

Dresdner Bank – An Overview

Dresdner Bank is one of the leading commercial banks in Germany, with total assets of €524 billion. Together with its subsidiaries, Dresdner Bank provides 5,3 million private and business clients within Germany and abroad with a broad range of banking products and financial services. The Bank has a network of 911 domestic branch offices and is represented in all key financial centres outside Germany.

Legal Framework

Dresdner Bank is a German public limited company domiciled in Frankfurt/M. It is registered with the Commercial Register of Frankfurt/M Local Court under registration number 14000. Its legal framework is laid down in its Articles of Association, in the version dated 8 April 2003.

Since its combination with Allianz in 2001, Dresdner Bank AG has been a wholly-owned subsidiary of Allianz AG, Munich. Dresdner Bank's share capital amounts to around €1,503 million and is composed of 578.1 million no-par value shares. Allianz AG holds the shares in Dresdner Bank AG indirectly.

Dresdner Bank is a superordinated credit institution as defined by section 10a (2) of the Kreditwesengesetz (KWG – German Banking Act). The Bank prepares exempting consolidated financial statements in accordance with section 292a of the Handelsgesetzbuch (HGB – German Commercial Code) on the basis of International Financial Reporting Standards (IFRSs). These statements include 116 companies along with Dresdner Bank AG as the operating holding company. The Bank's fiscal year is the calendar year.

Organisational Framework

In the course of fiscal 2004, Dresdner Bank realigned its operations and created a modern, high-performance organisational model. The model is based on a matrix organisation which comprises five divisions and five functions.

Organisational model



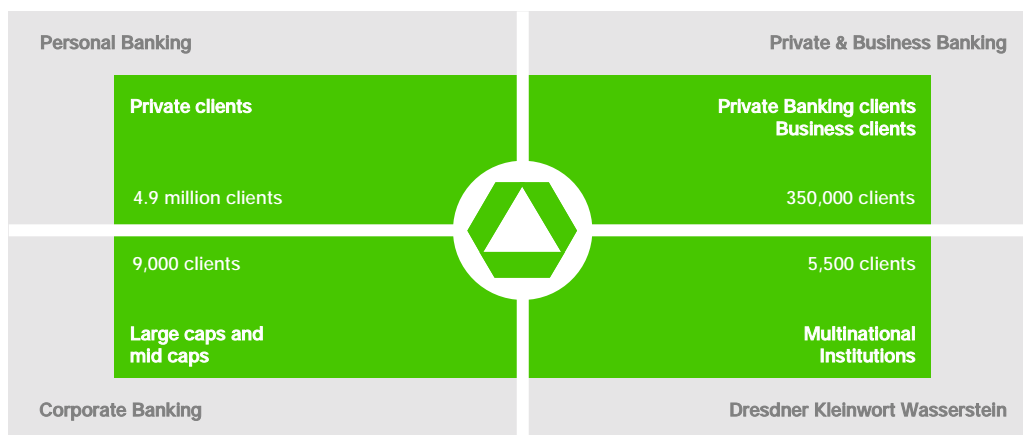
The divisions are responsible for Dresdner Bank's client business, while the functions act as internal service providers and support the divisions in conducting business. The functions comprise both the Bank's central staff functions and its auxiliary support and service units.

The organisational model is founded on the principle of clear, Group-wide responsibilities. Each of the divisions and functions is managed and headed by a member of the Board of Managing Directors. The contributions of the divisions and functions to the Bank's results are calculated and presented individually as part of segmental reporting. Each division and function is headed by an Executive Committee, which supports the respective member of the Board of Managing Directors in the operational management of his area.

Divisions

Dresdner Bank has organised its business activities into four strategic divisions – Personal Banking, Private & Business Banking, Corporate Banking and Dresdner Kleinwort Wasserstein (DrKW) – plus the Institutional Restructuring Unit (IRU), which forms the fifth division and comprises the Bank's non-strategic business. The divisions are client-oriented and focus their respective product offerings on selected client groups. The Personal Banking and Private & Business Banking divisions were formed from the former Private and Business Clients division, which was reorganised in 2004.

Divisions



The Personal Banking division provides a balanced offering of consulting and financial services in over 900 locations within Germany for 4.9 million private clients in both the securities, deposit and lending business and insurance, along with offerings and services to meet the daily needs of all clients. In addition to our branches, these services can be accessed via call centres and our private client portal on the Internet. Together with Allianz, the Bank has 12,000 sales points in Germany and around 20,000 sales employees.

Private & Business Banking stands for individual advice and end-to-end financial solutions for around 350,000 private and business clients. The division is represented in Germany by 130 teams comprising private banking and business banking advisors. The Private & Business Banking division has an onshore and offshore presence in key European financial centres to meet the global investment needs of its German and international client base in the fields of private banking and wealth management.

The Corporate Banking division serves roughly 9,000 clients. This figure includes around 80 multinationals, around 800 large caps and around 8,000 mid caps. The division works closely with our DrKW division and offers its clients an expanded range of capital market and investment banking products in addition to its traditional commercial banking services. Support for multinationals is provided in cooperation with the DrKW division. Group clients are served by the regional centres, while large enterprises whose main potential is for commercial banking products are also served by local units.

The Dresdner Kleinwort Wasserstein division comprises the Bank's capital markets and corporate finance businesses. It operates on the basis of an integrated business model with a broad product offering that corresponds to that of an independent investment bank. DrKW has a strong position in Germany and in the UK and is increasingly focussing its business activities on Europe.

Functions

Each of the functions – Finance/Controlling and Compliance, HR, IT and Credit Risk Management/Risk Controlling – is headed by a member of the Board of Managing Directors. In addition, a number of staff functions are grouped under the management of the Chairman of the Board of Managing Directors. These include Communication & Marketing, Internal Audit, Legal, Economics, Leadership & Development, Corporate Development & Investments as well as the COO functions, which primarily comprise transaction and business processing as well as various internal services.

Business Framework

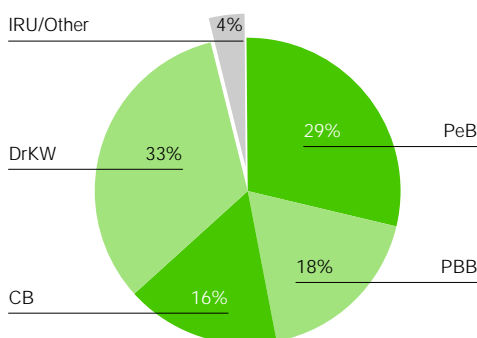
Dresdner Bank conducts banking business as defined by section 1 of the Kreditwesengesetz (German Banking Act - KWG). This consists of securities and custody business as well as lending and deposits, and payment transactions. As part of the Allianz Group, Dresdner Bank also sells the Allianz Group's life, health and non-life insurance products. In addition, the Bank is active in the investment business.

Business structure

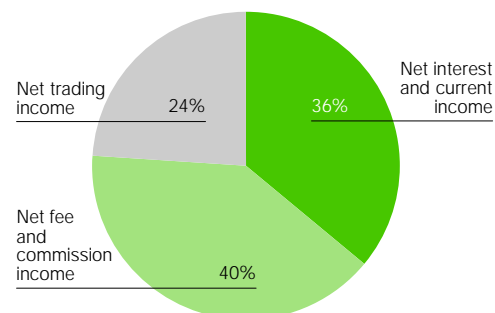
The Bank's business structure is dominated by its four strategic divisions, which recorded a balanced distribution of operating income in fiscal 2004.

Operating income 2004

By division



By income statement item

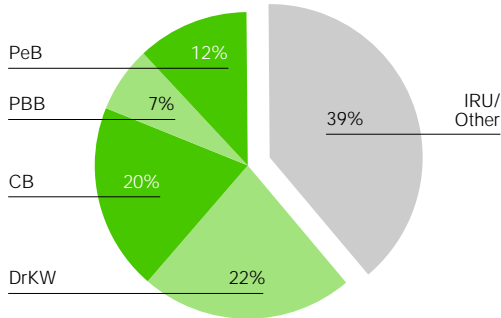


In fiscal 2004, 36% of operating income was attributable to net interest and current income and 40% to net fee and commission income. Net trading income contributed 24% to operating income.

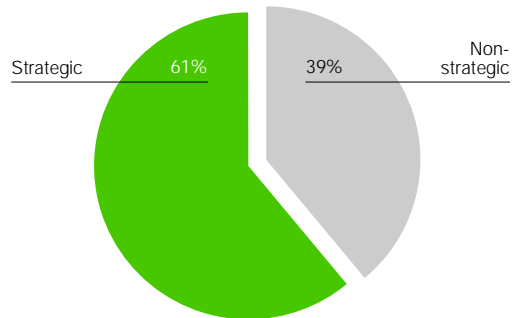
Measured in terms of the divisions' average risk capital, the business portfolio is as follows:

Risk capital 2004

By division



By strategic/non-strategic business

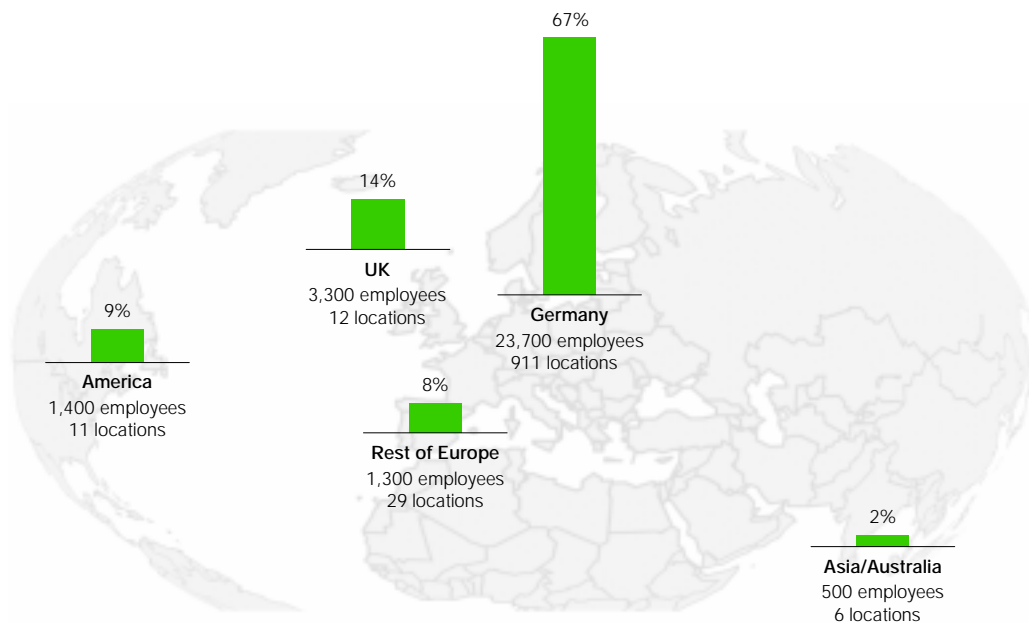


61% of the risk capital requirement was attributable to the Bank's strategic business in fiscal 2004 and 39% to its non-strategic business. In addition to the Institutional Restructuring Unit, the Bank's non-strategic business includes its investment business, which is reported under Corporate Investments in segment reporting. The Bank intends to continue reducing the capital tied up in its non-strategic business.

Regional presence

The Bank's business activities focus on Germany and on the rest of Europe. In 2004, 67% of operating income was generated within Germany and 33% outside it.

Operating income 2004



Employees and locations at the end of 2004.

Dresdner Bank has a close-knit network of branch offices in Germany which – including the Bank's subsidiaries – comprises 911 branch offices and is managed from seven German main branches.

The Bank is also present outside Germany in key financial centres and markets, including London, New York, Paris, Tokyo, Singapore and Zurich. Dresdner Bank is also represented by main branches and subsidiaries in the following locations: Amsterdam, Brussels, Budapest, Geneva, Gouda, Lugano, Luxembourg, Madrid, Milan, Moscow, Paris, Salzburg, St. Petersburg, Warsaw, Vienna, Georgetown/Grand Cayman, Miami, Panama City, São Paulo, Beijing and Shanghai. The Bank's international branch office network also includes 24 representative offices.

Employees

As at 31 December 2004, Dresdner Bank employed 35,946 employees, including 1,685 vocational trainees, a drop of 6,114 year-on-year. Calculated as full-time equivalents, the number of employees (excluding vocational trainees) amounted to 30,154 as against 34,998 in the previous year.

	31/12/2004	31/12/2003	Change	
			Absolute	%
Dresdner Bank Group	35,946	42,060	-6,114	-14.5
– Germany	29,718	34,579	-4,861	-14.1
– Other countries	6,228	7,481	-1,253	-16.7
Dresdner Bank AG	25,258	28,942	-3,684	-12.7
– Germany	24,820	28,477	-3,657	-12.8
– Other countries	438	465	-27	-5.8

In view of the constantly increasing requirements, our employees' qualifications are critically important to the Bank's success. Employee development and training is thus a key component of the Bank's human resources policy. Our training offering covers the provision of specialist, communication and sales skills on the one hand as well as leadership and management skills on the other.

In 2004, the Bank aligned its compensation models even more strongly than before on performance. The compensation models take into account and reward strong performance and the willingness to achieve.

Value-based management

The Dresdner Bank Group is managed on the basis of a value-driven approach. The key measure of this approach is Economic Value Added (EVA) – the difference between the normalised income/loss after taxes and the cost of the risk capital deployed. Value is added if the normalised income/loss exceeds the cost of capital.

In addition to prescribing the cost of capital rate, value-based management is based on the risk capital allocated to the individual divisions. The risk capital requirements of the respective divisions are calculated on the basis of internal models and methods agreed with the Allianz Group. A difference is made between market and transfer risks, investment risks and business and operational risks.

The allocation of risk capital to the divisions is prepared by the Capital & Treasury Committee and resolved by the Bank's Board of Managing Directors. The Capital & Treasury Committee comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Risk Officer (CRO).

The Bank has set itself the target in fiscal 2005 of generating its cost of capital.