

Allianz Aktiengesellschaft
Annual Report 2004

At a glance

		2004	Change from previous year in %	2003	Change from previous year in %	2002	Change from previous year in %	Details on page
Gross premiums written	€ mn	5,265	(4.1)	5,493	(1.9)	5,600	(1.6)	7
Retention	in %	70.4		67.6		68.9		
Loss ratio on own account	in %	65.6		73.8		77.5		7
Gross expense ratio	in %	23.7		26.4		26.3		7
Underwriting result	€ mn	44		(231)		(231)		7
Non-underwriting result	€ mn	1,324	30.9	1,011	(57.0)	2,351	119.5	11
Earnings before taxes	€ mn	1,368	75.3	780	(63.2)	2,120	397.1	11
Taxes	€ mn	335		198		210		11
Net income	€ mn	1,703	74.1	978	(58.0)	2,330	327.1	11
Investments under management	€ mn	71,885	(12.1)	81,826	10.5	74,025	22.4	10
Shareholders' equity	€ mn	26,721	4.9	25,483	25.4	20,316	10.8	11
Shareholders' equity as percent of net premium income	in %	720.5		686.1		526.2		11
Insurance reserves	€ mn	18,147	(3.9)	18,881	(4.1)	19,679	3.2	20
Dividend per share	€	1.75		1.50		1.50		14
Dividend payment	€ mn	674		551		374		14
Share price at year-end ¹⁾	€	97.6		100.1		80.8		
Market capitalization at year-end ²⁾	€ bn	35.9		36.7		22.0		

¹⁾ Adjusted for capital measures (capital increase)

²⁾ Excluding treasury shares

To go directly to any chapter, simply click >>>
on the headline or the page number.

CONTENTS

SUPERVISORY BOARD REPORT	2
SUPERVISORY BOARD AND BOARD OF MANAGEMENT	5
MANAGEMENT REPORT	
REINSURANCE	7
INVESTMENTS	10
TOTAL EARNINGS	11
SHAREHOLDERS' EQUITY AND BALANCE SHEET STRUCTURE	11
RISK REPORT	11
OUTLOOK	13
RECOMMENDATION FOR APPROPRIATION OF PROFIT ALLIANZ AKTIENGESELLSCHAFT	14
FINANCIAL STATEMENTS	
BALANCE SHEET	16
INCOME STATEMENT	18
NOTES TO THE FINANCIAL STATEMENTS	
LEGAL REGULATIONS	20
ACCOUNTING, VALUATION AND CALCULATION METHODS	20
SUPPLEMENTARY INFORMATION ON ASSETS	22
SUPPLEMENTARY INFORMATION ON LIABILITIES	28
SUPPLEMENTARY INFORMATION TO THE INCOME STATEMENT	31
MISCELLANEOUS	33
AUDITOR'S REPORT	39
MEMBERSHIPS	40



Ladies and Gentlemen,

in the course of 2004, the members of the Supervisory Board worked intensively on dealing with the situation and perspectives of the company. We advised the Board of Management with respect to the management of the company, oversaw its conduct of business and were directly involved in decisions of fundamental importance.

The Supervisory Board held four meetings during the reporting period. Between meetings, the Board of Management informed us in writing on important matters. In addition, the Chairman of the Supervisory Board was kept up-to-date on major developments and decisions.

The Board of Management regularly provided us with timely and comprehensive information on the economic and financial development of the Allianz Group and Allianz AG, including the risk situation, important business transactions and corporate strategy. We discussed company planning for the year 2005 and asked for explanations of the deviations from existing plans and objectives in the course of business.

Implementation of the “3+One” program

Our deliberations were centered on the measures taken by the Board of Management to implement the “3+One” program, which summarizes the Group’s objectives and initiatives through 2005. The elements of this program are: Strengthening the capital base, increasing profitability, reducing the complexity of company structures, and bringing about a sustainable increase in its value. We were satisfied that the implementation of this program has been successful so far.

Continuation of the positive earnings trend

In all meetings, the Board of Management reported to us on the development of the Group’s revenues and earnings, developments in the individual business segments and the financial situation. After the return to profitability achieved in fiscal 2003, the positive trend continued in the reporting year. We found that operating profitability had improved significantly in all business areas.

We actively monitored the continuous implementation of the program for a return to profitability at Dresdner Bank and AGF. Developments were encouraging in both cases. Both the bank and the French group company showed a profit in 2004.

Strengthening the capital base and reducing complexity

The Group’s capital resources were regularly discussed at meetings. The Management Board stated that the capital base had been strengthened by a number of different measures, and that the Group’s high rating had been secured. In order to render investment income less dependent on market movements, both the proportion of funds invested in equities and the concentration of these funds in individual stocks were further reduced.

We were given an overview of those non-strategic activities of which Allianz had divested itself in order to reduce the complexity of the Group.

Other topics of discussion

We again considered the planned reforms to the social security system in Germany, in as much as these impinge on the business of Allianz. A critical look was taken in this context at the fiscal treatment of pension provision under the regulations of the German Act on the Taxation of Pensions and Annuities. We also tackled the future of private health insurance in Germany, with detailed discussions on the proposed “citizens’ insurance” and “health premium” reforms.

We received a separate report on the development of the insurance business in the U.S.A., which showed that the Group companies there have achieved, in some cases, significant improvements in their results.

Legal proceedings in connection with the World Trade Center loss have still not yet been concluded, but we were kept informed on a regular basis of the current state of affairs. The same applied as regards the investigations by the U.S. supervisory authorities into the conduct of business by companies in the asset management industry, where our attention was focused mainly on the effects of these enquiries on the companies in the Allianz Global Investors group. We also considered the action by the German Federal Cartel Office against a large number of German insurers, which also affects Allianz Versicherungs-AG.

We were unanimous in welcoming the decision by the Board of Management to again offer discounted Allianz share purchases to employees of the Allianz Group in 20 countries.

Corporate Governance and Declaration of Compliance

We continually monitored the further development of the Corporate Governance Standards in the company and, in this context, updated the Supervisory Board procedural rules.

The individual remuneration figures for the members of the Management and Supervisory Boards for the past year are being published for the first time. In this, Allianz AG is heading all the recommendations of the German Corporate Governance Code. This is expressed in the new Declaration of Compliance with the Code, which was passed by the Management and Supervisory Boards in December 2004.

At the December meeting we again examined the effectiveness of our work, in the absence of the Board of Management. We examined the steps we had decided upon the year before to improve our effectiveness, and discussed models for restructuring the remuneration of the Supervisory Board.

More detailed information on corporate governance within the Allianz Group is contained in the report jointly approved by the Board of Management and the Supervisory Board that can be found in Allianz Group's Annual Report. In-depth information on this subject is also available at the Allianz website at www.allianzgroup.com/corporate-governance.

Activities of the committees

The members of the Supervisory Board formed the Audit Committee, the Standing Committee, the Personnel Committee and the Mediation Committee as called for by the German Codetermination Act. The current composition of the committees can be seen from the list aside.

In the year under review, the Standing Committee held three meetings, dealing mainly with Group financing, the employee share purchase program and questions of corporate governance. The Personnel Committee also convened three times. It dealt with personnel matters of the members of the Board of Management, the structure and amount of the remuneration of the Board of Ma-

agement and the determination of the variable and equity-based remuneration components. There was no need for the Mediation Committee to convene.

Committees of the Supervisory Board of Allianz AG

As of December 31, 2004

Chairman of the Supervisory Board

Dr. Henning Schulte-Noelle

Deputy Chairman of the Supervisory Board

Norbert Blix

Audit Committee

Dr. Manfred Schneider (Chairman)

Dr. Gerhard Cromme

Prof. Dr. Rudolf Hickel

Frank Ley

Dr. Henning Schulte-Noelle

Personnel Committee

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

Standing Committee

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

Peter Haimerl

Dr. Manfred Schneider

Mediation Committee

Dr. Henning Schulte-Noelle (Chairman)

Dr. Wulf H. Bernotat

Norbert Blix

Hinrich Feddersen

The Audit Committee held five meetings in the course of 2004. In the presence of the auditors, it discussed the annual financial statements of Allianz AG and of the Group, the audit reports and the 20-F filing required in the U.S.A. It also examined the quarterly reports and dealt with the assignment of the mandate to the auditor and the setting of priorities for the audit. Other subjects of deliberation were the measures to be taken to comply with the requirements of the U.S. Sarbanes Oxley Act on the effectiveness of internal control systems for financial reporting. The award of contracts to

the auditors for non-auditing services was also discussed. A special report was forwarded to the Board on the tasks and responsibilities of internal audits and the main results of internal audits in the past year. Finally, the Audit Committee examined the effectiveness of its own activity and made decisions concerning its future work.

The Supervisory Board was regularly informed about the work of the Committees.

Annual accounts and consolidated financial statements

KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of Allianz AG and the Allianz Group as well as the respective management reports and issued their certification without any reservations. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The independent auditors have confirmed that the consolidated financial statements and the management report meet the conditions required to exempt the company from its obligation to prepare consolidated financial statements in accordance with German law.

The financial statements and the auditor's reports submitted by KPMG were made available to all members of the Supervisory Board in due time. These documents were discussed in depth by the Audit Committee on March 7, 2005, as well as by the Supervisory Board at a meeting held for that purpose on March 16, 2005. The independent auditors participated in these discussions. They presented the results of the audits and were available to provide supplementary information.

On the basis of our own review of the financial statements of Allianz AG and the Allianz Group, the corresponding management reports and the recommendation for appropriation of profit, we concurred with the findings of the audit by KPMG and approved the financial statements of Allianz AG and the Allianz Group prepared by the Board of Management, and we hereby adopt the individual accounts. We consent to the appropriation of earnings as proposed by the Board of Management.

Members of the Supervisory Board and the Board of Management

A number of changes have taken place in the Supervisory Board. For the shareholders, Jürgen Dormann, Prof. Jürgen E. Schrempp and Bertrand Collomb have departed the Supervisory Board; Mr. Dormann's seat on the Board will be filled by Dr. Albrecht Schäfer as elected substitute member. Prof. Dr. Dennis J. Snower and Igor Landau have been appointed by the Court to replace Prof. Schrempp and Mr. Collomb, and their appointments will be ratified by the Annual General Meeting on May 4, 2005.

Dr. Albrecht Schäfer and Prof. Dr.-Ing. Hermann Scholl have resigned from the Supervisory Board as shareholder representatives with effect from the end of the Annual General Meeting on May 4, 2005. The Supervisory Board proposes that the Annual General Meeting elects Franz Fehrenbach and Dr. Franz B. Humer as their successors.

For the employees, Herbert Pfennig has resigned early as the representative of managerial staff; his successor is Dr. Max Link. Frank Ley will end his many years of service in the Supervisory Board at the end of the Annual General Meeting on May 4, 2005. His seat on the Board will be taken by Iris Mischlau-Meyrahn as elected substitute member.

We have thanked the departing members of the Supervisory Board for their valuable work in our body.

With effect from May 1, 2005, the Supervisory Board has appointed Dr. Mario Greco, currently Chief Executive Officer of the Italian group company RAS, as a member of the Management Board. He will take over responsibility for the Europe II territory from Detlev Bremkamp who will retire at the end of 2005.

In our capacity as members of the Supervisory Board, we would like to take this opportunity to thank all members of the Allianz Group companies for their personal effort and commitment.

Munich, March 16, 2005

For the Supervisory Board:



Dr. Henning Schulte-Noelle
Chairman

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 Corporate 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

Allianz AG Management Report

Underwriting results and net income clearly improved

Allianz AG is, first and foremost, the holding company for the Allianz Group, one of the leading global service providers for insurance, banking and asset management. In 2004, the Group reported profitable growth in property and casualty insurance, a fact that can be attributed to the decision by the Group companies to only expand businesses that were attaining risk-adequate premiums. This strategic direction was also taken by our reinsurance business which, alongside holding, represents the other focus of Allianz AG. In brief, the major figures for this business were as follows:

- _ A considerable fall in the claims ratio for own account (excluding redemptions and premium refunds) to 59.8 % (2003: 68.5 %).
- _ A jump in the underwriting result, before allocation to the claims equalization reserve, from € 59 million in the previous year to € 410 million.
- _ An increase in net income to € 1,702.8 million (2003: € 977.9 million).
- _ A strengthening of the capital base; shareholders' equity rose to € 26.7 billion – € 1.24 billion more than the previous year figure – and its share of total assets climbed to 35.1 % (2003: 28.8 %).

Reinsurance

In fiscal 2004, **gross premiums** – mainly originating from Group companies and Allianz affiliates – experienced a 4.1 % drop, falling to € 5.3 billion (2003: € 5.5 billion). This figure was influenced by the following three special effects:

- _ Allianz Sachgruppe Deutschland (SGD) increased its retention, thereby reducing Allianz AG premium income by approximately € 140 million.
- _ SGD also placed its facultative reinsurance business directly on the external reinsurance market, with no involvement of Allianz AG reinsurance. This led to a further reduction of approximately € 100 million in the Allianz AG premium income.
- _ At the same time, gross premiums increased by € 100 million as a result of a new pool concept for optimizing our group-wide reinsurance protection for natural disasters.

At € 3.7 billion, net premium income remained virtually unchanged from the previous year.

The proportion of total premium income contributed by companies outside Germany increased slightly to 25.2 % (2003: 23.9 %).

The **underwriting result** (before allocation to the claims equalization reserve) increased to € 409.9 million (2003: € 58.7 million), primarily as a result of the following three effects:

- _ In fiscal 2004, we attained risk-adequate prices and significantly improved reinsurance terms for renewals.
- _ The quality of income in the underwriting business of Allianz direct insurers increased significantly, improving in line with the reinsurance underwriting result.
- _ Despite hurricanes in the United States and Japan, and the Asian tsunami at the end of the year, there were relatively few major claims arising from natural disasters.

As a result of the above, the **claims ratio** for own account (excluding redemptions and premium refunds) was significantly reduced to 59.8 % (2003: 68.5 %).

The **expense ratio** was 23.7 % (2003: 26.4 %). The drop in underwriting expenses is due to both declining reinsurance commissions and lower administration costs.

After allocating € 365.8 million (2003: € 289.4 million) to the claims equalization reserves, there was an **actuarial gain** of € 44.1 million (previous year: loss figure of € 230.7 million).

Premium income in **automobile reinsurance** fell by 10.5 % to € 1,182 million (2003: € 1,320 million), due in part to a downturn in revenue development among direct insurers. Continued improvements in safety standards for automobile manufacture and traffic systems over the last ten years have significantly eased pressure on loss accounts. This is particularly true of relationships with SGD. After allocating € 3.4 million (2003: € 44.4 million) to claims equalization reserves, there was an actuarial gain of € 46.1 million in automobile reinsurance, compared to a € 61.1 million loss in the previous year.

In **fire reinsurance**, premium income fell by 3.4 % to € 615.0 million (2003: € 636.9 million). Premium income, primarily from the U.S.A and Mexico and from external business relations, declined further than this, and could not be completely counterbalanced

by an increase in income from other regions such as Europe. After allocation of €108.8 million (2003: €149.0 million) to the claims equalization reserve, the actuarial loss was reduced to €47.5 million (2003: €67.2 million).

Premium income in **liability reinsurance** fell by 10.4% to €420.8 million (2003: €469.8 million), mainly as a result of higher retention by SGD. This decline was only partially counterbalanced by increased revenues from the Asia-Pacific region and from general business with external customers. After withdrawing €18.4 million from the claims equalization reserve (previous year: €10.9 million allocated to the reserve), liability insurance returned to profit, closing 2004 at a €78.5 million profit – following a €13.8 million loss the previous year. This was mainly influenced by a marked improvement in the loss situation of both SGD and our business partners in the Asia-Pacific region.

Revenues from **personal accident reinsurance** experienced a 2.1% drop to €429.4 million (2003: €438.8 million). An amount of €2.1 million (2003: €3.4 million) had to be withdrawn from claims equalization reserves; subsequently, the €20.4 million in earnings were in line with the favorable previous year figure of €20.1 million.

In **engineering reinsurance**, premium income increased by 3.2% to €253.3 million (2003: €245.4 million). This growth originates primarily from business with external partners and customer relations in the Asia-Pacific region. Substantial funds €43.9 million – had to be allocated to claims equalization reserves (compared to the prescribed withdrawal of €29.5 million the previous year) and, as a result, loss increased to €18.3 million (2003: €16.5 million). Before allocation to the claims equalization reserves, we succeeded in returning to profit in 2004, following a year of losses.

Premium volume from **homeowners' reinsurance** and **household effects** declined by 6.4% to €227.5 million (2003: €243.0 million), due for the most part to the higher retention of SGD. In the year under review, despite having to increase claims equalization reserves by €1.6 million (compared to a withdrawal the previous year of €4.2 million), these lines attained an almost break-even result of €(0.2) million. In the previous year, a loss of €10.7 million was experienced.

In **business interruption reinsurance**, there was a significant drop in revenues to €27.9 million (2003: €49.4 million), which was primarily attributable to the termination of a major business relationship. After allocation to the claims equalization reserves, a

profit of €0.9 million (previous year: loss of €6.4 million) was achieved.

In **marine reinsurance**, premium income increased by 12.6% to €145.8 million (2003: €129.5 million) as a result of an expansion in business with external partners. Following a previous year withdrawal of €2.1 million from the claims equalization reserves, €6.9 million were allocated to these reserves in 2004. Loss increased to €10.3 million (2003: €9.8 million).

In **legal expense reinsurance**, premium volume fell by 7.8% to €105.7 million (€114.6 million), which is mainly attributable to the termination of an external partnership. After withdrawing €1.9 million (2003: €3.5 million) from the claims equalization reserves, legal expense reinsurance reported a profit of €4.6 million (2003: €5.3 million).

In **life reinsurance**, premium income fell 1.0% to €878.7 million (2003: €887.7 million). On balance, the increased income from the reinsurance relationship with Allianz Leben was not quite sufficient to counterbalance a decline in revenues from business with external customers. Claims equalization reserves are not held for this reinsurance line. Profits grew significantly from a previous year figure of €9.6 million to €48.2 million. This has been significantly influenced by the special effect of our share in the proceeds from the sale of the Allianz Cornhill life insurance portfolio.

In **health reinsurance**, premium income experienced a 6.9% or €2.9 million increase to €44.4 million. Despite the termination of a number of contracts, our increased business share in other partners' businesses more than compensated for any losses arising from this. These results, which are not affected by claims equalization reserves, show a turnaround: following a previous year loss of €2.2 million, this reinsurance line closed the year at a profit of €1.7 million.

In the **other reinsurance lines**, premium income increased by 2.0% to €935.1 million (2003: €916.4 million). As in previous years, credit reinsurance contributed the biggest share of revenue, accounting for €186.2 million (2003: €173.3 million). In the year under review, premium income in extended coverage reinsurance fell to €52.7 million (2003: €110.7 million), which was attributable to the aforementioned changes in relations with SGD. Revenues in other areas of these reinsurance lines increased to €696.2 million (2003: €632.4 million), mainly due to the brisk aviation reinsurance business of Allianz Marine & Aviation. The recovery of the lending business by our customers once again led to a substantial increase in profits in this reinsurance portfolio

(before allocation to claims equalization reserves); in the other lines (not counting credit reinsurance), revenue growth was even more pronounced. In view of the allocation of €218.4 million (2003: €122.0 million) to claims equalization reserves, the other reinsurance lines closed 2004 at a loss of €80.2 million, almost the same as the previous year loss of €78.0 million.

Gross premiums written and results by insurance line in 2004

	Gross premiums written		Net underwriting result	
	2004 € mn	Change in %	2004 € mn	Change € mn
Automobile	1,182.0	(10.5)	46.1	107.2
Fire	615.0	(3.4)	(47.5)	19.7
Liability	420.8	(10.4)	78.5	92.3
Personal accident	429.4	(2.1)	20.4	0.3
Engineering	253.3	3.2	(18.3)	(1.8)
Homeowners	130.1	(4.6)	(10.9)	3.5
Household effects	97.3	(8.6)	10.7	7.1
Business interruptions	27.9	(43.5)	0.9	7.3
Marine	145.8	12.6	(10.3)	(0.5)
Legal expenses	105.7	(7.8)	4.6	(0.7)
Life	878.7	(1.0)	48.2	38.6
Health	44.4	6.9	1.7	3.9
Other lines	935.1	2.0	(80.0)	(2.1)
Total	5,265.5	(4.1)	44.1	274.8

“Other lines” include the following reinsurance lines:

- _ emergency assistance
- _ burglary, theft and robbery
- _ omnium (comprehensive cover for goods during the manufacturing process)
- _ extended coverage for fire and interruption to business
- _ glass
- _ hail
- _ credit and bond
- _ water damage
- _ aviation
- _ aircraft and spacecraft liability
- _ storm
- _ animal (livestock)
- _ other property and casualty business

Premium income of the Singapore branch amounted to €244.7 million. The branch opened in Dubai in the course of the year under review reported a premium income of €17.2 million, and that in Labuan, Malaysia, €53.6 million.

Investments

Overall, the Allianz AG **book value of investments** fell by 12.1 % to €71.9 billion (2003: €81.8 billion).

Intra-Group purchases substantially strengthened **real estate holdings** to €451 million (2003: €93 million).

The net book value of **investments in affiliated and associated companies** increased by €7.5 billion year-on-year to €53.9 billion. Intra-Group restructurings represented the lion's share of disposals, the biggest of these being a €3.7 billion reduction in capital at Allianz Finanzbeteiligungs GmbH, which had no impact on earnings. Further significant disposed investments in affiliated and other companies were made as a result of simplified investment structures and an optimized Group capital structure (specifically: €1.0 billion in Allianz Argos-10, €0.6 billion in Orpheus GmbH, €0.6 billion in Allianz Arges GmbH, and €0.4 billion in Ares GmbH). In addition, Allianz of America Inc. amortized a Group loan of €0.3 billion. The most significant sales to the third parties were Allianz Canada (for €113.8 million) and President General Insurance Company Taiwan (for €30.7 million).

Other investments fell by €2.4 billion to €8.5 billion, primarily as a result of a decline in bank deposits stock to €1.9 billion (2003: €5.8 billion). Our fixed-income security stock, on the other hand, rose by €1.4 billion to €5.0 billion.

The market value of real estate holdings, dividend-bearing securities (investments in affiliated and associated enterprises, stock and investment fund units) and bearer bonds amounted to €73.6 billion (2003: €78.4 billion) on December 31, 2004. The corresponding balance sheet value was €58.8 billion (2003: €64.0 billion).

Funds held by others under reinsurance business assumed decreased to €9.0 billion (2003: €9.4 billion).

Total **investment income** fell €6,243.7 million to €4,570.1 million (2003: €10,813.8 million) as a consequence of the following changes:

- A substantial increase in dividend income from operating activities of affiliates being paid to Allianz AG in cash. This reflects our new dividend demand policy; the amount payable is determined on the basis of the affiliate's goal achievement successes and the amount of capital invested. Revenues from Group company profit transfers and dividends increased from €851 million to €2,341 million, not accounting for special effects and non-operating components. However, exceptionally high realized

gains from the sale of shares in Beiersdorf AG and Münchener Rückversicherungs-AG ceased to apply in 2004. It was because of these special effects that income from profit transfers in 2003 amounted to €7,333.9 million. Overall, earnings from profit transfers fell to €2,478.0 million in 2004.

- €611.6 million (2003: €674.3 million) of investment income originating from investments in other enterprises.

- A fall in realized investment gains to €238.0 million (2003: €633.7 million), €107 million (2003: €291 million) of which is from shares in affiliated enterprises and participations.

- €1,241.2 million (2003: €2,170.4 million) in income from other investments.

Realized investment losses amounted to €159.8 million (2003: €1,110.8 million). During the previous year, figures had been influenced by a number of special factors including, in particular, the hedging of share positions.

Depreciation and write-downs declined to €500.2 million (2003: €1,264.4 million). Shares and investments in other enterprises represent €290.8 million of this amount, with the biggest item being a share in Allianz Life Korea held by Allianz Atropos GmbH worth €141.0 million. Changes in exchange rates resulted in the need for write-downs of €182.8 million on loans and fixed-income securities. Further write-downs of €23.6 million were made on our real estate holdings.

Overall, **investment income** increased to €2,260.9 million (2003: €1,907.4 million), after

- the deduction of €152.5 million (2003: €163.0 million) in investment management expenses,

- interest expenses of €1,347.6 million (2003: €1,357.7 million), and

- loss transfers of €134.1 million (2003: €4,005.6 million).

Total Earnings

The balance of other non-underwriting income and expenses came to a loss figure of €505.5 million (2003: loss figure of €498.1 million).

Overall, non-underwriting activities generated earnings of €1,323.5 million (2003: €1,011.0 million). Added to the actuarial gain of €44.1 million (2003: Loss figure of €230.7 million), this results in total earnings before taxes of €1,367.6 million (2003: €780.3 million). As a result of increased contributions from Group companies with consolidated tax filing status, tax income increased to €335.2 million (2003: €197.6 million) for 2004. Total net income for the year amounted to €1,702.8 million (2003: €977.9 million). Of this amount, €850.8 million (2003: €397.9 million) were transferred to the reserve for other appropriated retained earnings, leaving €852.0 million (2003: €580.0 million) in unappropriated net income. At the Annual General Meeting to be held on May 4, 2005, shareholders will be asked to approve €1.75 to be paid on each share qualifying for dividends and to appropriate the remaining amount to retained earnings.

Shareholders' Equity and Balance Sheet Structure

On December 31, 2004, shareholders' equity was €26,720.9 million (2003: €25,482.7 million), representing a €1,238.2 million – 4.8% – increase on the previous year. A capital increase, which allowed for shares to be issued to Group company employees at preferential terms, accounted for €86.2 million of this sum. The decisive contributing factor was the allocation of €850.8 million (2003: €397.9 million) of the 2004 net income to appropriated retained earnings and €852.0 million (2003: €580.0 million) to unappropriated retained earnings; making a total of €1,702.8 million (2003: €977.9 million). At the same time, the dividend payout from previous year earnings reduced shareholders' equity by €550.7 million (2003: €373.9 million). This translates into a shareholders' equity of 720.5% (2003: 686.1%) of net premium income.

Shareholders' equity represents a 35.1% (2003: 28.8%) share of total assets. This share was affected more by the decline in debt than the increase in shareholders' equity. Other liabilities were reduced by €15.3 billion to €23.8 billion (2003: €39.1 billion), following the clearance of all the liabilities to banks – €6.4 billion – that were outstanding on December 31, 2003. Outstanding loans, which were mainly to Group companies, were reduced by €1.7 billion. There was a significant drop in loss transfer commitment liabilities, which had fallen to only €134 million (2003: €4 billion) by December 31, 2004. At the same time, subordinated

liabilities increased to €5.2 billion (2003: €3.6 billion) in 2004 as a result of the placing of a euro bond with a total volume of €1.5 billion in February 2004.

Risk Report

As providers of financial services, we consider risk management one of our core competences. Risk management is therefore an integrated part of our controlling process. We identify and measure, aggregate and manage risks. The result of this process determines among other things how much capital is allocated to the Group's various divisions.

Risk governance structure

In our business, successful management essentially means controlling risks in order to protect the financial strength of the Allianz Group and increase its value on a sustained basis. Therefore, the Board of Management of Allianz AG formulates the business objectives and allocates the capital resources of the Allianz Group according to return-on-investment and risk criteria.

Since 2003, the Group Risk Committee has been monitoring the capitalization and risk profile of the Allianz Group to ensure a reasonable ratio between the two. This committee consists solely of members of the Allianz AG Board of Management. Its role is to ensure comprehensive risk awareness within the Allianz Group and to further improve risk control. It also provides timely information to the Management Board about risk-relevant developments, sets risk limits and is responsible for recommending and coordinating risk containment measures.

Group Risk Control, which reports to the Chief Financial Officer, develops methods and processes for risk assessment and control on a group-wide basis. On this basis, it forms an overview of local and global risks, derives the risk situation of the Allianz Group from this, and regularly informs management about the current situation. In addition, Group Risk Control makes sure that the risk governance principles of the Allianz Group are fully adhered to. Group Risk Control is also responsible for the centralized monitoring of accumulation risk over all business lines. This ensures that we control our local and global risks equally, and are not exposed to the danger of overall risk increasing unnoticed.

Within our risk governance policy, local units assume independent responsibility for their own risk control as, ultimately, it is they who have to respond quickly to risk changes in a market-oriented manner. At the same time, this independent responsibility enables operating units to meet the applicable legal requirements at their respective locations.

Investment risk management is implemented jointly with local units as part of a structured investment process. The Allianz

Group Finance Committee, which is likewise made up of members of the Board of Management of Allianz AG, delegates far-reaching, decision-making authority to the regional Finance Committees, which monitor activities in their respective regions or countries. These regional Finance Committees draw up local investment guidelines for their particular locations. Operational responsibility for investment portfolios lies within the local units.

Insurance, banking, and asset management are all heavily influenced by legal factors; legislative changes in particular have a primary influence on our activities. Legal risks also include major litigation and disputes, regulatory proceedings, and contractual clauses that are unclear or construed differently by the Courts. Limitation of such legal risks is a major task of our Legal Department, carried out with support from operating departments. The objective is to ensure that laws are observed, to react appropriately to all impending legislative changes or new court rulings, attend to legal disputes and litigation, and provide legally-appropriate solutions for transactions and business processes.

The Trend Assessment Committee is responsible for the early recognition of new risks. Their role is to study and evaluate changes that may have a major impact on the Allianz risk situation.

Principles

Independent risk oversight In the year under review, the Allianz Group further strengthened the principle of independent risk oversight. There is a clear distinction between risk assumption (i.e. the responsibility for the business including associated risk management) and independent risk monitoring. The latter also analyzes alternative courses of action and proposes recommendations to the Risk Committee and the Management Board of Allianz AG.

Risk policies The Group Risk Policy sets down the minimum requirements that are binding for all operating units. In the year under review, these general principles were concretized for the insurance, banking, and assets management segments; in the course of this, specific risk standards were set down (so-called Minimum Standards). These requirements, which are applicable for the entire Group, are to be implemented by operating entities worldwide and monitored on a regular basis within a structured process by Group Risk Control.

Instruments

Risk capital We control our activities through our respective local companies. The most important parameters used in our value-oriented controlling process are Economic Value Added (EVA[®]) and risk capital. Risk capital serves as a buffer against unexpected losses. In fiscal 2004, we used our internal risk capital model as input for the value-oriented management framework of our insurance companies and Dresdner Bank. For asset management, we

used a model based on a concept developed by Standard & Poor's rating agency.

Our internal risk capital model evaluates quantifiable risks within a set timeframe and displays potential loss. This model allows us to evaluate internal data using methods based on the theory of probability. This process takes into account the special characteristics of our local entities as well as the specific nature of their risks. Portfolio effects are also incorporated into our risk analyses. With the internal risk capital model, we are able to evaluate risks even more precisely and optimize allocation of capital within the Allianz Group.

Our risk capital model quantifies the following risk categories:

- **Market risks** Possible losses caused by changes in interest rates, exchange rates, share prices and other relevant market prices (such as raw materials).
- **Credit risks** Possible losses caused by the inability to pay or a downgrade in the credit rating of debtors or counterparties.
- **Actuarial risks** Risks from the sale of insurance protection.
- **Business risks** Cost risks and operational risks, i.e. risks associated with external events or arising from insufficient or failing internal processes, procedures and systems.

As a minimum, the capital we allocate to our local units in accordance with the internal risk capital model meets the requirements for an "A" rating from Standard & Poor's. Diversification effects result in a capitalization of the Allianz Group equivalent to an "AA" rating from Standard & Poor's. The risk capital after group diversification and before minority interests amounted to €34.3 billion at year-end.

Limit system We introduced a limit system for credit risks that is applicable over the entire Group. The limit system aggregates major risks of group-wide significance from credit insurance, lending and our capital investments and serves as the basis for controlling the risk on a group-wide basis and detecting creditworthiness risks at an early stage.

Stress tests In addition to risk capital analysis we also carry out stress tests, which act as early-warning indicators to secure external capital requirements. This affects capital requirements from the viewpoint of the supervisory authorities and rating agencies.

For detailed information about risk management in insurance, banking and asset management, please refer to pages 87 to 93 of the 2004 Allianz Group Annual Report.

[†] EVA[®] is a registered Trademark of Stern Steward & Co.

Risk monitoring by third parties

Supervisory authorities and rating agencies are additional risk monitoring bodies. Supervisory authorities stipulate the minimum precautions and capital requirements that must be taken in individual countries and on an international level. Rating agencies determine the relationship between the required risk capital of a company and the available safeguards. In their evaluation of capital resources, the rating agencies include equity shown in the balance sheet, minority interests and other items representing additional securities in times of crisis. At the end of the year, this total was at a level that corresponds to our current ratings. At the end of fiscal 2004, the financial strength of the Allianz Group was rated by Standard & Poor's as "AA-" (outlook negative), by A. M. Best as "a+" (outlook negative), and by Moody's as "Aa3" (outlook stable).

Outlook

In the course of the current fiscal year we will further strengthen Allianz Group risk governance by introducing the Group Insurance Risk Committee. This Committee will support the Group Risk Committee in respect of insurance risks. We will also be concluding a project involving the analysis of value drivers in our life insurance business using the latest mathematical methods.

We are also committed to improving our risk management processes for natural hazard liabilities and for 2005, for the first time, have centrally grouped together and reinsured extreme natural disaster risks to which we are exposed. This is a direct result of insights gained from our internal risk capital model.

We are also working intensively on a project to evaluate derivatives on the basis of a group-wide uniform IT system. We will also strengthen and clarify our guidelines for handling derivatives.

Outlook

As the Group's reinsurer, Allianz AG participates in the premium income and earnings performance of the Group's subsidiaries and affiliates. Since some of these companies are once again planning to increase their retention with us in reinsurance, we anticipate a decline in premiums for 2005.

In respect of renewals for 2005, we have had to cut some rates and terms, although the cuts remained justifiable and we expect to again present a positive and satisfactory underwriting result. In view of the significant impact of the highly favorable claims development on the 2004 annual result, we do not expect the underwriting result for the current fiscal year to match that of the previous year.

Provided current market conditions remain stable, net investment income for 2005 should match that of the year under review.

For information about subsequent events, please refer to the Notes to this Annual Report on page 35.

These assessments are, as always, subject to the following disclaimer.

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.

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 euros 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

Balance Sheet as of December 31

ASSETS	>> Note	2004 € thou	2004 € thou	2003 € thou
A. Intangible assets	1		5,396	6,838
B. Investments	1 – 4			
I. Real estate		451,272		92,664
II. Investments in affiliated and associated enterprises		53,949,150		61,479,835
III. Other investments		8,462,702		10,872,789
IV. Funds held by others under reinsurance business assumed		9,021,698		9,380,328
			71,884,822	81,825,616
C. Receivables				
I. Accounts receivable on reinsurance business including from affiliated enterprises: 168,597 (337,892) € thou other enterprises in which long-term equity investments are held ⁹⁾ : 10,162 (8,740) € thou		680,276		778,768
II. Other receivables including from affiliated enterprises: 2,698,354 (1,118,535) € thou other enterprises in which long-term equity investments are held ⁹⁾ : 25,358 (15,637) € thou		3,079,195		5,285,588
			3,759,471	6,064,356
D. Other assets				
I. Tangible fixed assets and inventories		4,525		3,750
II. Cash with banks, checks and cash on hand		39,726		12,686
III. Own shares mathematical: 1,086 (1,086) € thou		30,485		30,485
IV. Miscellaneous assets	5	183,604		205,803
			258,340	252,724
E. Prepaid expenses	6			
I. Accrued interest and rents		112,602		97,970
II. Other prepaid expenses		139,780		249,466
			252,382	347,436
Total assets			76,160,411	88,496,970

⁹⁾ Companies in which we hold an interest

EQUITY AND LIABILITIES	Note	2004 € thou	2004 € thou	2004 € thou	2003 € thou
A. Shareholders' equity	7				
I. Capital stock			987,584		984,880
II. Additional paid-in capital			18,445,831		18,362,334
III. Appropriated retained earnings					
1. Required by law		1,229			1,229
2. For own shares		30,485			30,485
3. Other		6,403,798			5,523,724
			6,435,512		5,555,438
IV. Unappropriated retained earnings			852,000		580,000
				26,720,927	25,482,652
B. Participation certificates	8			441,455	441,455
C. Subordinated liabilities	9			5,206,195	3,642,075
D. Insurance reserves					
I. Unearned premiums					
1. Gross		836,377			859,976
2. Less: amounts ceded		216,136			239,422
			620,241		620,554
II. Aggregate reserve					
1. Gross		8,421,721			8,733,448
2. Less: amounts ceded		961,929			938,724
			7,459,792		7,794,724
III. Reserve for loss and loss adjustment expenses					
1. Gross		7,381,045			8,149,174
2. Less: amounts ceded		2,389,172			2,904,644
			4,991,873		5,244,530
IV. Reserve for non-experience-rated premium refunds					
1. Gross		89,623			81,368
2. Less: amounts ceded		32,998			28,745
			56,625		52,623
V. Claims equalization and similar reserves			1,326,500		960,670
VI. Other insurance reserves					
1. Gross		91,502			96,219
2. Less: amounts ceded		13,945			16,256
			77,557		79,963
				14,532,588	14,753,064

EQUITY AND LIABILITIES	Note	2004 € thou	2004 € thou	2004 € thou	2003 € thou
E. Other accrued liabilities	10			4,250,938	3,934,615
F. Funds held under reinsurance business ceded				1,178,103	1,125,445
G. Other liabilities	11				
I. Accounts payable on reinsurance business including to affiliated enterprises: 395,728 (392,287) € thou other enterprises in which long-term equity investments are held ⁹⁾ : 14,245 (16,902) € thou			533,163		595,053
II. Bonds including to affiliated enterprises: 766,987 (539,359) € thou			766,987		539,359
III. Liabilities to banks			–		6,355,452
IV. Miscellaneous liabilities including taxes of: 2,642 (9,894) € thou including to affiliated enterprises: 21,025,509 (28,048,657) € thou other enterprises in which long-term equity investments are held ⁹⁾ : 681 (204,272) € thou			22,529,083		31,610,544
				23,829,233	39,100,408
H. Deferred income				972	17,256
Total equity and liabilities				76,160,411	88,496,970

⁹⁾ Companies in which we hold an interest

Income Statement for the Period from January 1 to December 31

	➤➤ Note	2004 € thou	2004 € thou	2004 € thou	2003 € thou
I. Underwriting account					
1. Premiums earned – net					
a) Gross premiums written	12	5,265,492			5,492,959
b) Premiums ceded		(1,556,680)			(1,778,862)
			3,708,812		3,714,097
c) Change in unearned premiums – gross		17,217			(22,766)
d) Change in unearned premiums ceded		(21,311)			573
			(4,094)		(22,193)
				3,704,718	3,691,904
2. Allocated interest return – net	13			380,280	375,117
3. Other underwriting income – net				8,018	7,044
4. Loss and loss adjustment expenses – net					
a) Claims paid					
aa) Gross		(4,048,447)			(4,359,845)
bb) Amounts ceded in reinsurance		1,457,606			1,447,041
			(2,590,841)		(2,912,804)
b) Change in reserve for loss and loss adjustment expenses					
aa) Gross		624,662			522,260
bb) Amounts ceded in reinsurance		(465,806)			(334,028)
			158,856		188,232
				(2,431,985)	(2,724,572)
5. Change in other insurance reserves – net	14			(231,677)	(114,496)
6. Expenses for non-experience-rated premium refunds – net				(21,253)	40,202
7. Underwriting expenses – net	15			(881,022)	(1,023,592)
8. Other underwriting expenses – net				(117,180)	(192,902)
9. Subtotal				409,899	58,705
10. Change in claims equalization and similar reserves				(365,830)	(289,369)
11. Underwriting result – net				44,069	(230,664)

	Note	2004 € thou	2004 € thou	2004 € thou	2003 € thou
II. Non-underwriting account					
1. Investment income	16	4,570,111			10,813,839
2. Investment expenses	17-18	(2,309,232)			(8,906,402)
			2,260,879		1,907,437
3. Allocated interest return			(431,860)		(398,327)
				1,829,019	1,509,110
4. Other income	19		513,999		500,411
5. Other expenses	20		(1,019,543)		(998,554)
				(505,544)	(498,143)
6. Non-underwriting result				1,323,475	1,010,967
7. Earnings from ordinary activities before taxation				1,367,544	780,303
8. Income taxes	21	(57,200)			(20,946)
less amounts charged to other companies in the Group		401,646			219,837
			344,446		198,891
9. Other taxes			(9,207)		(1,301)
				335,239	197,590
10. Net income	22			1,702,783	977,893
11. Allocation to appropriated earnings to other appropriated earnings				(850,783)	(397,893)
12. Unappropriated retained earnings				852,000	580,000

Legal Regulations

The financial statements and Management Report have been prepared in accordance with the regulations contained in the German Commercial Code (HGB), the Corporation Law (AktG), the Law on the Supervision of Insurance Enterprises (VAG), and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

All amounts in the financial statements are stated in and rounded out to euro thousands (€ thou).

Accounting, valuation and calculation methods

Real estate (i.e. real property and equivalent rights and buildings including buildings on leased land)

is recorded at cost less accumulated depreciation. Depreciation has been calculated at the highest rates allowable for tax purposes using the straight-line or declining balance methods.

Investments in affiliated and associated enterprises and other long-term equity investments

are recorded at cost and written down to fair market value in accordance with the German Commercial Code (clause 253 (2, iii) HGB).

Stocks, investment fund units, bearer bonds and other fixed and variable income securities, miscellaneous investments and treasury shares

are valued at whichever is lower, the acquisition cost or fair market value on the balance sheet date in accordance with the German Commercial Code (clause 341 b (2) in conjunction with clause 253 (1) and (3) HGB). An average cost has been established where securities of the same kind were purchased at different cost.

Investment fund units

are valued at the acquisition cost in accordance with the valid regulations for fixed assets as defined in the German Commercial Code (clause 341 b (2) HGB). Assets are only written down if diminution in value is permanent.

Tangible and intangible fixed assets and inventories, miscellaneous assets

are recorded at cost less tax-allowable depreciation or amortization. Assets of low value are written off immediately in full. Compensatory evaluations make some use of derivative financial instruments. This is particularly the case for transactions completed to hedge liabilities from SAR (stock appreciation rights) plans.

Receivables

consist of the following:

- _ loans to affiliated enterprises
- _ debentures and loans
- _ bank deposits
- _ funds held by others under reinsurance business assumed
- _ accounts receivable on reinsurance business
- _ other receivables
- _ cash with banks, checks and cash on hand
- _ accrued interest and rents

They have been recorded at face value less repayments.

Insurance reserves

consist of the following:

- _ unearned premiums
- _ aggregate policy reserve
- _ reserve for loss and loss adjustment expenses
- _ reserve for premium refunds (non-experience-rated)
- _ other insurance reserves

These reserves were set up according to information provided by the ceding insurers, estimated to a certain extent.

The reinsurers' shares were calculated in accordance with the reinsurance contracts.

The claims equalization reserve, the reserve for nuclear plants, the product liability reserves for major pharmaceutical risks and risks relating to terror attacks were calculated for the net retention portion according to clause 341 h of the German Commercial Code in conjunction with clauses 29 and 30 of the Government Order on the External Accounting Requirements of Insurance Enterprises.

Other accrued liabilities

The pension accruals are calculated actuarially based on the updated 1998 mortality tables of Prof. Dr. K. Heubeck. The full amount of the liability calculated in this way has been recorded in the financial statements. Miscellaneous accrued liabilities have been recorded as projected. The accrued liabilities for early retirement benefits, employee long-service awards and phased-in retirement have been calculated using actuarial principles.

Liabilities

consist of the following:

- _ participation certificates
- _ subordinated liabilities
- _ funds held under reinsurance business ceded
- _ accounts payable on reinsurance business
- _ bonds
- _ liabilities to banks
- _ other liabilities

These liabilities are recorded at the amounts payable on maturity. Annuities are recorded at present value.

Deferred income

Premiums and discounts carried forward as prepaid income and expenses are spread over the remaining life of the related loans outstanding.

Foreign currency translation

Investments denominated in foreign currencies are stated at an amount based on the local currency and the exchange rate on the balance sheet date. The modified or strict lower of either cost or market principles are used. The other balance sheet items are valued in accordance with established principles for currency translation for open and – where applicable – closed positions.

Supplementary Information on Assets

1 Changes under asset headings A., B.I. through B.III. in fiscal year 2004

	Values stated 12/31/2003		Additions
	€ thou	%	€ thou
A. Intangible assets			
Other intangible assets	6,838		538
B.I. Real estate	92,664	0.1	524,754
B.II. Investments in affiliated and associated enterprises			
1. Investments in affiliated enterprises	57,156,901	78.9	3,431,827
2. Loans to affiliated enterprises	2,659,768	3.7	1,926,331
3. Investments in other enterprises	1,663,166	2.3	447,957
Subtotal B.II.	61,479,835	84.9	5,806,115
B.III. Other investments			
1. Stocks, investment fund units and other variable income securities	1,482,794	2.0	694,142
2. Bearer bonds and other fixed-income securities	3,587,494	5.0	4,529,168
3. Bank deposits	5,791,463	8.0	–
4. Miscellaneous investments	11,038	0.0	–
Subtotal B.III.	10,872,789	15.0	5,223,310
Subtotal B.I. through B.III.	72,445,288	100.0	11,554,179
Total	72,452,126		11,554,717

Transfers	Disposals	Revaluation	Depreciation	Net Additions (+) Net Disposals (-)	Values stated 12/31/2004	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
-	429	-	1,551	(1,442)	5,396	
-	139,602	-	26,544	358,608	451,272	0.7
-	8,889,954	-	173,193	(5,631,320)	51,525,581	82.0
-	2,362,751	-	56,770	(493,190)	2,166,578	3.4
(717,845)	1,136,079	-	208	(1,406,175)	256,991	0.4
(717,845)	12,388,784	-	230,171	(7,530,685)	53,949,150	85.8
717,845	1,212,679	48	117,384	81,972	1,564,766	2.5
-	2,997,490	1,353	126,078	1,406,953	4,994,447	8.0
-	3,887,974	-	-	(3,887,974)	1,903,489	3.0
-	11,038	-	-	(11,038)	-	-
717,845	8,109,181	1,401	243,462	(2,410,087)	8,462,702	13.5
-	20,637,567	1,401	500,177	(9,582,164)	62,863,124	100.0
-	20,637,996	1,401	501,728	(9,583,606)	62,868,520	

2 Market value of investments

The market value of real estate holdings, dividend-bearing stocks (investments in affiliated and associated enterprises, other shares and investment fund units) and bearer bonds as of December 31, 2004, amounted to €73.6 bn. The corresponding balance sheet valuation of these investments was €58.8 bn.

The values are subdivided into individual asset categories as follows:

	Book value	Market value	Valuation reserve
12/31/2004	€ bn	€ bn	€ bn
Real estate	0.5	0.7	0.2
Dividend-bearing stocks	53.3	67.9	14.6
Bearer bonds	5.0	5.0	0.0
Total	58.8	73.6	14.8

The following valuation methods have been used to arrive at market value:

Real estate

— Land and buildings as a rule at capitalized earnings value, new buildings at cost, in each case as at December 31, 2004.

Dividend-bearing stocks

— Quoted companies at the stock exchange price quoted on the last trading day of 2004. Non-quoted companies at their net worth calculated by the DVFA method or at acquisition cost.

Bearer bonds and other fixed income securities

— At the stock exchange value quoted on the last trading day of 2004.

In accordance with clause 341 b of the German Commercial Code (HGB), a portion of the stocks, investment fund units and other variable income securities with a stated value of €28,660 thou was not stated at the lowest value because it is classified as fixed assets. The market value of these investments amounts to €28,448 thou.

3 Real estate (Assets B.I.)

The stated value of land and buildings owned by Allianz AG and used for its own activities amounts to €634 thou (2003: €665 thou).

4 Disclosure of equity investments

The information required by the German Commercial Code (clause 285 no. 11 HGB) is filed with the Commercial Register at the Municipal Court (Amtsgericht) in Munich and was made available on the company's website.

5 Other assets (Assets D.IV.)

This heading consists primarily of options on own shares that are used to hedge risks of the Allianz Group under the Group Equity Incentives.

Derivative Financial Instruments

Share options businesses

Class	Number	Fair value € thou	Valuation method	Significant assumptions	Reported in item	Book value € thou
Siemens short call € 149.64 March 2005	8,121,000	(81)	Binomial model	Discount rate 2.16 % Volatility 18 % Dividend yield 1.76 % Share price € 62.38	Equity and liabilities G.IV. Other liabilities	994
Siemens long call € 149.64 March 2005	8,121,000	81	Binomial model	Discount rate 2.16 % Volatility 18 % Dividend yield 1.76 % Share price € 62.38	Assets B.III. Other investments	994
RWE short call € 50.16 December 2006	21,431,254	(22,321)	Binomial model	Discount rate 2.62 % Volatility 18 % Dividend yield 2.46 % Share price € 40.70	Equity and liabilities G.IV. Other liabilities	19,325
RWE long call € 50.16 December 2006	21,429,002	22,318	Binomial model	Discount rate 2.62 % Volatility 18 % Dividend yield 2.46 % Share price € 40.70	Assets B.III. Other investments	17,004
Allianz long call € 264.23 March 2006	217,704	2	Binomial model	Discount rate 2.38 % Volatility 20.56 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	26,218
Allianz long call € 332.10 March 2007	300,586	3	Binomial model	Discount rate 2.56 % Volatility 21.81 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	36,861
Allianz long call € 322.14 March 2008	430,987	9	Binomial model	Discount rate 2.76 % Volatility 21.43 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	34,654
Allianz long call € 239.80 March 2009	464,139	613	Binomial model	Discount rate 2.94 % Volatility 24.58 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	38,860
Allianz long call € 65.91 May 2010	750,000	30,285	Binomial model	Discount rate 3.12 % Volatility 29.45 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	16,023
Allianz long call € 83.47 May 2011	1,000,000	37,090	Binomial model	Discount rate 3.27 % Volatility 33.86 % Dividend yield 1.56 % Share price € 96.45	Assets D.IV. Miscellaneous assets	30,069
Allianz short call € 264.23 March 2006 (hedge SAR 99) *)	169,411	(2)	Binomial model	Discount rate 2.38 % Volatility 20.56 % Dividend yield 1.56 % Share price € 96.45 Cap. € 660.58	Equity and liabilities G.IV. Other liabilities	22,276

*) Allianz AG Group company hedging of liabilities from SAR (stock appreciation rights) plans.
Hedging instrument (hedge SAR) conditions are the same as SAR conditions.

Share options businesses

Class	Number	Fair value € thou	Valuation method	Significant assumptions	Reported in item	Book value € thou
Allianz short call € 332.10 March 2007 (hedge SAR 00) ^{*)}	227,110	(2)	Binomial model	Discount rate 2.56% Volatility 21.81% Dividend yield 1.56% Share price € 96.45 Cap. € 830.25	Equity and, liabilities G.IV. Other liabilities	35,964
Allianz short call € 322.14 March 2008 (hedge SAR 01) ^{*)}	341,028	(7)	Binomial model	Discount rate 2.76% Volatility 21.43% Dividend yield 1.56% Share price € 96.45 Cap. € 805.35	Equity and, liabilities G.IV. Other liabilities	34,753
Allianz short call € 239.80 March 2009 (hedge SAR 02) ^{*)}	369,962	(488)	Binomial model	Discount rate 2.94% Volatility 24.58% Dividend yield 1.56% Share price € 96.45 Cap. € 599.50	Equity and, liabilities G.IV. Other liabilities	37,144
Allianz short call € 65.91 May 2010 (hedge SAR 03) ^{*)}	588,132	(22,078)	Binomial model	Discount rate 3.12% Volatility 29.45% Dividend yield 1.56% Share price € 96.45 Cap. € 164.78	Equity and, liabilities G.IV. Other liabilities	16,085
Allianz short call € 83.47 May 2011 (hedge SAR 04) ^{*)}	822,158	(29,737)	Binomial model	Discount rate 3.27% Volatility 33.86% Dividend yield 1.56% Share price € 96.45 Cap. € 208.68	Equity and, liabilities G.IV. Other liabilities	25,248

^{*)} Allianz AG Group company hedging of liabilities from SAR (stock appreciation rights) plans.
Hedging instrument (hedge SAR) conditions are the same as SAR conditions.

Equity forwards

Class	Number	Fair value € thou	Valuation method	Significant assumptions	Reported in item	Book value € thou
Allianz long forward € 81.52 May 2005	1,260,160	20,994	Discount	Discount rate 2.18% Dividend yield 1.56% Share price € 97.60	–	–
Allianz long forward € 86.18 April 2005	630,000	7,585	Discount	Discount rate 2.18% Share price 1.56% Share price € 97.60	–	–

Foreign exchange forwards

Class	Volume	Fair value € thou	Valuation method	Significant assumptions	Reported in item	Book value € thou
Long forward USD/€ 1.28 February 2005	USD 120,000	(6,019)	Discount	Cash price USD/€ 1.364 Discount rate USD 2.48 % Discount rate € 2.14 %	Equity and liabilities E. Other accrued liabilities	6,019
Long forward USD/€ 1.33 January 2005	USD 50,000	(976)	Discount	Cash price USD/€ 1.364 Discount rate USD 2.4 % Discount rate € 2.13 %	Equity and liabilities E. Other accrued liabilities	976
Long forward USD/€ 1.33 March 2005	USD 115,000	(2,229)	Discount	Cash price USD/€ 1.364 Discount rate USD 2.56 % Discount rate € 2.15 %	Equity and liabilities E. Other accrued liabilities	2,229
Long forward USD/€ 1.33 March 2005	USD 150,000	(2,775)	Discount	Cash price USD/€ 1.364 Discount rate USD 2.56 % Discount rate € 2.15 %	Equity and liabilities E. Other accrued liabilities	2,775
Long forward CNY/USD 8.17 June 2005	CNY 158,330	(127)	Discount	Cash price USD/€ 1.364 Cash price CNY/€ 11.2891 Discount rate USD 2.78 % Discount rate CNY 2.07 %	Equity and liabilities E. Other accrued liabilities	127
Long forward CNY/USD 8.17 June 2005	CNY 82,230	(66)	Discount	Cash price USD/€ 1.364 Cash price CNY/€ 11.2891 Discount rate USD 2.78 % Discount rate CNY 2.07 %	Equity and liabilities E. Other accrued liabilities	66
Short forward RUB/USD 30.35 September 2005	RUB 379,375	(860)	Discount	Cash price USD/€ 1.364 Cash price RUB/€ 37.76 Discount rate USD 2.9 % Discount rate RUB 3.05 %	Equity and liabilities E. Other accrued liabilities	860

6 Other prepaid expenses (Assets E.II.)

This heading includes € 5,032 thou (2003: € 7,971 thou) in respect of repayment premiums on loans to affiliated enterprises as well as € 131,060 thou (2003: € 238,111 thou) in respect of debt discount on miscellaneous liabilities, bonds and subordinated liabilities.

Collateral

Assets include assets pledged as collateral for a total of € 5,320,706 thou (2003: € 5,778,701 thou) which are subject to restricted usage.

Supplementary information on liabilities

7 Shareholder's Equity (Liabilities A.I.)

In November 2004, 1,056,250 treasury shares with a mathematical value of € 2,704,000.00 (0.25%) of the issued share capital, were issued at a price of € 81.61 each, enabling employees of Allianz Group enterprises in Germany and abroad to purchase 1,051,191 shares at prices between € 57.13 and € 69.37. The remaining 5,059 shares with a mathematical share of € 12,951.04 of the issued share capital were sold on the stock exchange at an average price of € 95.74.

At the end of the year, Allianz AG held 424,035 own shares which are used as security for obligations from the restricted stock units program. On December 31, 2004, other Group companies held 18,491,166 shares of Allianz AG. The issued capital as of December 31, 2004, amounted to € 987,584,000.00, divided into 385,775,000 registered shares.

The shares have no par value as such but have a mathematical value of € 2.56 each as a proportion of the issued capital.

Changes to the number of issued shares outstanding

	2004 Number of shares	2003 Number of shares
As of 1/1	366,472,698	242,977,214
Additions		
Exchange against participation certificates	–	6,148,110
Capital increase for cash	–	117,187,500
Capital increase for employee shares	1,056,250	965,625
Subtotal	367,528,948	367,278,449
Reductions on account of acquisition of treasury stock		
Acquisition for other purposes	(2,861)	(293,686)
Acquisition for purposes of securities trading	(666,288)	(512,065)
As of 12/31	366,859,799	366,472,698

At the end of the year under review, there was authorized unissued capital 2004/I with a notional principal amount of € 450,000,000.00 (175,781,250 shares), which can be issued at any time up to May 4, 2009. If there are capital increases against a non-cash consideration, the pre-emptive rights of shareholders can be excluded. In the case of capital increases against a cash consideration, shareholders have to be granted a pre-emptive right. However, the pre-emptive rights of shareholders to use fractions can be excluded. If capital is increased against a cash consideration, the pre-

emptive rights of shareholders can also be excluded if the issue price is not significantly less than the stock-market price. This also applies if the creditors of bonds with conversion or subscription rights need to be granted a pre-emptive right for new shares. Authorized unissued capital 2004/II can be used at any time up to May 4, 2009, to issue shares with a notional principal amount of € 7,296,000.00 (2,850,000 shares) against a cash contribution. Pre-emptive rights of shareholders are excluded in order to issue the new shares to employees of Allianz AG and of other companies in the Group.

In 2004, the company had conditionally authorized capital amounting to € 250,000,000.00 (97,656,250 shares), on which subscription or conversion rights from bonds with pre-emptive rights for shares can be issued, provided other means are not used for this.

The Group has received the following notifications on voting rights quotas in accordance with clauses 21.1 and 41.2 of the WpHG (German Securities Trading Law):

– Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft, Munich, informed us on August 6, 2004, that it holds 9.90% of the voting shares of Allianz AG.

– The Group company Herakles Beteiligungs-GmbH, Bad Vilbel, on May 7, 2003, holds 4.51% of the voting rights of Allianz AG.

Additional paid-in capital (Liabilities A.II.)

	€ thou
As of 12/31/2003	18,362,334
+ Transfer from capital increases 2004	83,497
As of 12/31/2004	18,445,831

Appropriated retained earnings (Liabilities A.III.)

	As of 12/31/2003	From unappropriated retained earnings 2003	From 2004 net income	As of 12/31/2004
	€ thou	€ thou	€ thou	€ thou
1. Required by law	1,229	–	–	1,229
2. For own shares	30,485	–	–	30,485
3. Other	5,523,724	29,291	850,783	6,403,798
Total	5,555,438	29,291	850,783	6,435,512

8 Participation certificates (Liabilities B.)

The item participation certificates shows the guaranteed total redemption price that Allianz AG has to pay when the 6,098,665 profit participation certificates which are still outstanding are redeemed by their holders. The portions of profit for the year under review that are attributable to participation certificates are reported under other liabilities.

Allianz AG issued a total of 5,723,512 participation certificates in the period from October 1986 to 1998. The last issue was made in April 2003 when a further 2,670,805 participation certificates were issued. There were no further issues of profit participation certificates in 1999 to 2002.

In November 2002, Allianz AG made a voluntary public offer to holders of participation certificates to exchange their certificates for Allianz AG shares. The voluntary exchange offer does not constitute a call for redemption by the company in accordance with the terms governing the participation certificates. Participation certificates for which the exchange offer was not accepted continue to remain in existence. The exchange ratio was 10 shares for 8 participation certificates; the exchange period ended after one extension on January 16, 2003. A total of 4,918,488 participation certificates were exchanged for 6,148,110 shares. The 2,295,294 participation certificates received by Allianz AG in connection with the increase of the participation capital were recalled. For these participation certificates the terms set upon their emission continue to apply.

The terms and conditions for participation certificates provide for an annual distribution amounting to 240.0 % of the dividend paid by the company in respect of one Allianz no-par-value share. In addition, under certain conditions certificate holders are granted the right to subscribe to new participation certificates; the pre-emptive rights of shareholders are excluded. Participation certificates do not confer any voting rights, any rights to conversion into Allianz shares or any rights to liquidation proceeds to their holders. They are unsecured and of equal rank to other receivables of unsecured creditors.

Participation certificates are redeemable at the option of their holders every 5 years, and for the first time as of December 31, 2001, by giving 12 months notice. Up to now, this right of redemption has been exercised for 358 participation certificates. For this eventuality, the conditions guarantee

a redemption price equal to the weighted average of the issue price of all the previous issues of participation certificates. The current redemption price per certificate is based on the last issue date of April 2003 and is equal to €72.39.

The participation certificates are redeemable at the company's option as of the end of 2006 and notice of redemption may be served annually by giving a period of 6 months notice. In that case each participation certificate is redeemable at a redemption price equal to 122.9 % of the average Allianz share price. Alternatively the company can offer to exchange 10 Allianz shares for 8 participation certificates. Allianz AG has consistently stated at Annual General Meetings that there is no legal obligation on the part of Allianz AG to call for redemption of the profit participation certificates by December 31, 2006, or at any other date.

9 Other accrued liabilities (Liabilities C.)

Subordinated liabilities in the amount of €5,206,195 thou result from subordinated bonds in the amount of €3.0 bn and USD 500 mn by Allianz Finance II B. V., which has transferred the proceeds from these issues to Allianz AG in the form of subordinated loans, and from a bond of €1.5 bn issued by Allianz AG in 2004.

10 Miscellaneous accrued liabilities (Liabilities E.)

The pension obligations of the companies in Allianz Sachversicherungsgruppe Deutschland (Allianz's Property and Casualty Insurance Group in Germany) Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG, Vereinte Lebensversicherung AG and Allianz Private Krankenversicherungs-AG and other German Group companies are accrued in the financial statements of Allianz AG because the company has assumed joint liability for the pension obligations and undertaken to fulfil them. In addition to pension and similar reserves of €3,186,312 thou (2003: €3,049,504 thou) and accrued taxes of €560,669 thou (2003: €596,364 thou), the company has miscellaneous accrued liabilities of €503,957 thou

(2003: €288,747 thou), including €10,361 thou for costs of the early retirement scheme and employee long-service awards, which are shared throughout the Group, and €328,604 thou for contingencies as well as a provision in connection with a declaration of obligation to Fireman's Fund Insurance Co. in the amount €95,165 thou.

11 Long-term and secured liabilities

Liabilities amounting to €9,044,970 thou have a period to maturity of more than 5 years.

These include:

	2004	2003
	€ thou	€ thou
Miscellaneous accrued liabilities	3,637,508	3,709,013
Subordinated liabilities	4,993,462	3,493,462
Bonds	414,000	509,000
Total	9,044,970	7,711,475

€3.9 bn of miscellaneous accrued liabilities are secured by assets pledged as collateral and €251,706 thou by mortgages, annuity charges and ship mortgages.

Miscellaneous accrued liabilities are in particular due to group internal loans.

The majority of the liabilities towards Group companies represent the forwarding of issue proceeds from financing external to the Group by financing companies in the Netherlands and the U.S.A. The volume of these liabilities has the following maturities:

Balance sheet item	Total	Maturity up to 1 year	Maturity 1- 3 years	Maturity 3-5 years	Maturity 5-10 years	Maturity >10 years
Book value	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Subordinated liabilities	3,493,462	–	–	–	–	3,493,462
Miscellaneous liabilities	10,586,176	3,603,618	3,990,755	1,620,795	1,111,890	259,118

Supplementary Information to the Income Statement

12 Gross premiums written (Income Statement I.1.a)

	2004 € thou	2003 € thou
Property and casualty insurance	4,386,812	4,605,209
Life insurance	878,680	887,750
Total	5,265,492	5,492,959

13 Allocated interest return – net (Income Statement I.1.2.)

The amount of investment income transferred under this heading from the non-underwriting section to the underwriting section of the income statement is calculated in accordance with clause 38 RechVersV.

14 Change in other insurance reserves – net (Income Statement I.1.5.)

This item comprises € (231,961) thou (2003: € (112,916) thou) added to the net aggregate reserve, and € 284 thou (2003: € (1,580) thou) added to miscellaneous net insurance reserves.

15 Underwriting expenses – net (Income Statement I.1.7.)

Gross underwriting expenses of € 1,247,637 thou (2003: € 1,452,515 thou) are shown net of commissions and profit-sharing on reinsurance ceded amounting to € 366,615 thou (2003: € 428,923 thou).

16 Investment income (Income Statement II.1.)

	2004 € thou	2004 € thou	2003 € thou
a. Income from long-term equity investments including from affiliated enterprises: 589,833 (629,972) € thou		611,579	674,319
b. Income from other investments including from affiliated enterprises: 538,768 (929,745) € thou			
aa. Income from real estate	19,975		21,494
bb. Income from other investments	1,221,213		2,148,872
		1,241,188	2,170,366
c. Income from revaluations		1,401	549
d. Realized investment gains		237,980	633,700
e. Income from profit pooling and profit transfer agreements		2,477,963	7,333,905
f. Income from the release of special untaxed reserve		–	1,000
Total		4,570,111	10,813,839

Income from realized investment gains include the sale of shares in affiliated enterprises and participations for an amount of € 107 mn as well as stocks, investment fund units and other variable interest securities for an amount of € 89 mn.

17 Investment expenses (Income Statement II.2.)

	2004	2003
	€ thou	€ thou
a. Investment management, interest charges and other investment expenses	1,515,097	2,525,599
b. Depreciation and write-downs on investments	500,177	1,264,408
c. Realized investment losses	159,810	1,110,762
d. Expenses for losses assumed	134,148	4,005,633
Total	2,309,232	8,906,402

18 Depreciation and write-downs on investments

Write-downs on investments include an extraordinary charge of € 173,401 thou in accordance with the German Commercial Code (clause 253.2, sentence 3, HGB) on investments in affiliated companies and other interests.

19 Other income (Income Statement II.4.)

The most important items under this heading are € 127,491 thou (2003: € 101,051 thou) refunded by domestic Group companies in respect of pension costs for their employees accrued in the financial statements of Allianz AG, € 169,108 thou (2003: € 10,572 thou) in income from releasing miscellaneous accrued liabilities and foreign currency gains of € 147,409 thou (2003: € 329,434 thou).

20 Other expenses (Income Statement II.5.)

These include mainly: € 127,491 thou (2003: € 101,051 thou) pension costs for the employees of domestic Group companies, € 244,197 thou (2003: € 240,379 thou) interest and similar expenses, amounts added to non-underwriting reserves of € 392,170 thou (2003: € 55,337 thou), expenses for a contract to hedge the Group's claims expenses in the amount of € 25,113 thou (2003: € 29,049 thou) and foreign currency losses of € 30,980 thou (2003: € 25,565 thou).

21 Taxes (Income Statement II.8. and II.9.)

The company has elected not to carry forward any deferred tax on the assets side of the balance sheet, as allowed under the German Commercial Code (clause § 274.2 HGB). For calculating deferred taxation the company has netted future tax benefits against future tax liabilities.

Since the company files a consolidated tax return with most of its German subsidiaries, Allianz AG is liable for a material portion of the taxes attributable to the Sachversicherungsgruppe Deutschland.

22 Net Income (Income Statement II.10.)

	2004	2003
	€ thou	€ thou
Net income	1,702,783	977,893
Transfer to appropriated retained earnings		
Other appropriated retained earnings	850,783	397,893
Unappropriated retained earnings	852,000	580,000

Miscellaneous

Contingent liabilities, legal proceedings and other financial commitments

As of December 31, 2004, the company had contingent liabilities under guarantees amounting to €7,561 thou, matched by rights of relief for the same amount.

Guarantee declarations have been given for

- the bonds issued in 1997 and increased in 2000 for €1.1 bn by Allianz Finance B. V., Amsterdam,
- the bonds issued in 1998 for €1.6 bn nominal by Allianz Finance B. V., Amsterdam,
- the bonds issued in 1999 by Allianz Finance B. V., Amsterdam for CHF 1.5 bn and a swap deal in which the bonds payable are exchanged for an equivalent euro commitment,
- the bonds issued in 2000 by Allianz Finance B. V., Amsterdam, for €1.7 bn exchangeable into shares of Siemens AG,
- the bonds issued in 2001 by Allianz Finance II B. V., Amsterdam, for €1.075 bn exchangeable into shares of RWE AG,
- the loans totaling USD 540 mn issued in 2001 by Fireman's Fund Insurance Co. Novato, to three Group companies,
- the bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for €2.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for €2.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for €1.0 bn,
- the subordinated bonds issued in 2002 by Allianz Finance II B. V., Amsterdam, for USD 500 mn,
- the loan issued in 2002 by Allianz Australia Ltd, Sydney, for AUD 100 mn,
- the €250 mn loan taken out by Dresdner Bank AG, Frankfurt, in 2003,
- letters of credit for obligations of Allianz Global Risks Rückversicherungs-AG, Munich, with a volume of USD 160 mn.

Allianz AG has committed to make future capital payments in favor of our North American holding company, Allianz of America, Inc. This will place Allianz of America, Inc. in a position to provide sufficient capital on its part for AGR US Insurance Company, Los Angeles, so that this company can meet its payment obligations for claims received in connection with the attack on the World Trade Center. These future capital payments are limited to USD 269 mn and are secured by pledges in securities.

With respect to Fireman's Fund Insurance Co., Novato, there is a conditional commitment for capital payments which, in particular, shall be made in case of future negative developments of the reserves for the year 2002 and before. Their amount is limited to USD 1.4 bn.

A commitment to make capital payments in the amount of €27 mn also exists with respect to Allianz Marine & Aviation (France) S. A., Paris.

In connection with the increase of the capital of the U.S. subsidiaries Allianz Life of North America, Fireman's Fund Insurance Co. and AGR US Insurance Company, guarantees to acquire shares of Allianz Life of North America and Allianz Insurance Company in the amount of USD 650 mn were given.

For Allianz of America Inc., Wilmington, Allianz AG posted a surety declaration for obligations in connection with the acquisition of PIMCO Advisers L.P. The Allianz Group had originally acquired a 69.5 % interest in PIMCO, whereby minority partners had the option of offering their share to Allianz of America, Inc. On December 31, 2004, the remaining interest of Pacific Life in PIMCO was 5.4 %, and corresponding commitment to Pacific Life amounted to USD 0.6 bn on December 31, 2004.

Guarantee declarations have also been given for deferred annuity agreements signed by Allianz-RAS Seguros y Reaseguros S. A., Madrid.

There is a conditional commitment to repay dividends received from Allianz Capital Partners GmbH in order to ensure that company's ability to meet warranty obligations in connection with the disposal of a shareholding.

Rental guarantees were given for a property portfolio of the Dresdner Bank, upon which the future charge on income is limited to €64 mn.

There are also value asset liabilities of €76.6 mn for the phased-in retirement liabilities of German Group companies.

With respect to the sale of investments in other enterprises, some guarantees were issued regarding individual provisions of the set purchase price. These may relate to tax risks, for instance. In respect of the sale of Allianz of Canada, which took place in 2004, these relate firstly to additional elements of purchase price fixing and, secondly, to the business insured by AGR US Re Canada Branch.

Allianz AG has also provided several subsidiaries and associates with either a standard indemnity guarantee or such guarantee as is required by the supervisory authorities, which cannot be quantified in figures. This includes, in particular, an indemnification agreement for Dresdner Bank in accordance with article 5 paragraph 10 of the Statutes of the Joint Fund for Securing Customer Deposits.

Legal obligations to assume any losses arise on account of management control agreements and/or transfer-of-profit agreements with the following companies

- _ ACM-Compagnie Mercur AG,
- _ Allianz Autowelt GmbH,
- _ Allianz Capital Partners Management GmbH,
- _ Allianz Dresdner Pension Consult GmbH,
- _ Allianz Dresdner Pensionsfonds AG
(contract canceled with effect from December 31, 2004),
- _ Allianz Finanzbeteiligungs GmbH,
- _ Allianz Global Risks Rückversicherungs-AG,
- _ Allianz Immobilien GmbH,
- _ Allianz Lebensversicherungs-AG,
- _ Allianz Marine & Aviation Versicherungs-AG,
- _ Allianz ProzessFinanz GmbH,
- _ Allianz Versicherungs-AG,
- _ AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 2 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 3 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 10 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 15 Vermögensverwaltungsgesellschaft mbH,
- _ AZ-Argos 19 Vermögensverwaltungsgesellschaft mbH,
- _ Bayerische Versicherungsbank AG,
- _ IDS GmbH-Analysis and Reporting Services,
- _ Jota Vermögensverwaltungsgesellschaft mbH,
- _ META Finanz-Informationssysteme GmbH and
- _ Orpheus Vermögensverwaltungsgesellschaft mbH.

There are financial commitments in connection with the promise of compensation to holders of rights under stock option programs of Assurances Générales de France.

The acquisition of Nicholas Applegate, San Diego, included an agreement for contingent earn-out payments falling due in 2005. The amount of these payments will depend on the performance of income growth.

Advertising contracts resulted in financial commitments amounting to € 18,581 thou for 2004.

Potential liabilities amounting to € 381.6 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up, including € 377.6 mn with respect to affiliated enterprises.

Litigation

On November 5, 2001, a lawsuit, Silverstein v. Swiss Re International Business Insurance Company Ltd., was filed in the United States District Court for the Southern District of New York against certain insurers and reinsurers, including Allianz Global Risks U.S. Insurance Company. The complaint sought a determination that the terrorist attack of September 11, 2001 on the World Trade Center constituted two separate occurrences under the alleged terms of various coverages. In connection with the terrorist attack of September 11, 2001 we recorded net claims expense of approximately

€ 1.5 bn in 2001 for the Allianz Group on the basis of one occurrence. On December 6, 2004, a New York jury rendered a verdict that the World Trade Center attack constituted two occurrences under the alleged terms of various coverages. At December 31, 2004, this decision had no adverse impact on the Allianz Group's operating results. The final implications of this decision for the Allianz Group will not be determined until the completion of further proceedings.

On May 24, 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz AG as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. The amount of the cash settlement was established by Allianz AG on the basis of an expert opinion, and its adequacy was confirmed by a court-appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure (Spruchverfahren), which is pending with the district court (Landgericht) of Frankfurt. Management believes, that a claim to increase the cash settlement does not exist. In the event that the court were to determine a higher amount as an appropriate cash settlement, this would affect all approximately 16 mn shares which were transferred to Allianz AG.

Effects of adjustments for tax purposes

After taking into account special tax-allowable depreciation charges, the overall effect on net income for the year was no more than marginal. The future effects on earnings of valuation adjustments made for tax purposes will be spread over several years and will not be material for any one year.

Events after the balance sheet day

On January 12, 2005, Regina Verwaltungsgesellschaft, comprising the Allianz Group, Munich Re and Commerzbank, sold its 24.2 % shareholdings of MAN at €29 per share, totaling approximately €1 bn, to institutional investors primarily within Germany and the United Kingdom.

On January 28, 2005, the Allianz Group successfully completed its "All-in-one" capital market transaction. The All-in-one capital market transaction 1) reduced the Allianz Group's equity gearing; 2) helped to deleverage the Allianz Group; and 3) helped Dresdner Bank to further reduce its non-strategic asset portfolio.

— **Reduction of equity gearing:** In order to further reduce its exposure to equities, the Allianz Group issued a three-year index linked exchangeable bond of €1.2 bn. The redemption value of this security, BITES (or "Basket Index Tracking Equity-linked Securities"), is linked to the performance of the DAX Index and was issued at a DAX-reference level of 4,205.115. During the three-year term of this instrument, the Allianz Group may choose to redeem the bond with shares of BMW AG, Munich Re or Siemens AG. Investors receive an annual outperformance premium of 0.75 % on the prevailing DAX level and a repayment premium of 1.75 %, based on the DAX level at redemption. The BITES were placed with international institutional investors through JPMorgan.

— **Deleveraging from rating perspective:** The Allianz Group refinanced part of its 2005 €2.7 bn maturing bonds through the issuance of a subordinated bond in the amount of €1.4 bn. The subordinated bond, which bears a coupon of 4.375 % for the first twelve years, was issued at a price of 98.923 %, corresponding to a yield by 4.493 %. While this is a perpetual bond, it is callable by Allianz AG for the first time in 2017. Attached to the bond are 11.2 mn warrants on Allianz AG shares with a maturity of three years. The bond ex-warrants were placed with institutional investors through Dresdner Kleinwort Wasserstein.

— **Reduction of non-strategic assets by Dresdner Bank:** Dresdner Bank accomplished a further step in its strategy of reducing its non-strategic equity holdings. Dresdner Bank sold 17.2 mn Allianz AG shares at €88.75 per share to the investment bank JPMorgan. JPMorgan placed these shares in the market in the form of a Mandatory Exchangeable. This structure enables the Allianz Group to benefit from a portion of Allianz AG's future share price appreciation.

Stock-based compensation plans

Group equity incentive plans

Group Equity Incentives support the orientation of senior management, and in particular the Board of Management, toward the long-term increase of the value of the company.

In 1999, Allianz AG introduced Stock Appreciation Rights (SAR) through which part of total remuneration is directly tied to the development of the Allianz share price. In 2003, Restricted Stock Units (RSU) with a five-year vesting period were issued for the first time. The relative volume of SAR issued in 2003 was reduced accordingly.

Allianz senior management worldwide is entitled to participate in these Group equity incentives.

Awards were granted by the respective companies in accordance with uniform group-wide conditions. The grant price for SAR and RSU applicable for the award is calculated on the basis of the average daily closing price of the Allianz share in Xetra trading on the ten trading days following the Annual General Meeting of Allianz AG. The grant price for fiscal 2004 was €83.47.

The number of SAR and RSU offered is set individually for each participant and is determined on the basis of the grant price, the economic development of the value of Allianz AG and the respective responsible company in accordance with the Economic Value Added (EVA) concept, a capital-cost-based target performance of the Allianz share and individual elements such as fixed remuneration and performance.

The volume of the rights granted, and thus the potential gain for the participant depends essentially on the economic performance.

Of the Group equity incentives, half of the value determined at the grant date is allocated to SAR and RSU, respectively. Depending on the different values calculated per SAR and RSU at the grant date, participants in the plan receive a different number of SAR and RSU.

Stock Appreciation Rights plans (SAR plans)

The stock appreciation rights may be exercised at any time between the second and the seventh anniversary of the effective date of the relevant plan, provided that

- during their contractual term, the price of Allianz AG shares has outperformed the Dow Jones Europe STOXX Price Index (600) at least once for a period of 5 consecutive trading days, and
- the Allianz share price outperforms the reference price by at least 20.0 % at the time when the rights are exercised. The reference price for the 2004 SAR plan award (€83.47) is the average closing price of Allianz shares for the first 10 trading days after May 5, 2004, the date of the Annual General Meeting 2004.

Under the conditions of the SAR plans, Group companies are obligated to pay, in cash, the difference between the stock market price of Allianz shares on the day the rights are exercised and the reference price as

specified in the respective plan. The maximum difference is capped at 150 % of the reference price. Upon exercise of the appreciation rights, payment is made in the relevant local currency by the company granting the stock appreciation rights. Stock appreciation rights not exercised by the last day of a plan will be exercised automatically where the necessary conditions have been met. Where these conditions have not been met or a plan participant ceases to be employed, the plan participant's appreciation rights are forfeited.

No rights were exercised for any SAR plan grant as of December 31, 2004. As of year end 2004, none of the awards currently exercisable have met the second condition defined above (20 % increase in the share price).

On December 31, 2004, a miscellaneous accrued liability of € 4,064 thou was recognized and charged to income, because the share price of Allianz AG at the balance sheet day was higher than the SAR plan 2004 reference price.

Future obligations were hedged by the acquisition of corresponding options.

Restricted Stock Units Plan

In 2003, the Group established a Restricted Stock Unit (RSU) incentive compensation plan. The RSU plan is designed to increase corporate value and to align shareholders' and managements' interests by linking the remuneration of key personnel to the performance of Allianz AG's share price. As of December 31, 2004, RSU awards were authorized, the RSU award of the years 2003 and 2004. The Group will exercise these rights uniformly for all plan participants on the first stock exchange day that succeeds the five-year vesting period. At the date of exercise, the Group can choose to settle the plan by:

- _ cash payment to the grantees in the amount of the average closing price of Allianz AG's share in the ten trading days preceding the end of the vesting period, or by
- _ issuing one Allianz AG share, or other equivalent equity instrument(s), per RSU to the beneficiaries.

A miscellaneous accrued liability of € 4,448 thou was recognized on December 31, 2004.

Personnel expenses

Compensation for the Board of Management

As of December 31, 2004, the Management Board consisted of 10 (2003: 11) members for whom the expenses listed below were incurred as a result their activities.

Compensation of the Board of Management includes the basic salary as a fixed component as well as an annual bonus and a medium-term 3-year bonus as variable components. Other components consist of Group equity incentives in the form of stock appreciation rights (SAR) and restricted stock units (RSU).

Compensation for the Board of Management

	2004	2003
	€ thou	€ thou
Fixed remuneration ^{*)}	5,305	5,665
Variable remuneration	16,224	10,907
Total fixed and variable remuneration	21,529	16,572
Group equity incentives (at the date of grant)	9,440	6,360

^{*)} 2003 information contains income-equivalent ancillary benefits. As of 2004, income-equivalent ancillary benefits are listed separately under Miscellaneous.

Fixed remuneration

In the reporting year, fixed remuneration of the Board of Management amounted to € 5.3 mn. The %age of fixed remuneration with respect to total fixed and variable remuneration was 25 % (2003: 34 %).

Variable remuneration

Variable emoluments amounting to € 14 mn were paid for the services rendered in fiscal 2004. Allocations to the reserves for the medium-term three-year bonus accounted for € 3.1 mn (2003: € 2.9 mn) of this amount. Whether the amounts set aside are actually paid to the Members of the Board of Management upon expiration of the 3-year period depends on whether the objectives for the entire underlying 3-year period have been reached.

Group equity incentives

Group equity incentives are granted by the Allianz Group in the form of stock appreciation rights (SAR) and in the form of restricted stock units (RSU).

The granting price of the Group equity incentive programs for 2004 was €83.47 (average share closing price of the Allianz share in Xetra trading on the 10 trading days following the Annual General Meeting on May 5, 2004).

The mathematical value of the rights granted in the reporting year was €9.4 mn at the date of grant. Of this total, €4.1 mn correspond to the mathematical value of the stock appreciation rights (SAR) granted and €5.3 mn to the value of the restricted stock units (RSU) granted.

The intrinsic value of the rights granted in the reporting year stood at €8.4 mn at year-end. Of this total, €1.7 mn correspond to the intrinsic value of stock appreciation rights (SAR) granted and €6.7 mn to the intrinsic value of restricted stock units (RSU) granted.

No payouts were made on SARs or RSUs granted the previous year. In 2004, expenses amounting to €3.5 mn (2003: €2.0 mn) were incurred from equity-based remunerations.

Outstanding GEIs are valued on a quarterly basis and posted on the Allianz Group website.

Miscellaneous

Income-equivalent ancillary benefits vary with the function and position of the recipient and are subject to personal income tax. They essentially include insurance coverage generally granted in the industry and the use of a company car. In the reporting year, €0.2 mn (2003: €0.2 mn) were granted in income-equivalent benefits in kind.

Pensions and similar benefits

The Group paid €1.7 mn (2003: €2.3 mn) to increase pension reserves and reserves for similar benefits for active members of the Board of Management. On December 31, 2004, pension and similar reserves for members of the Board of Management who were active on this date amounted to €16.7 mn (2003: €13.6 mn).

Former members of the Board of Management

In 2004, pensions and other benefit payments for former members of the Board of Management amounted to €3.0 mn (2003: €4.3 mn). Reserves for current and future pension benefits of former members of the Board of Management and their beneficiaries amount to €32.3 mn (2003: €32.7 mn).

Remuneration for the Supervisory Board

In fiscal 2004, remuneration for the members of the Supervisory Board amounted to €2.2 mn. This body has 20 members, 10 of which are elected by the shareholders and 10 by the employees.

Breakdown of remuneration:

	€	%
Fixed remuneration	86,334	4
Variable remuneration	1,726,668	78
Committee remuneration	407,021	18
Total	2,220,023	100

Out of the total remuneration, €2,158,002 relate to services rendered during 2004.

The names of all members of the Supervisory Board and of the Board of Management are listed on page 5 to 6, and information regarding their membership in other supervisory and comparable management bodies is shown on pages 40 to 43.

Number of employees as at December 31, 2004 (annual average)

(excluding members of the Board of Management, trainees, interns and employees on maternity/paternity leave or basic military training/community service)

Full-time office staff	776
Part-time office staff	77
Total	853

Personnel expenses

	2004	2003
	€ thou	€ thou
1. Wages and salaries	99,370	80,408
2. Social security contributions and employee assistance	9,472	8,335
3. Expenses for pensions and other post-retirement benefits	12,607	6,876
4. Total expenses	121,449	95,619

Declaration of Compliance with the German Corporate Governance Code

On December 15, 2004, the Board of Management and the Supervisory Board of Allianz AG issued the Declaration of Compliance according to § 161 AktG and made it permanently available to the shareholders on the company's website.

Munich, February 3, 2005
Allianz Aktiengesellschaft

The Board of Management

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

Independent Auditor's Report

We have audited the Annual Financial Statements, including the accounting records and Management Report, of Allianz AG, Munich for the fiscal year from January 1 to December 31, 2004. The Board of Management of the company is responsible for the accounting policies and the preparation of the Annual Financial Statements and Management Report in accordance with German commercial law and the supplementary provisions laid down in the company's statutes. It is our responsibility to form an independent opinion, based on the audit carried out by us, on the Annual Financial Statements, including the accounting records, and on the Management Report.

We conducted our audit of the Annual Financial Statements in accordance with clause 317 HGB and with the generally accepted German auditing standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Independent Auditors). Those standards require that we plan and perform our audit so as to obtain all the information and explanations necessary in order to provide us with sufficient evidence to give reasonable assurance that misstatements and irregularities materially affecting the presentation of the net worth, financial position and the results presented in the Annual Financial Statements in accordance with generally accepted accounting principles and in the Management Report are identified. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible errors are taken into account in the determination of audit procedures. The audit includes an examination, on a test basis, of the effectiveness of the internal control system for rendering accounts and the evidence supporting the disclosures in the accounting records, the Annual Financial Statements and Management Report. The audit also includes an assessment of the significant estimates and judgements made by the Board of Management of the company, and whether the accounting policies are appropriate to the Group's circumstances. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Annual Financial Statements and Management Report. We believe that the audit we have conducted provides an adequate basis for the formation of our opinion.

We are satisfied that our audit has revealed no grounds for objection.

In our opinion, the Annual Financial Statements present a true and fair view of the net worth, financial position and results of the company, in compliance with German principles of proper accounting. The Management Report gives a true and fair view of the state of affairs of the company and of the presentation of the risks of future development.

Munich, March 10, 2005

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gottfried Wohlmannstetter
Wirtschaftsprüfer

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer

Membership of Supervisory Board members in other corporate supervisory bodies

Dr. Henning Schulte-Noelle

Membership in other statutory supervisory boards in Germany
E.ON AG, Siemens AG, ThyssenKrupp AG

Norbert Blix

Membership in other statutory supervisory boards in Germany
Allianz Versorgungskasse VVaG (Deputy Chairman)

Dr. Wulf H. Bernotat

Membership in other statutory supervisory boards in Germany
METRO AG, RAG AG (Chairman)

Membership in Group bodies E.ON Energie AG (Chairman), E.ON Ruhrgas AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies E.ON Nordic AB (Chairman), E.ON UK plc (Chairman), E.ON US Investments Corp. (Chairman), Sydkraft AB (Chairman)

Dr. Diethart Breipohl

Membership in other statutory supervisory boards in Germany
Beiersdorf AG, Continental AG, KarstadtQuelle AG, KM Europa Metal AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Assurances Générales de France, Crédit Lyonnais, Euler Hermes S. A.

Bertrand Collomb until December 31, 2004

Membership in comparable^{*)} supervisory bodies

ATCO, Total, Vivendi Universal, Unilever

Membership in Group bodies Lafarge (Chairman)

Dr. Gerhard Cromme

Membership in other statutory supervisory boards in Germany
Axel Springer AG, Deutsche Lufthansa AG, E.ON AG, E.ON Ruhrgas AG, Hochtief AG, Siemens AG, ThyssenKrupp AG (Chairman), Volkswagen AG

Membership in comparable^{*)} supervisory bodies

BNP PARIBAS S. A., Suez S. A.

Jürgen Dormann until May 5, 2004

Membership in other statutory supervisory boards in Germany
LION bioscience AG (Chairman)

Membership in comparable^{*)} supervisory bodies

ABB Ltd. (Chairman), Aventis S. A. (Chairman)

Claudia Eggert-Lehmann

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

Hinrich Feddersen

Membership in other statutory supervisory boards in Germany
Basler Versicherung Beteiligungsgesellschaft mbH, Deutscher Ring Lebensversicherungs-AG

Peter Haimerl

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG (Deputy Chairman)

Prof. Dr. Rudolf Hickel

Membership in other statutory supervisory boards in Germany
GEWOBA AG Wohnen und Bauen in Bremen, Howaldtswerke Deutsche Werft AG, Salzgitter AG Stahl und Technologie

Prof. Dr. Renate Köcher

Membership in other statutory supervisory boards in Germany
BASF AG, Infineon Technologies AG (since January 25, 2005), MAN AG

Igor Landau since January 1, 2005

Membership in other statutory supervisory boards in Germany
Adidas-Salomon AG, Dresdner Bank AG

Membership in comparable^{*)} supervisory bodies

Crédit Commercial de France, Essilor S. A., Sanofi-Aventis S. A., Thomson

Frank Ley until May 4, 2005

Dr. Max Link since July 1, 2004

Karl Neumeier

Herbert Pfennig until June 30, 2004

Membership in other statutory supervisory boards in Germany

Boerse-Stuttgart AG

Sultan Salam

Membership in other statutory supervisory boards in Germany

Dresdner Bank AG

Dr. Albrecht E. H. Schäfer from May 5, 2004 until May 4, 2005

Dr. Manfred Schneider

Membership in other statutory supervisory boards in Germany

Bayer AG (Chairman), DaimlerChrysler AG, Linde AG (Chairman), METRO AG, RWE AG, TUI AG

Margit Schoffer

Membership in other statutory supervisory boards in Germany

Dresdner Bank AG

Prof. Dr. Hermann Scholl until May 4, 2005

Membership in other statutory supervisory boards in Germany

BASF AG, Robert Bosch GmbH (Chairman)

Membership in comparable^{*)} supervisory bodies

Robert Bosch Corporation, Robert Bosch Internationale Beteiligungen AG, Sanofi-Aventis S. A.

Prof. Jürgen E. Schrempf until June 30, 2004

Membership in other statutory supervisory boards in Germany

Membership in Group bodies DaimlerChrysler Services AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Compagnie Financière Richemont S. A., South African Coal, Oil and Gas Corporation (Sasol) Ltd., Vodafone Group plc

Membership in Group bodies DaimlerChrysler of South Africa (Pty) Ltd. S. A. (Chairman)

Prof. Dr. Dennis J. Snower since July 6, 2004

As of December 31, 2004 or (with members who resigned) day of resignation

^{*)} We regard memberships in other supervisory bodies as "comparable", if the company is listed on a stock exchange or has more than 500 employees.

Membership of Board of Management members in other corporate supervisory bodies

Michael Diekmann

Membership in other statutory supervisory boards in Germany
BASF AG, Linde AG (Deputy Chairman), Deutsche Lufthansa AG

Membership in Group bodies Allianz Global Investors AG (Chairman), Allianz Lebensversicherungs-AG (Chairman), Allianz Versicherungs-AG (Chairman), Dresdner Bank AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Assurances Générales de France (Vice President), Riunione Adriatica di Sicurtà S. p. A. (Vice President)

Dr. Paul Achleitner

Membership in other statutory supervisory boards in Germany
Bayer AG, MAN AG, RWE AG

Membership in Group bodies Allianz Global Investors AG, Allianz Immobilien GmbH (Chairman)

Detlev Bremkamp until December 31, 2005

Membership in other statutory supervisory boards in Germany
ABB AG (Deutschland), Hochtief AG

Membership in Group bodies Allianz Global Risks Rückversicherungs-AG (Chairman), Allianz Marine & Aviation Versicherungs-AG

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Allianz Compañía de Seguros y Reaseguros S. A. (Chairman), Allianz Nederland Groep N. V., Allianz Portugal S. A. Companhia de Seguros, Assurances Générales de France, Elmonda (Chairman), Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A.

Jan R. Carendi

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Allianz Life Insurance Company of North America (Chairman), Fireman's Fund Insurance Company (Chairman)

Dr. Joachim Faber

Membership in other statutory supervisory boards in Germany
Bayerische Börse AG, Infineon Technologies AG

Membership in Group bodies DBI Dresdner Bank Investment Management Kapitalanlagegesellschaft mbH (Chairman) (until December 31, 2004), DEGI Deutsche Gesellschaft für Immobilienfonds mbH (Chairman), Deutscher Investment-Trust Gesellschaft für Wertpapieranlagen mbH (Chairman)

Membership in comparable^{*)} supervisory bodies

Società Metallurgica Italiana S. p. A. (until February 14, 2005)

Membership in Group bodies AGF Asset Management

Dr. Reiner Hagemann

Membership in other statutory supervisory boards in Germany
E.ON Energie AG, Schering AG, Steag AG (until December 31, 2004)

Membership in Group bodies Allianz Global Risks Rückversicherungs-AG, Allianz Private Krankenversicherungs-AG (Chairman), Bayerische Versicherungsbank AG (Chairman), Euler Hermes Kreditversicherungs-AG (Chairman), Frankfurter Versicherungs-AG (Chairman), Vereinte Spezial Versicherung AG (Chairman)

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Allianz Cornhill Insurance plc, Allianz Elementar Lebensversicherungs-AG (Deputy Chairman), Allianz Elementar Versicherungs-AG (Chairman), Allianz Investmentbank AG, Allianz Irish Life, Allianz Suisse Lebensversicherungs-AG, Allianz Suisse Versicherungs-AG, Euler Hermes S. A.

Dr. Helmut Perlet

Membership in other statutory supervisory boards in Germany

Membership in Group bodies Allianz Global Investors AG, Allianz Global Risks Rückversicherungs-AG, Dresdner Bank AG

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Fireman's Fund Insurance Company, Lloyd Adriatico S. p. A., Riunione Adriatica di Sicurtà S. p. A.

As of December 31, 2004 or (with members who resigned) day of resignation

^{*)} We regard memberships in other supervisory bodies as "comparable", if the company is listed on a stock exchange or has more than 500 employees.

Dr. Gerhard Rupprecht

Membership in other statutory supervisory boards in Germany

Fresenius AG, Heidelberger Druckmaschinen AG, Quelle AG,
ThyssenKrupp Automotive AG

Membership in comparable^{*)} supervisory bodies

Membership in Group bodies Allianz Elementar Lebensversicherungs-
AG (Chairman), Allianz Elementar Versicherungs-AG, Allianz Life Insurance
Co. Ltd. Seoul, Allianz Life Insurance Company of North America

Dr. Herbert Walter

Membership in other statutory supervisory boards in Germany

Deutsche Börse AG, TSV München von 1860 GmbH & Co. KG aA

Membership in comparable^{*)} supervisory bodies

Banco Popular Español S. A., Banco Portugues de Investimento S. A.

Dr. Werner Zedelius

Membership in comparable^{*)} supervisory bodies

Rosno

Membership in Group bodies Allianz Australia Ltd., Allianz Hungária
Biztosító Rt. (Chairman), Allianz Life Insurance Co. Ltd. Seoul (Chairman),
Allianz poisťovna a. s. (Chairman), Allianz-Slovenska poisťovna a. s.
(Chairman), T. U. Allianz Polska S. A. (Chairman), T. U. Allianz Zycie
Polska S. A. (Chairman)

Allianz AG
Koeniginstrasse 28
D-80802 Munich
Telephone +49 89 38 00-0
Telefax +49 89 34 99 41
www.allianz.com

Allianz AG
Reinsurance Branch Asia Pacific
3 Temasek Avenue
#08-01 Centennial Tower
Singapore 039190

Photography:
Dr. Henning Schulte-Noelle: Andreas Pohlmann

The English language version is a translation of
the German Annual Report of the Allianz AG.