht
Group Information Technology,
Life Insurance Germany

Dr. Herbert Walter
Allianz Dresdner Banking

Dr. Werner Zedelius
Growth Markets

Strategy

The momentum and results of our "3+One" program are accelerating our profitable growth.

Our objective is to be the international financial services provider that is trusted because we deliver on, or surpass, all of our promises. And we are modifying our business model to achieve this. Our first step in this direction was the introduction of our strategic "3+One" program. In the year under review, we drove forward implementation of the program's first three items in an outstanding joint effort with our operating units. We also prepared for the launch of two sizeable initiatives that will help increase our competitive strength and value on a sustainable basis. Starting in 2005, these initiatives are set to give a significant boost to the "+One" element of the program, thus putting all the key elements in place for improving the return on equity.

Our "3+One" program is working towards creating an improved Allianz with a higher value by the year 2006, with the aim of driving value creation up a level and assuring increases in value. We are striving to ensure that your Allianz experiences profitable growth whatever the market situation. And this has to be of benefit to anyone connected with this; be they clients, shareholders, employees or our social environment. Our program is based on four main initiatives:

1 Protecting and strengthening our capital base

2 Giving a significant boost to our operating profitability

3 Reducing complexity

+One Increasing our competitive strength and value on a sustainable basis

On page 2 we gave a brief overview of how far we have come with **points 1 to 3** of this list. The management report of the full Annual Report takes more and more in-depth look at this progress, segment by segment. Therefore, in this section we are concentrating on the "**+One**" element.

+One. Increasing our competitive strength and value on a sustainable basis

In order to make significant progress towards achieving this strategic objective, we are pressing ahead with our efforts to leverage on the size, reach, internationality and competence of Allianz. The repercussions this has on our corporate identity and the way we work together as a group is changing fundamentally. We have introduced an internal capital market and are working with a dividend model with a minimum prerequisite that capital costs have to be generated before any further capital is allocated. This approach has been successfully strengthened by group-wide management guidelines and a mutual incentive system.

We are now going a step further and are consolidating our excellent resources to become a global organization within which everybody really learns from each other. Our intention is to become an Allianz with a less fragmented structure and units that no longer follow their own arbitrary laws as regards business results. We want your Allianz to become a true corporate entity; an entity that, despite continuing to work on a "multi-local" basis, is more unified than it used to be thanks to its **shared operating system,**

mutual initiatives and a **common corporate culture** with strong values. The aim of having such common goals is to ensure that Allianz is more than simply the sum of its parts and ensure a sustainable increase in our competitive strength and value.

In respect of this next phase, we addressed the following questions:

- Will we be able to achieve the same level of operating excellence across all subsidiaries to achieve a proficiency level that is far superior to that of any competitor? We are convinced that we can achieve this excellence if we do our utmost to implement the best business ideas and business methods of our Group across all of our units.
- Can we claim to be the first choice of customers, wherever they are in the world, because our products, customer service, and advisory services meet – or surpass – the customers' expectations, and because we resolve issues in a fair and professional manner?

In 2004, we used these questions as a launching pad for two initiatives. Under the first initiative, our Sustainability Program, our top specialists search systematically and worldwide throughout the entire company, to seek out outstanding successes in product offerings, service offerings and operating implementation within both property-casualty insurance and life insurance. For companies that are still falling below the level required by Allianz and/or the market, binding obligation catalogs will be created, committing these companies to assume the highest Allianz standards. Only the best is good enough for our organization; and as a result of our subsidiaries working closely together, we are avoiding too much interference from above in the program.

The second initiative, which is also being implemented across the entire group, is even more customer-focused. At present, the project team is undertaking a ruthless analysis. Starting from summer 2005, we will then implement the initial projects for this program. The objective is to take a more customer-oriented approach towards our product and service offerings, and our flexibility and awareness in order that customers perceive us to be excellent, recommend us to others, and see us as the first place to turn when they need financial services.

We are confident that these projects will give a substantial boost to the "+One" element of our program for the following reasons: One, because we are ensuring that every promising idea for potential progress and improvement is given a chance; and two, because we will make sure that every member of the organization is brought along with us. These projects represent a general guiding principle for every Allianz employee – irrespective of the business segment, region or position in which they work for clients and shareholders.

In terms of our business objectives, we will continue to put all our efforts into strengthening our outstanding market position in property and casualty insurance, life and health insurance, asset management and, within Germany, also in banking. We expect to experience significant growth as a result of increasing demand for high quality, highly secure products in the huge pension and wealth creation market within both Europe and the U.S.A.

In order to be even better prepared for this demand and to live up to our customers' high expectations, we will be working even more resolutely towards further strengthening our sales channels and providing specialist training to our sales employees. To benefit from the extraordinary dynamic growth of strategic future markets, we also intend to strengthen our market position within China, India and Russia.

We are confident that these initiatives will bring us a good deal closer to the target we have set for ourselves; i.e., becoming **the** international financial services provider that is trusted because it delivers on, or surpasses, each and every one of its promises.

Allianz share

Marginal loss despite year-end growth spurt

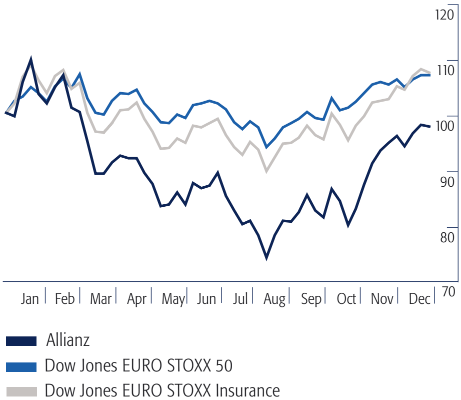
On the stock markets, 2004 was a year shaped by cautious optimism. Growing confidence in the continued recovery of the global economy helped to cultivate the market, but this was dampened somewhat by increasing oil prices and a comparatively strong euro to the dollar. The 2.5 % drop in our share price over the course of the year is a clear indicator that this climate failed to foster sufficient optimism. The closing price for the year was € 97.60. It is evident that confidence in our ability to stabilize Group business development and return to strong profitable growth was not quite as strong as expected. However, our previous figures attest to the fact that we have made great progress. Dividend payouts to you, our shareholders, are to reflect this and allow you to participate in these improvements. Therefore, at the Annual General Meeting, we will propose to pay out € 1.75 per share certificate.

Varying price fluctuations

Following a strong 23.9 % increase in value the previous year, the Allianz share lost momentum in 2004 and remained almost unchanged over the year as a whole. With a 2.5 % drop in value, our share performed weaker than both the Dow Jones EURO STOXX 50, which experienced a 6.9 % increase, and Dow Jones EURO STOXX Insurance, which increased by 7.4 %. The € 111 high reached by the Allianz share in January 2004 was followed by a disappointing development until the fall. An upturn was sparked only after the presentation of our third quarter results, prompting several analysts to issue a buy recommendation for our share, which led to a return to price increases. This counter movement indicates that investors accept business improvements if these are presented to them in black and white and subsequently strengthen their Allianz interest. In the latter two months of the year, our share price increased by 17.1 %, causing it to rank among the Dow Jones EURO STOXX 50 constituents, which experienced the biggest increase in value over that period.

Development of the Allianz share price versus Dow Jones EURO STOXX 50 and Dow Jones EURO STOXX Insurance

Indexed on the Allianz share price in €



Source: Thomson Financial Datastream

Current information on the development of the Allianz share price is available on the Internet at www.allianz.com/investor-relations.

Since the 2003 recovery in share prices could by far not offset the massive deterioration of the previous years, and since the share price failed to achieve further positive growth in the year under review, share price development in a ten-year comparison was marginally negative, standing at an annual average minus of 0.8 %. Looking back over the past twenty years, our share price has experienced average annual growth of 7.0 %. To track the performance of your own investment in Allianz shares, you can use the share calculator that is available at www.allianz.com/investor-relations.

Allianz share performance in comparison

Average annual performance in %

Performance	1 year 2004	5 years 2000–2004	10 years 1995–2004
Allianz (excluding dividends)	(2.5)	(20.0)	(0.8)
Allianz (including dividends)	(0.8)	(19.1)	(0.1)
DAX	7.3	(9.4)	7.3
Dow Jones EURO STOXX 50	6.9	(9.7)	8.4
Dow Jones EURO STOXX Insurance	7.4	(12.1)	4.8

Source: Thomson Financial Datastream

With a market capitalization of € 36 billion at the end of the year, Allianz is one of the most highly valued financial services providers in Europe. Our share is listed on all the major European indexes: Germany's DAX, Dow Jones EURO STOXX 50 and MSCI Europe, and it is used in calculating the MSCI World Index. The Allianz share is also included on the FTSE-4-Good and Dow Jones Sustainability indexes. The latter index only lists the top 10 % of companies in a given industry that have obtained the best rankings in a sustainability rating. The ranking is based on economic, ecological and social criteria. For more information about this, visit www.allianz.com/sustainability.

Weighting of the Allianz share in major indexes on December 31, 2004 in %

DAX (fifth largest single share)	7.4
Prime Insurance (largest single share)	63.3
Dow Jones EURO STOXX 50 (16th largest single share)	2.2
Dow Jones EURO STOXX Insurance (second largest single share)	17.4
MSCI Europe (36th largest single share)	0.6
MSCI Europe Insurance (largest single share)	13.4
MSCI World (99th largest single share)	0.2

Source: Deutsche Börse, Dow Jones Indexes/STOXX Ltd., Morgan Stanley Capital International

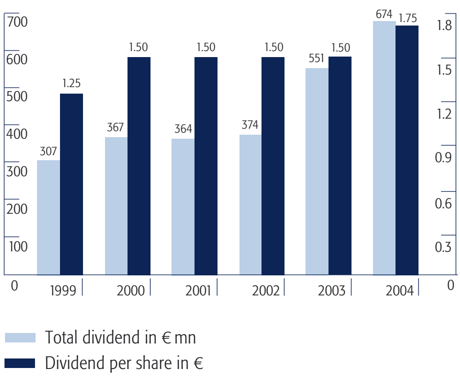
Increased earnings per share

Substantial progress in the operating business helped to increase net profit to € 2.2 (1.9) billion. Despite the fact that share numbers were higher than the previous year (attributable to the capital increase in April 2003), earnings per share rose 7.5 % to € 6.01.

Higher dividend

We would like our shareholders to benefit from the improved business development and will therefore propose, at the Annual General Meeting, to issue you with a dividend of € 1.75 per share, which represents a 16.7 % or € 0.25 increase. We are thus driving our continued dividend policy forward. At the same time, the dividend payout is increasing to € 674 (551) million.

Total dividend and dividend per share

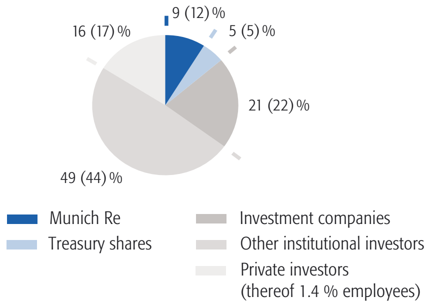


Free float of 86 %

The free float percentage of our share continued to rise, from 83 % in the previous year to 86 % at the end of 2004. This was primarily attributable to the fact that Munich Re disposed of approximately 3 % of its Allianz stocks and by December 31, 2004 had only a 9 % stake in Allianz. Allianz has approximately 540,000 shareholders and, as such, is one of the biggest publicly held corporations in Europe. With an average trading volume of 2.6 million Allianz shares per day, our share is one of the most heavily traded stocks in the DAX. Moreover, a higher free float gives the share a greater weighting in the majority of major indexes. For up-to-date information on our shareholder structure, visit www.allianz.com/investor-relations.

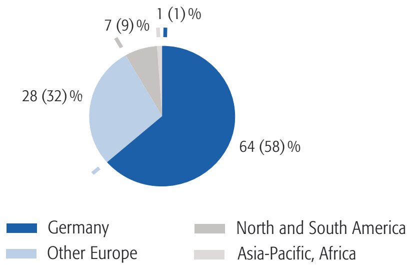
Shareholder structure on December 31, 2004

Free float: 86 %, Long-term investments: 14 %



Source: Allianz AG share register

Regional distribution of share ownership on December 31, 2004



Source: Allianz AG share register

In January 2005 Allianz placed a capital market transaction package on the market with a total volume of over € 4 billion. As part of this, we disposed of 17.2 million Allianz shares from treasury stock, helping us to reduce the treasury stock percentage of total capital stock to 0.1 (5) % and increase the free float to 91 (86) %.

Since the end of 2000, Allianz shares have also been traded on the New York Stock Exchange in the form of American Depositary Receipts (ADR). Ten ADRs are the equivalent of one Allianz share. For detailed information, visit www.allianz.com/investor-relations.

Allianz share key indicators at a glance

		2004	2003	2002
Subscribed capital on December 31	€	987,584,000	984,880,000	682,408,000
Number of shares on December 31		385,775,000	384,718,750	266,565,625
Number of shares on December 31[1]		368,195,957	367,139,707	243,124,517
Average number of shares in the fiscal year[1]		365,930,584	338,201,031	276,854,382
Average number of shares traded per day on Xetra	mn	2.6	3.9	1.7
Share price on December 31	€	97.60	100.08	80.80
High for the year	€	111.15	101.50	255.64
Low for the year	€	73.87	40.47	68.35
Beta factor (versus Dow Jones EURO STOXX 50)[2]		1.32	1.52	1.30
Market capitalization on December 31[1]	€ bn	35.9	36.7	22.0
Share price performance in the year (excluding dividend)	%	(2.5)	23.9	(65.9)
Dividend per share	€	1.75	1.50	1.50
Dividend yield	%	1.8	1.5	1.7
Earnings per share	€	6.01	5.59	(5.40)
Earnings per share before amortization of goodwill	€	9.19	9.77	(1.21)
Price-earnings ratio on December 31		16.2	17.9	–
Price-earnings ratio before amortization of goodwill on December 31		10.6	10.2	–
Return on equity	%	7.4	7.5	–
Return on equity before amortization of goodwill	%	11.3	13.1	–

[1] Excluding treasury shares
[2] Source: Bloomberg

Basic Allianz share information

Share type	Registered share
Denomination	No-par-value share
Stock exchanges	All German stock exchanges, London, Paris, Zurich, New York
Security codes	WKN 840 400 ISIN DE 000 840 400 5
Reuters	ALVG.DE
Bloomberg	ALV GY

Value-oriented management

Our foremost objective is profitable growth. That is why we use "Economic Value Added" (EVA®) as the key indicator for controlling our business. This indicator also determines the stock-related compensation of our senior management.

Strong interest in Annual General Meeting

Our Annual General Meeting for fiscal 2003 was well attended by 6,000 shareholders, representing 37 percentage points of the capital stock – 2.8 percentage points less than the previous year. We attribute this drop primarily to the fact that the percentage of free float shares has risen once again. In order to reach as many investors as possible, we addressed an increasing number of German investment management companies and custodian banks for non-German investors. We also commissioned an external services provider to support shareholders outside of Germany exercise their right to vote.

Our Internet services were again well received. 44 % of the capital represented in our Annual General Meeting was registered online. As in previous years, shareholders participating via Internet were able to change their instructions during the meeting, as long as voting had not yet begun. We were the first of the DAX companies to offer the faster, more cost-effective and environmentally friendly option of sending Annual General Meeting documents by e-mail. For detailed information about the Annual General Meeting, visit www.allianz.com/agm.

Strengthening Investor Relations

We continued to strengthen communication with investors and, in particular, increased the frequency and reach of our roadshows. We visited our institutional investors in Frankfurt and London a total of four times over the course of the year, each time shortly after publication of our most recent figures, thus giving them ample opportunity to discuss the progress of the business on a quarterly basis. We are now also visiting institutional investors in Stockholm, Milan, Madrid and Chicago. In addition to our annual analysts' conference we have conducted a "Capital Markets Day" where we present a special topic to analysts and investors. In the year under review, we presented "Risk Management", the response to which was so encouraging that we decided to make the Capital Markets Day a stable component of our annual Investor Relations program. In 2004, we held approximately 285 meetings with analysts and institutional investors, 15 % more than in the previous year.

We are continually increasing communication and service offerings for our private investors, mainly through our website. Here, investors can find an online version of the Annual Report and a wealth of supplementary information on aspects such as detailed figures, business strategy, Board of Management and Supervisory Board. Shareholders can visit our site at any time for a full overview of current Allianz share price development. We also offer live webcasts of (telephone) conferences. The most important Allianz publications can be down-

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loaded or ordered from our site and there is also a newsletter which can be subscribed to, providing up-to-date information about the business development and special topics. For investors who prefer to receive information by phone, our "Allianz Investor Line" is available around the clock, seven days a week. In the year under review, the Investor Relations team answered approximately 5,000 inquiries from private investors.

Comprehensive service

We like to keep our shareholders up-to-date on all company developments. Our Investor Relations Team is pleased to answer any questions you may have on Allianz shares, bonds or the development of the Allianz Group.

Allianz Aktiengesellschaft
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Financial calendar 2005/2006

Important dates for shareholders and analysts

May 4, 2005	Annual General Meeting
May 13, 2005	Interim report first quarter of 2005
August 12, 2005	Interim report first half of 2005
November 11, 2005	Interim report first three quarters of 2005
March 16, 2006	Financial press conference for the 2005 fiscal year
March 17, 2006	Analysts' conference for the 2005 fiscal year
May 3, 2006	Annual General Meeting
May 12, 2006	Interim report first quarter of 2006
August 11, 2006	Interim report first half of 2006
November 10, 2006	Interim report first three quarters of 2006

As we cannot rule out changes of dates, we recommend to check them on the Internet at www.allianz.com/financialcalendar.

The following discussion is based on our audited consolidated financial statements and should be read in conjunction with those statements. We evaluate the results of our property-casualty insurance, life/health insurance, banking and asset management segments using a financial performance measure we refer to herein as "operating profit". We define our segment operating profit as earnings from ordinary activities before taxation, excluding, as applicable for each respective segment, either all or some of the following items: net capital gains and impairments on investments, net trading income, intra-Allianz Group dividends and profit transfer, interest expense on external debt, restructuring charges, other non-operating income/(expense), acquisition-related expenses and amortization of goodwill.

While these excluded items are significant components in understanding and assessing our consolidated financial performance, we believe that the presentation of operating results enhances the understanding and comparability of the performance of our operating segments by highlighting net income attributable to ongoing segment operations and the underlying profitability of our businesses. For example, we believe that trends in the underlying profitability of our segments can be more clearly identified without the fluctuating effects of the realized capital gains and losses or impairments on investment securities, as these are largely dependent on market cycles or issuer specific events over which we have little or no control, and can and do vary, sometimes materially, across periods. Further, the timing of sales that would result in such gains or losses is largely at our discretion. Operating profit is not a substitute for earnings from ordinary activities before taxation or net income as determined in accordance with IFRS. Our definition of operating profit may differ from similar measures used by other companies, and may change over time. For further information on operating profit, as well as the particular reconciling items between operating profit and net income, see Note 5 to the Consolidated Financial Statements in the full version of the Annual Report 2004.

Overall business development

In 2004, we increased our operating profit by 68.6 %.

- In 2004, we successfully continued the execution of our "3+One" program. 2004 was a year of carefully managed growth. We managed to increase our total revenues by € 3.1 billion, particularly in our life/health segment. In our property-casualty segment, we focused on profitability and were willing to forego business opportunities which did not offer a reasonable relation between risk and return. Banking operating revenues were stable. We were also successful in attaining growth in our operating revenues from our asset management operations.
- 2004 was also a year of continued operational discipline to strengthen our earnings power, thereby achieving a significant improvement in our operating profit by € 2.8 billion to € 6.9 billion.
- The quality of earnings also improved. Driven by strong operating profit, our net income rose to € 2.2 billion despite a much lower contribution from non-operating investment results and significantly higher expenses for taxes and minority interests.
- Shareholders' equity increased by € 2.2 billion to € 30.8 billion, further strengthening our capital base.

Earnings Summary

The execution of our "3+One" program resulted in a year of **continued earnings growth**. We were successful in increasing our operating profit by € 2.8 billion to € 6.9 billion and our net income reached € 2.2 billion (2003: € 1.9 billion).

2004 was a year of **carefully managed growth**, increasing our total revenues by € 3.1 billion, or 3.3 %, to € 96.9 billion. Excluding effects from foreign currency translation and changes in scope of consolidation (or "internal growth"), our total revenues increased by 6.0 %.

Property-casualty Gross written premiums remained fairly constant with growth of 0.8 %, as we sought opportunities that offered a profitable correlation between premium rates and risks and were willing to forego premium growth in certain markets where this objective could not be achieved.

Life/health and **asset management** Our two segments focusing on the promising pension and wealth accumulation market experienced increases in statutory premiums and operating revenues of 6.8 % and 3.1 %, respectively.

Banking Operating revenues stabilized with internal growth of 0.3 %, experiencing only a 4.0 % decline despite a reduced portfolio of interest-bearing assets. However, both net fee and commission income and net trading income increased 5.8 % and 1.1 %, respectively.

Operating result by segment

in € mn

2004 was also a year of **continued operational discipline**, which resulted in a significant improvement of operating profit by € 2.8 billion to € 6.9 billion.

Property-casualty We managed to reduce our combined ratio by 4.1 percentage points to 92.9 % in 2004 (2003: 97.0 %) as a result of our disciplined underwriting and pricing practices, as well as stringent expense control. This positive development increased operating profit to € 4.0 billion in 2004 (2003: € 2.4 billion).

Life/health Our statutory premiums increased to € 45.2 billion in 2004, a 6.8 % increase from 2003. Additionally, our administrative expenses were reduced by 2.8 % to € 1.3 billion in 2004 as compared to 2003.

Banking Administrative expenses and net loan loss provisions were reduced significantly by 9.4 % and 66.1 %, respectively. As a consequence, our banking segment reported operating profit of € 603 million in 2004 (2003: operating loss of € 369 million).

Asset management We succeeded in reducing our cost-income ratio by a further 4.3 percentage points to 62.9 % in 2004 (2003: 67.2 %), primarily as a result of increased operating revenues and a reduction in operating expenses. These positive developments led to an operating profit of € 856 million in 2004 (2003: € 733 million).

Our **strengthened earnings power** was also reflected in our consolidated net income, which rose by more than € 300 million to € 2.2 billion in 2004 (2003: € 1.9 billion). Net capital gains, including non-operating trading income, and impairments on investments decreased by € 1.6 billion to € 1.3 billion in 2004, largely attributable to significant realized gains on reductions of certain shareholdings in 2003. These gains in 2003 were partly offset by charges of € 1.3 billion relating to derivatives used for hedging of our equity portfolio. Income from investments increased by € 2.4 billion, or 13.5 %, to € 20.0 billion. Restructuring charges fell 67.3 % to € 292 million in 2004 (2003: € 892 million), of which Dresdner Bank accounted for 99.3 % (2003: 94.2 %). Interest expense on external debt remained fairly constant, amounting to € 863 million in 2004 (2003: € 831 million). These developments resulted in earnings before taxes and minorities of € 5.2 billion (2003: € 2.9 billion). Our consolidated tax expense increased by € 1.6 billion to € 1.7 billion in 2004, largely as a consequence of the significantly reduced level of tax-exempt capital gains, representing an overall effective income tax rate of 32.6 % (2003: 3.2 %). Minority interests in earnings also increased to € 1.3 billion in 2004 (2003: € 825 million).

Overall, **quality of earnings** strongly improved in 2004. Operating profit increased significantly by € 2.8 billion to € 6.9 billion. Hence, despite a decrease in our non-operating result by € 467 million and an increase of taxes and minority interests in earnings of € 2.0 billion, our net income increased by 16.4 % to € 2.2 billion in 2004.

Basic earnings per share
in €

The following table sets forth the total revenues, operating profit and IFRS net income for each of our business segments for the years 2004 and 2003, as well as IFRS consolidated net income of the Allianz Group.

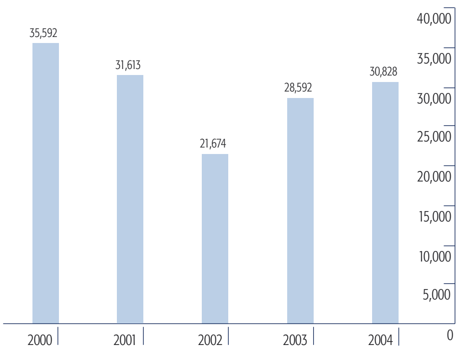
Years ended December 31	Property-casualty € mn	Life/health € mn	Banking € mn	Asset management € mn	Consolidation adjustments € mn	Total Group € mn
2004						
Total revenues*)	43,780	45,177	6,463	2,308	(836)	96,892
Operating profit	3,979	1,418	603	856	–	6,856
Earnings from ordinary activities before taxes	**5,936**	**1,646**	**(81)**	**53**	**(2,371)**	**5,183**
Taxes	(1,490)	(469)	286	(34)	(20)	(1,727)
Minority interests in earnings	(1,121)	(369)	(101)	(171)	505	(1,257)
Net income (loss)	**3,325**	**808**	**104**	**(152)**	**(1,886)**	**2,199**
2003						
Total revenues*)	43,420	42,319	6,731	2,238	(929)	93,779
Operating profit	2,437	1,265	(369)	733	–	4,066
Earnings from ordinary activities before taxes	**5,729**	**856**	**(2,200)**	**(103)**	**(1,421)**	**2,861**
Taxes	(641)	(583)	1,025	16	37	(146)
Minority interests in earnings	(407)	(235)	(104)	(183)	104	(825)
Net income (loss)	**4,681**	**38**	**(1,279)**	**(270)**	**(1,280)**	**1,890**

*) Total revenues comprise property-casualty segment's gross premiums written, life/health segment's statutory premiums, banking segment's operating revenues, and asset management segment's operating revenues.

Shareholders´ equity and total assets and liabilities

In 2004, we made **further progress in protecting and strengthening our capital base**. Our shareholders' equity increased by € 2.2 billion to € 30.8 billion at December 31, 2004 (2003: € 28.6 billion). This increase resulted from our strong net income for the year and increased net unrealized gains from our available-for-sale securities, driven by improved conditions in the bond and equity markets in 2004. These two factors more than offset the shareholders' dividend of € 551 million and negative effect from foreign currency translation of € 840 million, primarily due to the declining U.S. dollar compared to the Euro.

Shareholders´ equity
in € mn



Total assets and liabilities increased in 2004 by € 58.8 billion and € 55.4 billion, respectively. These increases resulted primarily from increased trading assets from Dresdner Bank refinanced by trading liabilities and liabilities to banks. In addition, insurance reserves increased by € 43.7 billion, or 14.0%, to € 355.2 billion at December 31, 2004 (2003: € 311.5 billion), mainly attributable to the growth of our universal-life type and investment contracts within our life/health segment. As a result of the increase in available-for-sale securities, investments grew by € 24.5 billion to € 319.6 billion in 2004.

The table on page 26 presents the Allianz Group's consolidated balance sheet as of December 31, 2004.

ASSETS	2004 € mn	2003 € mn
Intangible assets	15,147	16,262
Investments in associated enterprises and joint ventures	5,832	6,442
Investments	319,552	295,067
Separate account assets	15,851	32,460
Loans and advances to banks	126,618	117,511
Loans and advances to customers	188,168	203,259
Trading assets	220,001	146,154
Cash and cash equivalents	15,628	25,528
Amounts ceded to reinsurers from insurance reserves	22,310	25,061
Deferred tax assets	13,809	14,364
Other assets	51,782	53,804
Total assets	**994,698**	**935,912**

EQUITY AND LIABILITIES	2004 € mn	2003 € mn
Shareholders' equity	30,828	28,592
Minority interests in shareholders' equity	9,531	8,367
Participation certificates and subordinated liabilities	13,230	12,230
Insurance reserves	355,195	311,471
Separate account liabilities	15,848	32,460
Liabilities to banks	191,354	178,316
Liabilities to customers	157,274	154,728
Certificated liabilities	57,771	63,338
Trading liabilities	102,141	84,835
Other accrued liabilities	13,168	13,908
Other liabilities	31,833	31,725
Deferred tax liabilities	14,486	13,509
Deferred income	2,039	2,433
Total equity and liabilities	**994,698**	**935,912**

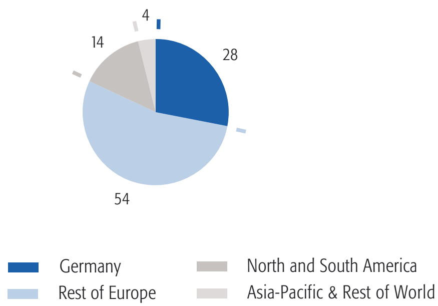
Property-casualty insurance

We continued to focus on profitable growth and reduced our combined ratio to 92.9 %.

- In property-casualty insurance, we continued to focus on profitable growth through selectively increasing our business volume where risk-adequate premiums could be attained. Overall, our gross premiums written increased by 0.8 % to € 43.8 billion in 2004. Our property-casualty gross premiums written, based on internal growth, grew by 2.1 % in 2004.
- We succeeded in reducing our combined ratio by a further 4.1 percentage points to 92.9 % in 2004. Net current income from investments rose by € 507 million to € 3.1 billion in 2004. As a result, operating profit increased significantly by 63.3 % to € 4.0 billion in 2004.
- Non-operating results decreased by 40.6 % in 2004 as compared to 2003, which included significant net realized gains from the sale of investments.
- As a result of higher tax charges due to our improved operating profitability, net income decreased from € 4.7 billion in 2003 to € 3.3 billion in 2004.

Earnings summary

Gross premiums written in 2004 by region*)
in %

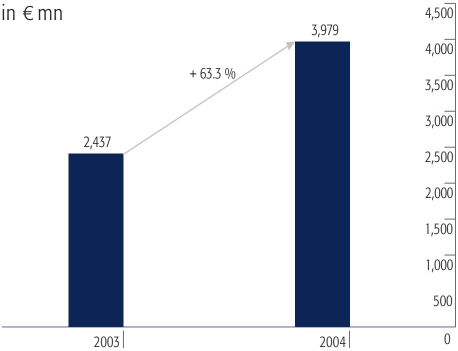


*) After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Gross premiums written

Our property-casualty insurance segment's gross premiums written in 2004 increased by € 360 million, or 0.8 %, to € 43,780 million from € 43,420 million in 2003. Based on internal growth, gross premiums written increased by 2.1 %. This increase was specifically due to rate increases, particularly in Germany, Italy, and Switzerland, and to growth in new business, particularly in Central and Eastern Europe, Australia and Spain. The increase was offset in part by the effects of a more selective underwriting policy and portfolio review measures, particularly in France. These achievements reflect our strategy of selective growth which we have pursued in our property-casualty segment in 2004. While we continue to strive for profitable growth, we are willing to forego sales growth.

Operating result
in € mn



Operating result

Our property-casualty insurance segment's operating profit improved significantly with an increase of 63.3 % to € 3,979 million in 2004 from € 2,437 million in 2003, mainly reflecting an improved underwriting result. Our loss ratio, which decreased for the third consecutive year, declined by 3.8 percentage points to 67.7 % in 2004 as compared to 2003, driven primarily by our disciplined underwriting and pricing practices. We believe this improvement was positive in light of losses arising from natural catastrophe claims in 2004. As a result of our risk management system, we recorded only € 216 million of net losses in connection with claims arising from the hurricanes which struck the South-Eastern United States in August and September 2004, which was low in comparison to our market share in the United States. Net losses in connection with the tsunamis which struck South Asia in late December 2004 amounted to 22 million. Our expense ratio also continued to decrease from 25.5 % in 2003 to 25.2 % in 2004. Overall, our combined ratio improved by 4.1 percentage points to 92.9 % in 2004 as compared to 97.0 % in 2003.

Net income

Net capital gains and impairments on investments decreased by € 4,033 million to € 1,287 million in 2004 as compared to € 5,320 million in 2003, primarily as a result of significant realized gains in connection with the sale of certain shareholdings in 2003. Net trading income/(expenses) improved significantly to a loss of € 49 million in 2004 as compared to a loss of € 1,490 million in 2003, which reflected losses in the first half of 2003 relating to the use of certain derivative financial instruments to hedge our equity exposure. Intra-group dividends and profit transfer and interest expense on external debt were € 1,963 million and € 863 million in 2004 as compared to € 676 million and € 831 million in 2003, respectively. Due to improved operating profitability, tax expense increased by € 849 million to € 1,490 million in 2004. Similarly, minority interests in earnings increased by € 714 million to € 1,121 million in 2004. Overall, net income declined by € 1,356 million to € 3,325 million in 2004.

Years ended December 31	2004 € mn	2003 € mn
Gross premiums written	43,780	43,420
Premiums earned (net)[1]	38,193	37,277
Current income from investments (net)[2]	3,101	2,594
Insurance benefits (net)[3]	(26,661)	(27,319)
Net acquisition costs and administrative expenses[4]	(9,630)	(9,511)
Other operating income/(expenses)(net)	(1,024)	(604)
Operating result	**3,979**	**2,437**
Net capital gains and impairments on investments[5]	1,287	5,320[6]
Net trading income/(expenses)[7]	(49)	(1,490)
Intra-group dividends and profit transfer	1,963	676
Interest expense on external debt	(863)	(831)
Amortization of goodwill	(381)	(383)
Earnings from ordinary activities before taxes	**5,936**	**5,729**
Taxes	(1,490)	(641)
Minority interests in earnings	(1,121)	(407)
Net income	**3,325**	**4,681**

1) Net of earned premiums ceded to reinsurers of € 5,298 mn (2003: € 5,539 mn).

2) Net of investment management expenses of € 352 mn (2003: € 412 mn) and interest expenses of € 482 mn (2003: € 883 mn).

3) Comprises net claims incurred of € 25,867 mn (2003: € 26,659 mn), changes in other net underwriting provisions of € 470 mn (2003: € 326 mn) and net expenses for premium refunds of € 324 mn (2003: € 334 mn). Net expenses for premium refunds were adjusted for income of € 268 mn (2003: expense of € 396 mn) related to policyholders' participation of net capital gains and impairments on investments, as well as net trading income/(expenses), that were excluded from the determination of operating profit.

4) Comprises net acquisition costs of € 5,781 mn (2003: € 5,509 mn) and administrative expenses of € 3,849 mn (2003: € 4,002 mn). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquistion costs and administrative expenses as presented in the consolidated financial statements.

5) Comprises net realized gains on investments of € 1,482 mn (2003: € 6,449 mn), and net impairments on investments of € 195 mn (2003: € 1,129 mn). These amounts are net of policyholders' participation.

6) Includes significant net realized gains from sales of certain shareholdings.

7) Net trading income/(expenses) are net of policyholders' participation.

Years ended December 31	2004 %	2003 %
Loss ratio[1]	67.7	71.5
Expense ratio[2]	25.2	25.5
Combined ratio	**92.9**	**97.0**

1) Represents ratio of net claims incurred to net premiums earned.

2) Represents ratio of net acquisition costs and administrative expenses to net premiums earned.

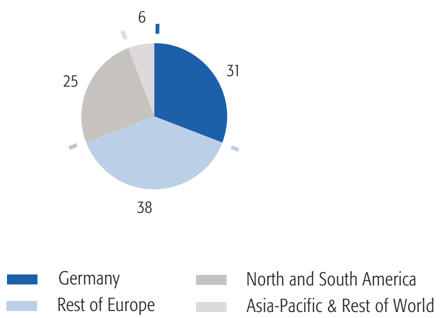
Life/health insurance

We achieved strong growth in both our operating profit and net income.

- Total statutory premiums increased by 6.8 % to € 45.2 billion in 2004, reflecting growth in new business, in particular of our life/health operations in the United States and in Germany. Total statutory premiums, based on internal growth, increased by 10.0 %.
- Operating profit increased significantly by 12.1 % to € 1.4 billion in 2004, primarily reflecting an increase in business volume, the pricing of new business and further efficiency gains.
- Non-operating results were up significantly by € 637 million to € 228 million in 2004, largely due to increased net capital gains and lower impairments on investments, as well as reduced amortization of goodwill. In 2003, amortization of goodwill reflected an impairment on goodwill of € 224 million attributable to South Korea.
- Net income rose significantly by € 770 million to € 808 million in 2004.

Earnings summary

Statutory premiums in 2004 by regions[*)]
in %

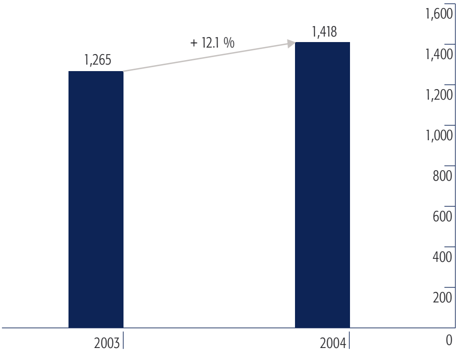


*) After elimination of transactions between Allianz Group companies in different geographic regions and different segments.

Statutory premiums

Despite a negative exchange rate effect, our statutory premiums increased by € 2,858 million from € 42,319 million in 2003 to € 45,177 million in 2004. Statutory premiums, based on internal growth, increased by 10.0 % as compared to 2003. However, this growth varied noticeably across different markets. Although we continued to report significant growth in the majority of our markets, in particular the United States and France, statutory premiums declined in our life/health operations in Italy, Switzerland and South Korea. In Germany, new business markedly increased after a law reorganizing the taxation of life insurance benefits in the second half of the year was enacted.

Operating result
in € mn



Operating result

In 2004, operating profit from our life/health insurance operations increased significantly by 12.1 % to € 1,418 million as compared to 2003. This was due primarily to increases in net current income from investments and our net trading result, as well as lower net other operating income/(expenses), offset in part by increases in net insurance benefits and net acquisition costs. Important drivers for these beneficial developments were an increase in business volume, pricing of new business and further efficiency gains. Administrative expenses decreased by € 37 million to € 1,270 million in 2004, primarily as a result of efficiency gains. Net acquisition costs increased by € 750 million, or 39.8 %, to € 2,635 million in 2004, primarily reflecting the strong growth in our statutory premiums. In addition, in 2003, net acquisition costs included a significant benefit from the "true-up" of deferred policy acquisition costs. Accordingly, our statutory expense ratio increased to 9.1 % in 2004 from 7.9 % in 2003. Net trading income and net insurance benefits were affected by a new U.S. GAAP accounting standard (SOP 03-1), whereby investments from certain unit-linked contracts were reclassified from separate account assets to trading assets. This change led to an equal increase in both net trading income and net insurance benefits.

Net income

Net capital gains and impairments on investments improved by € 338 million to € 224 million in 2004 from a loss of € 114 million in 2003. This improvement was primarily attributable to more favorable capital market conditions. Intra-group dividends and profit transfer increased by € 60 million to € 163 million in 2004. Amortization of goodwill decreased by € 239 million to € 159 million in 2004 as compared to € 398 million in 2003, which reflected an impairment on goodwill of € 224 million attributable to South Korea. Tax expense decreased to € 469 million in 2004 from € 583 million in 2003, which reflected a charge of € 409 million relating primarily to a change in tax law in Germany. Minority interests in earnings grew by € 134 million to € 369 million in 2004 primarily due to our improved earnings, in particular in France and Italy. Overall, net income increased significantly by € 770 million to € 808 million in 2004.

Years ended December 31	2004 € mn	2003 € mn
Statutory premiums[1]	45,177	42,319
Gross premiums written	20,716	20,689
Premiums earned (net)[2]	18,596	18,701
Current income from investments (net)[3]	10,852	10,744
Insurance benefits (net)[4]	(25,079)	(24,189)
Net acquisition costs and administrative expenses[5]	(3,905)	(3,192)
Net trading income	1,350	218
Other operating income/(expenses) (net)	(396)	(1,017)
Operating profit	**1,418**	**1,265**
Net capital gains and impairments on investments[6]	224	(114)[7]
Intra-group dividends and profit transfer	163	103
Amortization of goodwill	(159)	(398)
Earnings from ordinary activities before taxes	**1,646**	**856**
Taxes	(469)	(583)
Minority interests in earnings	(369)	(235)
Net income	**808**	**38**
Statutory expense ratio[8] in %	9.1	7.9

[1] Under the Allianz Group's accounting policies for life insurance contracts, for which we have adopted U.S. GAAP accounting standards, gross written premiums include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

[2] Net of earned premiums ceded to reinsurers of € 2,048 mn (2003: € 1,953 mn).

[3] Net of investment management expenses of € 450 mn (2003: € 493 mn) and interest expenses of € 33 mn (2003: € 23 mn).

[4] Net insurance benefits were adjusted for income of € 1,324 mn (2003: expense of € 661 mn) related to policyholders' participation of net capital gains and impairments on investments that were excluded from the determination of operating profit.

[5] Comprises net acquisition costs of € 2,635 mn (2003: € 1,885 mn) and administrative expenses of € 1,270 mn (2003: € 1,307 mn). Net acquisition costs and administrative expenses do not include expenses for the management of investments and, accordingly, do not reconcile to the acquisition costs and administrative expenses as presented in the Consolidated Financial Statements.

[6] Comprises net realized gains on investments of € 253 mn (2003: € 169 mn), and net impairments on investments of € 29 mn (2003: € 283 mn). These amounts are net of policyholders' participation.

[7] Includes realized gains of € 743 mn from sales of Crédit Lyonnais shares in 2003.

[8] Represents ratio of net acquisition costs and administrative expenses to net premiums earned (statutory).

Banking

We stabilized operating revenues, significantly increased efficiency and markedly decreased risks.

- In 2004, we successfully drove forward the turnaround of our banking business.
- After an operating loss of € 369 million in 2003, we successfully achieved an operating profit of € 603 million in 2004, of which Dresdner Bank contributed € 599 million. This positive development resulted from the impact of previous years' cost reduction plans and the significant reduction of our net loan loss provisions through the further reduction in our non-strategic loan business within the IRU division of Dresdner Bank.
- Additionally, and following a decline in restructuring charges, we successfully achieved a net income of € 104 million in 2004 as compared to a loss of € 1,279 million in 2003.

Earnings summary

While net income from our banking segment was € 104 million in 2004, Dresdner Bank achieved a net income of € 142. After the divestment of our French mortgage banking subsidiary, Entenial, in January 2004, our banking segment's results of operations are almost exclusively represented by Dresdner Bank, accounting for 96.6 % of the total banking segment's operating revenues in 2004. Accordingly, the discussion of our banking segment's results of operations for the years 2004 and 2003 relate solely to the operations of Dresdner Bank.

Operating revenues

Operating revenues remained fairly constant at € 6,243 million in 2004, with only a 0.5 % decrease. This was driven primarily by a 4.8 % decline in net interest income to € 2,275 million, resulting from the reduction of our interest-bearing assets, offset by a rise of 3.1 % to € 2,460 million in net fee and commission income. The commission income generated from the sales of insurance products of approximately € 136 million (2003: € 84 million) also contributed significantly to this increase.

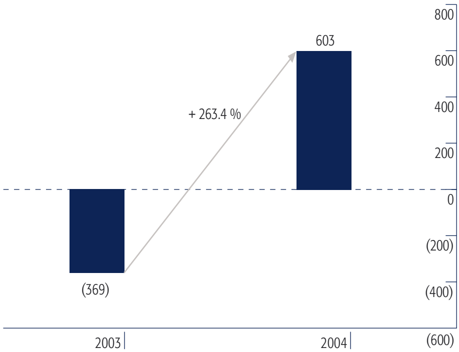
Operating result

Operating profit of Dresdner Bank increased significantly to € 599 million in 2004, compared to an operating loss of € 482 million in 2003. This positive development was brought about by reductions in our administrative expenses and net loan loss provisions. Our administrative expenses were reduced by 7.5 % to € 5,307 million in 2004. This was largely due to our cost-cutting and restructuring measures, which resulted in savings in both personnel and non-personnel operating expenses. Personnel expenses decreased by € 202 million, or 5.9 %, to € 3,247 million in 2004. As a result of lower expenses related to information technology and other equipment, non-personnel operating expenses also declined by 10.0 % to € 2,060 million.

Our net loan loss provisions were reduced by 66.8 % to € 337 million in 2004, primarily as a result of further improved risk management processes, absence of large defaults and the reduction in our non-strategic loan business within the IRU division, thereby reducing our risk-weighted assets. Overall, our coverage ratio increased to 60.4 % at December 31, 2004 (2003: 55.9 %).

Operating result

in € mn



Net income

Net income of Dresdner Bank improved significantly to € 142 million in 2004 from a loss of € 1,305 million in 2003. In addition to the positive developments in our operating profit, Dresdner Bank's net income was also strengthened by a significant reduction in restructuring charges, which declined to € 290 million in 2004 from € 840 million in 2003, as well as an improvement in net other non-operating income/(expenses) by € 335 million to a loss of € 278 million in 2004 from a loss of € 613 million in 2003. During 2004, restructuring charges of € 96 million resulted from our "New Dresdner" program, with a further € 55 million stemming from other existing programs. Restructuring provisions of € 139 million were also recorded for measures taken in optimizing our internal business processes in our Personal Banking and Dresdner Kleinwort Wasserstein divisions, as well as the reorganization of our business in Latin America. Additionally, the sale of non-strategic investments contributed to our net capital gains and impairments on investments, which increased to € 134 million in 2004 from a loss of € 170 million in 2003.

	2004		2003	
	Banking Segment	Dresdner Bank	Banking Segment	Dresdner Bank
	€ mn	€ mn	€ mn	€ mn
Net interest income	2,368	2,275	2,793	2,391
Net fee and commission income	2,593	2,460	2,452	2,387
Net trading income	1,502	1,508	1,486	1,494
Operating revenues	**6,463**	**6,243**	**6,731**	**6,272**
Administrative expenses	(5,516)	(5,307)	(6,086)	(5,739)
Net loan loss provisions	(344)	(337)	(1,014)	(1,015)
Operating profit (loss)	**603**	**599**	**(369)**	**(482)**
Net capital gains and impairments on investments	140[1]	134	(123[1])	(170)
Restructuring charges	(292)	(290)	(892)	(840)
Other non-operating income/(expenses)(net)	(288)	(278)	(553)	(613)
Amortization of goodwill	(244)	(244)	(263)	(270)
Earnings from ordinary activities before taxes	**(81)**	**(79)**	**(2,200)**	**(2,375)**
Taxes	286	281	1,025	1,075
Minority interests in earnings	(101)	(60)	(104)	(5)
Net income (loss)	**104**	**142**	**(1,279)**	**(1,305)**
Cost-income ratio[2] in %	85.3	85.0	90.4	91.5

[1] Comprises primarily net realized gains on investments of € 472 mn (2003: € 240 mn), and net impairments on investments of € 356 mn (2003: € 437 mn).

[2] Represents ratio of administrative expenses to operating revenues.

Asset management

We continued to significantly increase our operating profit.

- The Allianz Group is one of the five largest asset managers in the world based on assets under management. In 2004, we achieved net inflows of € 31 billion to third-party assets under management.
- In spite of the negative effects of exchange rate movements of € 31 billion, our third-party assets, most of which are managed in U.S. dollars, increased by € 20 billion, or 3.5 %, to € 585 billion in 2004.
- Operating profit improved by € 123 million to € 856 million in 2004. After deducting acquisition-related expenses, amortization of goodwill, taxes and minority interests, our asset management segment reported a net loss of € 152 million in 2004 from a net loss of € 270 million in 2003.

The assets under management by the Allianz Group consist of third-party assets, group's own investments and separate account assets.

Earnings summary

Our asset management segment's results of operations are almost exclusively represented by Allianz Global Investors, which accounted for 99.7 % of our total asset management segment's operating revenues in 2004. Accordingly, the discussion of our asset management segment's results of operations for the years 2004 and 2003, relate solely to the operations of Allianz Global Investors.

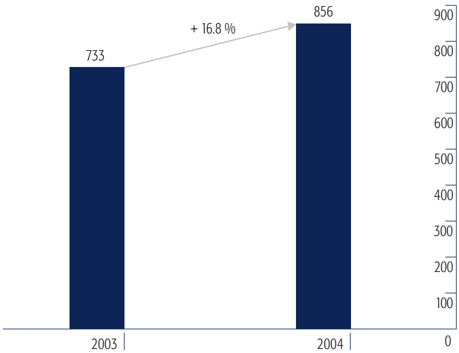
Operating revenues

Operating revenues of Allianz Global Investors increased by € 63 million, or 2.8 %, to € 2,301 million in 2004. Excluding the negative effects from exchange rate movements, operating revenues increased by € 226 million, representing a growth rate of 10.1 %. This growth reflected positive business developments worldwide, resulting primarily from higher average assets under management driven by significant net inflows and favorable capital markets in 2004. We recorded the strongest growth rate in our Asia-Pacific business, which was also due to a much lower base (assets under management) as compared to our businesses in the United States and Europe.

Operating result

Operating profit of Allianz Global Investors increased significantly by € 118 million, or 16.1 %, to € 851 million in 2004. Excluding the effects of exchange rate movements, operating profit would have improved by € 182 million, or 24.8 %, in 2004, primarily due to growth in our operating revenues. While operating revenues increased, operating expenses decreased by € 55 million, or 3.7 %, to € 1,450 million in 2004. Excluding the effects of exchange rate movements, operating expenses increased by 2.9 % to € 1,549 million in 2004. On a constant currency basis, personnel expenses remained stable at € 908 million in 2004 (2003: € 907 million), while non-personnel expenses increased by € 42 million, or 7.0 %, to € 641 million in 2004.

Operating result
in € mn



In all regions, the increase in operating expenses was below the growth we experienced in our operating revenues. This development was due primarily to strict cost management in all entities and restructuring measures initiated in 2002 and 2003, especially concerning our equity investment managers and our operations in Germany. These restructuring measures, which include consolidating our product offerings, streamlining and automation of our back-office operations, and reduction of our headcount, led to a decrease in our cost base and improved operational efficiency.

As a result of the above mentioned developments, our cost-income ratio improved from 67.2 % in 2003 to 63.0 % in 2004. Excluding the effects from exchange rate movements, our cost-income ratio improved to 62.9 % in 2004.

Net income

Net income of Allianz Global Investors was a lower-than-expected loss of € 157 million in 2004, representing a significant improvement from the loss of € 270 million in 2003. Acquisition-related expenses and amortization of goodwill, in aggregate, amounted to € 803 million in 2004 as compared to € 836 million in 2003. Thereof, amortization of goodwill and amortization related to capitalized loyalty bonuses for PIMCO management was € 380 million and € 125 million, respectively, in 2004. These loyalty bonuses expire in 2005. Of the total acquisition-related expenses, € 125 million was related to retention payments for the management and employees of PIMCO and Nicholas Applegate and € 173 million was due to the deferred purchases of interests in PIMCO. These retention payments and deferred purchases of interests in PIMCO were agreed upon at the time these investment companies were acquired.

	2004		2003	
	Asset Management Segment € mn	Allianz Global Investors € mn	Asset Management Segment € mn	Allianz Global Investors € mn
Operating revenues	2,308	2,301	2,238	2,238
Operating expenses	(1,452)	(1,450)	(1,505)	(1,505)
Operating profit	**856**	**851**	**733**	**733**
Acquisition-related expenses[1)]	(423)	(423)	(467)	(467)
Amortization of goodwill	(380)	(380)	(369)	(369)
Earnings from ordinary activities before taxes	**53**	**48**	**(103)**	**(103)**
Taxes	(34)	(34)	16	16
Minority interests in earnings	(171)	(171)	(183)	(183)
Net income (loss)	**(152)**	**(157)**	**(270)**	**(270)**
Cost-income ratio[2)] in %	62.9	63.0	67.2	67.2

[1)] Comprises amortization charges of € 125 mn (2003: € 137 mn) relating to capitalized loyalty bonuses for PIMCO management, charges of € 125 mn (2003: € 159 mn) relating to retention payments for the management and employees of PIMCO and Nicholas Applegate, as well as charges of € 173 mn (2003: € 171 mn) in connection with the deferred purchases of interests in PIMCO.

[2)] Represents ratio of operating expenses to operating revenues.

Assets under management

Assets under management – Key data

Fair Values as of December 31	2004		2003		2002	
	€ mn	%	€ mn	%	€ mn	%
Third-party assets	584,624	54.2	564,714	56.7	560,588	56.7
Group's own investments[1)]	477,387[2)]	44.3	398,818	40.0	403,061	40.7
Separate account assets	15,851[2)]	1.5	32,460	3.3	25,657	2.6
Total	**1,077,862**	**100.0**	**995,992**	**100.0**	**989,306**	**100.0**

[1)] Includes adjustments to reflect real estate and investments in associated enterprises and joint ventures at fair value. These adjustments were made in order to reflect the definition of group's own investments used by management for its controlling purposes.

[2)] As a result of a new accounting standard, investments from certain unit-linked contracts were reclassified from separate account assets to trading assets, which are included within group's own investments.

Overall, third-party assets account for approximately 54.2 % or € 585 billion of assets managed by the Allianz Group. The value of this portfolio increased by € 20 billion, including net inflows of € 31 billion and market-related increases of € 32 billion. This increase in value of our third-party assets more than compensates the negative effects from exchange rate movements of € 31 billion, resulting primarily from the weakness of the U.S. dollar as compared to the Euro. Our third-party assets under management were also negatively affected by the withdrawal of our joint venture with Meiji Life in Japan, which resulted in a € 12 billion decline in our third-party assets under management.

We have strong market positions in the United States and Germany. 70.3 % and 15.2 % of our third-party assets under management originated from the United States and Germany, respectively. Of the total third-party assets under management, 74.7 % and 23.6 % were invested in fixed income securities and equities, respectively. Institutional customers accounted for 59.3 % of our third-party assets under management. This customer segment requires us to provide the highest standards in terms of quality of products and services. Our high standards also benefited our retail clients, which accounted for 40.7 % of our third-party assets under management.

The following tables show our third-party assets under management by investment category and by investor class at December 31 for the years indicated:

Third-party assets — By investment category

Fair values as of December 31	2004		2003		2002	
	€ bn	%	€ bn	%	€ bn	%
Fixed income	437	74.7	409	72.4	405	72.2
Equity	138	23.6	146	25.8	141	25.1
Other*)	10	1.7	10	1.8	15	2.7
Total	**585**	**100.0**	**565**	**100.0**	**561**	**100.0**

*) Includes primarily investments in real estate.

Third-party assets — By investor class

Fair values as of December 31	2004		2003		2002	
	€ bn	%	€ bn	%	€ bn	%
Institutional	347	59.3	336	59.5	403	71.8
Retail	238	40.7	229	40.5	158	28.2
Total	**585**	**100.0**	**565**	**100.0**	**561**	**100.0**

Outlook for 2005

Outlook for Allianz's business development

We will continue to execute our "3+One" program in 2005 with an increasing focus on managing for profitable and sustainable growth. We expect an overall increase of total revenues in line with 2004. We will concentrate our efforts to sustain and selectively improve operating profits. Within our property-casualty segment we are striving to maintain a strong combined ratio of below 95 %, even though in some markets, the potential for further rate increases may be limited. We are also confident that our life/health segment will achieve its operating profit target of at least € 1.5 billion and Dresdner Bank will earn its cost of capital in 2005. Additionally, we are targeting a 10 % increase in operating profit for our asset management business. However, as always, natural catastrophes and adverse developments on the capital markets may severely impact our profitability.

In 2005, our consolidated net income will be positively affected by certain changes in international accounting standards (IFRS). Goodwill will no longer be amortized, resulting in an estimated benefit net of tax for the Allianz Group of € 1.1 billion in 2005. In addition, due to the stipulations of IAS 39 (revised), we will be required to reverse all write-ups within our equity investment portfolio retroactively, ultimately resulting in a higher potential for capital gains and reduced risk of impairment charges.

Munich, February 23, 2005
Allianz Aktiengesellschaft

The Board of Management

Diekmann	Dr. Achleitner
Bremkamp	Carendi
Dr. Faber	Dr. Hagemann
Dr. Perlet	Dr. Rupprecht
Dr. Walter	Dr. Zedelius

Recommendation for appropriation of profit

The Board of Management and the Supervisory Board propose that the unappropriated earnings of Allianz AG for fiscal 2004 in the amount of € 852,000,000.00 be appropriated as follows:

- Distribution of a dividend of € 1.75 per eligible share: € 674,364,188.75
- Allocation of € 177,635,811.25 to other appropriated retained earnings

The recommendation for appropriation of earnings takes into account own shares held directly or indirectly by the company, which in accordance with the German Stock Corporation Act (clause 71 b AktG) are not entitled to receive a dividend. Further purchases or sales of own shares during the period prior to the Annual General Meeting may increase or decrease the number of shares eligible for dividends. In this case, an amended proposal for the appropriation of profit based upon an unchanged dividend in the amount of € 1.75 per eligible share will be submitted to the Annual General Meeting for ratification.

Munich, March 16, 2005
Allianz Aktiengesellschaft

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 company assumes no obligation to update any forward-looking information contained herein.