Allianz Group

Interim Report
First half of 2001

CONTENTS

The Allianz Group continued on its path of earnings-oriented growth in the first half of 2001. Total premium income rose 7.1 percent to 37.6 billion euros. As a consequence of a clearly reduced realisation of capital gains in the first half of 2001 in comparison with the same period last year, net income for the half year was lower by 7.8 percent, to just under 1.4 billion euros. Earnings per share were 5.57 euros. For 2001 as a whole, however, we still expect net income (not including Dresdner Bank) to rise by approximately 13 percent, as compared to the previous year's adjusted for tax effects net income of 2.4 billion euros.

OVERVIEW

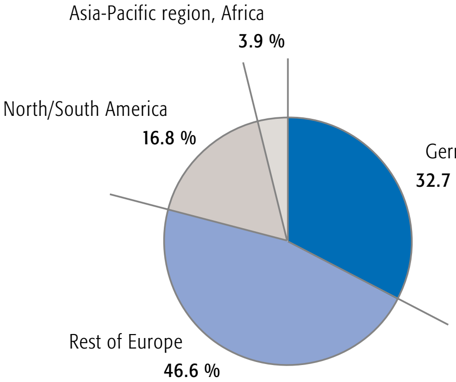
As already noted in the report for fiscal 2000, a new IAS standard (SIC 12) stipulates that special investment funds in which our companies hold a majority interest must be consolidated from 2000 onwards. The consequent changes in net income and shareholders' equity for the first half of 2000 were as follows:

	Net income for half year € mn	Equity € mn
Original figure	1,598	29,208
Revised figure	1,484	29,206

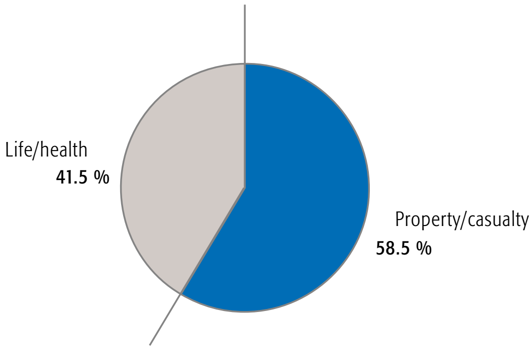
All figures for the previous year have been adjusted accordingly in this report.

Premium income | During the first six months of the current 2001 fiscal year, total premium income rose by 7.1 percent, to 37.6 million euros. Changes in the scope of consolidation – which essentially pertain to business acquired from HIH in Australia, Zwolsche Algemeene in the Netherlands, and Allianz Tiriac in Romania – contributed over half a million euros, or 1.4 percentage points, toward this growth.

Total premium income by region
(€ 37.6 bn)



Total premium income by business segments
(€ 37.6 bn)



Changes in foreign exchange rates, the appreciation of the US dollar in particular, caused total premiums to rise a further 0.2 billion euros through the conversion to euros. Adjusted for these factors, growth was 5.1 percent, appreciably above that of the first quarter (+ 4.4 percent).

In the IAS accounts, gross premiums were up by 7.9 percent, to 31.4 billion euros.

Consolidated Income Statement (Abridged)

	6/30/2001 € bn	6/30/2000 € bn
Gross premiums written	31.4	29.1
Premiums earned (net)	25.1	23.2
Investment income	9.3	13.0
Benefits paid to customers	23.9	25.7
Underwriting costs	6.5	5.9
Amortization of goodwill	0.3	0.2
Pre-tax result	2.6	3.5
Taxes	0.7	1.2
Minority interests	0.5	0.8
Half year net income	1.4	1.5
Earnings per share in €	5.57	6.05

Net income | The development of net income during the first half of 2001 was characterized by the following factors:

- Investment income was 3.6 billion euros less than in the comparable period last year. In the first half of 2000, we had already realized the major portion of the year's projected investment gains. This year, due to weaker capital markets, we were more conservative in realizing capital gains. This development particularly affected life insurance; however, here, declining investment income resulted in commensurately lower allocations to the provisions for policy dividends, cushioning the overall impact on net income.

- The combined ratio in property and casualty insurance improved by a substantial 2.8 percentage points, to reach 102.2 percent.

- The tax rate declined from 32.6 percent to 23.7 percent. This was not only because corporate income tax rates were reduced in Germany, but also because we were already able to realize part of our investment gains exempt from taxes in the IAS accounts.

On balance, net income earned in the first half of 2001 declined by 7.8 percent compared to the first six months of last year, to just under 1.4 billion euros.

Among the components of this figure are:

- Income before taxes and amortization of goodwill amounted to 2.9 billion euros. The decline here against the first six months of 2000 was 0.8 billion euros.

- Goodwill amortization rose by 96 million euros, to 318 million euros. Of this figure, 100 million euros stem from Pimco, Nicholas Applegate and Zwolsche Algemeene.

- Tax expenses were reduced from 1.2 billion euros to 0.7 billion euros.

- Minority interests in earnings declined from 789 million euros to 545 million euros.

The net income of just under 1.4 billion euros for the first half of 2001 yields earnings per share of 5.57 euros (last year: 6.05).

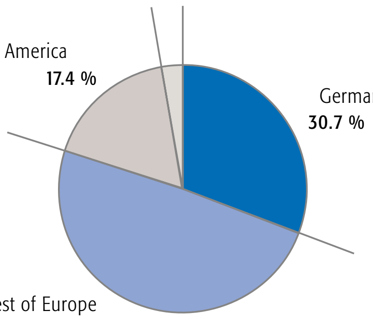
Employees | As of June 30, 2001, our Group companies had 122,432 employees worldwide. This was 2,749 more than at the end of the previous year. The increase was due primarily to our new acquisitions.

Property and Casualty Insurance. Premium income from property and casualty insurance increased by 9.7 percent to 22.3 billion euros. This represents a slight increase to nearly 59 percent of total group revenues. Net of consolidation and exchange rate effects, growth was 7.2 percent. The main contributing factor here were tariff changes we were able to implement in most European countries, especially for automobile insurance.

Combined with a lower claims frequency in many countries, as well as an absence of major weather-related losses, this good development also had an appreciable impact on the combined ratio – that is, the ratio of loss expenses and costs to net premiums earned. This ratio improved by 2.8 percentage points, from 105.0 percent to 102.2 percent. The loss ratio declined by 2.6 percentage points, to 74.8 percent. We experienced particular improvements in Germany, France, Great Britain, Austria and Spain.

In the following breakdowns, transactions between reporting units were not consolidated by business segment and region. Results reported for the individual regions have been adjusted to eliminate goodwill amortization and minority interests, in order to show a clearer picture of operative development.

Property/Casualty – Premium income by region
(€ 22.3 bn)



The increase in costs was kept below revenue growth. The expense ratio declined slightly, from 27.6 percent to 27.4 percent.

Investment income, at 4.5 billion euros, was 278 million euros less than that for the first half of 2000. Because of the situation on the capital markets, we have so far been more conservative in realizing capital gains than last year.

Earnings before taxes and goodwill amortization, at 2.8 billion euros, remained at the same level as the first six months of last year. Amortization of goodwill rose by 21 million euros to reach 161 million euros, primarily because of the consolidation of Zwolsche Algemeene. Lower tax expense caused net income for the first half of 2001 to improve by 21.3 percent, to over 1.6 billion euros.

Property and Casualty Insurance

		6/30/2001	6/30/2000
Gross premiums written	€ mn	22,316	20,341
Loss ratio	%	74.8	77.4
Expense ratio	%	27.4	27.6
Half year net income	€ mn	1,639	1,352
Investments	€ mn	131,749	121,128
Insurance provisions	€ mn	85,967	84,662

GERMANY

Gross premiums

	6/30/2001 € mn	6/30/2000 € mn
Sachversicherungsgruppe	6,082	5,744
Allianz AG	3,126	3,025
Consolidation	– 1,849	– 1,932
Property/Casualty Insurance Germany	7,359	6,837

Sachversicherungsgruppe Deutschland (the property and casualty insurance group in Germany) achieved total premiums of 6.1 billion euros in the first half of 2001 – a 5.9 percent increase from the comparable period last year. The chief contributing factor here was automobile insurance, where we were able to implement additional necessary tariff changes. Yet we also achieved considerable gains in liability insurance and in transport and aviation insurance. The number of insurance policies, at 44 million, remained at last year's level.

The loss ratio improved appreciably, to 67.9 percent (73.5 percent). In addition to premium increases, another important factor here was a substantial decline in the number of claims reported. The figure for the first half of 2000 was still affected by claims in the aftermath of the December 1999 storms.

The ongoing expansion of our distribution capacities, as well as information technology investments, raised the expense ratio to 27.2 percent (25.2 percent).

The significantly lower net investment income of 643 (941) million euros meant that earnings after taxes, at 359 (452) million euros, remained below last year's figure.

Sachversicherungsgruppe Deutschland

		6/30/2001	6/30/2000
Gross premiums written	€ mn	6,082	5,744
Loss ratio	%	67.9	73.5
Expense ratio	%	27.2	25.2
Earnings after taxes	€ mn	359	452
Investments	€ mn	23,835	23,587

Premium income in the Allianz AG reinsurance business reached 3.1 billion euros, or 3.3 percent more than in the comparable period of the previous year. This growth was mainly due to increased income from life and health insurance. By way of contrast, gains in property and casualty insurance were held back by an increase in Sachversicherungsgruppe Deutschland's retention.

A number of major-damage claims both in Germany and abroad depressed income in the first half of 2001. The loss ratio rose to 75.4 percent (72.6 percent). Investment income was down substantially, to 2.3 billion euros.

Earnings after taxes for the first six months of the current year thus rose to 1.5 billion euros.

Allianz AG

		6/30/2001	6/30/2000
Gross premiums written	€ mn	3,126	3,025
Loss ratio	%	75.4	72.6
Expense ratio	%	26.9	25.7
Earnings after taxes	€ mn	1,510	791
Investments	€ mn	67,463	55,896

FRANCE

Except for a few migrations in data processing operations and the relocation of the employees of some regional management offices, the integration of the AGF, Athéna and Allianz companies has now been completed. Premium income increased by a substantial 6.6 percent, to 2.6 billion euros. In addition to tariff increases in the automobile insurance business and a rise in average premiums for household insurance, primarily as a consequence of the higher construction price index, further contributions here came from the upswing in commercial and industrial business. Our cooperation agreement with Crédit Lyonnais continues to be very successful. Revenues from the business in bank branches increased by 17.9 percent.

The loss ratio improved against the same period last year, when claims in the aftermath of the storms at the end of 1999 led to a negative effect. It dropped a full 2.6 percentage points, to 81.9 percent. Earnings after taxes declined significantly, on account of lower realized capital gains, to 333 (459) million euros.

France

		6/30/2001	6/30/2000
Gross premiums written	€ mn	2,643	2,479
Loss ratio	%	81.9	84.5
Expense ratio	%	27.6	26.5
Earnings after taxes	€ mn	333	459
Investments	€ mn	17,501	17,496

ITALY

Premium income at our group in Italy rose 7.1 percent, to 2.2 billion euros. Of this figure, 1.6 billion euros was generated by the RAS Group and 0.6 billion euros by the Lloyd Adriatico Group. Lloyd 1885, our direct insurance company in Italy, which also sold its products very successfully via the Internet, again posted dynamic growth, of 37.6 percent on this occasion.

The greatest impetus for growth came from automobile insurance, after the government-imposed one-year rate freeze for automobile liability insurance was lifted at the beginning of the second quarter. The necessary rate changes had been impossible until then, but we will now be able to catch up at the next renewal date of each policy.

The loss ratio improved significantly, by 3.5 percentage points to 78.2 percent, while the expense ratio rose slightly over the course of the year. Earnings after taxes for the half year were up to 169 (140) million euros.

Italy

		6/30/2001	6/30/2000
Gross premiums written	€ mn	2,204	2,058
Loss ratio	%	78.2	81.7
Expense ratio	%	23.2	22.3
Earnings after taxes	€ mn	169	140
Investments	€ mn	9,938	9,680

SWITZERLAND

With premiums of 0.8 billion euros, our Swiss companies improved their total sales revenues by 5.8 percent. Particular contributions here came from health insurance, which in Switzerland is considered part of property and casualty insurance, as well as from group casualty insurance. Further positive effects derived from the favorable economic environment and our investments in our sales organization over the past year.

A change in the method of deferring claims adjustment expenses raised the loss ratio 2.8 percentage points, to 77.7 percent. The expense ratio declined concurrently, to 26.8 percent.

Net investment income, at 123 (180) million euros, was less than last year, when the sale of ELVIA in the Netherlands and the transfer of ELVIA Reiseversicherung to the Mondial Assistance Group generated extraordinary income.

Earnings after taxes for the half year accordingly declined to 65 (109) million euros.

ELVIA/Berner/Allianz/AGF Phenix

		6/30/2001	6/30/2000
Gross premiums written	€ mn	833	787
Loss ratio	%	77.7	74.9
Expense ratio	%	26.8	29.6
Earnings after taxes	€ mn	65	109
Investments	€ mn	4,200	4,084

GREAT BRITAIN

Premium income from our subsidiary Cornhill in Great Britain rose 15.6 percent in the first half of 2001, to more than 1.2 billion euros. This revenue growth amounted to 18.2 percent in original currency terms.

Premium rises in the automotive and industrial insurance business had particularly positive effects not only on revenues, but also on the sharp 10.7 percent improvement in the loss ratio, which fell to 73.2 percent. Although we ended a number of unprofitable business engagements and pursued an even more restrictive underwriting policy, earnings in the industrial business are not yet up to our expectations.

Earnings after taxes for the first half year improved significantly to 35 million euros, after last year's loss of 22 million euros.

Cornhill

		6/30/2001	6/30/2000
Gross premiums written	€ mn	1,238	1,071
Loss ratio	%	73.2	83.9
Expense ratio	%	31.7	33.2
Earnings after taxes	€ mn	35	– 22
Investments	€ mn	2,522	2,311

AUSTRIA

Our Austrian subsidiary, Allianz Elementar, achieved premium income growth of 1.9 percent in the first six months of the year, to 0.5 billion euros. The strongest positive influence here came from tariff increases in automobile insurance and from the reduction and strict control of discounts. These measures, however, caused a slight decrease in the number of insurance contracts.

The success of the restructuring efforts begun at the end of 1999 are now also being reflected in improved loss and expense ratios of the company. The latter decreased 8.6 percentage points, to 25.1 percent.

However, lower investment income meant that net income for the half year was up only slightly to 10 (8) million euros.

Allianz Elementar

		6/30/2001	6/30/2000
Gross premiums written	€ mn	515	505
Loss ratio	%	81.5	81.8
Expense ratio	%	25.1	33.7
Earnings after taxes	€ mn	10	8
Investments	€ mn	1,503	1,569

SPAIN

Premium income at our companies in Spain increased by a substantial 20 percent, to 0.7 billion euros. Continuing tariff changes in automobile insurance were further supported here by a buildup of the distribution force. The number of sales management offices was doubled and our network of agents increased productivity.

In April we presented a new casualty insurance product on the market; it is expected to contribute positively toward revenue growth.

The loss ratio improved 5.8 percentage points, to 77.5 percent, and the expense ratio was reduced yet again, from 23.7 percent to 22.6 percent.

Despite these improvements at the operational level, net income for the half year was unchanged from the same period last year, at 24 million euros, due to lower net investment income.

Spain

		6/30/2001	6/30/2000
Gross premiums written	€ mn	696	580
Loss ratio	%	77.5	83.3
Expense ratio	%	22.6	23.7
Earnings after taxes	€ mn	24	24
Investments	€ mn	1,565	1,436

CENTRAL AND EASTERN EUROPE

In Central and Eastern Europe, revenues grew by a total of 36 percent, to 0.5 billion euros.

The highest premium income in this region was achieved in Hungary, where sales increased 14.5 percent, to 199 million euros. Allianz Hungária remains the market leader, with a market share of nearly 30 percent.

In the Czech Republic we again reached above-average growth. Gross premiums rose 22.7 percent to 112 million euros. In the demonopolized or liberalized automobile liability insurance market, we gained an additional 35,000 clients during the first half of 2001, raising the number of automobile insurance policies to just under 700,000.

Premium income at Allianz Polksa, our company in Poland, rose more than 50 percent, to 72 million euros. Chief contributors here were the substantial tariff increases that became necessary, primarily in automobile insurance.

We have in the meantime also taken a significant step toward our goal of achieving a leading market position in Russia. We reached an agreement with the successfully expanding insurance group Rosno regarding a 45 percent stake. The regulatory requirements for majority ownership have not yet been passed. Rosno, with more than 6 million clients, has the country's third-largest insurance portfolio, with premium income of approximately 350 million euros.

NAFTA REGION

After the sharp drop in earnings at Fireman's Fund in 2000, we are now working at high speed with a new management to refocus the company. Our efforts have centered on developing a new business model for the commercial business, which will ensure this segment's sustained profitability. We intend to withdraw from several unprofitable lines of business, concentrate on specific target groups and product segments, and adjust the company's internal organization quickly and systematically to reflect the reduced volume of business. In addition, we will improve our tariff-setting systems and monitor the implementation of necessary price increases strictly.

Premium income increased 6.1 percent in original currency terms. As a result of the strong dollar, converted to euros, this increase to 2.5 billion euros amounted to 13.2 percent.

Premium income at our company in Canada rose 3.9 percent, to 267 million euros.

The combined ratio of our companies in the NAFTA Region declined by a total of 4 percentage points, to 106.9 percent. Here a reinsurance contract with Fireman's Fund had a favorable impact. This positive effect, however, will taper off during the course of the year. The weak capital market resulted in write-downs on our stock portfolio that more than offset these improvements at the operational level. Our insurance companies' earnings after taxes shrank substantially to 23 (203) million euros. When combined with the income and expenses of our US holding company – chiefly interest expenses for financing the acquisition of the PIMCO Group – the result was an after-tax loss of 47 million euros.

NAFTA region

		6/30/2001	6/30/2000
Gross premiums written	€ mn	3,272	2,933
Loss ratio	%	78.4	81.2
Expense ratio	%	28.5	29.7
Earnings after taxes	€ mn	– 47	154
Investments	€ mn	19,858	18,152

SOUTH AMERICA

Although the overall economic environment was difficult, our companies in South America boosted their premium income by 19 percent, to 500 million euros. Automobile insurance was the main contributor to this gain.

An improved loss situation compared to that of last year, together with the first positive effects from in the restructuring of our company in Colombia, brought an appreciable improvement in the combined ratio. Declining investment income still resulted in a loss of 2 million euros. But after the loss of 27 million euros for all of 2000, the new figure represents significant progress.

ASIA-PACIFIC

In the Asia-Pacific region, we generated premium income totaling 538 million euros. This was more than 60 percent above the figure for the first half of 2000. A crucial con-tributor to this increase was the business we acquired from HIH Insurance in Australia. The acquisition pushed Allianz Australia's rank from No. 7 to No. 2 in the market.

In the other countries in this region, the weak economy of the US, their principal trading partner, held back revenue growth. Developments in the capital market left earnings after taxes, at 0.4 million euros, well below the previous year's figure.

In Malaysia, we will increase our current 22 percent stake in MBA, one of the country's leading insurance companies with premium income of 95 million euros. We expect to receive the necessary approval for this step from the supervisory authorities shortly.

We will grow in the Indian insurance market together with our partner, the Bajaj Group, one of India's oldest and most renowned industrial conglomerates.

CREDIT INSURANCE

Our global credit insurance business is run by our companies in the Euler and Hermes Groups. Together, they rank first in the worldwide credit insurance market.

Their premium income rose by 4.9 percent to 877 million euros, two thirds of which were generated by Euler and one third by Hermes. The major growth engines were the export credit insurance business and business with international clients.

A number of major-damage claims caused a significant deterioration of last year's exceptionally good loss ratio. But with the contribution provided by investment income, earnings after taxes remained last year's level, at 74 (77) million euros.

Credit insurance

		6/30/2001	6/30/2000
Gross premiums written	€ mn	877	836
Loss ratio	%	70	49.6
Expense ratio	%	41.3	37.7
Earnings after taxes	€ mn	74	77
Investments	€ mn	2,794	2,748

TRAVEL INSURANCE AND ASSISTANCE

Our travel insurance and assistance service provider is the Mondial Assistance Group. It continued its dynamic growth, increasing premium income by 17.9 percent to 382 million euros. The Mondial Group generated 87 million euros in additional income through its assistance and call center services. This service income is not booked as gross premium income in the IAS accounts.

However, the cooling economy, the rising price of oil, and the appreciation of the dollar reduced spending on automobiles and travel, and thus the income of the travel insurance and assistance industry as well.

The acquisition of Worldcare Assist in Australia has now extended Mondial's presence to 28 countries.

The Mondial Assistance Group's earnings after taxes for the first half of 2001 at 18 (24) million euros, fell below the figure for the same period last year, due to lower investment income.

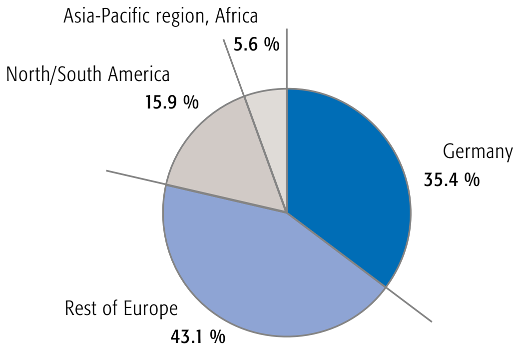
Travel Insurance and Assistance

		6/30/2001	6/30/2000
Gross premiums written	€ mn	382	324
Loss ratio	%	64.4	64.5
Expense ratio	%	27.5	43.8
Earnings after taxes	€ mn	18	24
Investments	€ mn	418	487

Life and Health Insurance. Total premium income in life and health insurance increased by 3.4 percent, to 15.6 billion euros. Just under 40 percent of this figure came from investment-oriented products whose sales grew only 3.3 percent, to 6.2 billion euros. With capital markets considerably more volatile, demand for these products fell substantially in Europe, especially in France and Italy. Net of consolidation effects and exchange rate movements, growth was 2.3 percent.

In the IAS accounts, where only the risk and expense amounts are included as revenues from investment-oriented products, premium income rose 3.4 percent to 9.4 billion euros.

Life/Health – Total premium income by region
(€ 15.6 bn)



The expense ratio rose from 21.0 percent to 22.8 percent. This was primarily a result of weaker new business, which meant that a negative remainder was left from the pro-rated offsetting of initial acquisition expenses from previous years and new expenses.

Investment income, at 5.6 billion euros, was well behind the figure for the first half of 2000 (8.7 billion euros). Here again the cause was the weakness of the capital markets, which so far led us to refrain from realizing greater capital gains.

Earnings before taxes and goodwill amortization thus declined significantly, from 1.3 billion euros to 0.8 billion euros. Amortization of goodwill rose only slightly, by 4 million euros, to 69 million euros. After taxes and appreciably lower minority interests, during the first half of 2001 we achieved a net income of 263 million euros (previous year: 427 million).

Life and Health Insurance

		6/30/2001	6/30/2000
Total sales		15,610	15,090
Gross premiums written	€ mn	9,383	9,070
Expense ratio	%	22.8	21.0
Half year net income	€ mn	263	427
Investments	€ mn	212,815	203,482
Insurance provisions	€ mn	211,223	200,882

GERMANY

In the first half of 2001, the life insurance business in Germany still suffered from the uncertainty about the final structure of the pension reform. Although the legislation has now cleared the parliamentary hurdles, the necessary implementation regulations have yet to be passed.

After last year's substantial decline, new business showed a gain of 11.8 percent. Since premium income in 2000 benefited from an overhang of the boom in 1999, these sales successes have not yet been reflected in the development of revenues. They consequently remained at close to the previous year's level of 4.2 billion euros.

Our preparations for distributing the "Riester" pension reform products developed in response to this new legislation are currently running at full steam. By the end of June, all Allianz distributors nationwide had been trained in matters concerning the reform, at more than 500 training events. Additionally, they were equipped with the necessary sales documentation and consulting software. During the second half of the year, we plan to send a direct mailing about the Law on State-Subsidized Personal Retirement Savings (Altersvermögensgesetz) to a total of 3.6 million clients. We also offer information and sample calculations via the Internet.

The expense ratio, which is significantly affected by initial acquisition expenses, rose significantly to 17.2 percent, due to the constant flow of premium income.

Because investment income was lower than last year, net income for the first half of 2001 declined to 175 (229) million euros.

Allianz Lebensversicherungs-AG, Vereinte Lebensversicherung AG, Deutsche Lebensversicherungs-AG

		6/30/2001	6/30/2000
Gross premiums written	€ mn	4,199	4,202
Expense ratio	%	17.2	11.4
Earnings after taxes	€ mn	175	229
Investments	€ mn	110,341	107,484

Our private health insurance business enjoyed the benefits of two developments: the premium reduction in long-term care insurance proved far lower than originally estimated, and the 10 percent premium surcharge to ensure premium stability in old age met with better acceptance than anticipated. Against this background, premium income at Vereinte Krankenversicherung increased by 3.9 percent, to more than 1.3 billion euros.

Despite our intensified efforts in health management, the continued high inflation of costs in the health care sector caused the loss ratio to rise slightly to 74.3 percent. The expense ratio improved, by contrast, from 10.7 percent to 10.4 percent.

Because of a significantly lower realization of capital gains, earnings after taxes declined to 14 (26) million euros.

Vereinte Krankenversicherung AG

		6/30/2001	6/30/2000
Gross premiums written	€ mn	1,335	1,284
Loss ratio	%	74.3	73.7
Expense ratio	%	10.4	10.7
Earnings after taxes	€ mn	14	26
Investments	€ mn	10,931	10,214

FRANCE

The AGF Group in France generates about two thirds of its total life insurance revenues through unit-linked life insurance products. With capital markets weak and volatile, we suffered a decline in total premium income during the first half of 2001, as did the market as a whole. The 14.4 percent drop in our premium income brought the total to 2.1 billion euros. The classic products covered by the IAS accounts, however, showed a premium increase of 3.6 percent, to 721 million euros.

Investment income remained well behind the figure from the first half of 2000 due to a lower realization of capital gains. Earnings after taxes declined accordingly to 102 (296) million euros.

France

		6/30/2001	6/30/2000
Total sales	€ mn	2,063	2,411
Gross premiums written	€ mn	721	696
Expense ratio	%	46.4	43.6
Earnings after taxes	€ mn	102	296
Investments	€ mn	42,823	41,500

ITALY

Total premium income at our Italian life insurance companies rose 7.8 percent to 2.8 billion euros. Contrary to the general trend of the market, total premiums from the bancassurance business expanded nearly 17 percent. In addition to new business associations, our successful cooperation with both the Unicredito Italiano Group and Banca Antoniana Veneta Popolare Vita drove this development. Owing to the continuing shift of the business mix toward investment-oriented products, premiums in the IAS accounts declined 18 percent, to 572 million euros.

Because of the unfavorable environment on the capital markets, earnings after taxes remained below the comparable figure for last year, at 180 (211) million euros.

Italy

		6/30/2001	6/30/2000
Total sales	€ mn	2,769	2,569
Gross premiums written	€ mn	572	698
Expense ratio	%	27.1	25.4
Earnings after taxes	€ mn	180	211
Investments	€ mn	15,076	14,653

SWITZERLAND

In Switzerland, our companies achieved 5.4 percent growth in total premium income, to 704 million euros. This growth was generated almost entirely in the classic life insurance business, which gained 10.1 percent, reaching 307 million euros. We achieved significant gains in the group insurance business that were more than able to compensate for the ongoing decline in individual life insurance.

We have organized a product and sales campaign to expand our business with private individuals, offering among others unit-linked life insurance products with periodic premium payments.

Switzerland

		6/30/2001	6/30/2000
Total sales	€ mn	704	668
Gross premiums written	€ mn	307	279
Expense ratio	%	27.7	28.9
Earnings after taxes	€ mn	3	17
Investments	€ mn	8,095	7,739

Earnings after taxes declined to 3 (17) million euros.

USA

Allianz Life, our US life insurance subsidiary, again achieved considerable growth. Total premium income rose 25 percent (10.3 percent in original currency terms) to 2.3 billion euros. Unit-linked and index-linked annuity insurance products were the main contributors to this gain. But even excluding these revenues, which constituted two thirds of the total, premiums in the IAS accounts gained 11.2 percent, to reach 748 million euros.

Earnings after taxes were depressed by investment write-downs. They were down significantly from the first half of 2000, to 23 (73) million euros.

Allianz Life

		6/30/2001	6/30/2000
Total sales	€ mn	2,274	1,820
Gross premiums written	€ mn	748	672
Expense ratio	%	48.6	48.7
Earnings after taxes	€ mn	23	73
Investments	€ mn	9,998	6,927

ASIA-PACIFIC

In this region, we achieved growth of 9 percent in total premium income, to 838 million euros. The principal contributors were our largest company in the Asia-Pacific region, Allianz First Life in South Korea, and our joint venture Allianz President in Taiwan. Allianz First Life boosted revenues 9.3 percent to 790 million euros, achieving this gain solely with classic life insurance products. In original currency terms, the rate of increase was 15.7 percent. This positive development was also supported by the company's great financial solidity, which was strengthened further by a capital increase.

We anticipate additional impulses from our cooperation with Hana Bank, whose distribution strength we hope to put to good use in selling our asset management products.

The first signs of success from our restructuring projects is reflected in an improvement of our earnings after taxes. The final figure, however, was still negative 3 million euros.

Asset management for third parties and other financial services. As of June 30, 2001, our assets under management totaled 780 billion euros. Investments in the insurance business, which have risen 1.3 percent (5 billion euros) since the end of 2000, accounted for 369 billion euros. These break down into the group's own investments of 344.4 billion euros, and 24.6 billion euros in investments for unit-linked life insurance.

Investments for third parties (not shown on the consolidated balance sheet) accounted for 397.9 billion euros. They grew 18 percent, or 61.5 billion euros, in the first six months of this year. Of this growth, 35 billion euros came from Nicholas Applegate. This company was consolidated for the first time in the first quarter of 2001.

At the end of the first half year, loans and advances to banking and building society customers amounted to 13.1 billion euros.

Assets under management

	Current values 6/30/2001 € bn	Current values 12/31/2000 € bn
Investments in the insurance business	368.7	364.0
Loans and advances to banking and building society customers	13.1	12.9
Investments for outside investors (not shown on the consolidated balance sheet)	397.9	336.4
Assets under management	779.7	713.3

After taxes, goodwill amortization and minority interests, the first half of 2001 showed a loss of 128 million euros. This result is explained primarily by the following factors:

Amortization of goodwill, deriving primarily from the acquisition of PIMCO and Nicholas Applegate, amounted to 88 million euros. A further 92 million euros was amortized on capitalized loyalty bonuses – which were part of the purchase price – for PIMCO Group management. Retention payments to staff and management, which were agreed upon at the acquisition of the PIMCO Group, amounted to 82 million euros. Pacific Life, the minority shareholder of the PIMCO Group, received a profit share of 86 million euros.

Disregarding these items, operating earnings after taxes in the segment asset management for third parties and other financial services amounted to 220 million euros, as compared to 55 million euros after the first half of 2000. The increase derives solely from the inclusion of the PIMCO Group and Nicholas Applegate. Earnings of the other companies in this segment were significantly lower than the year before, due to significantly lower performance fees on fund value growth, further investments in expanding our sales network, and the lack of a gain comparable to one realized last year from the disposal of an equity interest.

Outlook. For fiscal 2001 as a whole, on the basis of last year's foreign exchange rates, we expect total premium income to rise by more than 5 percent, to slightly more than 72 billion euros. We estimate internal growth at approximately 4 percent. We assume that by year's end we will be able to compensate for the first half year's weaker new business in life insurance.

On the basis of the net income of 2.4 billion euros for all of 2000, after adjusting for changes in taxation, and not including Dresdner Bank, we are targeting an increase of around 13 percent in earnings for fiscal 2001. This target represents a continuation of our long-term strategy of growing profitably year by year.

Own stock | In the second quarter of 2001, Allianz AG bought back 786,100 shares of its own stock on the market, at an average price of 314 euros per share. A further 19,864,951 shares of Allianz are held by the Dresdner Bank Group.

Acquisition and Integration of Dresdner Bank AG | On April 1, 2001, we announced that we would submit a takeover offer to the shareholders of Dresdner Bank. At the financial press conference on May 31, 2001, and the analysts' meeting on June 1, 2001, we then presented the detailed takeover offer and the business models for individual divisions. On July 11, 2001, at Allianz AG's Annual General Meeting, we again explained our rationale for the transaction, and received extensive approval from our shareholders.

Dresdner Bank Acquisition Completed

The tender offer period to acquire shares of Dresdner Bank ran from May 31, 2001, to July 13, 2001. For every ten shares of Dresdner Bank stock, each Dresdner Bank shareholder who tendered received a cash payment of 200 euros from Allianz Finanzbeteiligungs GmbH, plus one share of Allianz from DAD Transaktionsgesellschaft mbH. For packages of Dresdner Bank shares not divisible by ten, Allianz Finanzbeteiligungs GmbH would credit an amount of 53.13 euros per Dresdner Bank share. DAD Transaktionsgesellschaft mbH obtained the Allianz shares needed to service the delivery obligation via security loan agreements, and also received 19,972,339 shares via a capital increase in kind at Allianz AG. Consequently, the capital stock of Allianz AG since July 20, 2001, amounts to a total of 680,249,187.84 euros, divided into 265,722,339 shares.

In all, 325,191,201 shares of Dresdner Bank were acquired under the terms of the Allianz takeover offer. Thus the acceptance rate amounted to 94.1 percent of the Dresdner Bank free float.

With reference to Dresdner Bank's capital stock as of July 13, 2001, the Allianz Group held approximately 20.2 percent prior to the tender offer period. It additionally entered into forward sale transactions for approximately 18.9 percent of further Dresdner Bank stock, with settlement to take place next year. Thus, after the forward sale transactions are settled, the Allianz Group will control approximately 96.4 percent of the capital stock of Dresdner Bank.

EU antitrust proceedings concluded

On June 7, 2001, Allianz' takeover of Dresdner Bank was reported to the Commission of the European Union in Brussels, in proceedings under the EU's merger regulations. The Commission approved the takeover in the first review phase on July 19, 2001, after Allianz promised to reduce the long-standing interests it holds jointly with Dresdner Bank in Munich Re to 20.5 percent by December 31, 2003, and to limit its exercise of voting rights in Munich Re to 20.5 percent.

Integration already at an advanced stage

In planning and implementing the integration of Dresdner Bank, we have been guided by three fundamental principles:

- Speed, speed, speed;
- Reliability and thoroughness;
- The assumption of planning responsibilities by the managers who will later implement these plans.

In keeping with these maxims, in the first phase of the integration – from the announcement of the transaction to the financial press conference – we optimized the concept previously announced, determined the details of synergies and refined our planning for the integration. More than 20 integration teams developed the business models and ascertained synergies from the bottom up. As a result, at the financial press conference and the analysts' meeting we were able to offer detailed planning about such matters as distribution, asset management and company-wide synergies.

In the second phase of the integration process, between the analysts' meeting and approval by the EU Commission, implementation was prepared in concrete terms. For this purpose, business models were further specified, organizational structures were refined and implementation plans were drawn up. The responsible officers at the first and second levels of management were appointed.

In the third phase of the integration process, after Dresdner Bank had been acquired and approval had been received from the EU Commission, it was possible to begin implementation.

Broad-based joint sales activities have begun. In the future, bank branches will offer Allianz products in insurance, retirement savings and asset management. For this purpose, some 1,000 insurance experts will begin working at bank branches. With the support of some 300 securities advisors, our insurance agencies will begin distribution of banking and investment products. The combination of Advance Bank, Dresdner Vermögensberatung and Allianz Financial Planner to develop a leading financial planning sales organization is being pushed ahead.

Different business units are also being combined, new organizational structures implemented, and specific packages of measures brought under way. For example, we have already begun setting up the new Allianz Dresdner Asset Management unit on the basis of the existing asset management activities of Allianz and Dresdner Bank.

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) interest rate levels, (vii) currency exchange rates including the Euro-U.S. dollar exchange rate, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and the European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of our acquisition of Dresdner Bank, including related integration issues, and (xii) general competitive factors, in each case on a local, regional, national and / or global basis. The matters discussed in this report may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission. Allianz AG assumes no obligation to update any forward-looking information contained in this report.

CONTENTS

ASSETS

	Note	6/30/2001 € mn	12/31/2000 € mn
A. Intangible assets			
I. Goodwill	2	8,750.4	7,393.5
II. Other intangible assets		3,113.0	3,000.9
Total A.		11,863.4	10,394.4
B. Investments			
I. Real Estate		15,360.8	14,512.1
II. Investments in affiliated enterprises, joint ventures and associated enterprises		13,273.2	11,762.9
III. Loans		16,203.7	14,841.3
IV. Other securities			
1. Held to maturity		8,039.5	8,087.4
2. Available for sale	3	256,403.0	258,000.5
3. Trading		903.4	372.2
Total IV.		265,345.9	266,460.1
V. Other investments		12,787.1	10,650.5
Total B.		322,970.7	318,226.9
C. Investments held on account and at risk of life insurance policyholders		24,604.3	22,769.5
D. Receivables		36,355.4	34,171.7
E. Cash with banks, checks and cash on hand		4,054.4	4,209.2
F. Deferred acquisition costs		10,799.1	10,433.0
G. Amounts ceded to reinsurers from the insurance reserves	4	29,253.4	28,474.9
H. Deferred tax assets		6,724.1	6,132.6
I. Other assets		5,551.2	5,182.7
Total assets		452,176.0	439,994.9

EQUITY AND LIABILITIES

	Note	6/30/2001 € mn	12/31/2000 € mn
A. Shareholders' equity			
I. Issued capital and capital reserve		7,994.4	7,994.4
II. Revenue reserves		15,748.5	13,728.0
III. Other reserves		11,415.5	13,448.1
IV. Consolidated unappropriated profit		–	432.7
Total A.		35,158.4	35,603.2
B. Minority interests in shareholders' equity	5	15,159.7	16,200.4
C. Insurance reserves			
I. Unearned premiums		14,409.7	11,142.7
II. Aggregate policy reserve		191,831.6	184,886.1
III. Reserve for loss and loss adjustment expenses		60,979.0	59,012.9
IV. Other insurance reserves		24,748.4	29,781.8
Total C.		291,968.7	284,823.5
D. Insurance reserves for life insurance where the investment risk is carried by policyholders		24,121.4	22,840.5
E. Other accrued liabilities			
I. Pensions and similar reserves		3,425.5	3,527.4
II. Accrued taxes		1,060.8	947.1
III. Miscellaneous accrued liabilities		2,456.2	2,668.3
Total E.		6,942.5	7,142.8
F. Liabilities			
I. Participation certificates and post-ranking liabilities		1,268.7	1,336.9
II. Bonds and loans payable		16,725.7	15,190.8
III. Other liabilities		46,407.5	41,958.8
Total F.		64,401.9	58,486.5
G. Deferred tax liabilities		13,781.4	14,332.4
H. Deferred income		642.0	565.6
Total equity and liabilities		452,176.0	439,994.9

Consolidated Income Statement
for the Period from January 1 to June 30, 2001 and from January 1 to June 30, 2000

	Note	1/1 - 6/30/2001 € mn	1/1 - 6/30/2000*) € mn
1. Gross premiums written	6	31,374.9	29,089.1
2. Premiums earned (net)	6	25,093.2	23,151.1
3. Investment income (net)	7		
a) Income from affiliated enterprises, joint ventures and associated enterprises		734.3	842.1
b) Other investment income		8,608.4	12,145.5
Total 3.		9,342.7	12,987.6
4. Other income		3,374.4	2,941.9
Total income (2. – 4.)		37,810.3	39,080.6
5. Benefits (net) payable to policyholders	8		
a) Life/Health		– 11,430.0	– 13,810.7
b) Property/Casualty		– 12,517.3	– 11,857.3
Total 5.		– 23,947.3	– 25,668.0
6. Underwriting costs (net)	9	– 6,485.6	– 5,865.4
7. Amortization of goodwill		– 318.4	– 222.7
8. Other expenses		– 4,450.9	– 3,843,0
Total Expenses (5. – 8.)		– 35,202.2	– 35,599.1
9. Earnings from ordinary activities before taxation		2,608.1	3,481.5
10. Taxes	10	– 694.7	– 1,209.1
11. Minority interests in earnings	5	– 545.0	– 788.6
12. Net income		1,368.4	1,483.8
		€	€
Earnings per share (as of 6/30)	11	5.57	6.05

*) These figures have been adjusted in order to permit comparison for the US listing on the New York Stock Exchange and application of IAS accounting regulation SIC 12 (SIC = Standing Interpretations Committee).

Consolidated Income Statement for the period from April 1 to June 30, 2001

	4/1 – 6/30/2001 € mn
1. Gross premiums written	13,743.1
2. Premiums earned (net)	12,503.7
3. Investment income (net)	4,352.6
4. Other income	1,615.0
Total income (2. – 4.)	18,471.3
5. Benefits (net) payable to policyholders	– 11,791.8
6. Underwriting costs (net)	– 3,098.1
7. Amortization of goodwill	– 165.4
8. Other expenses	– 2,056.5
Total expenses (5. – 8.)	– 17,111.8
9. Earnings from ordinary activities before taxation	1,359.5
10. Taxes	– 400.4
11. Minority interests in earnings	– 297.9
12. Net income	661.2

	Paid-in capital € mn	Revenue reserves € mn	Unrealized gains and losses € mn	Consolidated unappropriated profit € mn	Shareholders' equity € mn
12/31/1999	7,810.6	9,884.2	11,626.7	354.4	29,675.9
Currency translation adjustments		374.2	76.3		450.5
Changes in the group of consolidated companies		283.3			283.3
Capital paid in	183.8				183.8
Unrealized investment gains and losses			1,745.1		1,745.1
Net income for the year		3,027.4		432.7	3,460.1
Shareholders' dividend				– 306.6	– 306.6
Miscellaneous		158.9		– 47.8	111.1
12/31/2000	7,994.4	13,728.0	13,448.1	432.7	35,603.2
Currency translation adjustments		565.6	32.6		598.2
Changes in the group of consolidated companies		145.7			145.7
Treasury stock		– 247.2			– 247.2
Unrealized investment gains and losses			– 2,065.2		– 2,065.2
Net income		1,368.4			1,368.4
Restructuring of unappropriated earnings		432.7		– 432.7	–
Miscellaneous		– 244.7			– 244.7
6/30/2001	7,994.4	15,748.5	11,415.5	–	35,158.4

	1/1 - 6/30/2001 € mn	1/1 - 6/30/2000 € mn
Net income	1,368.4	1,483.8
Change in unearned premiums	2,514.0	2,247.1
Change in aggregate policy reserve [1]	3,241.3	4,046.0
Change in reserve for loss and loss adjustment expenses	416.1	209.0
Change in other insurance reserves [2]	– 1,437.3	1,078.9
Change in deferred acquisition costs	– 192.1	– 355.4
Change in funds held by others under reinsurance business assumed	– 85.4	102.7
Change in funds held under reinsurance business ceded	– 111.5	727.7
Change in accounts receivable/payable on reinsurance business	593.0	216.9
Change in trading securities	– 596.5	– 176.9
Change in other receivables	– 2,017.8	– 1,712.3
Change in other liabilities	2,082.0	133.5
Change in deferred tax assets/liabilities [3]	– 153.8	– 602.9
Adjustment for investment income/expenses not involving movements of cash	– 1,175.4	– 5,471.2
Adjustments to reconcile amortization of goodwill	318.4	222.7
Other	– 363.8	– 1,566.4
Cash flow from operating activities	4,399.6	583.2
Change in fixed income securities available for sale	– 3,667.9	– 1,766.1
Change in variable income securities available for sale	2,177.1	2,853.8
Change in investments held to maturity	62.2	1,196.6
Change in real estate	– 875.2	– 150.8
Change in other investments	– 4,498.6	– 2,725.4
Change in investments held on account and at risk of life insurance policyholders	– 1,028.2	– 1,785.8
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	– 1,169.9	– 2,695.3
Change in aggregate policy reserve for life insurance products according to SFAS 97	3,346.7	4,169.8
Other	– 568.0	– 2,285.6
Cash flow from investing activities	– 6,221.8	– 3,188.8
Change in bonds, loans, participation certificates and post-ranking liabilities	1,392.8	3,589.4
Cash inflow from capital increases	–	–
Dividend payouts	– 425.5	– 342.4
Other [4]	670.4	– 379.2
Cash flow from financing activities	1,637.7	2,867.8
Effect of exchange rate changes on cash and cash equivalents	29.7	4.6
Change in cash and cash equivalents	– 154.8	266.8
Cash and cash equivalents at beginning of period	4,209.2	3,929.6
Cash and cash equivalents at end of period	4,054.4	4,196.4

[1] without aggregate policy reserve for life insurance products in accordance with SFAS 97
[2] without change in the reserve for latent order refunds from unrealized investment gains and losses
[3] without change in deferred tax assets/liabilities from unrealized investment gains and losses
[4] without change in revenue reserves from unrealized investment gains and losses

IAS rules have been used to draw up the cash flow statement. The DRS 2-20 standard prepared by the German Standardization Council (Deutscher Standardisierungsrat) leads to a different classification within the categories of the cash flow statement (cash flow from operating activities, cash flow from investing activities, cash flow from financing activities). It also leads to a substantive decrease in cash flow from operating activities (DRS 2-20: € 4,944.6 million [First half of 2000: € 1,371.9 million]), because it is based on net income for the period under review excluding minority interests. Cash flow from financing activities based on DRS 2-20 is € 1,092.7 million (€ 2,079.1 million), while the cash flow from investing activities remains the same. The cash flow statement excludes the effects of the first-time consolidation of major new aquisitions during the first half of 2001, in particular Nicholas Applegate, San Diego. The above acquisitions increased the value of investment held (excluding funds held by others) by € 69.6 million (€ 341.9 million), goodwill by € 1,117.1 million (€ 2,598.5 million) and the net total of other assets and liabilities by € – 16.7 million (€ – 245.1 million). Cash outflows were € 1,169.9 million (€ 2,695.3 million) related to these acquisitions. Inflows for taxes on income amounted to € 424.8 million (outflows € 563.9 million).

ASSETS

	Life/Health 6/30/2001 € mn	Life/Health 12/31/2000 € mn	Property/Casualty 6/30/2001 € mn	Property/Casualty 12/31/2000 € mn
A. Intangible assets	4,170.5	4,231.8	3,056.6	2,822.2
B. Investments				
I. Real Estate	7,496.7	7,585.0	7,758.0	6,821.9
II. Investments in affiliated enterprises, joint ventures and associated enterprises	5,845.1	5,615.0	25,735.8	22,516.6
III. Loans	14,602.0	13,488.0	1,619.0	1,382.5
IV. Other securities				
1. Held to maturity	5,387.4	5,236.5	1,626.3	1,833.0
2. Available for sale	174,667.9	174,831.8	79,352.4	80,684.7
3. Trading	228.2	119.5	289.6	19.5
Total IV.	180,283.5	180,187.8	81,268.3	82,537.2
V. Other investments	4,587.5	4,922.4	15,367.6	12,368.2
Total B.	212,814.8	211,798.2	131,748.7	125,626.4
C. Investments held on account and at risk of life insurance policyholders	24,604.3	22,769.5	–	–
D. Other segment assets	40,261.0	38,418.2	43,741.1	40,886.5
Total segment assets	281,850.6	277,217.7	178,546.4	169,335.1

EQUITY AND LIABILITIES

	Life/Health 6/30/2001 € mn	Life/Health 12/31/2000 € mn	Property/Casualty 6/30/2001 € mn	Property/Casualty 12/31/2000 € mn
A. Insurance reserves				
I. Unearned premiums	374.7	285.3	14,144.3	10,969.7
II. Aggregate policy reserce	183,197.4	176,474.0	13,688.8	13,283.6
III. Reserve for loss and loss adjustment expenses	5,277.4	4,966.4	55,744.7	54,099.0
IV. Other insurance reserves	22,373.1	27,103.3	2,389.0	2,693.2
Total A.	211,222.6	208,829.0	85,966.8	81,045.5
B. Insurance reserves for life insurance where the investment risk is carried by policyholders	24,121.4	22,840.5	–	–
C. Other accrued liabilities	960.2	961.3	5,276.6	5,457.7
D. Other segment liabilities	26,541.7	25,240.5	43,525.0	38,661.4
Total segment liabilities	262,845.9	257,871.3	134,768.4	125,164.6

Financial Services 6/30/2001 € mn	Financial Services 12/31/2000 € mn	Consolidation Adjustments 6/30/2001 € mn	Consolidation Adjustments 12/31/2000 € mn	Group 6/30/2001 € mn	Group 12/31/2000 € mn
4,636.3	3,340.4	–	–	11,863.4	10,394.4
106.1	108.4	–	– 3.2	15,360.8	14,512.1
91.7	113.9	– 18,399.4	– 16,482.6	13,273.2	11,762.9
–	–	– 17.3	– 29.2	16,203.7	14,841.3
1,025.8	1,017.9	–	–	8,039.5	8,087.4
2,382.7	2,485.2	–	– 1.2	256,403.0	258,000.5
385.6	233.2	–	–	903.4	372.2
3,794.1	3,736.3	–	– 1.2	265,345.9	266,460.1
5,665.5	7,264.2	– 12,833.5	– 13,904.3	12,787.1	10,650.5
9,657.4	11,222.8	– 31,250.2	– 30,420.5	322,970.7	318,226.9
–	–	–	–	24,604.3	22,769.5
16,585.3	15,717.9	– 7,849.8	– 6,418.5	92,737.6	88,604.1
30,879.0	30,281.1	– 39,100.0	– 36,839.0	452,176.0	439,994.9

	Financial Services 6/30/2001 € mn	Financial Services 12/31/2000 € mn	Consolidation Adjustments 6/30/2001 € mn	Consolidation Adjustments 12/31/2000 € mn	Group 6/30/2001 € mn	Group 12/31/2000 € mn
	–	–	– 109.3	– 112.3	14,409.7	11,142.7
	–	–	– 5,054.6	– 4,871.5	191,831.6	184,886.1
	–	–	– 43.1	– 52.5	60,979.0	59,012.9
	–	–	– 13.7	– 14.7	24,748.4	29,781.8
	–	–	– 5,220.7	– 5,051.0	291,968.7	284,823.5
	–	–	–	–	24,121.4	22,840.5
	705.7	723.8	–	–	6,942.5	7,142.8
	24,211.0	24,751.3	– 15,452.4	– 15,268.7	78,825.3	73,384.5
	24,916.7	25,475.1	– 20,673.1	– 20,319.7	401,857.9	388,191.3
Equity*)					50,318.1	51,803.6
Total equity and liabilities					452,176.0	439,994.9

*) Shareholders' equity and minority interests

CONSOLIDATED INCOME STATEMENT

	Life/Health		Property/Casualty	
	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
1. Gross premiums written	9,383.2	9,070.1	22,316.2	20,340.6
2. Income				
Premiums earned (net)	8,469.0	8,068.1	16,624.2	15,083.0
Investment income (net)	5,609.4	8,721.6	4,518.7	4,796.3
Other income	518.1	546.9	1,267.3	1,139.1
Total income	14,596.5	17,336.6	22,410.2	21,018.4
3. Expenses				
Benefits (net) payable to policyholders	– 11,095.1	– 13,461.8	– 12,865.7	– 12,206.2
Underwriting costs (net)	– 1,934.9	– 1,696.0	– 4,550.7	– 4,169.4
Amortization of goodwill	– 69.5	– 65.7	– 160.8	– 139.6
Other expenses	– 815.4	– 839.8	– 2,189.4	– 1,874.4
Total expenses	– 13,914.9	– 16,063.3	– 19,766.6	– 18,389.6
4. Earnings from ordinary activities before taxation	681.6	1,273.3	2,643.6	2,628.8
5. Taxes	– 195.7	– 389.1	– 563.9	– 842.5
6. Minority interests in earnings	– 223.4	– 457.5	– 440.4	– 434.6
7. Net income	262.5	426.7	1,639.3	1,351.7

Financial Services		Consolidation Adjustments		Group	
1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
–	–	– 324.5	– 321.6	31,374.9	29,089.1
–	-	–	–	25,093.2	23,151.1
58.4	248.2	– 843.8	– 778.5	9,342.7	12,987.6
1 805.6	1,210.9	– 216.6	45.0	3 374.4	2,941.9
1,864.0	1,459.1	– 1,060.4	– 733.5	37,810.3	39,080.6
–	–	13.5	–	– 23,947.3	– 25,668.0
–	–	–	–	– 6,485.6	– 5,865.4
– 88.1	– 17.4	–	–	– 318.4	– 222.7
– 1,821.1	– 1,328.4	375.0	199.6	– 4,450.9	– 3,843.0
– 1,909.2	– 1,345.8	388.5	199.6	– 35,202.2	– 35,599.1
– 45.2	113.3	– 671.9	– 533.9	2,608.1	3,481.5
– 1.1	– 36.5	66.0	59.0	– 694.7	– 1,209.1
– 81.6	– 71.8	200.4	175.3	– 545.0	– 788.6
– 127.9	5.0	– 405.5	– 299.6	1,368.4	1,483.8

1 Accounting regulations

The consolidated financial statements have been prepared in conformity with International Accounting Standards (IAS), taking into account clause § 292a of the German Commercial Code (HGB). All the standards currently in force for the period under review have been adopted in the presentation of the consolidated financial statements.

In such cases, as envisioned in the IAS Framework, the provisions embodied in the US Generally Accepted Accounting Principles (US GAAP) have been applied. Preparation of the consolidated financial statements entails the need to make estimates and assumptions that affect the items reported under the headings in the consolidated balance sheet/income statement, and contingent liabilities. The actual values may differ from those reported. The most important estimated values shown in the consolidated financial statements relate to the reserve for loss and loss adjustment expenses and the aggregate policy reserve.

Apart from the first-time application of IAS 39, the present interim report follows the same accounting, valuation and reporting principles as the most recent annual financial statements. The cost method under accounting principle IAS 40, now mandated for the first time, has already been implemented in both the present consolidated financial statements as well as the previous ones.

The first-time application of IAS 39 means that all derivative financial instruments are now recognized in the balance sheet. The market values of derivatives, formerly considered off-balance-sheet transactions, are reported as equity under IAS 39. These reduced revenue reserves by € 153.4 million. Changes in the market value of derivative financial instruments are recognized as part of net profit or loss. The consequent impact of available for sale derivative financial instruments not associated with hedge accounting amounted to € 90.8 in the first half of 2001.

During the period under review, derivative financial instruments held under cash flow hedges were recognized for the first time in the balance sheet, with a negative fair value of € 169.1 million. The forward exchange transactions and interest swaps entered into for this purpose caused a reduction of € 112.8 million in "other reserves" for the first half of 2001. Additionally, forward transactions with a negative fair value of € 5.4 million were used to cover investments under fair value hedges.

During the period under review the group acquired structured products whose market value amounted to € 91.9 million as of the reporting date. These include embedded derivatives with a negative fair value of € 33.6 million. We also issued a convertible bond with issue proceeds of € 1,979.0 million, containing an embedded derivative financial instrument with a fair value of € 78.9 million.

The financial statements were prepared in euros (€).

SUPPLEMENTARY INFORMATION ON CONSOLIDATED BALANCE SHEET

2 Goodwill

Changes in goodwill for the year under review were as follows:

	€ mn
Gross amount capitalized 12/31/2000	8,899.2
Accumulated amortization 12/31/2000	– 1,505.7
Value stated at 12/31/2000	7,393.5
Translation differences	296.5
Value stated as of 1/1 2001	7,690.0
Additions	1,378.8
Amortization	– 318.4
Value stated as of 6/30/2001	8,750.4
Accumulated amortization 6/30/2001	– 1,824.1
Gross amount capitalized 6/30/2001	10,574.5

Major additions include the first-time consolidation of asset manager Nicholas Applegate, San Diego, at € 1,154.9 million.

3 Other securities available for sale

Other securities available for sale

	Amortized cost		Unrealized gains/losses		Market values	
Investment group	6/30/2001 € mn	12/31/2000 € mn	6/30/2001 € mn	12/31/2000 € mn	6/30/2001 € mn	12/31/2000 € mn
Equity securities	62,984.0	62,385.3	21,099.4	29,339.7	84,083.4	91,725.0
Government bonds	103,035.7	101,125.5	988.6	523.4	104,024.3	101,648.9
Corporate bonds	52,788.6	49,199.7	568.0	771.7	53,356.6	49,971.4
Other	14,301.5	14,266.2	637.2	389.0	14,938.7	14,655.2
Total	233,109.8	226,976.7	23,293.2	31,023.8	256,403.0	258,000.5

Investment group	Realized gains 1/1 – 6/30/2001 € mn	Realized gains 1/1 – 6/30/2000 € mn	Realized losses 1/1 – 6/30/2001 € mn	Realized losses 1/1 – 6/30/2000 € mn
Equity securities	3,497.4	5,994.7	– 2,398.2	– 975.0
Government bonds	362.2	302.8	– 197.4	– 175.1
Corporate bonds	114.4	71.4	– 163.9	– 200.5
Other	28.8	178.6	– 21.6	– 182.6
Total	4,002.8	6,547.5	– 2,781.1	– 1,533.2

Realized gains and losses on securities are primarily calculated based on the average cost method.

Investment strategy within the Allianz Group is primarily geared to the long term. Contracts for future delivery and securities lending are used to hedge unrealized gains.

4 Amounts ceded to reinsurers from the insurance reserves

	6/30/2001 € mn	12/31/2000 € mn
Unearned premiums	2,008.1	1,506.2
Aggregate policy reserve	13,463.5	13,084.8
Reserve for loss and loss adjustment expenses	13,710.9	13,099.4
Other insurance reserves	18.0	221.2
Total	29,200.5	27,911.6
Insurance reserves for life insurance where the investment risk is carried by policyholders	52.9	563.3
Total	29,253.4	28,474.9

5 Minority interests in shareholders' equity/earnings

The primary subsidiaries included in minority interests are the AGF Group, Paris, the RAS Group, Milan, PIMCO Group, Delaware, Allianz Lebensversicherungs AG, Stuttgart, Frankfurter Versicherungs AG, Frankfurt/Main, and Bayerische Versicherungsbank AG, Munich.

The interests of minority shareholders are made up as follows:

	6/30/2001 € mn	12/31/2000 € mn
Other reserves		
Unrealized gains and losses	5,069.9	5,956.0
Share of earnings	545.0	1,276.6
Other equity components	9,544.8	8,967.8
Total	15,159.7	16,200.4

SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

6 Premiums

	Life/Health*)		Property/Casualty*)		Total	
	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
Gross premiums written	9,375.5	9,068.9	21,999.4	20,020.2	31,374.9	29,089.1
Premiums ceded in reinsurance	– 561.1	– 501.9	– 3,283.6	– 3,571.0	– 3,844.7	– 4,072.9
Change in unearned premiums (net)	– 43.4	– 184.3	– 2,393.6	– 1,680.8	– 2,437.0	– 1,865.1
Premiums earned (net)	8,771.0	8,382.7	16,322.2	14,768.4	25,093.2	23,151.1

*) After eliminating intra-Group transactions between segments

7 Investment income (net)

	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
a) Income from affiliated enterprises, joint ventures and associated enterprises	734.3	842.1
b) Other investment income		
1. Real estate	521.2	439.3
2. Loans	197.8	268.4
3. Other securities held to maturity		
Government bonds	34.2	48.9
Corporate bonds	28.9	45.1
Other	35.2	52.4
Total 3.	98.3	146.4
4. Other securities available for sale		
Equity securities	2,795.2	6,648.4
Government bonds	3,048.9	2,940.1
Corporate bonds	1,430.8	1,238.4
Other	399.8	396.5
Total 4.	7,674.7	11,223.4
5. Other securities trading	– 34.4	12.4
6. Other investments	1,036.9	807.6
c) Investment management, interest charges and other expenses	– 886.1	– 752.0
Total	9,342.7	12,987.6

Investment income is shown net. Write-downs on investments amounting to € 420.9 million (first half of 2000: € 222.4 million) and realized investment losses of € 2,901.5 million (€ 1,631.8 million) have been deducted.

Realized investment gains amounted to € 4,233.5 million (€ 7,102.3 million).

8 Benefits (net) payable to policyholders

Benefits payable in life and health insurance*) comprise the following:

	Gross		Ceded in reinsurance		Net	
	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
Benefits paid	– 7,602.6	– 7,488.5	348.4	538.1	– 7,254.2	– 6,950.4
Change in reserves						
Aggregate policy reserve	– 2,351.3	– 2,840.8	305.6	166.3	– 2,045.7	– 2,674.5
Other	– 122.2	– 91.5	6.2	– 38.7	– 116.0	– 130.2
Total	– 2,473.5	– 2,932.3	311.8	127.6	– 2,161.7	– 2,804.7
Expenses of premium refunds	– 2,014.3	– 4,055.8	0.2	0.2	– 2,014.1	– 4,055.6
Total	– 12,090.4	– 14,476.6	660.4	665.9	– 11,430.0	– 13,810.7

* After eliminating intra-Group transactions between segments

Benefits payable in property and casualty insurance*) comprise the following:

	Gross		Ceded in reinsurance		Net	
	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
Claims						
Claims paid	– 14,407.9	– 13,888.9	2,292.3	2,378.8	– 12,115.6	– 11,510.1
Change in reserve for loss and loss adjustment expenses	178.9	– 300.8	– 227.5	360.7	– 48.6	59.9
Total	– 14,229.0	– 14,189.7	2,064.8	2,739.5	– 12,164.2	– 11,450.2
Change in other reserves						
Aggregate policy reserve	– 205.7	– 239.1	– 2.9	30.8	– 208.6	– 208.3
Other	– 32.6	9.1	2.4	–	– 30.2	9.1
Total	– 238.3	– 230.0	– 0.5	30.8	– 238.8	– 199.2
Expenses of premium refunds	– 141.9	– 212.7	27.6	4.8	– 114.3	– 207.9
Total	– 14,609.2	– 14,632.4	2,091.9	2,775.1	– 12,517.3	– 11,857.3

* After eliminating intra-Group transactions between segments

9 Underwriting costs

	Life/Health*		Property/Casualty*	
	1/1 – 6/30/2001	1/1 – 6/30/2000	1/1 – 6/30/2001	1/1 – 6/30/2000
	€ mn	€ mn	€ mn	€ mn
Acquisition costs				
Amounts paid	– 1,879.4	– 1,619.8	– 3,872.4	– 2,988.9
Change in deferred acquisition costs	505.0	486.0	814.0	159.0
Total	– 1,374.4	– 1,133.8	– 3,058.4	– 2,829.9
Administrative expenses	– 700.8	– 679.5	– 2,106.3	– 2,081.0
Underwriting costs (gross)	– 2,075.2	– 1,813.3	– 5,164.7	– 4,910.9
less commissions and profit-sharing received on reinsurance business ceded	109.4	91.2	644.9	767.6
Underwriting costs (net)	– 1,965.8	– 1,722.1	– 4,519.8	– 4,143.3

* After eliminating intra-Group transactions between segments

10 Taxes

The tax charge shown in the income statement comprises the taxes actually charged to individual Group enterprises and changes in deferred tax assets and liabilities.

Tax charge

	1/1 – 6/30/2001	1/1 – 6/30/2000
	€ mn	€ mn
Current taxes	– 594.3	– 811.7
Deferred taxes	– 100.4	– 397.4
Total	– 694.7	– 1,209.1

11 Other information

Number of employees

The Group had a total of 122,432 (117,195) employees as of the balance sheet date. 43,623 (41,778) of these were employed in Germany and 78,809 (75,417) abroad. The number of employees undergoing training increased by 430 to 4,428.

Personnel expenses

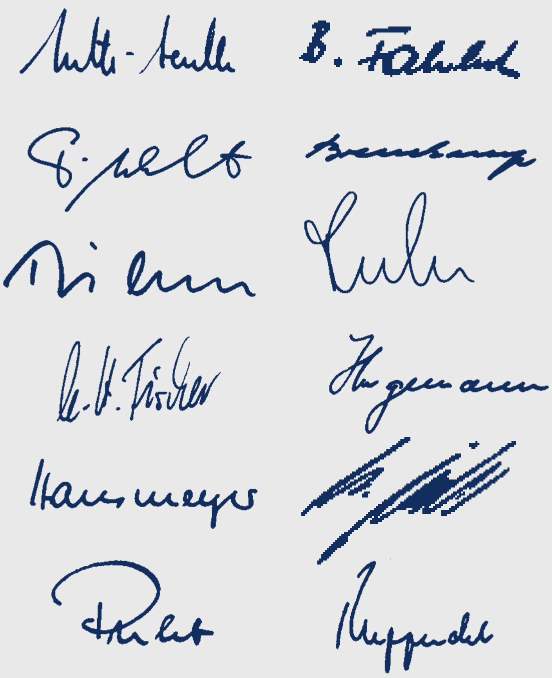
	1/1 – 6/30/2001 € mn	1/1 – 6/30/2000 € mn
Salaries and wages	2,710.2	2,220.9
Social security contributions and employee assistance	615.0	505.9
Expenses for pensions and other post-retirement benefits	210.5	196.4
Total	3,535.7	2,923.2

Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the first half year by the weighted average number of common shares outstanding for the period. The weighted average number of shares was 245,544,671 (245,270,000). The earnings per share figure was accordingly € 5.57 (6.05). A diluted earnings per share figure was not calculated because there are no more warrant options in issue. After elimination of amortization on goodwill, earnings per share would increase to € 6.87 (6.96).

Munich, August 7, 2001
Allianz Aktiengesellschaft

The Board of Management



Allianz AG
Königinstraße 28
80802 München
Telephone +49 89.38 00 00
Telefax +49 89.34 99 41
www.allianz.com/investor-relations

Printed on chlorine-free bleached paper.

UKZBE0025Z0 (0/03) 10.08.01